

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

State of New Mexico
Energy Minerals and Natural Resources

Form C-144
June 1, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☒ No ☐

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: Chesapeake Operating Inc. Telephone: (432)687-2992 e-mail address: sstricklin@chkenergy.com
Address: 2010 Rankin Hwy Midland, TX 79701
Facility or well name: KF 4 State Com #2 API#: 30-025-38720 U/L or Qtr/Qtr N Sec 4 T 21S R 35E
County: LEA Latitude 323008.92 Longitude 1032227.25 NAD: 1927 ☒ 1983 ☐ Surface Owner Federal ☐ State ☒ Private ☐ Indian ☐

Pit Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Pit Volume <u>12129</u> bbl	Below-grade tank Volume: _____ bbl Type of fluid _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. _____
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) <u>1100</u>	Less than 50 feet (20 points) 50 feet or more, but less than 100 feet (10 points) 100 feet or more (0 points) <u>0</u>
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes (20 points) No (0 points) <u>0</u>
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.) <u>1000</u>	Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) 1000 feet or more (0 points) <u>0</u>
	Ranking Score (Total Points) <u>0</u>

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location (check the onsite box if you are burying in place) onsite ☐ offsite ☐ If offsite, name of facility _____ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments

RECEIVED

JAN 24 2008

HOBBS OCD

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 01/21/2008

Printed Name/Title: Shay Stricklin Regulatory Tech.

Signature: [Signature]

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations

Approval:

Printed Name/Title: CHRIS WILLIAMS / DIST. SUPV

Signature: [Signature]

Date: 3/4/08

30. 025-38720

A.A.P.L. FORM 610-1982

MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

April 1 , 2007 ,
year

OPERATOR Samson Resources Company and Chesapeake Exploration, L.L.C. as to wells with
a bottomhole location in the SW/4 of said Section 4 only.

CONTRACT AREA Lots 9-16 and the S/2 of Section 4, T21S, R35E, NMPM
(which together comprise the South 640 acres of said Section 4)

COUNTY OR PARISH OF Lea STATE OF New Mexico

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AMERICAN ASSOCIATION OF PETROLEUM
LANDMEN, 4100 FOSSIL CREEK BLVD., FORT
WORTH, TEXAS, 76137-2791, APPROVED
FORM. A.A.P.L. NO. 610 - 1982 REVISED

TABLE OF CONTENTS

<u>Article</u>	<u>Title</u>	<u>Page</u>
I.	<u>DEFINITIONS</u>	1
II.	<u>EXHIBITS</u>	1
III.	<u>INTERESTS OF PARTIES</u>	2
	A. OIL AND GAS INTERESTS	2
	B. INTERESTS OF PARTIES IN COSTS AND PRODUCTION	2
	C. EXCESS ROYALTIES, OVERRIDING ROYALTIES AND OTHER PAYMENTS	2
	D. SUBSEQUENTLY CREATED INTERESTS	2
IV.	<u>TITLES</u>	2
	A. TITLE EXAMINATION	2-3
	B. LOSS OF TITLE	3
	1. Failure of Title	3
	2. Loss by Non-Payment or Erroneous Payment of Amount Due	3
	3. Other Losses	3
V.	<u>OPERATOR</u>	4
	A. DESIGNATION AND RESPONSIBILITIES OF OPERATOR	4
	B. RESIGNATION OR REMOVAL OF OPERATOR AND SELECTION OF SUCCESSOR	4
	1. Resignation or Removal of Operator	4
	2. Selection of Successor Operator	4
	C. EMPLOYEES	4
	D. DRILLING CONTRACTS	4
VI.	<u>DRILLING AND DEVELOPMENT</u>	4
	A. INITIAL WELL	4-5
	B. SUBSEQUENT OPERATIONS	5
	1. Proposed Operations	5
	2. Operations by Less than All Parties	5-6-7
	3. Stand-By Time	7
	4. Sidetracking	7
	C. TAKING PRODUCTION IN KIND	7
	D. ACCESS TO CONTRACT AREA AND INFORMATION	8
	E. ABANDONMENT OF WELLS	8
	1. Abandonment of Dry Holes	8
	2. Abandonment of Wells that have Produced	8-9
	3. Abandonment of Non-Consent Operations	9
VII.	<u>EXPENDITURES AND LIABILITY OF PARTIES</u>	9
	A. LIABILITY OF PARTIES	9
	B. LIENS AND PAYMENT DEFAULTS	9
	C. PAYMENTS AND ACCOUNTING	9
	D. LIMITATION OF EXPENDITURES	9-10
	1. Drill or Deepen	9-10
	2. Rework or Plug Back	10
	3. Other Operations	10
	E. RENTALS, SHUT-IN WELL PAYMENTS AND MINIMUM ROYALTIES	10
	F. TAXES	10
	G. INSURANCE	11
VIII.	<u>ACQUISITION, MAINTENANCE OR TRANSFER OF INTEREST</u>	11
	A. SURRENDER OF LEASES	11
	B. RENEWAL OR EXTENSION OF LEASES	11
	C. ACREAGE OR CASH CONTRIBUTIONS	11-12
	D. MAINTENANCE OF UNIFORM INTEREST	12
	E. WAIVER OF RIGHTS TO PARTITION	12
	F. PREFERENTIAL RIGHT TO PURCHASE	12
IX.	<u>INTERNAL REVENUE CODE ELECTION</u>	12
X.	<u>CLAIMS AND LAWSUITS</u>	13
XI.	<u>FORCE MAJEURE</u>	13
XII.	<u>NOTICES</u>	13
XIII.	<u>TERM OF AGREEMENT</u>	13
XIV.	<u>COMPLIANCE WITH LAWS AND REGULATIONS</u>	14
	A. LAWS, REGULATIONS AND ORDERS	14
	B. GOVERNING LAW	14
	C. REGULATORY AGENCIES	14
XV.	<u>OTHER PROVISIONS</u>	14
XVI.	<u>MISCELLANEOUS</u>	15

