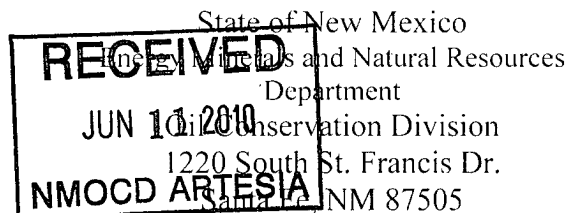


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505



Form C-144 CLEZ
July 21, 2008

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOCD District Office.

Closed-Loop System Permit or Closure Plan Application

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: ☒ Permit ☐ Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

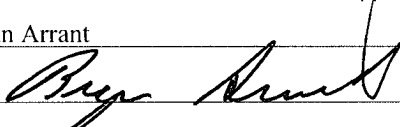
1. Operator: Chesapeake Operating, Inc. OGRID #: 147179
Address: P.O. Box 18496 Oklahoma City, OK 73154-0496
Facility or well name: PLU Big Sinks 27 Federal Com. # 1H
API Number: 30-015- 38319 OCD Permit Number: 210999
U/L or Qtr/Qtr P Section 27 Township 24 South Range 30 East County: Eddy
Center of Proposed Design: Latitude 32.181775 Longitude -103.86098 NAD: ☒ 1927 ☐ 1983
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2. ☒ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
Operation: ☒ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) ☐ P&A
☐ Above Ground Steel Tanks or ☒ Haul-off Bins

3. **Signs:** Subsection C of 19.15.17.11 NMAC
☐ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
☒ Signed in compliance with 19.15.3.103 NMAC

4. **Closed-loop Systems Permit Application Attachment Checklist:** Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.
☒ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
☒ Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
☐ Previously Approved Design (attach copy of design) API Number: _____
☐ Previously Approved Operating and Maintenance Plan API Number: _____

5. **Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:** (19.15.17.13.D NMAC)
Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.
Disposal Facility Name: Controlled Recovery, Inc. Disposal Facility Permit Number: NM-01-0006
Disposal Facility Name: Sundance Disposal Disposal Facility Permit Number: NM-01-0003
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?
☐ Yes (If yes, please provide the information below) ☒ No
Required for impacted areas which will not be used for future service and operations:
☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

6. **Operator Application Certification:**
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.
Name (Print): Bryan Arrant Title: Senior Regulatory Compl. Sp.
Signature:  Date: 06/01/2010
e-mail address: bryan.arrant@chk.com Telephone: (405)935-3782

7. **OCD Approval:** ☒ Permit Application (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature: *R. Dade* Approval Date: 12/27/2010
Title: *Asst. Sec. Sewer* OCD Permit Number: 210999

8. **Closure Report (required within 60 days of closure completion):** Subsection K of 19.15.17.13 NMAC

Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.

☐ Closure Completion Date: _____

9. **Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**

Instructions: Please identify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

Required for impacted areas which will not be used for future service and operations:

☐ Site Reclamation (Photo Documentation)

☐ Soil Backfilling and Cover Installation

☐ Re-vegetation Application Rates and Seeding Technique

10. **Operator Closure Certification:**

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): _____ Title: _____

Signature: _____ Date: _____

e-mail address: _____ Telephone: _____

**Chesapeake Operating, Inc.'s Closed Loop System
PLU Big Sinks 27 Federal Com. # 1H
Unit P, Sec. 27, T-24-S R-30-E
Eddy Co., NM**

API # _____

Equipment & Design:

Chesapeake Operating, Inc. is to use a closed loop system with roll-off steel pits.

(2) NOV DLMS-285P Linear Motion Shale Shakers

(1) Sweco 2-cone/10" desander

(1) Sweco 8-cone/5" desilter

(1) 430 bbl "frac tank" for fresh water

(1) 500 bbl "frac tank" brine water

For additional information, please see attached information.

Operations & Maintenance:

During each and every tour, the rig's drilling crew will inspect and monitor closely the drilling fluids contained within the steel pits and visually monitor any spill which may occur.

Within 48 hours should a spill, release or leak occur, the NMOCD District II office in Artesia (575-748-1283) will be notified. Please note that notifications may be made earlier to the district office should a greater release occur.

