

**KELLAHIN & KELLAHIN**  
**Attorney at Law**

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

TELEPHONE 505-982-4285  
FACSIMILE 505-982-2047  
TKELLAHIN@COMCAST.NET

September 30, 2008

**HAND DELIVERED**

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

*Case 14219*

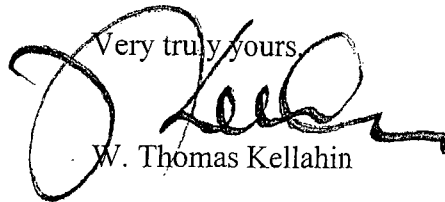
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2008 SEP 30 PM 4 16

**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 13, 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 1421.<sup>9</sup> 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 three applications for permits to drill ("APD") issued to COG Oil & Gas LLC ("COG"):

(a) API 30-005-27978 for the Orion Federal #1H Well, a horizontal wellbore with a surface location in Unit H of Section 13, 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.

(b) API 30-005-27994 for the Orion Federal #2H Well, a horizontal wellbore with a surface location in Unit I of Section 13, 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 30-005-28001 for the Orion Federal #3H Well, a horizontal wellbore with a surface location in Unit P of Section 13, 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.

These units are located approximately 1-1/2 miles west of the intersection of New Mexico state road FAS-1231 and FAS-1242, and approximately 32 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. 14219

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 three applications for permits to drill ("APD") issued to COG Operating LLC ("COG"):

(a) API 30-005-27978 for the Orion Federal #1H Well, a horizontal wellbore with a surface location in Unit H of Section 13, 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.

(b) API 30-005-27994 for the Orion Federal #2H Well, a horizontal wellbore with a surface location in Unit I of Section 13, 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 30-005-28001 for the Orion Federal #3H Well, a horizontal wellbore with a surface location in Unit P of Section 13, 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.

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

1. Chesapeake has 50% 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 SE/4; S/2NE/4; NE/4NE/4; and NW/4SW/4 of Section 13, T15S, R31E, NMPM, Chaves County, New Mexico. See locator map attached as Exhibit "A"

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

(a) N/2S/2:

Unit I and Unit J and Unit K Chesapeake = 50% and COG Oil & Gas LP=50%  
Unit L Penroc= 100%

(b) S/2S/2:

Unit O and Unit P Chesapeake = 50% and COG Oil & Gas LP=50%  
Unit M and Unit N Penroc = 100%

(c) S/2N/2:

Unit G and Unit H Chesapeake = 50% and COG Oil & Gas LP=50%  
Unit E and Unit F Penroc = 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 October 23, November 1 and December 7, 2007 for the:

(a) API 30-005-27978 for the Orion Federal Com #1H Well, a horizontal wellbore with a surface location in Unit H of Section 13, 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 "B"

(d) API 30-005-27994 for the Orion Federal Com #2H Well, a horizontal wellbore with a surface location in Unit I of Section 13, T15S, R31E, Chaves County and to be dedicated to a non-standard 160-acre spacing unit consisting of the N2S/2 of this section. See first page of APD and Division form C-102 attached as Exhibit "C"

(c) API 30-005-28001 for the Orion Federal Com #3H Well, a horizontal wellbore with a surface location in Unit P of Section 13, 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. See first page of APD and Division form C-102 attached as Exhibit "D"

5. Attached to each of these APDs was a Division Form C-102, dated August 30, August 31, September 17, 2007, that was improperly certified because COG Operating LLC had placed the bottom hole location on Penroc's lease or proposed to penetrate a tract in which COG Oil & Gas LP had no interest and had not reach a voluntary agreement with Penroc or obtained a Division compulsory pooling order.

6. In doing so, COG violated the "operator certification" contained in Division Form C-102 by falsely certifying that it had an interest in each of the tracts to be penetrated by these three wellbores.