OPERATING AGREEMENT

THIS AGREEMENT, entered into by and between Samson Resource Company, hereinafter designated and referred to as "Operator", and the signatory party or parties other than Operator, sometimes hereinafter referred to individually herein as "Non-Operator", and collectively as "Non-Operators".

WITNESSETH:

WHEREAS, the parties to this agreement are owners of oil and gas leases and/or oil and gas interests in the land identified in Exhibit "A", and the parties hereto have reached an agreement to explore and develop these leases and/or oil and gas interests for the production of oil and gas to the extent and as hereinafter provided,

NOW, THEREFORE, it is agreed as follows.

ARTICLE I.
DEFINITIONS

As used in this agreement, the following words and terms shall have the meanings here ascribed to them:

A. The term "oil and gas" shall mean oil, gas, casinghead gas, gas condensate, and all other liquid or gaseous hydrocarbons and other marketable substances produced therewith, unless an intent to limit the inclusiveness of this term is specifically stated.

B. The terms "oil and gas lease", "lease" and "leasehold" shall mean the oil and gas leases covering tracts of land lying within the Contract Area which are owned by the parties to this agreement.

C. The term "oil and gas interests" shall mean unleased fee and mineral interests in tracts of land lying within the Contract Area which are owned by parties to this agreement.

D. The term "Contract Area" shall mean all of the lands, oil and gas leasehold interests and oil and gas interests intended to be developed and operated for oil and gas purposes under this agreement. Such lands, oil and gas leasehold interests and oil and gas interests are described in Exhibit "A".

E. The term "drilling unit" shall mean the area fixed for the drilling of one well by order or rule of any state or federal body having authority. If a drilling unit is not fixed by any such rule or order, a drilling unit shall be the drilling unit as established by the pattern of drilling in the Contract Area or as fixed by express agreement of the Drilling Parties.

F. The term "drill site" shall mean the oil and gas lease or interest on which a proposed well is to be located.

G. The terms "Drilling Party" and "Consenting Party" shall mean a party who agrees to join in and pay its share of the cost of any operation conducted under the provisions of this agreement.

H. The terms "Non-Drilling Party" and "Non-Consenting Party" shall mean a party who elects not to participate in a proposed operation.

Unless the context otherwise clearly indicates, words used in the singular include the plural, the plural includes the singular, and the neuter gender includes the masculine and the feminine.

