

ONSHORE ORDER NO. 1
Chesapeake Agent for BOPCO
PLU Pierce Canyon 20-24-30 USA 1H
SL: 75' FNL & 1725' FEL
BL: 350' FSL & 1980' FEL
Section 20-24S-30E
Eddy County, NM

CONFIDENTIAL – TIGHT HOLE
SURFACE USE PLAN

Lease No. NMNM02860

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ONSHORE OIL & GAS ORDER NO. 1
Approval of Operations on Onshore
Federal and Indian Oil and Gas Leases

1. NEW OR RECONSTRUCTED ACCESS ROADS

- a. The proposed 3704.8 feet of road will intersect an existing two track road. Six inches of surfacing material will be compacted for the driving surface. The maximum width of the driving surface will be 14 feet. The road will be crowned and ditched with a 2% slope from tip of the crown to the edge of the driving surface. The ditches will be 1 foot deep with 3:1 slopes. The driving surface will be made of 6" rolled and compacted caliche. Right-of-Way will be 20 ft in width.
- b. 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.
- c. Driving directions are from the junction of McDonald and Twin Wells, go Southwest 1.3 miles to lease road, on lease road go South 0.5 miles to lease road, on lease road go west to PLU 111 pad and proposed lease road. From Loving North on Carter Road to State Hwy 31 to State Hwy 128. East on 128 to Twin Wells Road. West on McDonald to Galivan North for 1.4 Miles to proposed lease road. East 3704.8' to location.
- d. See Exhibits A-1 to A-5.

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

3. LOCATION OF PRODUCTION FACILITIES

- a. It is anticipated that production facilities will be located on the well pad and oil to be sold at the wellhead and/or tank battery.

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- b. Initially this will be a standalone battery but we plan to build it with capability to handle offsite wells.
- c. Pipeline will come from SUG.
- d. Oil and gas measurement will be installed on this well location.
- e. See Exhibit C.

4. LOCATION AND TYPES OF WATER SUPPLY

- a. Water will be obtained from a private water source.
- b. ~~Chesapeake staked a 300' x 300' frac pond south of the proposed location.~~ *located on reserve. pit not permitted*
- c. Water to be hauled in.
- d. The pond will be 10' deep top of berm to bottom.
- e. A temporary 10" aluminum transfer line will run approx. 4800' from the pond to the location.
- f. See Exhibit E-1 to E-3 – Frac Pond Plats.

5. CONSTRUCTION MATERIALS

No construction materials will be used from Section 20-24S-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 a state approved facility.

7. ANCILLARY FACILITIES

None

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8. WELLSITE LAYOUT

- a. The proposed site layout will be a 300' x 330' pad.
- b. The plat is attached showing the Patterson Rig #62 orientation and equipment location.
- c. See Exhibit D.

9. PLANS FOR RECLAMATION OF THE SURFACE

Interim reclamation will be delayed to allow another well to be drilled on the proposed well pad, alternate well location unknown at this time.

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.

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 & BHLOC MINERAL OWNERSHIP

United States of America
Department of Interior
Bureau of Land Management

GRAZING LESSEE

Tyson & Leslie Mahaffey
P.O. Box 161
Loving NM 88256

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

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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

