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W. THOMAS KELLAHAN*

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October 2, 2000

Via Facsimile and Federal Express

Mr. Chris Williams, Supervisor
Oil Conservation Division
1625 N. French Drive
Hobbs, New Mexico 88240

*OK - M.S.
C.W.*

Re: Shelby "14" Well No. 1
Administrative Application of Chesapeake Operating, Inc.,
for a Directional Wellbore W/2 Section 14, T16S, R36E
Unorthodox Surface Location: 577 feet FWL x 1299 feet FNL
Standard Subsurface Location: 1684 feet FWL x 660 feet FNL
Lea County, New Mexico

Dear Mr. Williams:

In accordance with our phone conversation on Friday, I confirmed with Mr. Stogner (OCD-Santa Fe) that it was not necessary to obtain his approval for an unorthodox surface location when the bottom hole location is intended to be at a standard subsurface location.

The originals of the APD and attachments which I transmitted to you on Friday by facsimile have been sent to you by Federal Express.

Chesapeake would like to commence drilling this well on Monday, October 2, 2000. Please call me if you have any questions.

Very truly yours,



W. Thomas Kellahan

cfx: OCD-Santa Fe

Attn: Mr. Michael E. Stogner

cfx: Chesapeake Operating, Inc.

Attn: Lynda Townsend