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August 11, 2008

OF COUNSEL
WILLIAM G. SORLEY

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING

Hosston Formation, Reservoir A; Upper Cotton
Valley Formation, Reservoir A; and Lower
Cotton Valley Formation, Reservoir A;
VERNON FIELD, Jackson Parish, Louisiana.

Dear Sir:

CHESAPEAKE OPERATING, INC. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of Orders pertaining to the following matters relating to the Hosston Formation, Reservoir A; the Upper Cotton Valley Formation, Reservoir A; and to the Lower Cotton Valley Formation, Reservoir A; all in the Vernon Field, Jackson Parish, Louisiana:

1. To authorize Applicant to drill, designate and utilize an alternate unit well for HOSS RA SU178, UCV RA SU178 and LCV RA SU178 at the location shown on the attached plats. or at any more exceptional location which is within a radius of fifty (50) feet of the location shown on the attached plats.

2. To approve exceptions to the spacing provisions of Office of Conservation Order No. 798-A-8, effective January 22, 2002 (applicable to the Hosston Formation, Reservoir A); Order No. 798-C-10, effective January 22, 2002 (applicable to the Upper Cotton Valley Formation, Reservoir A); and Order No. 798-B-23, effective January 22, 2002 (applicable to the Lower Cotton Valley Formation, Reservoir A), for the location of the proposed alternate unit well.

3. To find that the proposed alternate unit well is necessary to efficiently and economically drain a portion of the hydrocarbons underlying the units on which it is proposed to be drilled which cannot be efficiently and economically drained by any existing well on such units.

4. To permit the operator of HOSS RA SU178, UCV RA SU178 and LCV RA SU178 to produce the allowables assigned to these units from either the unit well, the alternate unit well, or from a combination of such wells, at the option of the operator.

5. To consider such other matters as may be pertinent to this application.

The Hosston Formation, Reservoir A, in the Vernon Field, Jackson Parish, Louisiana, was initially defined in Office of Conservation Order No. 798-A, effective February 28, 1980, and was further defined in Office of Conservation Order No. 798-A-1, effective August 18, 1982.

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The Upper Cotton Valley Formation, Reservoir A, in the Vernon Field, Jackson Parish, Louisiana, is defined in Office of Conservation Order No. 798-C-10, effective January 22, 2002.

The Lower Cotton Valley Formation, Reservoir A, in the Vernon Field, Jackson Parish, Louisiana, was defined in Office of Conservation Order No. 798-B-23, effective January 22, 2002, and was redefined as to LCV RA SU178 by Order No. 798-B-123, effective January 16, 2008.

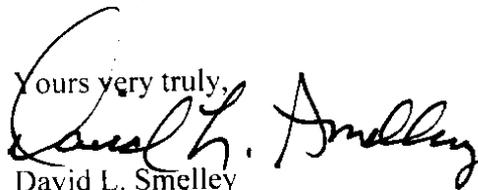
Pertinent data concerning this application is available for inspection at the offices of Mr. Joe B. Adams, 21010 Vermont Street, Livingston, Louisiana 70754. Any person wishing to inspect such data should call Mr. Adams at (225) 686-2355 during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent data which is not otherwise available from the records of the Louisiana Office of Conservation can be obtained from Applicant at the expense of the requesting party.

As provided by the Revised Rules of Procedure, the subject matter of this application does not require the issuance of a pre-application notice; therefore, no such notice has been issued.

Pursuant to the aforesaid Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of this letter, and of each of the attached plats, is being sent to the District Manager of the Shreveport District of the Office of Conservation and to the Interested Owners, Represented Parties and Interested Parties, as shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing and the enclosed plats at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Vernon Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, enclosed herewith is our check payable to the Office of Conservation covering the application fee.

