

### **Update on Gas Drilling – November 16, 2010**

There are many operational factors that go into Chesapeake's decisions regarding their drilling and fracing schedules. As a result, plans tend to keep evolving. However, the Wedgewood 1H well (West Cleburne Road and McCart) was fraced in early November as scheduled. About 260 homes in the eastern end of Candleridge are within that unit.

Approximately 890 homes in the western side of Candleridge are within the Pear unit. The Pear padsite is at Sycamore School Road and McCart. Previously, two wells were expected to be drilled there fairly soon. That schedule has changed. The Pear 2H well is now scheduled to be drilled in January. The Pear 1H well is not currently scheduled.

The following is a quote from Chesapeake regarding the pipeline construction schedule and payment of the first royalties: "Barring unexpected delays outside of the standard process, the current schedule has pipeline construction starting mid 2<sup>nd</sup> quarter 2011 with construction completion in 4<sup>th</sup> quarter 2011. Once the pipeline is installed, this allows for gas to flow to market and be metered accordingly. The lessor can usually expect the first royalty check within 120 days of this first sale of gas."

We will keep you updated on our website as changes occur.