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

- (a) 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 Wrinkle 13 Federal Com Well No. 1H to be located drilled as a horizontal wellbore as shown on Form C-102 attached as Exhibit "E".
- (b) 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 Wrinkle 13 Federal Com Well No. 2H to be located drilled as a horizontal wellbore as shown on Form C-102 attached as Exhibit "F".
- (c) 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 Wrinkle 13 Federal Com Well No. 3H to be located drilled as a horizontal wellbore as shown on Form C-102 attached as Exhibit "G".

8. Notice of this application and hearing has been send to the parties set forth on Exhibit "H" 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:



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

2010  
FEE

1H 25%

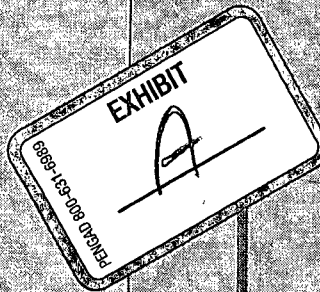
CHK 50.0%  
COG 50.0%  
1/8  
02/28/2011  
FEDERAL

SL

50%

SL

6 HBP  
18%  
3%



CENTRAL 50%  
RBOB 50%  
2012

PENROC 62%  
OTHER 38%  
HBP  
FFF  
LWRINKLE  
1 (10)

PENROC 100%  
HBP  
FEE

Winkle  
13 Fed.  
Com 3H 25%

13

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

Winkle 13  
Fed. Com  
1H 37.5%

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

Winkle  
13 Fed.  
Com 2H 25%

SL

PITCH ENERGY 100%  
(MARBOB)  
HBP

MOBIL 100%  
HBP  
STATE

CHASE  
2011  
STATE

10

18

CHASE  
2011  
STATE

New Mexico Oil 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 NML 105887 BHL Fee  
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.  
Orion Federal #1H com (36805)

9. API Well No.  
30-005-27978

1a. Type of work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator COG Operating, LLC

3a. Address 550 West Texas, Suite 1300  
Midland, TX 79701

3b. Phone No. (include area code)  
(432)-685-9158

10. Field and Pool, or Exploratory  
Undesignated Wolfcamp

4. Location of Well (Report location clearly and in accordance with any State requirements.)\*

At surface 1980' FNL & 330' FEL, Unit H

ROSWELL CONTROLLED WATER BASIN

At proposed prod. zone 1980' FNL & 330' FWL, Unit E

11. Sec., T. R. M. or Blk. and Survey or Area  
Section 13, T15S, R31E

14. Distance in miles and direction from nearest town or post office\*  
Approx 15 miles North of Maljamar, New Mexico

12. County or Parish  
Chaves Co..

13. State  
NM

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  
640

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  
13450' MD  
8915' TVD

20. BLM/BIA Bond No. on file  
NMB 000215

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
4353' GL

22. Approximate date work will start\*  
10/15/2007

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:

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

25. Signature

Name (Printed/Typed)  
Dwayne Moore

Date  
09/12/2007

Title

Agent for COG Operating LLC

Approved by (Signature)

/s/ Angel Mayes

Name (Printed/Typed)

/s/ Angel Mayes

Date

OCT 23 2007

Title

Assistant Field Manager,  
Lands And Minerals

Office

ROSWELL FIELD OFFICE

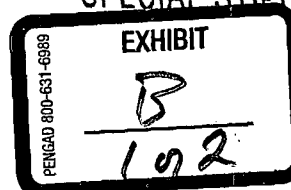
APPROVED FOR 2 YEARS

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

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

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-005-27978</b>	Pool Code <b>/</b>	Pool Name <b>Undesignated Wolfcamp</b>
Property Code <b>36805</b>	Property Name <b>ORION FEDERAL corn</b>	Well Number <b>1H</b>
OGRID No. <b>229137</b>	Operator Name <b>C.O.G. OPERATING L.L.C.</b>	Elevation <b>4352'</b>

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	13	15 S	31 E		1980	NORTH	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
E	13	15 S	31 E		1980	NORTH	330	WEST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
<b>160</b>			