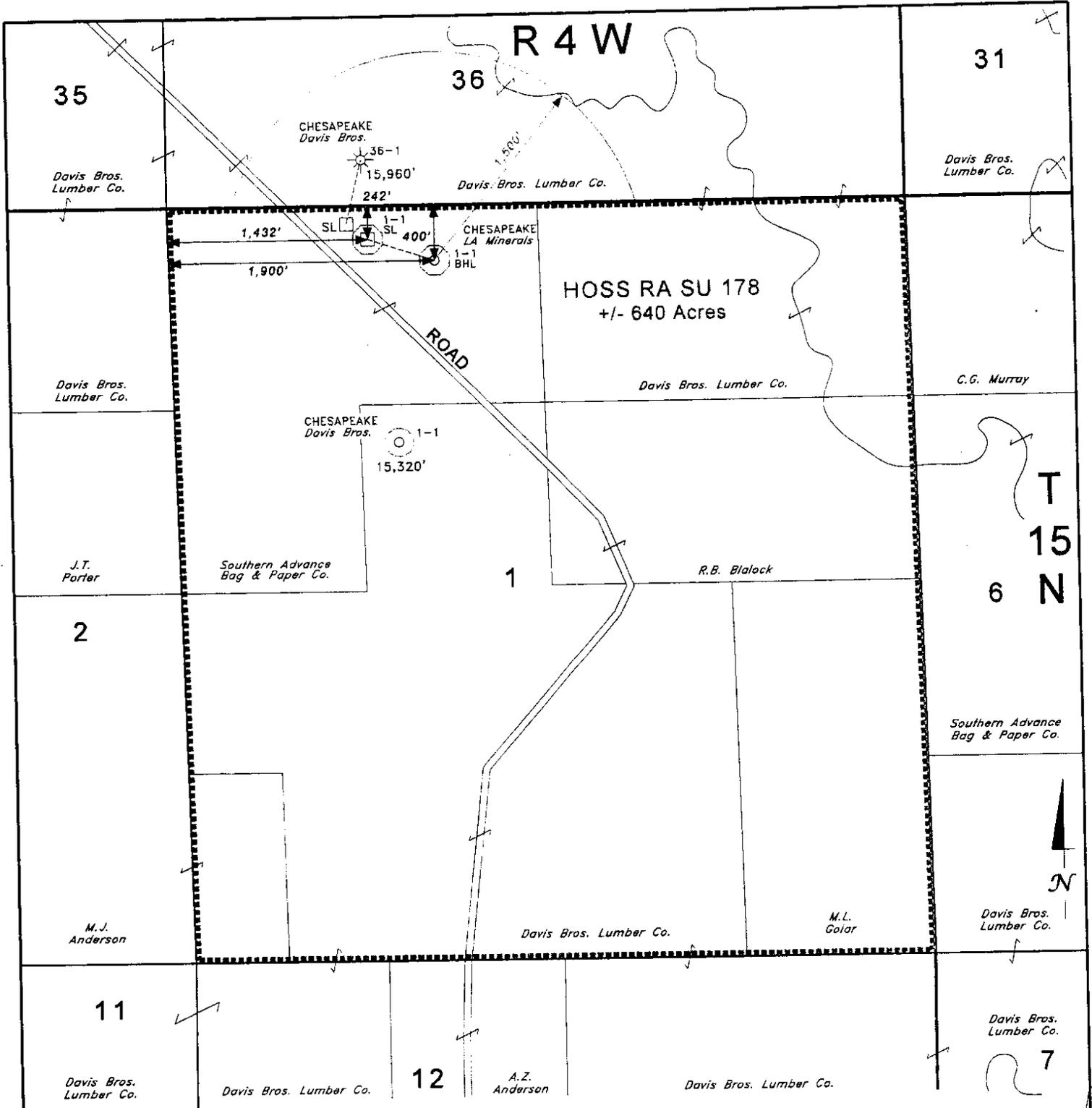
Yours very truly,


David L. Smelley
Attorney for Chesapeake Operating, Inc.

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DLS:dp
Enclosures

cc: Mr. James C. Broussard (w/encls.)
Ms. Denise Cramer (w/encls.)
Mr. Joe B. Adams (w/encls.)
Interested Owners, Represented Parties
and Interested Parties (w/plats only)



-  - UNIT WELL
-  - PROPOSED ALTERNATE UNIT WELL

----- - EXISTING HOSS UNIT

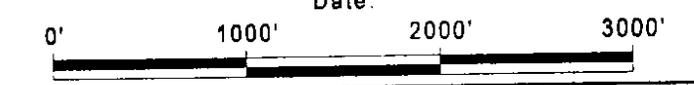
NOTE: ALL UNIT BOUNDARIES ARE GEOGRAPHIC.
 NOTE: 500' RADIUS MEASURED INTO ADJACENT UNITS.