ARTICLE II.
EXHIBITS

The following exhibits, as indicated below and attached hereto, are incorporated in and made a part hereof:

- ☒ A. Exhibit "A", shall include the following information:
- (1) Identification of lands subject to this agreement,
 - (2) Restrictions, if any, as to depths, formations, or substances,
 - (3) Percentages or fractional interests of parties to this agreement,
 - (4) Oil and gas leases and/or oil and gas interests subject to this agreement,
 - (5) Addresses of parties for notice purposes.
- ☐ B. Exhibit "B", Form of Lease
- ☒ C. Exhibit "C", Accounting Procedure.
- ☒ D. Exhibit "D", Insurance.
- ☒ E. Exhibit "E", Gas Balancing Agreement.
- ☐ F. Exhibit "F", Non-Discrimination and Certification of Non-Segregated Facilities.
- ☐ G. Exhibit "G", Tax Partnership.
- If any provision of any exhibit, except Exhibits "E" and "G", is inconsistent with any provision contained in the body of this agreement, the provisions in the body of this agreement shall prevail.

ARTICLE III.
INTERESTS OF PARTIES

A. Oil and Gas Interests:

If any party owns an oil and gas interest in the Contract Area, that interest shall be treated for all purposes of this agreement and during the term hereof as if it were covered by the form of oil and gas lease attached hereto as Exhibit "B", and the owner thereof shall be deemed to own both the royalty interest reserved in such lease and the interest of the lessee thereunder.

B. Interests of Parties in Costs and Production:

Unless changed by other provisions, all costs and liabilities incurred in operations under this agreement shall be borne and paid, and all equipment and materials acquired in operations on the Contract Area shall be owned, by the parties as their interests are set forth in Exhibit "A". In the same manner, the parties shall also own all production of oil and gas from the Contract Area subject to the payment of royalties to the extent of each party's respective oil and gas leases subject to this agreement which shall be borne as hereinafter set forth.

Regardless of which party has contributed the lease(s) and/or oil and gas interest(s) hereto on which royalty is due and payable, each party entitled to receive a share of production of oil and gas from the Contract Area shall bear and shall pay or deliver, or cause to be paid or delivered, to the extent of its interest in such production, the royalty amount stipulated hereinabove and shall hold the other parties free from any liability therefor. No party shall ever be responsible, however, on a price basis higher than the price received by such party, to any other party's lessor or royalty owner, and if any such other party's lessor or royalty owner should demand and receive settlement on a higher price basis, the party contributing the affected lease shall bear the additional royalty burden attributable to such higher price.

Nothing contained in this Article III.B. shall be deemed an assignment or cross-assignment of interests covered hereby.

C. Excess Royalties, Overriding Royalties and Other Payments:

Unless changed by other provisions, if the interest of any party in any lease covered hereby is subject to any royalty, overriding royalty, production payment or other burden on production in excess of the amount stipulated in Article III.B., such party so burdened shall assume and alone bear all such excess obligations and shall indemnify and hold the other parties hereto harmless from any and all claims and demands for payment asserted by owners of such excess burden.

D. Subsequently Created Interests:

subsequent to the date of this agreement,
If any party should hereafter create an overriding royalty, production payment or other burden payable out of production attributable to its working interest hereunder, or if such a burden existed prior to this agreement and is not set forth in Exhibit "A", or was not disclosed in writing to all other parties prior to the execution of this agreement by all parties, or is not a jointly acknowledged and accepted obligation of all parties (any such interest being hereinafter referred to as "subsequently created interest" irrespective of the timing of its creation and the party out of whose working interest the subsequently created interest is derived being hereinafter referred to as "burdened party"), and:

1. If the burdened party is required under this agreement to assign or relinquish to any other party, or parties, all or a portion of its working interest and/or the production attributable thereto, said other party, or parties, shall receive said assignment and/or production free and clear of said subsequently created interest and the burdened party shall indemnify and save said other party, or parties, harmless from any and all claims and demands for payment asserted by owners of the subsequently created interest; and,
2. If the burdened party fails to pay, when due, its share of expenses chargeable hereunder, all provisions of Article VII.B. shall be enforceable against the subsequently created interest in the same manner as they are enforceable against the working interest of the burdened party.