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><b>OPERATOR CERTIFICATION</b></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>Signature: <i>[Signature]</i> Date: <b>9/17/07</b></p> <p>Printed Name: <b>DANIME ALONSO Agent For COG</b></p>
<p><b>BOTTOM HOLE LOCATION</b></p> <p>LAT.: N 33°01'04.1" LONG.: W103°46'57.5" SPC- N.: 734455.42 E.: 710136.68 (NAD-83)</p>	<p><b>SURVEYOR LOCATION</b></p> <p>LAT.: N 33°01'04.35" LONG.: W103°46'03.16" SPC- N.: 734506.0 E.: 714761.3 (NAD-83)</p>	<p><b>SURVEYOR CERTIFICATION</b></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><b>SEPTEMBER 13 2007</b></p> <p>Date Surveyed: <b>SEP 13 2007</b></p> <p>Signature &amp; Seal of Professional Surveyor: <i>[Signature]</i></p> <p><b>W.O. JONES</b></p> <p>Certificate No. Gary L. Jones 7977</p> <p><b>BASIN SURVEYS</b></p>





N.M. DIV-Dist. 2  
1301 W. Grand Avenue  
Artesia, NM 88210

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

NOV 08 2007

OCD-ARTE

Lease Serial No.  
SL NMLC 105887 BHL NMLC 105887  
If Indian, Allottee or Tribe Name

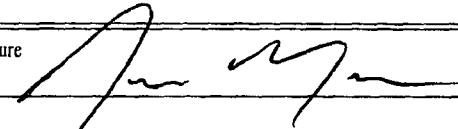
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7 If Unit or CA Agreement, Name and No. N/A	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. <b>&lt;36840&gt;</b> Orion Federal #21	
2. Name of Operator COG Operating, LLC		9 API Well No. <b>30-005-27984</b>	
3a. Address 550 West Texas, Suite 1300 Midland, TX 79701	3b. Phone No. (include area code) (432)- 685-9158	10. Field and Pool, or Exploratory Undesignated Wolfcamp	
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1980' FSL & 330' FEL, Unit I At proposed prod. zone 1980' FSL & 330' FWL, Unit L		11. Sec., T. R. M. or Blk. and Survey or Area Section 13, T15S, R31E	
14. Distance in miles and direction from nearest town or post office* Approx 15 miles North of Maljamar, New Mexico		12. County or Parish Chaves Co..	13. State NM
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 640	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 13450' MD 8915' TVD	20. BLM/BIA Bond No. on file NMB 000215	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4356' GL	22. Approximate date work will start* 01/15/2008	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:

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

25. Signature 	Name (Printed/Typed) Dwaine Moore	Date 09/12/2007
---	--------------------------------------	--------------------

Title

Agent for COG Operating LLC

Approved by (Signature) */s/ Angel Mayes*

Name (Printed/Typed)

*/s/ Angel Mayes*

Date

NOV 01 2007

Title

Assistant Field Manager,  
Lands And Minerals

Office

ROSWELL FIELD OFFICE

APPROVED FOR 2 YEARS

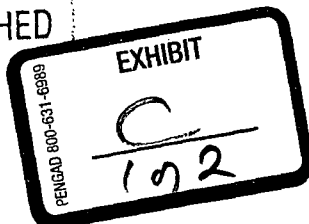
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

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



If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

## Exhibit "A"

## DISTRICT I

1625 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 DepartmentForm 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

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-005-27994</b>	Pool Code <b>✓</b>	Pool Name <b>Wildcat Undesignated Wolfcamp</b>
Property Code <b>36840</b>	Property Name <b>ORION FEDERAL</b>	Well Number <b>2H</b>
GRID No. <b>229137</b>	Operator Name <b>C.O.G. OPERATING L.L.C.</b>	Elevation <b>4356'</b>

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>1</b>	<b>13</b>	<b>15 S</b>	<b>31 E</b>		<b>1980</b>	<b>SOUTH</b>	<b>330</b>	<b>EAST</b>	<b>CHAVES</b>