EXHIBIT No. _____ DOCKET No. _____

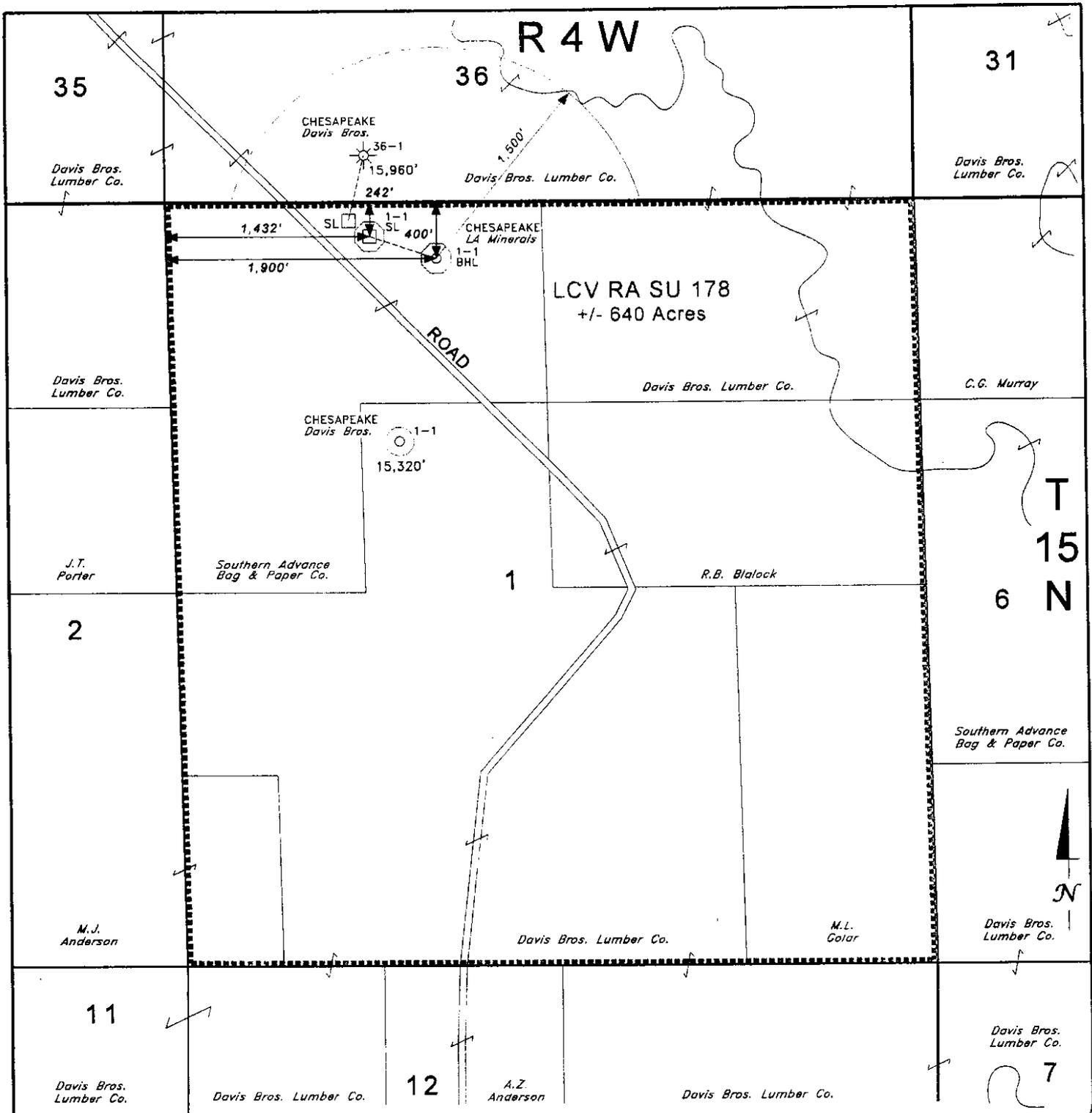
CHESAPEAKE OPERATING, INC.

VERNON FIELD
 JACKSON PARISH, LOUISIANA

Proposed Alternate Unit Well
Hosston Zone, Reservoir A



Geology: JOE B. ADAMS



-  - UNIT WELL
-  - PROPOSED ALTERNATE UNIT WELL

----- - EXISTING LCV UNIT

NOTE: ALL UNIT BOUNDARIES ARE GEOGRAPHIC.
 NOTE: 1,500' RADIUS MEASURED INTO ADJACENT UNITS

EXHIBIT No. _____ DOCKET No. _____

CHESAPEAKE OPERATING, INC.

**VERNON FIELD
 JACKSON PARISH, LOUISIANA**

**Proposed Alternate Unit Well
 Lower Cotton Valley, Reservoir A**

Date: _____



Geology: JOE B. ADAMS