Drilling and Completion Operations

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CONFIDENTIAL – TIGHT HOLE
OPERATOR CERTIFICATION

Lease No. NMNM02860

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 24th day of August, 2011

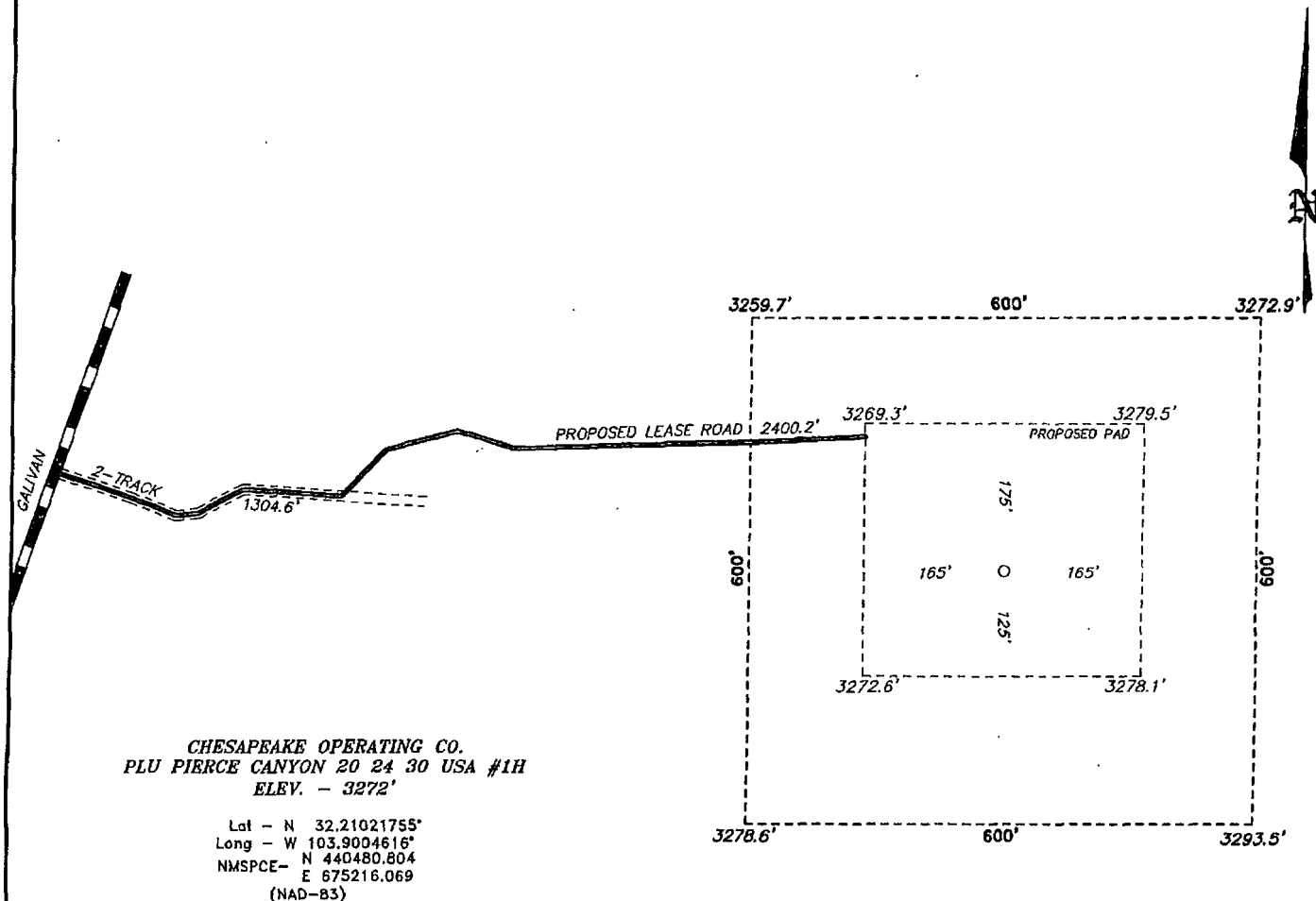
Name: Toby Reid
Toby Reid - Field Representative

Address: 2010 Rankin Highway, Midland, TX 79701

Telephone: 575-725-8497

E-mail: toby.reid@chk.com

SECTION 20, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF McDONALD AND GALIVAN, GO
NORTHERLY ON GALIVAN FOR 1.4 MILES TO
PROPOSED LEASE ROAD.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 24819 Drawn By: J. SMALL

Date: 08-16-2011 Disk: JMS 24819

CHESAPEAKE OPERATING CO.

REF: PLU PIERCE CANYON 20 24 30 USA #1H / WELL PAD TOPO

THE PLU PIERCE CANYON 20 24 30 USA #1H LOCATED 75'