## 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
<b>L</b>	<b>13</b>	<b>15 S</b>	<b>31 E</b>		<b>1980</b>	<b>SOUTH</b>	<b>330</b>	<b>WEST</b>	<b>CHAVES</b>

Dedicated Acres <b>160</b>	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

<b>BOTTOM HOLE LOCATION</b> LAT.: N 33°00'51.02" LONG.: W103°46'57.48" N.: 733144.864 E.: 710153.438 (NAD-83)	<b>SURFACE LOCATION</b> LAT.: N 33°00'51.28" LONG.: W103°46'03.17" N.: 733182.0 E.: 714768.9 (NAD-83)	<b>OPERATOR CERTIFICATION</b> 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. Signature <i>[Signature]</i> Date <b>9/31/07</b> Printed Name <b>Dwaine Moore Agent, For C O G</b>
<p>Project Area = 160 acres</p> <p>Producing Area</p> <p>330' B.H.</p> <p>462'</p> <p>4357.2' 4356.0'</p> <p>4357.9' 4355.3'</p> <p>S.L.</p>		<b>SURVEYOR CERTIFICATION</b> 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. Date Surveyed <b>JULY 25, 2007</b> Signature <i>[Signature]</i> Seal of Gary L. Jones, Surveyor Professional Surveyor W.O. [Signature] Certificate No. Gary L. Jones 7977 BASIN SURVEYS





UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

On Cons. N.M. Div-Dist. 2  
1301 W. Grand Avenue  
Artesia, NM 88210

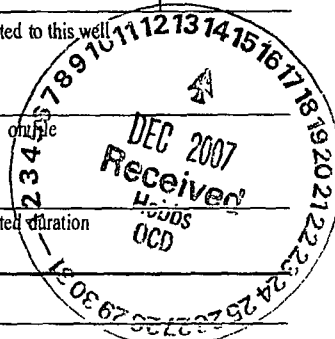
FORM APPROVED  
OMB No. 1004-0137  
Expires July 31, 2010

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SL NMLC 105887 BHL Fee
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator COG Operating, LLC		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 550 West Texas, Suite 1300 Midland, TX 79701	3b. Phone No. (include area code) (432)- 685-9158	8. Lease Name and Well No. Orion Federal #31 com <368057>
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 660' FSL & 330' FEL, Unit P At proposed prod. zone 660' FSL & 330' FWL, Unit M		9. API Well No. 30-005-28001
14. Distance in miles and direction from nearest town or post office* Approx 15 miles North of Maljamar, New Mexico		10. Field and Pool, or Exploratory Undesignated Wolfcamp
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330		11. Sec., T. R. M. or Blk. and Survey or Area Section 13, T15S, R31E
16. No. of acres in lease 640		12. County or Parish Chaves Co..
17. Spacing Unit dedicated to this well 160		13. State NM
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. N/A		20. BLM/BIA Bond No. on file NMB 000215
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4358' GL		22. Approximate date work will start* 03/15/2008
23. Estimated duration 45 Days		

<229137>

DEC 12 2007

OCD-ARTESIA



24. Attachments

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

- |  |   |
|--|---|
| 1. Well plat certified by a registered surveyor.   | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan.  | 5. Operator certification   |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM.             |

25. Signature 	Name (Printed/Typed) Dwaine Moore	Date 09/12/2007
Title Agent for COG Operating LLC		

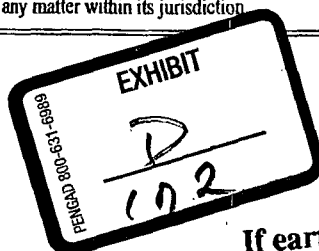
Approved by (Signature) /s/ Angel Mayes	Name (Printed/Typed) /s/ Angel Mayes	Date DEC 07 2007
Title Assistant Field Manager, Lands And Minerals	Office ROSWELL FIELD OFFICE	APPROVED FOR 2 YEARS

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

If earthen pits are used in  
association with the drilling of this  
well, an OCD pit permit must be  
obtained prior to pit construction.

