

District I
625 N French Drive Hobbs NM 88240

District II
1301 W Grand Avenue Artesia NM 88210

District III
1000 Rio Brazos Road 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



Form C-107A
Revised June 10, 2003

APPLICATION TYPE
X Single Well
X Establish Pre-Approved Pools
EXISTING WELLBORE
X Yes No

SEP 25 2007
OCD-ARTESIA

APPLICATION FOR DOWNHOLE COMMINGLING

Chesapeake Operating Inc. 2010 Rankin Hwy Midland, TX 79701
Operator Address
Benson Shugart WFU 13 L 25-T18S-R30E Eddy
Lease Well No Unit Letter-Section-Township-Range County
OGRID No. 147179 Property Code 19341 API No. 30-015-20542 Lease Type: X Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Shugart; Yates-7RS-Qu-Grayburg		Shugart; Yates-7RS-Qu-Grayburg
Pool Code			
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3121-3382		2116-2225
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone			
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Rates:	Date: Rates:	Date: Rates:
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas % %	Oil Gas % %	Oil Gas % %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes X No
Are all produced fluids from all commingled zones compatible with each other? Yes X No
Will commingling decrease the value of production? Yes No X
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes X No
NMOCD Reference Case No. applicable to this well:

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application
- Bottomhole pressure data.

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

SIGNATURE Shay Stricklin TITLE Regulatory Tech. DATE 09/24/2007
TYPE OR PRINT NAME Shay Stricklin TELEPHONE NO. () (432)687-2992
E-MAIL ADDRESS sstricklin@chkenergy.com