

KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
706 GONZALES ROAD
SANTA FE, NEW MEXICO 87501

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September 30, 2008

HAND DELIVERED

Mr. Mark E. Fesmire, Director
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 14217

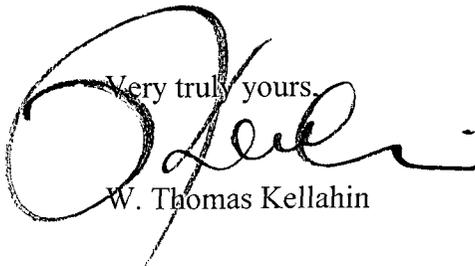
2008 SEP 30 PM 4 15
RECEIVED

**Re: Application of Chesapeake Energy Corporation
For Cancellation of certain Permits to Drill ("APD")
Issued to COG Operating LLC ("COG")
Chaves County, New Mexico
Section 10, T15S, R31E**

Dear Mr. Fesmire:

On behalf of Chesapeake Energy Corporation, enclosed for filing is our referenced application to be set for hearing on October 30, 2008 on the Division's Examiner's docket.

Very truly yours,



W. Thomas Kellahin

CC: Chesapeake Energy Corporation
Attn: Jared Boren, Landman

CASE 14217: Application of Chesapeake Energy Corporation for cancellation of certain permits to drill ("APDs") issued to COG Operating LLC, Chaves County, New Mexico. Applicant seeks an order cancelling the Division's approval of the following four applications for permits to drill ("APD") issued to COG Operating LLC ("COG"):

(a) API 30-005-28000 for the Taurus Federal #1 Well, a horizontal wellbore with a surface location in Unit M of Section 10, T15S, R31E, Chaves County and to be dedicated to a non-standard 160-acre spacing unit consisting of the S/2S/2 of this section.

(b) API 30-005-27995 for the Taurus State #2 Well, a horizontal wellbore with a surface location in Unit I of Section 10, T15S, R31E, Chaves County and to be dedicated to a non-standard 160-acre spacing unit consisting of the N/2S/2 of this section.

(c) API 30-005-27996 for the Taurus State #3 Well, a horizontal wellbore with a surface location in Unit H of Section 10, T15S, R31E, Chaves County and to be dedicated to a non-standard 160-acre spacing unit consisting of the S/2N/2 of this section.

(d) API 30-005-27997 for the Taurus State #4 Well, a horizontal wellbore with a surface location in Unit A of Section 10, T15S, R31E, Chaves County and to be dedicated to a non-standard 160-acre spacing unit consisting of the N/2N/2 of this section.

These units are located approximately 1 mile north-north west of the intersection of New Mexico state road FAS-1231 and FAS-1242, and approximately 30 miles east of Hagerman, New Mexico.

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION
OF CHESAPEAKE ENERGY CORPORATION FOR
CANCELLATION OF CERTAIN PERMITS TO
DRILL ("APD") ISSUED TO COG OPERATING LLC ("COG")
CHAVES COUNTY, NEW MEXICO.**

CASE NO. 14217

RECEIVED
2008 SEP 30 PM 4 15

APPLICATION

Comes now CHESAPEAKE ENERGY CORPORATION ("Chesapeake") by its attorneys, Kellahin & Kellahin, applies to the New Mexico Oil Conservation Division ("Division") for an order cancelling the Division's approval of the following four applications for permits to drill ("APD") issued to COG Operating LLC ("COG"):

(a) API 30-005-28000 for the Taurus Federal #1 Well, a horizontal wellbore with a surface location in Unit M of Section 10, T15S, R31E, Chaves County and to be dedicated to a non-standard 160-acre spacing unit consisting of the S/2S/2 of this section.

(b) API 30-005-27995 for the Taurus State #2 Well, a horizontal wellbore with a surface location in Unit I of Section 10, T15S, R31E, Chaves County and to be dedicated to a non-standard 160-acre spacing unit consisting of the N/2S/2 of this section.

(c) API 30-005-27996 for the Taurus State #3 Well, a horizontal wellbore with a surface location in Unit H of Section 10, T15S, R31E, Chaves County and to be dedicated to a non-standard 160-acre spacing unit consisting of the S/2N/2 of this section.

(d) API 30-005-27997 for the Taurus State #4 Well, a horizontal wellbore with a surface location in Unit A of Section 10, T15S, R31E, Chaves County and to be dedicated to a non-standard 160-acre spacing unit consisting of the N/2N/2 of this section.

In support of its application, Chesapeake Energy Corporation ("Chesapeake") states:

1. Chesapeake has 100% of the working interest including the right to drill and develop the oil and gas minerals from the surface to the base of the Wolfcamp formation underlying the NE/4 and 50% of the working interest underlying the W/2 of Section 10, T15S, R31E, NMPM, Chaves County, New Mexico. See locator map attached as Exhibit "A"

2. COG's four proposed 160-acre non-standard oil spacing unit each contain four 40-acre tracts consisting of:

(a) S/2S/2:

Unit M and Unit N Chesapeake = 50% and COG =50%
Unit O and Unit P Cimarex = 100%

(b) N/2S/2:

Unit L and Unit K Chesapeake = 50% and COG =50%
Unit J and Unit I Cimarex= 100%

(c) S/2N/2:

Unit L and Unit F Chesapeake = 50% and COG =50%
Unit G and Unit H Chesapeake= 100%

(d) N/2N/2:

Unit C and Unit D Chesapeake = 50% and COG =50%
Unit A and Unit B Chesapeake = 100%

3. The Division revised and modified its Form C-102 on October 12, 2005 to require that the Operator certify that:

"I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division."