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-005-28001</b>	Pool Code <b>/</b>	Pool Name <b>Undesignated Wolfcamp</b>
Property Code <b>368.05</b>	Property Name <b>ORION FEDERAL</b>	Well Number <b>34</b>
OGRID No. <b>229137</b>	Operator Name <b>C.O.G. OPERATING L.L.C.</b>	Elevation <b>4358'</b>

Surface Location

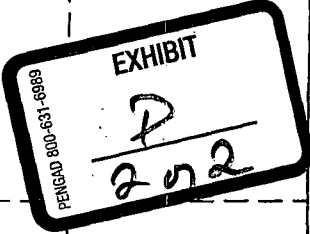
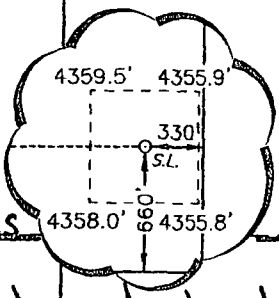
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	13	15 S	31 E		660	SOUTH	330	EAST	CHAVES

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
M	13	15 S	31 E		660	SOUTH	330	WEST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
<b>160</b>			

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

<div style="text-align: center;"></div>		<b>OPERATOR CERTIFICATION</b>  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.  Signature: <u>[Signature]</u> Date: <u>8/30/07</u>  Printed Name: <u>Dwaine Moore</u> Agent For <u>C.O.G.</u>	
		<b>SURVEYOR CERTIFICATION</b>  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.  Date Surveyed: <u>JULY 25, 2007</u> Signature: <u>[Signature]</u> Professional Surveyor: <u>[Signature]</u> Certificate No. <u>7977</u> Basin Surveys	
<div><div><b>BOTTOM HOLE LOCATION</b> LAT.: N 33°00'37.95" LONG.: W103°47'01.34" N.: 731796.916 E.: 709823.287 (NAD-83)</div><div><b>SURFACE LOCATION</b> LAT.: N 33°00'38.22" LONG.: W103°46'03.16" N.: 731862.3 E.: 714776.7 (NAD-83)</div></div> <div style="text-align: center;"></div> <div><b>Project Area = 160 acres</b>  <b>Producing Area</b></div>			

DISTRICT I  
1625 N. FRENCH DR., HOBBS, NM 86240

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

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

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**WELL LOCATION AND ACREAGE DEDICATION PLAT**

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API Number	Pool Code	Pool Name
Property Code	Property Name <b>WRINKLE 13 FEDERAL COM</b>	Well Number <b>1H</b>
OGRID No. <b>147179</b>	Operator Name <b>CHESAPEAKE OPERATING, INC.</b>	Elevation <b>4359'</b>