FROM THE NORTH LINE AND 1725' FROM THE EAST LINE OF

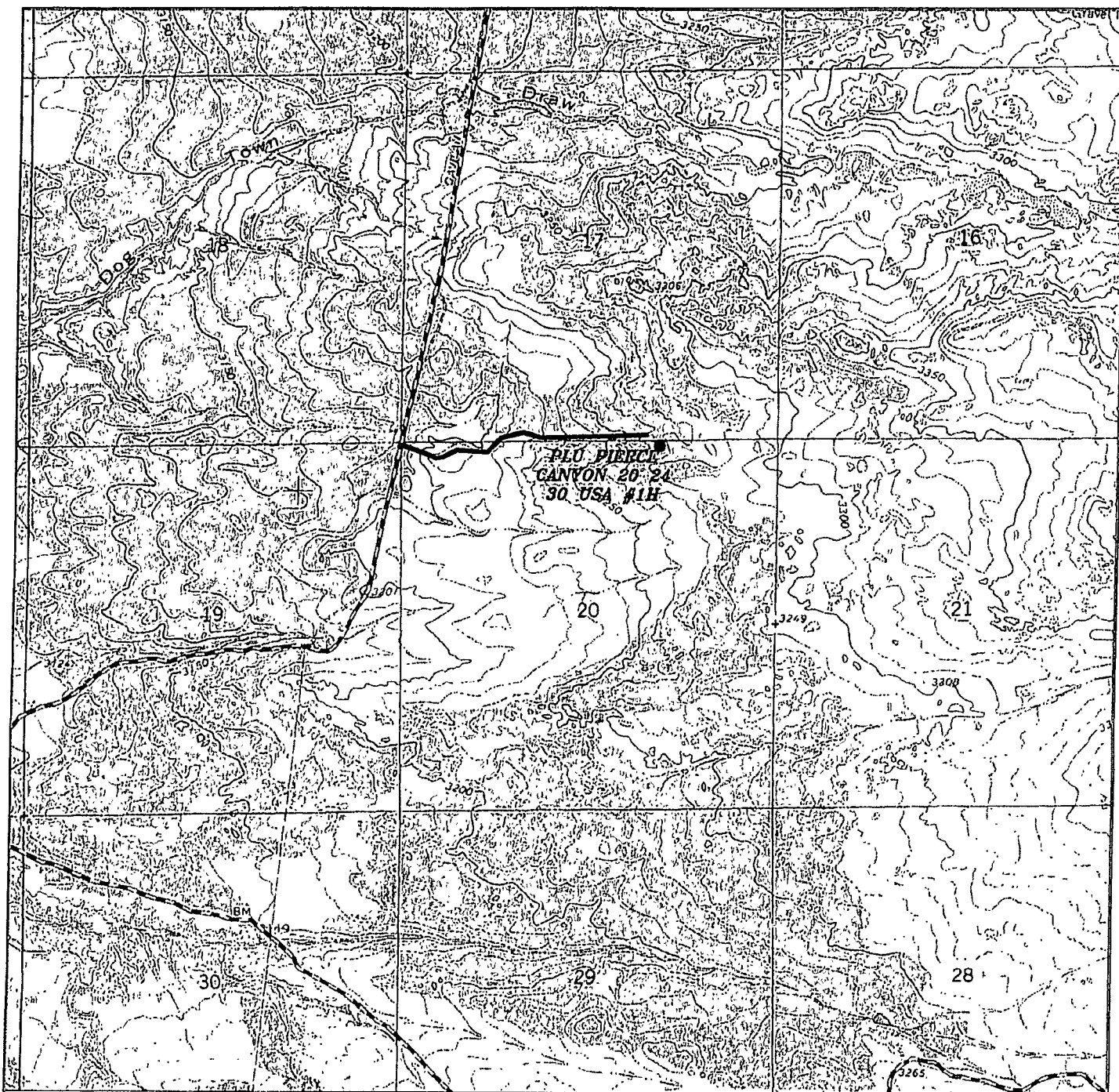
SECTION 20, TOWNSHIP 24 SOUTH, RANGE 30 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 08-12-2011

Sheet 1 of 1 Sheets

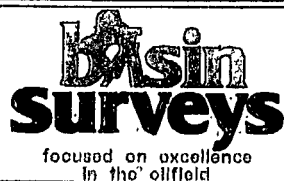
EXHIBIT A-2



PLU PIERCE CANYON 20 24 30 USA #1H

Located 75' FNL and 1725' FEL

Section 20, Township 24 South, Range 30 East,
N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