Closure:

During and after drilling operations, liquids (which apply), all drill cuttings and drilling fluids will be hauled and disposed to the Controlled Recovery, Inc.'s location.

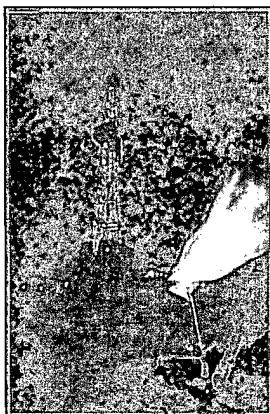
The permit number for Controlled Recovery, Inc. is: NM-01-0006

The alternative disposal facility will be Sundance Disposal.

Their permit # is: NM-01-0003.



RIG 116 SPECIFICATIONS



HOISTING & ROTATING EQUIPMENT

Drawworks	National 610-ME rated @ 750 hp driven by (1) GE 752 HT DC traction motor rated @ 1130 hp
Auxiliary Brake	Eaton 236WCBD friction brake cooled by NOV BCE-30403281S-19B brake cooling package
Rotary Table	National C-275 (27-1/2") chain-driven by drawworks
Traveling Block	National 540-G-250 (250 ton)
Hook	National G-250 (250 ton), unitized with traveling block
Swivel	National P-300 (300 ton)
Pipe-Handling	Varco ST-80 "Iron Roughneck" powered by Aberdeen Dynamics 18114-2 hydraulic power unit rated @ 60 hp

MAST & SUBSTRUCTURE

Mast Design	Pyramid Cantilever
Height	146'
Capacity	571k Static Hook Load (10 lines)
Substructure Design	Veristic Technologies Box-on-Box
Floor Height	20'
Clear Height	16'
Capacities	600k Casing / 400k Setback

TRANSPORT

Estimated Loads	32 (less tubulars)
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POWER PACKAGE

Engines	(3) Cat D398 rated @ 915 hp
Generators	(3) Kato 6P6-2400 rated @ 902 kW / 1288 kVA / 0.7 pf
SCR System	Ross Hill w/ (4) generator bays, (4) SCR bays and (12) sections GE MCC

BOP EQUIPMENT

Annular	Control Flow 11" 5M GK
Single Ram	None
Double Ram	Control Flow 11" 5M Type DRH
Accumulator	Koomey 6-station / 160 gallon
Choke Manifold	Cameron 4-1/16" 5M

STORAGE CAPACITIES

Drilling Water	430 bbl
Diesel	10,000 gallons

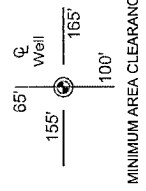
MUD SYSTEM

Mud Pumps	(2) National 10-P-130 triplex rated @ 1300 hp, each driven by (1) GE 752 HT DC traction motor rated @ 1130 hp
Charging Pumps	(2) 6x5x14 @ 60 hp / 1200 rpm
Process Pit	(456 bbl) four-compartment w/ (3) 10 hp mud agitators
Suction Pit	(338 bbl) two-compartment w/ (3) 10 hp mud agitators
Trip Tank	(108 bbl) one-compartment w/ (1) 10 hp mud agitator
Trip Tank Pump	4x3x13 @ 30 hp / 1200 rpm
Shale Shakers	(2) NOV DLMS-285P linear-motion
Degasser	Double Life DAD-DP atmospheric
Desander	Sweco 2-cone / 10"
Desander Pump	6x5x14 @ 75 hp / 1200 rpm
Desilter	Sweco 8-cone / 5"
Desilter Pump	6x5x14 @ 75 hp / 1200 rpm
Mud Mixing Pumps	(2) 6x5x14 @ 75 hp / 1200 rpm

TUBULARS

Drill Pipe	4-1/2" 16.60# G-105 4-1/2" 16.60# S-135
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Drill Collars	As needed for normal drilling operations
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[illegible]

TITLE	RIG 116 DRILL SITE	SHEET	1/1
		CAC116-A001	
		SIZE B	

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NMNM02862

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
PLU BIG SINKS 27 FEDERAL 1H