ARTICLE IV.
TITLES

A. Title Examination:

Title examination shall be made on the drillsite of any proposed well prior to commencement of drilling operations or, if the Drilling Parties so request, title examination shall be made on the leases and/or oil and gas interests included, or planned to be included, in the drilling unit around such well. The opinion will include the ownership of the working interest, minerals, royalty, overriding royalty and production payments under the applicable leases. At the time a well is proposed, each party contributing leases and/or oil and gas interests to the drillsite, or to be included in such drilling unit, shall furnish to Operator all abstracts (including federal lease status reports), title opinions, title papers and curative material in its possession free of charge. All such information not in the possession of or made available to Operator by the parties, but necessary for the examination of the title, shall be obtained by Operator. Operator shall cause title to be examined by attorneys on its staff or by outside attorneys. Copies of all title opinions shall be furnished to each party hereto. The cost incurred by Operator in this title program shall be borne as follows:

- ☐ Option No. 1: Costs incurred by Operator in procuring abstracts and title examination (including preliminary, supplemental, shut-in gas royalty opinions and division order title opinions) shall be a part of the administrative overhead as provided in Exhibit "C", and shall not be a direct charge, whether performed by Operator's staff attorneys or by outside attorneys.

ARTICLE IV
continued

1 ☒ Option No. 2: Costs incurred by Operator in procuring abstracts and, runsheets and all other documents needed in preparation of
2 and field landmen
3 title examination and the subsequent curing of title defects; fees paid outside attorneys / for the preparation of title examination
4 and subsequent curing of title defects
5 (including preliminary, supplemental, shut-in gas royalty opinions and division order title opinions) / shall be borne by the Drilling Parties
6 in the proportion that the interest of each Drilling Party bears to the total interest of all Drilling Parties as such interests appear in Ex-
7 hibit "A". Operator shall make no charge for services rendered by its staff attorneys or other personnel in the performance of the above
8 functions. However, costs incurred by Operator for use of outside attorneys in protecting the rights of unit at the State Regulatory
9 Commission may be charged to the joint account.

10 Each party shall be responsible for securing curative matter and pooling amendments or agreements required in connection
11 with leases or oil and gas interests contributed by such party. Operator shall be responsible for the preparation and recording of pooling
12 designations or declarations as well as the conduct of hearings before governmental agencies for the securing of spacing or pooling orders.
13 This shall not prevent any party from appearing on its own behalf at any such hearing.

14 No well shall be drilled on the Contract Area until after (1) the title to the drillsite or drilling unit has been examined as above
15 provided, and (2) the title has been approved by the examining attorney or title has been accepted by all of the parties who are to par-
16 ticipate in the drilling of the well.

B. Loss of Title:

21 1. Failure of Title: Should any oil and gas interest or lease, or interest therein, be lost through failure of title, which loss results in a
22 reduction of interest from that shown on Exhibit "A", the party contributing the affected lease or interest shall have ninety (90) days
23 from final determination of title failure to acquire a new lease or other instrument curing the entirety of the title failure, which acquisi-
24 tion will not be subject to Article VIII.B., and failing to do so, this agreement, nevertheless, shall continue in force as to all remaining oil
25 and gas leases and interests; and,

26 (a) The party whose oil and gas lease or interest is affected by the title failure shall bear alone the entire loss and it shall not be
27 entitled to recover from Operator or the other parties any development or operating costs which it may have theretofore paid or incurred,
28 but there shall be no additional liability on its part to the other parties hereto by reason of such title failure;

29 (b) There shall be no retroactive adjustment of expenses incurred or revenues received from the operation of the interest which has
30 been lost, but the interests of the parties shall be revised on an acreage basis, as of the time it is determined finally that title failure has oc-
31 curred, so that the interest of the party whose lease or interest is affected by the title failure will thereafter be reduced in the Contract
32 Area by the amount of the interest lost;

33 (c) If the proportionate interest of the other parties hereto in any producing well theretofore drilled on the Contract Area is
34 increased by reason of the title failure, the party whose title has failed shall receive the proceeds attributable to the increase in such in-
35 terest (less costs and burdens attributable thereto) until it has been reimbursed for unrecovered costs paid by it in connection with such
36 well;

37 (d) Should any person not a party to this agreement, who is determined to be the owner of any interest in the title which has
38 failed, pay in any manner any part of the cost of operation, development, or equipment, such amount shall be paid to the party or parties
39 who bore the costs which are so refunded;

40 (e) Any liability to account to a third party for prior production of oil and gas which arises by reason of title failure shall be
41 borne by the party or parties whose title failed in the same proportions in which they shared in such prior production; and,

42 (f) No charge shall be made to the joint account for legal expenses, fees or salaries, in connection with the defense of the interest
43 claimed by any party hereto, it being the intention of the parties hereto that each shall defend title to its interest and bear all expenses in
44 connection therewith.