**Surface Location**

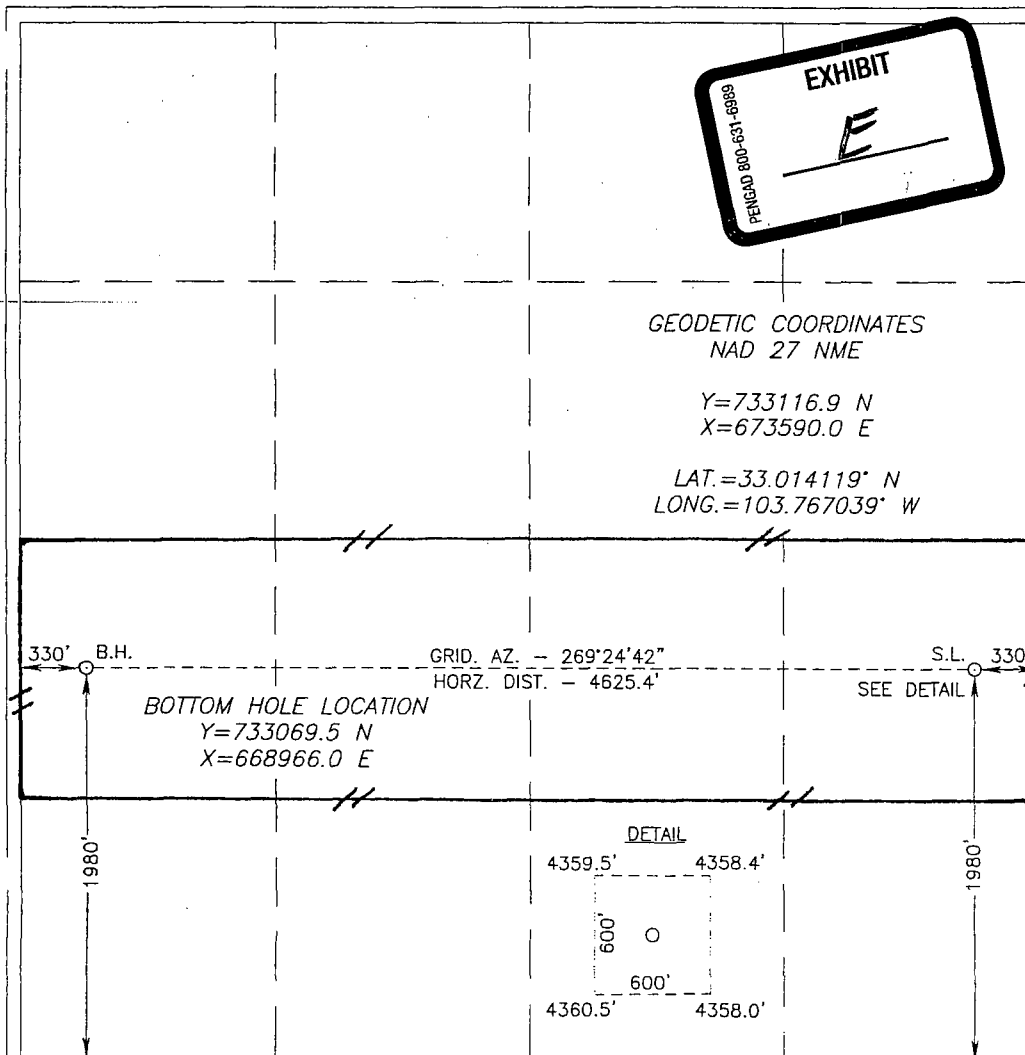
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	13	15-S	31-E		1980	SOUTH	330	EAST	CHAVES

**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	13	15-S	31-E		1980	SOUTH	330	WEST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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 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 20, 2007

Date Surveyed \_\_\_\_\_ DSS

Signature & Seal of Professional Surveyor

*Ronald J. Eidson*  
3239  
07.11.1641

Certificate No. GARY G. EIDSON 12641  
RONALD J. EIDSON 3239

EXHIBIT A-1

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

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1000 Rio Brazos Rd., Aztec, NM 87410

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

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 WRINKLE 13 FEDERAL COM		Well Number 2H
OGRID No. 147179	Operator Name CHESAPEAKE OPERATING, INC.		Elevation 4360'