4. About September 12, 2007, COG Operating, LLC filed applications for permit to drill ("APD") with the Bureau of Land Management-Roswell that were approved on December 12, 2007 for the API 30-005-28000 for the Taurus Federal #1 Well, a horizontal wellbore with a surface location in Unit M of Section 10, T15S, R31E, Chaves County and to be dedication to a non-standard 160-acre spacing unit consisting of the S/2S/2 of this section. See first page of APD and Division form C-102 attached as Exhibit "B"

5. About December 13, 2007, COG Operating, LLC filed applications for permits to drill ("APD") with the NMOCD-Hobbs that were approved on December 14, 2007 for the:

(a) API 30-005-27995 for the Taurus State #2 Well, a horizontal wellbore with a surface location in Unit I of Section 10, T15S, R31E, Chaves County and to be dedicated to a non-standard 160-acre spacing unit consisting of the N/2S/2 of this section. See first page of APD and Division form C-102 attached as Exhibit "C"

(b) API 30-005-27996 for the Taurus State #3 Well, a horizontal wellbore with a surface location in Unit H of Section 10, T15S, R31E, Chaves County and to be dedicated to a non-standard 160-acre spacing unit consisting of the S/2N/2 of this section. See first page of APD and Division form C-102 attached as Exhibit "D"

(c) API 30-005-27997 for the Taurus State #4 Well, a horizontal wellbore with a surface location in Unit A of Section 10, T15S, R31E, Chaves County and to be dedicated to a non-standard 160-acre spacing unit consisting of the N/2N/2 of this section. See first page of APD and Division form C-102 attached as Exhibit "E"

6. Attached to each of these APDs was a Division Form C-102, dated December 13, 2007, (and in one case dated September 12, 2007) that was improperly certified because COG Operating LLC wellbores will penetrate 40-acre tracts in which COG Oil & Gas LP (the parent ownership company for whom COG is the operating company) has no interest and has not reach a voluntary agreement with Chesapeake or Chevron (now Cimarex) or obtained a Division compulsory pooling order.

7. In doing so, COG violated the "operator certification" contained in Division Form C-102 by falsely certifying that it had an interest in the surface location for each of these four wellbores.

8. On November 21, 2007, and again on December 7, 2007, Chesapeake was the first operator to propose to COG that:

(a) the N/2N/2 of this section be to dedicated as a 160-acre Wolfcamp oil spacing unit for production from the Wolfcamp formation to be obtained from its proposed horizontal wellbore the Perseus 14 Federal Com Well No. 4H to be located drilled as a horizontal wellbore as shown on Form C-102 attached as Exhibit "F".

(b) the S/2N/2 of this section be to dedicated as a 160-acre Wolfcamp oil spacing unit for production from the Wolfcamp formation to be obtained from its proposed horizontal wellbore the Perseus 14 Federal Com Well No. 3H to be located drilled as a horizontal wellbore as shown on Form C-102 attached as Exhibit "G".

(c) the N/2S/2 of this section be to dedicated as a 160-acre Wolfcamp oil spacing unit for production from the Wolfcamp formation to be obtained from its proposed horizontal wellbore the Perseus 14 Federal Com Well No. 2H to be located drilled as a horizontal wellbore as shown on Form C-102 attached as Exhibit "H".

(d) the S/2S/2 of this section be to dedicated as a 160-acre Wolfcamp oil spacing unit for production from the Wolfcamp formation to be obtained from its proposed horizontal wellbore the Perseus 14 Federal Com Well No. 1H to be located drilled as a horizontal wellbore as shown on Form C-102 attached as Exhibit "I".

9. Notice of this application and hearing has been send to the parties set forth on Exhibit "J"
Attached

WHEREFORE, Chesapeake, as applicant, requests that this application be set for hearing on October 30, 2008 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order cancelling these APDs.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style.

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
706 Gonzales Road
Santa Fe, New Mexico 87501
(505) 982-4285

CHK 50.0%
COG 50.0%
1/8
02/28/2011
FEDERAL

CHK 12.5%
1/4 2011
Other (MI) 87.5%
FEE

COG 26%
OTHER 50%
2010
FEE

Pegasus 3
Fed. Com
1H 28%

KEVIN BUTLER
HBP
FEDERAL

Perseus
10 Fed.
Com 4H 75%

CHK 100%
1/6
04/30/2013
STATE

Perseus
10 Fed.
Com 3H 75%

CHK 50.0%
COG 50.0%
1/8
02/28/2011
FEDERAL

\$1,250/AC.