45 2. Loss by Non-Payment or Erroneous Payment of Amount Due: If, through mistake or oversight, any rental, shut-in well
46 payment, minimum royalty or royalty payment, is not paid or is erroneously paid, and as a result a lease or interest therein terminates,
47 there shall be no monetary liability against the party who failed to make such payment. Unless the party who failed to make the required
48 payment secures a new lease covering the same interest within ninety (90) days from the discovery of the failure to make proper payment,
49 which acquisition will not be subject to Article VIII B., the interests of the parties shall be revised on an acreage basis, effective as of the
50 date of termination of the lease involved, and the party who failed to make proper payment will no longer be credited with an interest in
51 the Contract Area on account of ownership of the lease or interest which has terminated. In the event the party who failed to make the
52 required payment shall not have been fully reimbursed, at the time of the loss, from the proceeds of the sale of oil and gas attributable to
53 the lost interest, calculated on an acreage basis, for the development and operating costs theretofore paid on account of such interest, it
54 shall be reimbursed for unrecovered actual costs theretofore paid by it (but not for its share of the cost of any dry hole previously drilled
55 or wells previously abandoned) from so much of the following as is necessary to effect reimbursement:

56 (a) Proceeds of oil and gas, less operating expenses, theretofore accrued to the credit of the lost interest, on an acreage basis,
57 up to the amount of unrecovered costs;

58 (b) Proceeds, less operating expenses, thereafter accrued attributable to the lost interest on an acreage basis, of that portion of
59 oil and gas thereafter produced and marketed (excluding production from any wells thereafter drilled) which, in the absence of such lease
60 termination, would be attributable to the lost interest on an acreage basis, up to the amount of unrecovered costs, the proceeds of said
61 portion of the oil and gas to be contributed by the other parties in proportion to their respective interest; and,

62 (c) Any monies, up to the amount of unrecovered costs, that may be paid by any party who is, or becomes, the owner of the interest
63 lost, for the privilege of participating in the Contract Area or becoming a party to this agreement.

64 3. Other Losses: All losses incurred, other than those set forth in Articles IV.B.1. and IV.B.2. above, shall be joint losses
65 and shall be borne by all parties in proportion to their interests. There shall be no readjustment of interests in the remaining portion of
66 the Contract Area.

ARTICLE V.

OPERATOR

A. Designation and Responsibilities of Operator:

Samsen Resources Company * shall be the Operator of the Contract Area, and shall conduct and direct and have full control of all operations on the Contract Area as permitted and required by, and within the limits of this agreement. It shall conduct all such operations in a good and workmanlike manner, but it shall have no liability as Operator to the other parties for losses sustained or liabilities incurred, except such as may result from gross negligence or willful misconduct.

B. Resignation or Removal of Operator and Selection of Successor:

1. Resignation or Removal of Operator: Operator may resign at any time by giving written notice thereof to Non-Operators. If Operator terminates its legal existence, no longer owns an interest hereunder in the Contract Area, or is no longer capable of serving as Operator, Operator shall be deemed to have resigned without any action by Non-Operators, except the selection of a successor. Operator may be removed if it fails or refuses to carry out its duties hereunder, or becomes insolvent, bankrupt or is placed in receivership, by the affirmative vote of two (2) or more Non-Operators owning a majority interest based on ownership as shown on Exhibit "A" remaining after excluding the voting interest of Operator. Such resignation or removal shall not become effective until 7:00 o'clock A.M. on the first day of the calendar month following the expiration of ninety (90) days after the giving of notice of resignation by Operator or action by the Non-Operators to remove Operator, unless a successor Operator has been selected and assumes the duties of Operator at an earlier date. Operator, after effective date of resignation or removal, shall be bound by the terms hereof as a Non-Operator. A change of a corporate name or structure of Operator or transfer of Operator's interest to any single subsidiary, parent or successor corporation shall not be the basis for removal of Operator.

