

ONSHORE ORDER NO. 1
Chesapeake Agent for BOPCO
PLU Big Sinks 15-25-30 USA 1H
SL: 10' FNL & 1980' FWL, 22-25S-30E
BL: 350' FNL & 1980' FWL, 15-25S-30E
Eddy County, NM

CONFIDENTIAL – TIGHT HOLE
SURFACE USE PLAN

SL: Lease No. NMNM 063875A
BL: Lease No. NMNM 063873A
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ONSHORE OIL & GAS ORDER NO. 1
Approval of Operations on Onshore
Federal and Indian Oil and Gas Leases

1. EXISTING ROADS/LEASE ROADS

- a. The proposed lease road 7260.1' in length and 16' in travel way width with a maximum disturbance area of 30' will be used, and in accordance with guidelines set forth in the BLM Onshore Orders. No turnouts are expected.
- b. Existing county and lease roads will be used to enter proposed access road.
- c. See Exhibits A-1 to A-4.

LOCATION

- a. In order to level the location, cut and fill will be required. Please see attached Well Location and Acreage Dedication Plat – Exhibits A-1 to A-4.
- b. A locking gate will be installed at the site entrance.
- c. Any fences cut will be repaired. Cattle guards will be installed, if needed.
- d. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.
Driving directions are from the junction of Buck Jackson and Twin Wells. Go South on Buck Jackson for 3.1 miles. Then Southwest for 1.8 miles. Then North 1980.1' to proposed location.

2. LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS OF THE PROPOSED LOCATION – see Exhibit B.

3. LOCATION OF PRODUCTION FACILITIES

It is anticipated that production will be piped to the PLU Big Sinks 14-25-30 USA 1H facilities where it will be measured and sold. This pipeline will utilize approximately 1 mile of 2-7/8" L-80 tubing at an operating pressure of 400 psi.
– See Exhibit C.

Follow existing lease roads

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4. LOCATION AND TYPE OF WATER SUPPLY

- a. Water will be obtained from a private water source.
- b. Chesapeake will utilize the pond already built at the PLU Big Sinks 14-25-30 USA 1H.
- c. Water to be hauled in to the PLU Big Sinks 14-25-30 USA 1H location.
- d. The pond will be 10' deep top of berm to bottom.
- e. A temporary 10" aluminum transfer line will run approx. 7260.1' from the pond to the location.

5. CONSTRUCTION MATERIALS

No construction materials will be used from Section 15-25S-30E. All material (i.e. shale) will be acquired from private or commercial sources.

6. METHODS FOR HANDLING WASTE DISPOSAL

- a. A closed system will be utilized consisting of above ground steel tanks.
- b. All wastes accumulated during drilling operations will be contained in a portable trash cage and removed from location and deposited in an approved sanitary landfill.

7. ANCILLARY FACILITIES

None

8. WELLSITE LAYOUT

- a. The proposed site layout will be a 330' x 300' pad.
- b. The proposed site layout plat is attached showing the Generic Rig layout orientation and equipment location.
- c. See Exhibit D.

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9. PLANS FOR RECLAMATION OF THE SURFACE

- a. This site will be reclaimed to 50 feet outside of the anchors, or approximately 100x100 square feet.
- b. Final Reclamation Procedure: Upon final abandonment of the well, caliche material from the well pad and access road will be removed and utilized to recontour to a final contour that blends with the surrounding topography as much as possible. Any caliche material not used will be utilized to repair roads within the lease. Topsoil will be distributed over the reclamation area and cross ripped to control erosion, the site will be seeded with an approved BLM mixture.
- c. The location will be restored to as near as original condition as possible. Reclamation of the surface shall be done in strict compliance with the existing New Mexico Oil Conservation Division regulations and BLM.

11. SURFACE & MINERAL OWNERSHIP

United States of America
Department of Interior
Bureau of Land Management

GRAZING LESSEE

D K Farms, Inc.
2713 Racquet Club Dr.
Midland, TX 79705

(Chesapeake Operating, Inc. has an agreement with the grazing lessee)

12. ADDITIONAL INFORMATION

A Class III cultural resource inventory report was prepared by Boone Archaeological Services, Carlsbad, New Mexico for the proposed location. A copy of the report has been sent to the BLM office under separate cover and is also attached for reference.

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13. **CHESAPEAKE REPRESENTATIVES**

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OPERATOR CERTIFICATION

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CERTIFICATION

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Executed this 7th day of September, 2011

Name: 
Toby Reid - Field Representative

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