W.O. Number: JMS 24819

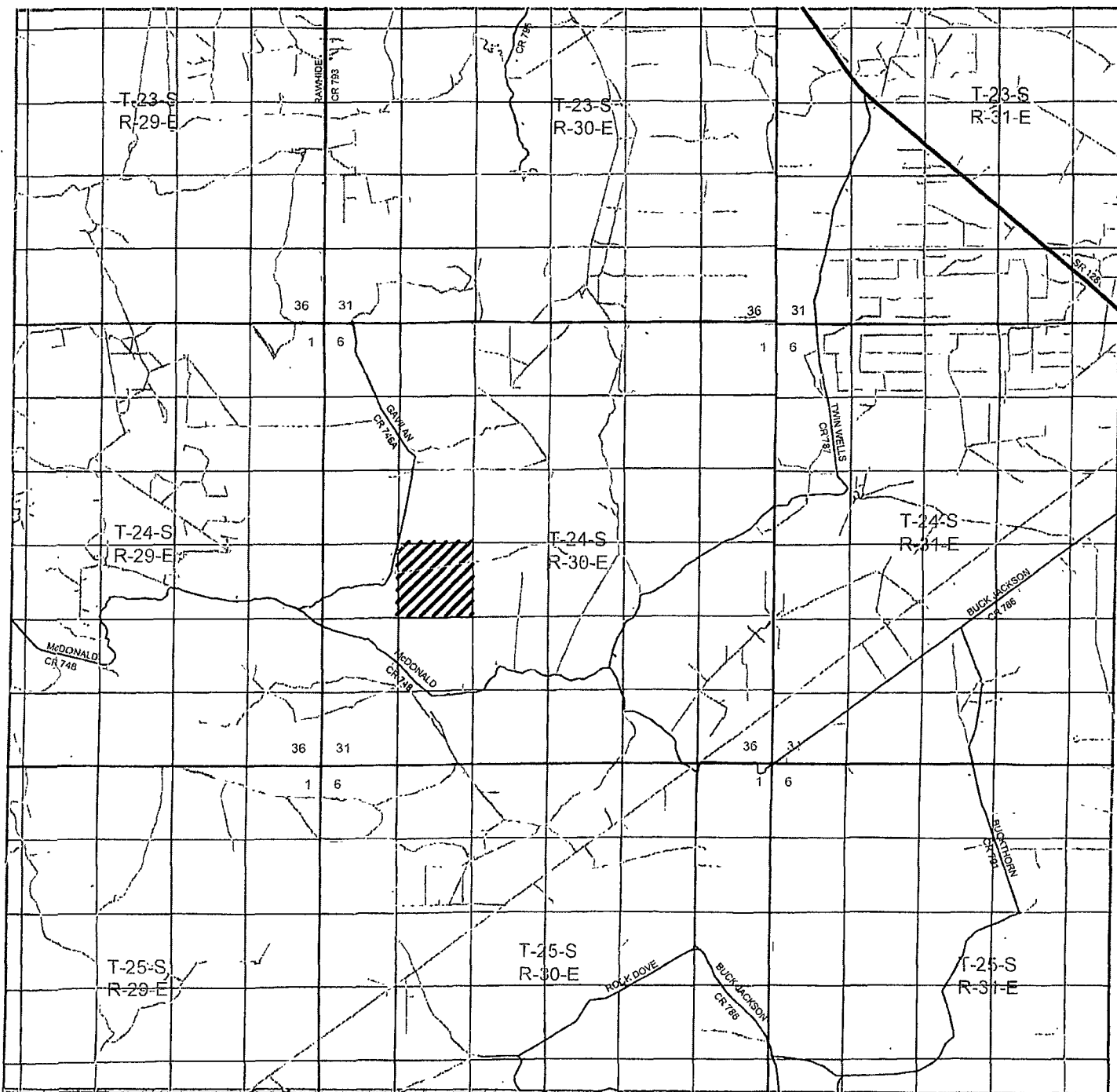
Survey Date: 08-12-2011

Scale: 1" = 2000'

Date: 08-16-2011

CHESAPEAKE
OPERATING CO.