WALTER DUNCAN
HBP
FEDERAL

CIMAREX
2012
STATE
(BOLD)

Cin
Ente
State

Perseus
10 Fed.
Com 2H 25%

CIMAREX
HBP
STATE

Perseus
10 Fed.
Com 1H 25%

YATES
2011
FEDERAL

CHASE
2012

Draco 14 Fe

Cassiopeia
15 Fed.
Com 1H 25%

CHK 50.0%
COG 50.0%
1/8

Cassiopeia

CHAVES
MATTER

EXHIBIT
17

6800-100-000 Original

9

10

CIM
2
ST

CONSERVATION DIVISION, District I
 1625 N. French Drive
 Hobbs, NM 88240

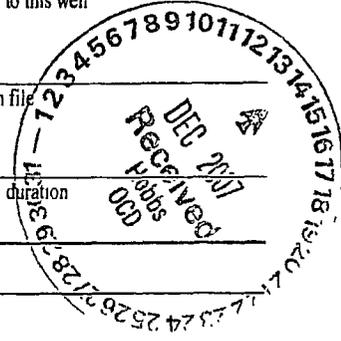
Form 3160-3
 (August 2007)

UNITED STATES
 DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
 OMB No. 1004-0137
 Expires July 31, 2010

5. Lease Serial No. SL NMLE 105885 BHL State of NM		6. If Indian, Allottee or Tribe Name N/A	
7. If Unit or CA Agreement, Name and No. N/A		8. Lease Name and Well No. <36894> Taurus Federal #14	
9. API Well No. 30-005-28000		10. Field and Pool on Exploratory Undesignated Wolfcamp	
11. Sec., T. R. M. or Blk. and Survey or Area Section 10, T15S, R31E		12. County or Parish Chaves Co.	
13. State NM		14. Distance in miles and direction from nearest town or post office* Approx 15 miles North of Maljarnar, New Mexico	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330		16. No. of acres in lease 800	
17. Spacing Unit dedicated to this well 160		18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A	
19. Proposed Depth 13300' MD 8680' TVD		20. BLM/BIA Bond No. on file NMB 000215	
21. Elevations (Show whether DF, KD3, RT, GL, etc.) 4415' GL		22. Approximate date work will start* 04/01/2008	
23. Estimated duration 45 Days		24. Attachments	



The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the BLM.

25. Signature <i>[Signature]</i>	Name (Printed/Typed) Dwayne Moore	Date 09/12/2007
Title Agent for COG Operating LLC		

Approved by (Signature) <i>IS/ Angel Mayes</i>	Name (Printed/Typed) <i>IS/ Angel Mayes</i>	Date DEC 12 2007
Title Assistant Field Manager, Lands And Minerals	Office ROSWELL FIELD OFFICE	APPROVED FOR 2 YEARS

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
 Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)



APPROVAL SUBJECT TO
 GENERAL REQUIREMENTS AND
 SPECIAL STIPULATIONS ATTACHED

EXHIBIT "A"

DISTRICT I
1826 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-005-28000	Pool Code <input checked="" type="checkbox"/>	Pool Name Wildcat Undesignated Wolfcamp
Property Code 36894	Property Name TAURUS FEDERAL	Well Number 18
OGRID No. 229137	Operator Name C.O.G. OPERATING L.L.C.	Elevation 4415'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	10	15 S	31 E		330	SOUTH	330	WEST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	10	15 S	31 E		330	SOUTH	330	EAST	CHAVES

Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>[Signature]</i> 9/12/07 Signature Date</p> <p>Domingo Alvarez Agent For Printed Name COG</p>
		<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>JULY 27 2007 Date Surveyed</p> <p><i>[Signature]</i> Signature Professional Surveyor</p> <p>W.O. 2270</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>
<p>SURFACE LOCATION LAT.: N 33°01'26.57" LONG.: W 103°49'01.63" N.: 735670.6 E.: 699556.0 (NAD-83)</p>	<p>BOTTOM HOLE LOCATION LAT.: N 33°01'26.72" LONG.: W 103°48'07.26" N.: 735716.220 E.: 704118.495 (NAD-83)</p>	<p>Producing Area 4630.0 Project Area = 1160 acres</p>

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address COG OPERATING LLC 550 W TEXAS MIDLAND, TX 79701		2. OGRID Number 229137
		3. API Number 30-05-27995
4. Property Code 36890	5. Property Name TAURUS STATE COM	6. Well No. 002

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
I	10	15S	31E	I	1980	S	330	E	CHAVES

8. Pool Information

WILDCAT WOLFCAMP	0
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 4396
14. Multiple N	15. Proposed Depth 8900	16. Formation Wolfcamp	17. Contractor	18. Spud Date 2/20/2008
Depth to Ground water 110		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume: 30000 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	400	450	0
Int1	12.25	9.625	40	4000	1000	0
Int2	8.75	5.5	17	8900	200	8200
Prod	7.875	5.5	17	13450	900	8200

Casing/Cement Program: Additional Comments

COG proposes to drill 17-1/2" hole to 400', set 13-3/8" casing & cement to surface. Drill a 12-1/4" hole to 4000', set 9-5/8" casing & cement to surface. Drill 8-3/4" Pilot hole to 8950' TD & run O/H logs. Spot cement KO plug from 8650' to 8250'. Time dr & KO 7-7/8" hole @ 8250' building curve over +/- 475' to horizontal @ 8675' TVD. Dr horizontal in a westerly direction for +/- 4500' lateral to 13,450' MD. Run 5-1/2" casing & cement.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	3000	1250	
DoubleRam	3000	3000	
Annular	3000	1500	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
I further certify that the drilling pit will be constructed according to NMOC guidelines , a general permit , or an (attached) alternative OCD-approved plan .