2. Selection of Successor Operator: Upon the resignation or removal of Operator, a successor Operator shall be selected by the parties. The successor Operator shall be selected from the parties owning an interest in the Contract Area at the time such successor Operator is selected. The successor Operator shall be selected by the affirmative vote of two (2) or more parties owning a majority interest based on ownership as shown on Exhibit "A"; provided, however, if an Operator which has been removed fails to vote or votes only to succeed itself, the successor Operator shall be selected by the affirmative vote of two (2) or more parties owning a majority interest based on ownership as shown on Exhibit "A" remaining after excluding the voting interest of the Operator that was removed.

C. Employees:

The number of employees used by Operator in conducting operations hereunder, their selection, and the hours of labor and the compensation for services performed shall be determined by Operator, and all such employees shall be the employees of Operator.

D. Drilling Contracts:

All wells drilled on the Contract Area shall be drilled on a competitive contract basis at the usual rates prevailing in the area. If it so desires, Operator may employ its own tools and equipment in the drilling of wells, but its charges therefor shall not exceed the prevailing rates in the area and the rate of such charges shall be agreed upon by the parties in writing before drilling operations are commenced, and such work shall be performed by Operator under the same terms and conditions as are customary and usual in the area in contracts of independent contractors who are doing work of a similar nature.

ARTICLE VI.

DRILLING AND DEVELOPMENT

A. Initial Well:

On or before the _____ day of _____, Operator shall commence the drilling of a well for oil and gas at the following location:

and shall thereafter continue the drilling of the well with due diligence to

unless granite or other practically impenetrable substance or condition in the hole, which renders further drilling impractical, is encountered at a lesser depth, or unless all parties agree to complete or abandon the well at a lesser depth.

Operator shall make reasonable tests of all formations encountered during drilling which give indication of containing oil and gas in quantities sufficient to test, unless this agreement shall be limited in its application to a specific formation or formations, in which event Operator shall be required to test only the formation or formations to which this agreement may apply.

* Except as to the SW/4 of Sec. 4-21S-35E, which shall be operated by Chesapeake Exploration, L.L.C. (see Article XV.B.)

ARTICLE VI
continued

1 If, in Operator's judgment, the well will not produce oil or gas in paying quantities, and it wishes to plug and abandon the
2 well as a dry hole, the provisions of Article VI.E.1. shall thereafter apply.

B. Subsequent Operations:

3
4
5
6
7
8 1. Proposed Operations: Should any party hereto desire to drill any well on the Contract Area other than the well provided
9 for in Article VI.A., or to rework, deepen or plug back a dry hole drilled at the joint expense of all parties or a well jointly owned by all
10 the parties and not then producing in paying quantities, the party desiring to drill, rework, deepen or plug back such a well shall give the
11 other parties written notice of the proposed operation, specifying the work to be performed, the location, proposed depth, objective forma-
12 tion and the estimated cost of the operation. The parties receiving such a notice shall have thirty (30) days after receipt of the notice
13 within which to notify the party wishing to do the work whether they elect to participate in the cost of the proposed operation. If a drill-
14 ing rig is on location, notice of a proposal to rework, plug back or drill deeper may be given by telephone and the response period shall be
15 limited to forty-eight (48) hours, exclusive of Saturday, Sunday, and legal holidays. Failure of a party receiving such notice to reply within
16 the period above fixed shall constitute an election by that party not to participate in the cost of the proposed operation. Any notice or
17 response given by telephone shall be promptly confirmed in writing. Notwithstanding the foregoing, no party which has previously
18 relinquished its interest in any zone(s), formation(s), or interval(s) in a well may during the period of such relinquishment, propose
19 or participate in any operation(s) in such well as to any zone(s), formation(s), or interval(s) to which such party has relinquished its
20 interest.

21
22 If all parties elect to participate in such a proposed operation, Operator shall, within ninety (90) days after expiration of the notice
23 period of thirty (30) days (or as promptly as possible after the expiration of the forty-eight (48) hour period when a drilling rig is on loca-
24 tion, as the case may be), actually commence the proposed operation and complete it with due diligence at the risk and expense of all parties
25 hereto; provided, however, said commencement date may be extended upon written notice of same by Operator to the other parties,
26 for a period of up to thirty (30) additional days if, in the sole opinion of Operator, such additional time is reasonably necessary to obtain
27 permits from governmental authorities, surface rights (including rights-of-way) or appropriate drilling equipment, or to complete title ex-
28 amination or curative matter required for title approval or acceptance. Notwithstanding the force majeure provisions of Article XI, if the
29 actual operation has not been commenced within the time provided (including any extension thereof as specifically permitted herein) and
30 if any party hereto still desires to conduct said operation, written notice proposing same must be resubmitted to the other parties in accor-
31 dance with the provisions hereof as if no prior proposal had been made.