EXHIBIT A-3



PLU PIERCE CANYON 20 24 30 USA #1H

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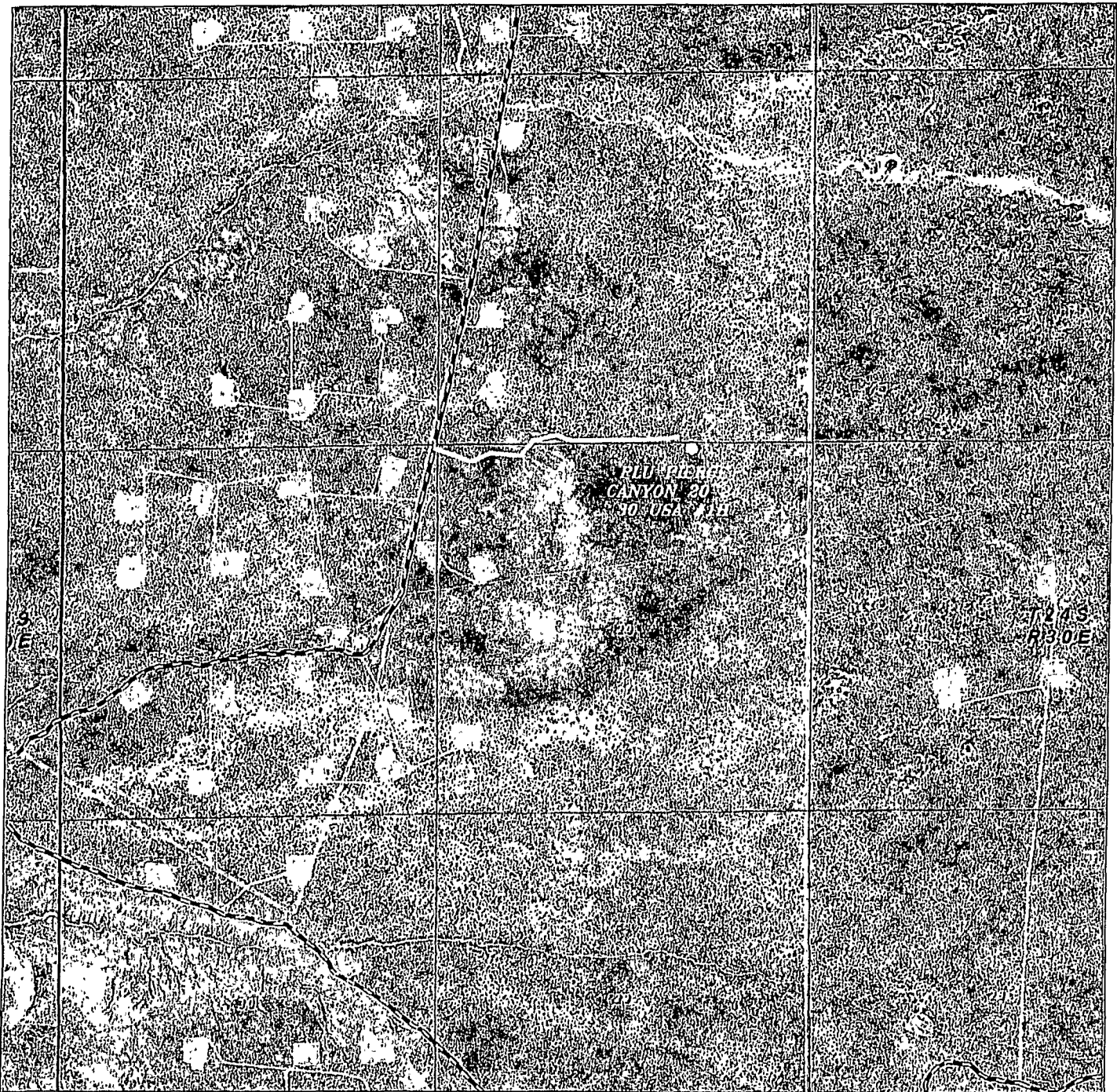
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Scale: 1" = 2 Miles