OIL CONSERVATION DIVISION

Printed Name: Electronically filed by Diane Kuykendall

Approved By: Paul Kautz

Title: Regulatory Analyst

Title: Geologist

Email Address: dkuykendall@conchoresources.com

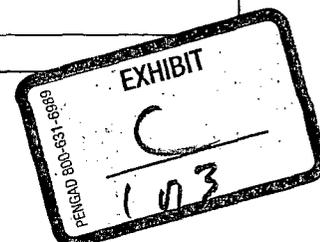
Approved Date: 12/14/2007

Expiration Date: 12/14/2008

Date: 12/13/2007

Phone: 432-683-7443

Conditions of Approval Attached



District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

1220 S. ST FRANCIS DR.
Santa Fe, NM 87505

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-05-27995	2. Pool Code	3. Pool Name WILDCAT WOLFCAMP
4. Property Code 36890	5. Property Name TAURUS STATE COM	6. Well No. 002
7. OGRID No. 229137	8. Operator Name COG OPERATING LLC	9. Elevation 4396

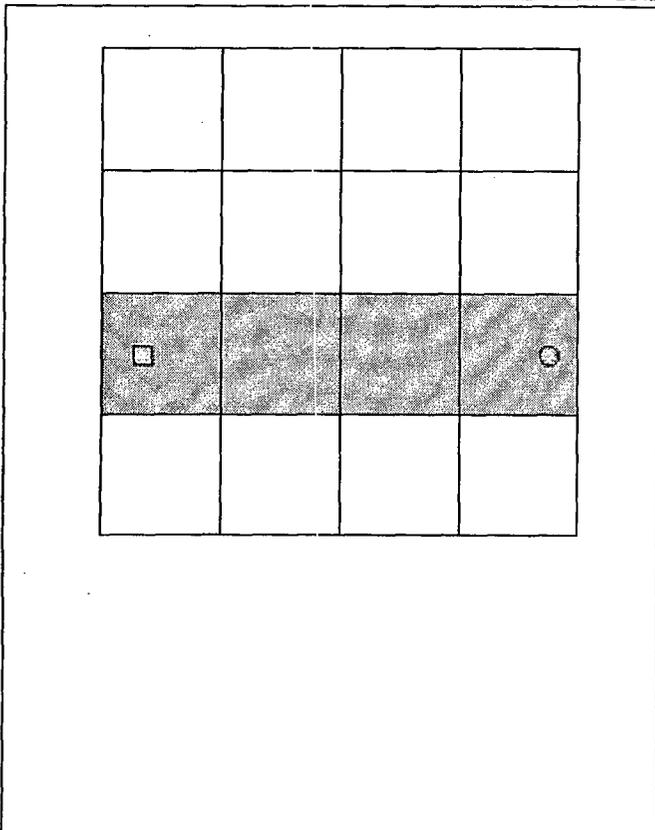
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
I	10	15S	31E		1980	S	330	E	CHAVES

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
L	10	15S	31E	L	1980	S	430	W	CHAVES
12. Dedicated Acres 160.00		13. Joint or Infill		14. Consolidation Code		15. Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Diane Kuykendall
Title: Regulatory Analyst
Date: 12/13/2007

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Surveyed By: Gary Jones
Date of Survey: 12/7/2007
Certificate Number: 7977



S

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 12, 2005

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

DEC 14 2007 AMENDED REPORT

OCD-ARTESIA

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-005-27995	Pool Code	Pool Name WILDCAT; WOLECAMP
Property Code 36890	Property Name TAURUS STATE COM	Well Number 2H
OGRID No. 229137	Operator Name C.O.G. OPERATING L.L.C.	Elevation 4396'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	10	15 S	31 E		1980	SOUTH	330	EAST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	10	15 S	31 E		1980	SOUTH	430	WEST	CHAVES

Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

BOTTOM HOLE LOCATION
LAT.: N 33°01'42.90"
LONG.: W103°49'00.46"
N.: 738324.776
E.: 699645.621
(NAD-83)

SURFACE LOCATION
LAT.: N 33°01'43.070"
LONG.: W103°48'07.24"
N.: 738364.797
E.: 704176.362
(NAD-83)

PROJECT AREA

PRODUCING AREA

PENETRATION POINT

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Shirley A. Edwards 12/13/07
Signature Date

SHIRLEY A. EDWARDS
Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

DECEMBER 7 2007
Date Surveyed

Gary L. Jones
Signature & Seal of Professional Surveyor 7977

W.O. 129903

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

Cal

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address COG OPERATING LLC 550 W TEXAS MIDLAND, TX 79701		2. OGRID Number 229137
		3. API Number 30-05-27996
4. Property Code 36890	5. Property Name TAURUS STATE COM	6. Well No. 003

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
H	10	15S	31E	H	1980	N	330	E	CHAVES