2. Name of Operator

CHESAPEAKE OPERATING INC

Contact: LINDA GOOD

E-Mail: linda.good@chk.com

9. API Well No.

3a. Address

OKLAHOMA CITY, OK 73154-0496

3b. Phone No. (include area code)

Ph: 405-935-4275

10. Field and Pool, or Exploratory
WILDCAT

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 27 T24S R30E SESE 215FSL 400FEL

11. County or Parish, and State

EDDY COUNTY, NM

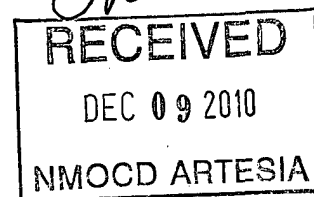
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input checked="" type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Chesapeake Agent for BOPCO LP, respectfully, requests permission to build this location while waiting on APD approval.

(CHK PN 632047)



14. I hereby certify that the foregoing is true and correct.

Electronic Submission #95880 verified by the BLM Well Information System
For CHESAPEAKE OPERATING INC, sent to the Carlsbad
Committed to AFMSS for processing by KURT SIMMONS on 11/01/2010 (11KMS0084SE)

Name (Printed/Typed) LINDA GOOD

Title SR. REGULATORY COMPLIANCE SPEC

Signature (Electronic Submission)

Date 10/27/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By DON PETERSON

Title AFM LANDS AND MINERALS

Date 11/02/20

Conditions of approval, if any, are attached. Approval of this notice 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.

Office Carlsbad

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.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*5. Lease Serial No.
NMNM02862

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.

PLU BIG SINKS 27 FEDERAL 1H

2. Name of Operator

CHESAPEAKE AGENT FOR BOPCO

Contact: LINDA GOOD

Email: linda.good@chk.com

9. API Well No.

3a. Address

P.O. BOX 18496
OKLAHOMA CITY, OK 73154-0496

3b. Phone No. (include area code)

Ph: 405-935-4275

10. Field and Pool, or Exploratory
UNDES.

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 27 T24S R30E SESE 215FSL 400FEL

11. County or Parish, and State

EDDY COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Change to Original
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	PD

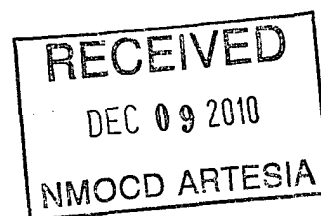
13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

This change has been verbally approved by Don Peterson and Owen Lofton with the Carlsbad BLM.

Due to a Power Line being installed by BOPCO LP we need to extend the pad 50' North and 100' west. V-Door Northwest. The extended pad will be reclaimed 100%.

Attached is the revised rig plat.

(CHK PN 631298)



14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #98462 verified by the BLM Well Information System
For CHESAPEAKE AGENT FOR BOPCO LP, sent to the Carlsbad**

Name (Printed/Typed) LINDA GOOD

Title SR. REGULATORY COMPLIANCE SPEC

Signature (Electronic Submission)

Date 12/02/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

Title

SEPS

Date

12-3-10

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

CFO

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.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

Additional Operator Remarks:

SL LEASE: NMNM30452, 1200 ACRES.

Chesapeake Operating, Inc. respectfully requests permission to drill a well to 12,823' to test the Bone Spring formation. If productive, casing will be run and the well completed. If dry, the well will be plugged and abandoned as per BLM and New Mexico Oil Conservation Division requirements.

Please find the Surface Use Plan and Drilling Program as required by Onshore Order No. 1.

Attached are the Exhibit A-1 to A-4 Survey plats, Exhibit B 1 mile radius plat, Exhibit C Production facility, Exhibit D Cactus Rig #116 layout, Exhibit F-1 to F-2 BOP & Choke Manifold, Exhibit G Directional Drill Plan and Wellbore Schematic.

Exhibit E Archeological Survey will be delivered to the BLM when completed.

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

Please be advised that Chesapeake Operating, Inc. is the Designated Agent for BOPCO, the Operator of this unit. Chesapeake Operating, Inc. agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

(CHK PN 632407)