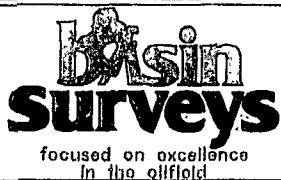
Date: 08-16-2011

**CHESAPEAKE
OPERATING CO.**

EXHIBIT A-4



PLU PIERCE CANYON 20 24 30 USA #1H
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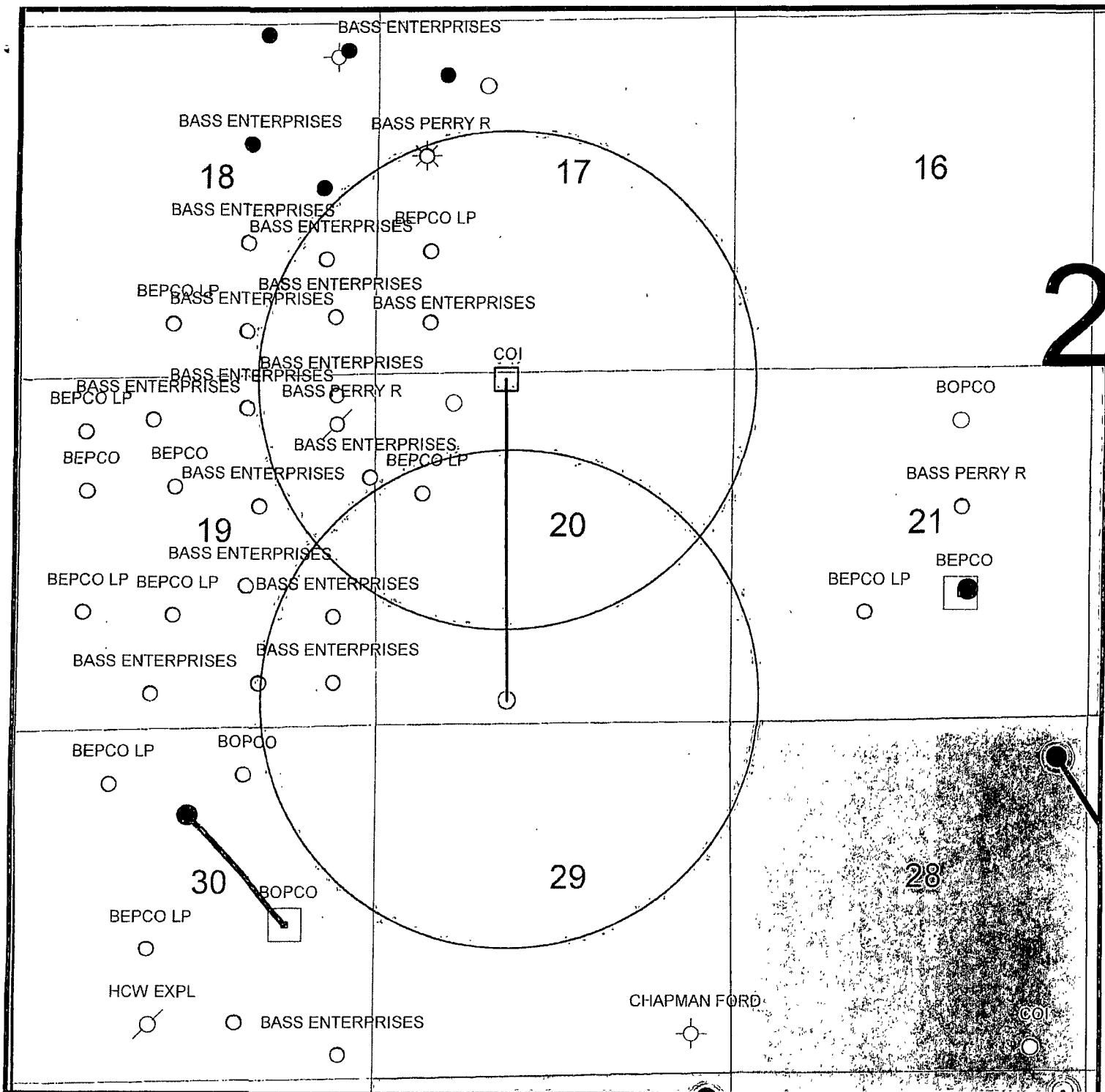
W.O. Number: JMS 24819

Scale: 1" = 2000'

YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND

**CHESAPEAKE
 OPERATING CO.**

EXHIBIT A-5




	CHESAPEAKE OPERATING, INC.
N ↑ ○ ↓ N	PLU Pierce Canyon 20 24 30 1H Eddy County, TX 1 mile radius
Date: 29 August, 2011	Geologist:

EXHIBIT B