8. Pool Information

WILDCAT WOLFCAMP	0
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 4398
14. Multiple N	15. Proposed Depth 8900	16. Formation Wolfcamp	17. Contractor	18. Spud Date 2/15/2008
Depth to Ground water 110		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 miles thick Clay <input type="checkbox"/> Pit Volume: 30000 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	400	450	0
Int1	12.25	9.625	40	4000	1000	0
Prod	7.875	5.5	17	13450	900	8200
Int2	8.75	5.5	17	8900	200	8200

Casing/Cement Program: Additional Comments

COG proposes to drill 17-1/2" hole to 400', set 13-3/8" casing & cement to surface. Drill a 12-1/4" hole to 4000', set 9-5/8" casing & cement to surface. Drill 8-3/4" Pilot hole to 8950' TD & run O/H logs. Spot cement KO plug from 8650' to 8250'. Time dr & KO 7-7/8" hole @ 8250' building curve over +/- 475' to horizontal @ 8675' TVD. Dr horizontal in a westerly direction for +/- 4500' lateral to 13,450' MD. Run 5-1/2" casing & cement.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	3000	1250	
Double Ram	3000	3000	
Annular	3000	1500	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

I further certify that the drilling pit will be constructed according to NMOCD guidelines a general permit , or an (attached) alternative OCD-approved plan .

Printed Name: Electronically filed by Diane Kuykendall

Title: Regulatory Analyst

Email Address: dkuykendall@conchoresources.com

Date: 12/13/2007

Phone: 432-683-7443

OIL CONSERVATION DIVISION

Approved By: Paul Kautz

Title: Geologist

Approved Date: 12/14/2007

Expiration Date: 12/14/2008

Conditions of Approval Attached



District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

1220 S. St Francis Dr.

Santa Fe, NM 87505

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-05-27996	2. Pool Code	3. Pool Name WILDCAT WOLFCAMP
4. Property Code 36890	5. Property Name TAURUS STATE COM	6. Well No. 003
7. OGRID No. 229137	8. Operator Name COG OPERATING LLC	9. Elevation 4398

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
H	10	15S	31E		1980	N	330	E	CHAVES

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	10	15S	31E	E	1980	N	430	W	CHAVES
12. Dedicated Acres 160.00		13. Joint or Infill		14. Consolidation Code			15. Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

□			○

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Diane Kuykendall
Title: Regulatory Analyst
Date: 12/13/2007

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Surveyed By: Gary Jones
Date of Survey: 12/7/2007
Certificate Number: 7977



Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address COG OPERATING LLC 550 W TEXAS MIDLAND, TX 79701		2. OGRID Number 229137
		3. API Number 30-05-27997
4. Property Code 36890	5. Property Name TAURUS STATE COM	6. Well No. 004

7. Surface Location

UL - Lot A	Section 10	Township 15S	Range 31E	Lot Ldn A	Feet From 660	N/S Line N	Feet From 330	E/W Line E	County CHAVES
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8. Pool Information

WILDCAT WOLFCAMP	0
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 4399
14. Multiple N	15. Proposed Depth 8900	16. Formation Wolfcamp	17. Contractor	18. Spud Date 1/20/2008
Depth to Ground water 110		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ miles thick Clay <input type="checkbox"/> Pit Volume: 30000 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
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Int1	12.25	9.625	40	4000	1000	0
Int2	8.75	5.5	17	8900	200	8200
Prod	7.875	5.5	17	13450	900	8200

Casing/Cement Program: Additional Comments

COG proposes to drill 17-1/2" hole to 400', set 13-3/8" casing & cement to surface. Drill a 12-1/4" hole to 4000', set 9-5/8" casing & cement to surface. Drill 8-3/4" Pilot hole to 8950' TD & run O/H logs. Spot cement KO plug from 8650' to 8250'. Time dr & KO 7-7/8" hole @ 8250' building curve over +/- 475' to horizontal @ 8675' TVD. Dr horizontal in a westerly direction for +/- 4500' lateral to 13,450' MD. Run 5-1/2" casing & cement.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	3000	1250	
Double Ram	3000	3000	
Annular	3000	1500	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

I further certify that the drilling pit will be constructed according to NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .

Printed Name: Electronically filed by Diane Kuykendall

Title: Regulatory Analyst

Email Address: dkuykendall@conchoresources.com

Date: 12/13/2007

Phone: 432-683-7443

OIL CONSERVATION DIVISION

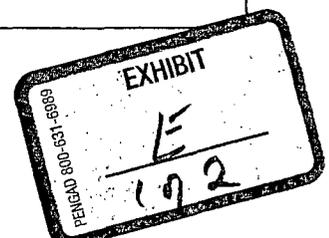
Approved By: Paul Kautz

Title: Geologist

Approved Date: 12/14/2007

Expiration Date: 12/14/2008

Conditions of Approval Attached



District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

1220 S. ST FRANCIS DR.

Santa Fe, NM 87505

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-05-27997	2. Pool Code	3. Pool Name WILDCAT WOLFCAMP
4. Property Code 36890	5. Property Name TAURUS STATE COM	6. Well No. 004
7. OGRID No. 229137	8. Operator Name COG OPERATING LLC	9. Elevation 4399