### Surface Location

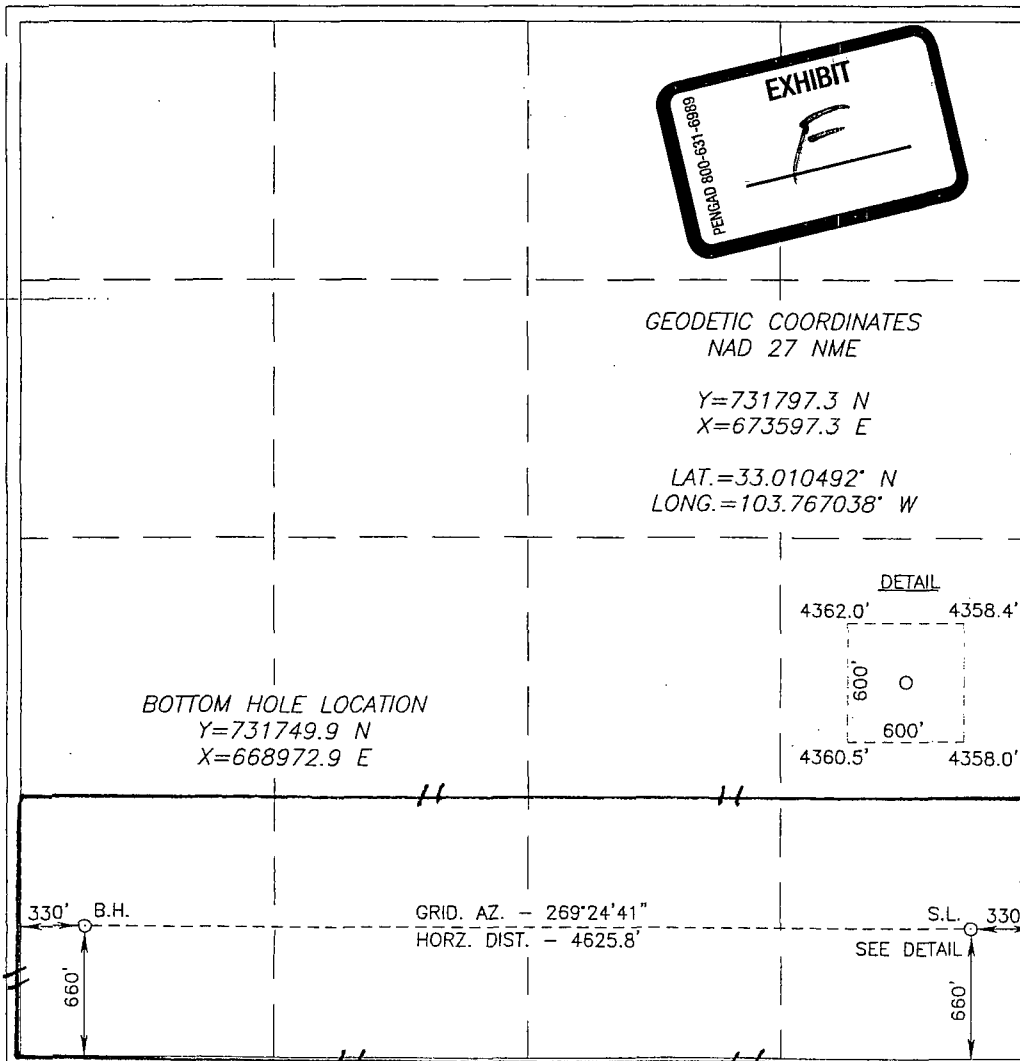
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	13	15-S	31-E		660	SOUTH	330	EAST	CHAVES

## 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
M	13	15-S	31-E		660	SOUTH.	330	WEST	CHAVES

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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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 20, 2007

Date Surveyed \_\_\_\_\_

DSS

Signature & Seal of  
Professional Surveyor

3239  
Ronald E. Gibson 11/27/07  
07.11.1642

Certificate No. GARY G. EIDSON 12641  
RONALD J. EIDSON 3239

EXHIBIT A-1

DISTRICT I  
1625 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

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

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WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name WRINKLE 13 FEDERAL COM	Well Number 3H
GRID No. 147179	Operator Name CHESAPEAKE OPERATING, INC.	Elevation 4355'