10. Surface Location

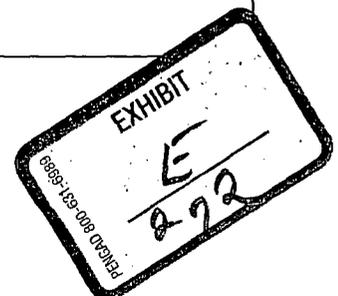
UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
A	10	15S	31E		660	N	330	E	CHAVES

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	10	15S	31E	D	660	N	430	W	CHAVES
12. Dedicated Acres 160.00		13. Joint or Infill		14. Consolidation Code		15. Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION			
	<p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p>			
	<p>E-Signed By: Diane Kuykendall Title: Regulatory Analyst Date: 12/13/2007</p>			
	SURVEYOR CERTIFICATION			
<p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p>				
<p>Surveyed By: Gary Jones Date of Survey: 12/7/2007 Certificate Number: 7977</p>				



DISTRICT I
26 N. FRENCH DR., HOBBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name PERSEUS 10 FEDERAL COM	Well Number 4H
OGRID No. 147179	Operator Name CHESAPEAKE OPERATING, INC.	Elevation 4407'

Surface Location

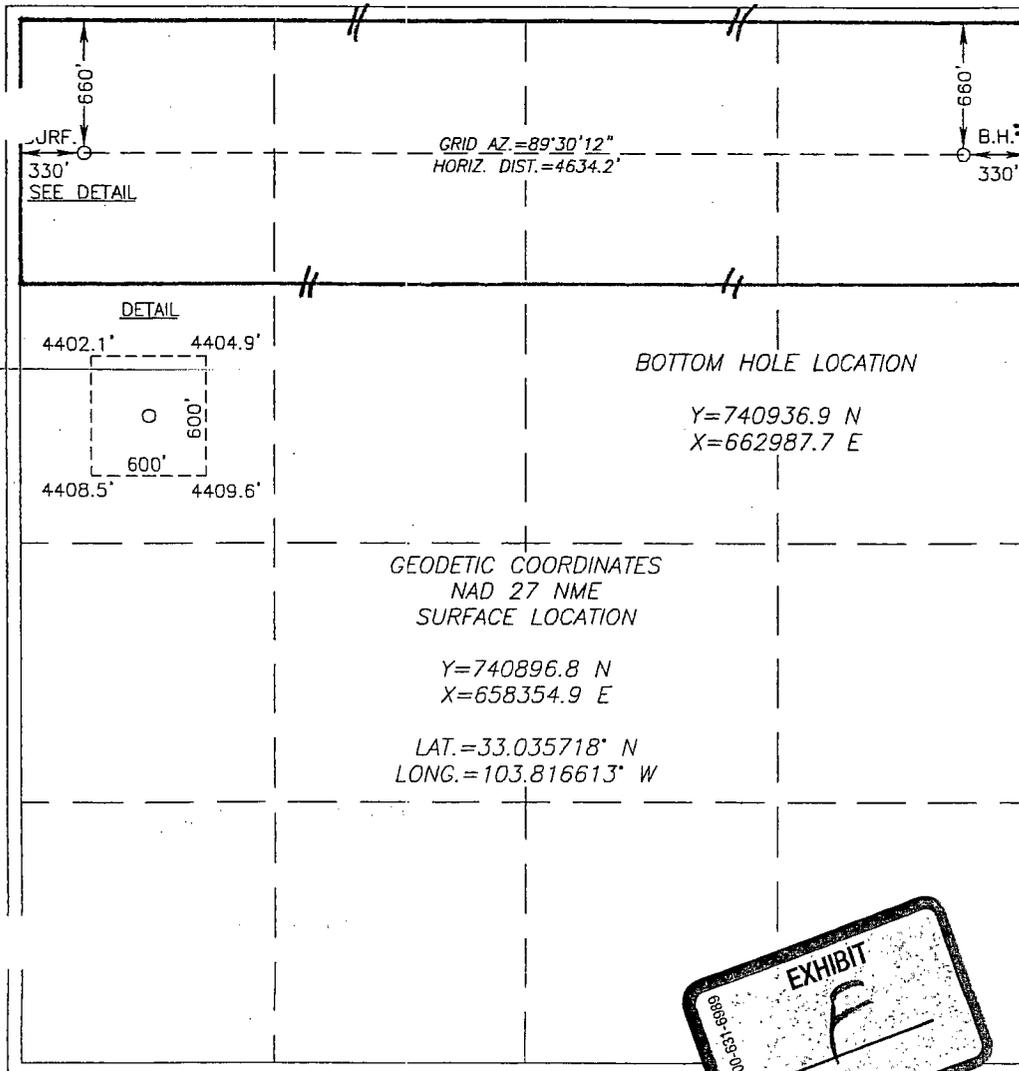
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	10	15-S	31-E		660	NORTH	330	WEST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	10	15-S	31-E		660	NORTH	330	EAST	CHAVES

Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

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OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