Surface Location

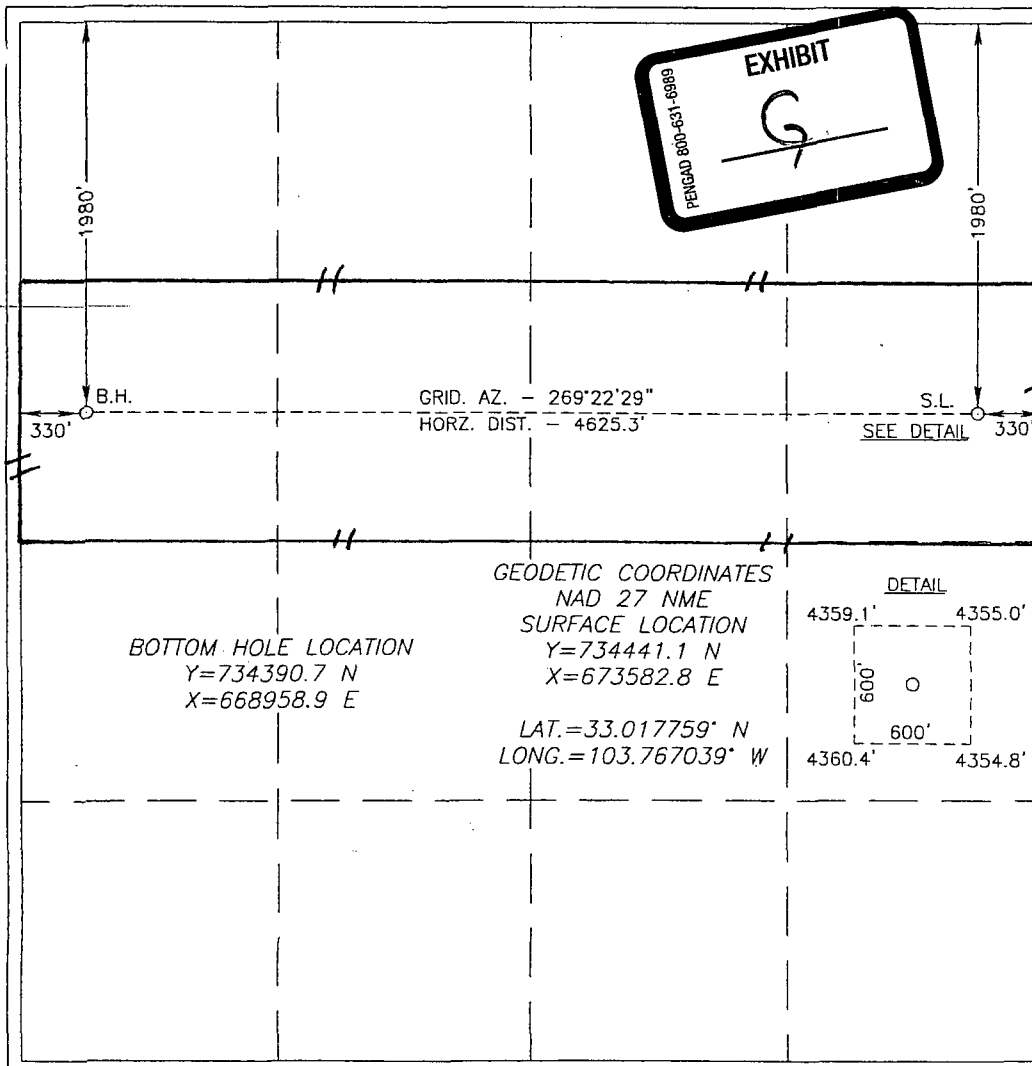
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	13	15-S	31-E		1980	NORTH	330	EAST	CHAVES

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
E	13	15-S	31-E		1980	NORTH	330	WEST	CHAVES

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

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OPERATOR CERTIFICATION

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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 30 2007

Date Surveyed \_\_\_\_\_ LA

Signature & Seal of  
Professional Surveyor  
3239

*Ronald J. Eidson* 12/11/07  
07111797

Certificate No. GARY G. EIDSON 12641  
RONALD J. EIDSON 3239

EXHIBIT A-1

Exhibit "H"

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

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

Mr. Merch Merchant  
Penroc Oil Corporation  
1515 Calle Sur Street  
Hobbs, NM 88240