NOVEMBER 27 2007

Date Surveyed _____ AR

Signature & Seal of Professional Surveyor

Ronald J. Eidson 12/14/07
07-11-1637

Certificate No. GARY EIDSON 12641
RONALD J. EIDSON 3239



EXHIBIT A-1

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I
1825 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
11 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name PERSEUS 10 FEDERAL COM	Well Number 3H
OGP No. 147179	Operator Name CHESAPEAKE OPERATING, INC.	Elevation 4414'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	10	15-S	31-E		1980	NORTH	330	WEST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	10	15-S	31-E		1980	NORTH	330	EAST	CHAVES

Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

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GRID AZ.=89°30'11"
HORIZ. DIST.=4633.5'

S.L. 330'
SEE DETAIL

B.H. 330'

EXHIBIT
6

BOTTOM HOLE LOCATION
Y=739617.2 N
X=662994.3 E

GEODETTIC COORDINATES
NAD 27 NME
SURFACE LOCATION
Y=739577.1 N
X=658362.1 E

LAT.=33.032091° N
LONG.=103.816610° W

OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

NOVEMBER 27, 2007

Date Surveyed _____ LA REV 12/14/07

Signature & Seal of Professional Surveyor

 Ronald J. Eidson 12/14/07
 07-11-1636

Certificate No. GARY EIDSON 12641
RONALD J. EIDSON 3239

EXHIBIT A-1

DISTRICT I
1626 N. FRENCH DR., HOBBS, NM 88240

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II
41 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name PERSEUS 10 FEDERAL COM	Well Number 2H
OGRID No. 147179	Operator Name CHESAPEAKE OPERATING, INC.	Elevation 4415'

Surface Location

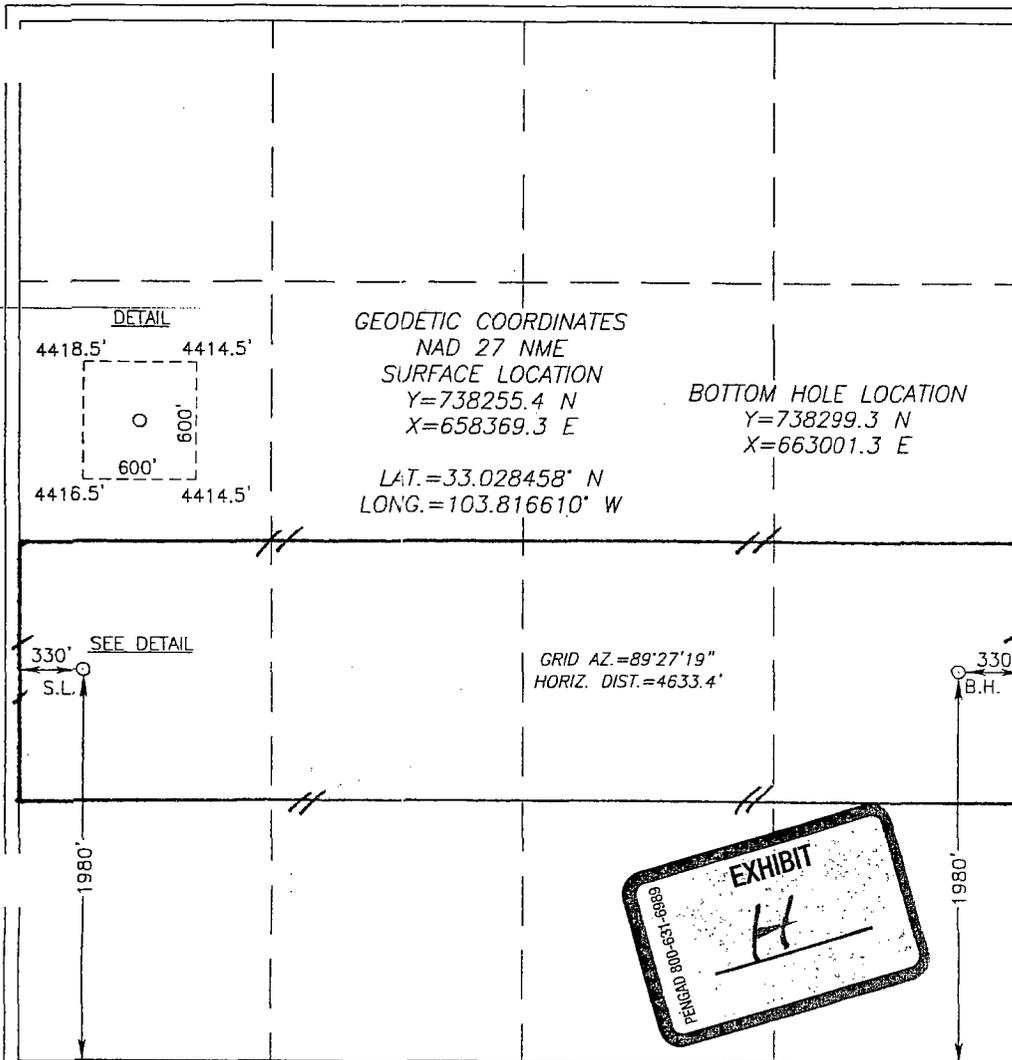
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	10	15-S	31-E		1980	SOUTH	330	WEST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	10	15-S	31-E		1980	SOUTH	330	EAST	CHAVES

Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

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OPERATOR CERTIFICATION

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

NOVEMBER 27, 2007

Date Surveyed _____ LA REV. 12/14/07

Signature & Seal of Professional Surveyor

Ronald J. Eidson 12/14/07
07.11.1635

Certificate No. GARY EIDSON 12641
RONALD J. EIDSON 3239

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

DISTRICT I
625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name PERSEUS 10 FEDERAL COM	Well Number 1H
OGRID No. 147179	Operator Name CHESAPEAKE OPERATING, INC.	Elevation 4417'

Surface Location

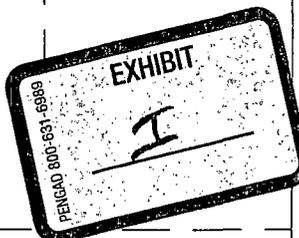
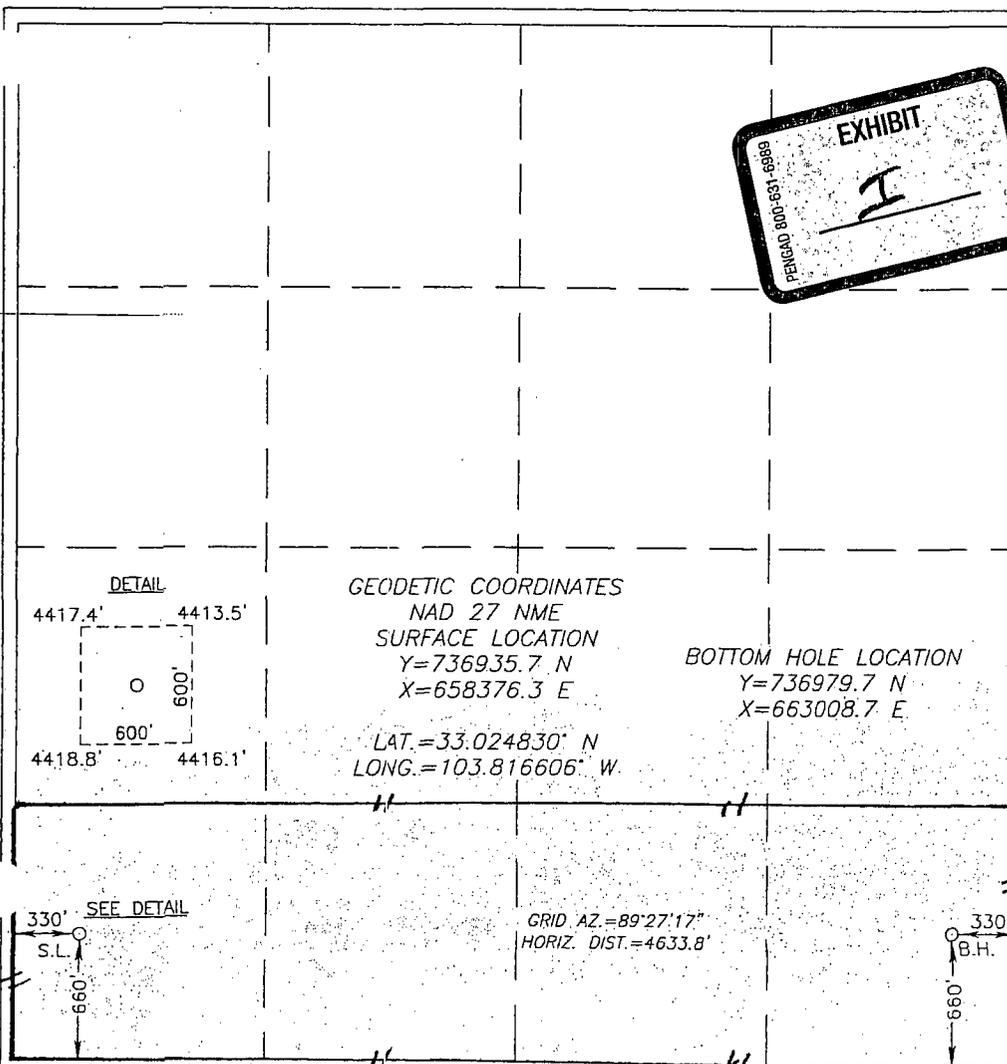
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	10	15-S	31-E		660	SOUTH	330	WEST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	10	15-S	31-E		660	SOUTH	330	EAST	CHAVES

Dedicated Acres 16.0	Joint or Infill	Consolidation Code	Order No.
-------------------------	-----------------	--------------------	-----------

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NOVEMBER 27, 2007

Date Surveyed: ME, LA, REV 12/14/07

Signature & Seal of Professional Surveyor

Ronald J. Eidson 12/14/07

07-11-1634

Certificate No. GARY EIDSON 12841

RONALD EIDSON 3239

EXHIBIT A-1

Exhibit "J"

COG Oil & Gas LP
550 West Texas Avenue
Suite 1300
Midland, TX 79701

COG Operating LLC
550 West Texas Avenue
Suite 1300
Midland, TX 79701

Cimarex Energy Co.
508 W. Wall Street
Midland, TX 79701

Attn: Don R. McClung