32
33
34
35 2. Operations by Less than All Parties: If any party receiving such notice as provided in Article VI.B.1. or VII.D.1. (Option
36 No. 2) elects not to participate in the proposed operation, then, in order to be entitled to the benefits of this Article, the party or parties
37 giving the notice and such other parties as shall elect to participate in the operation shall, within ninety (90) days after the expiration of
38 the notice period of thirty (30) days (or as promptly as possible after the expiration of the forty-eight (48) hour period when a drilling rig is
39 on location, as the case may be) actually commence the proposed operation and complete it with due diligence. Operator shall perform all
40 work for the account of the Consenting Parties; provided, however, if no drilling rig or other equipment is on location, and if Operator is
41 a Non-Consenting Party, the Consenting Parties shall either: (a) request Operator to perform the work required by such proposed opera-
42 tion for the account of the Consenting Parties, or (b) designate one (1) of the Consenting Parties as Interim Operator to perform such work.
43 Con-
44 senting Parties, when conducting operations on the Contract Area pursuant to this Article VI.B.2., shall comply with all terms and con-
45 ditions of this agreement. Should option (b) be chosen and one of the Consenting Parties elected Interim Operator, upon the day
46 following first shies from the new proposal, Samson shall resume its position as Operator for the joint account.

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48
49 If less than all parties approve any proposed operation, the proposing party, immediately after the expiration of the applicable
50 notice period, shall advise the Consenting Parties of the total interest of the parties approving such operation and its recommendation as
51 to whether the Consenting Parties should proceed with the operation as proposed. Each Consenting Party, within forty-eight (48) hours
52 (exclusive of Saturday, Sunday and legal holidays) after receipt of such notice, shall advise the proposing party of its desire to (a) limit par-
53 ticipation to such party's interest as shown on Exhibit "A" or (b) carry its proportionate part of Non-Consenting Parties' interests, and
54 failure to advise the proposing party shall be deemed an election under (a). In the event a drilling rig is on location, the time permitted for
55 such a response shall not exceed a total of forty-eight (48) hours ^{exclusive} ~~(inclusive)~~ of Saturday, Sunday and legal holidays. The proposing party,
56 at its election, may withdraw such proposal if there is insufficient participation and shall promptly notify all parties of such decision.

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58
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60 The entire cost and risk of conducting such operations shall be borne by the Consenting Parties in the proportions they have
61 elected to bear same under the terms of the preceding paragraph. Consenting Parties shall keep the leasehold estates involved in such
62 operations free and clear of all liens and encumbrances of every kind created by or arising from the operations of the Consenting Parties.
63 If such an operation results in a dry hole, the Consenting Parties shall plug and abandon the well and restore the surface location at their
64 sole cost, risk and expense, provided, however, that those Non-Consenting Parties that participated in the actual drilling, deepening or
65 sidetracking of the well shall remain liable for, and shall pay, their proportionate share of the cost of plugging, and abandoning the
66 well and restoring the surface location insofar as those costs were not increased by the subsequent operation of the Consenting
67 Parties. If any well drilled, reworked, deepened or plugged back under the provisions of this Article results in a pro-
68 ducer of oil and/or gas in paying quantities, the Consenting Parties shall complete and equip the well to produce at their sole cost and risk.

ARTICLE XVI.
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns

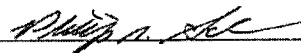
This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 1st day of April, (year) 2007

Samson Resources Company, who has prepared and circulated this form for execution, represents and warrants that the form was printed from and with the exception listed below, is identical to the AAPL Form 610-1982 Model Form Operating Agreement, as published in diskette form by Forms On-A-Disk, Inc. No changes, alterations, or modifications, other than those in Articles III B, D;
IV A; VI A, B, C, E; VII D, VIII B, C; XI, XII, XIII, XIV, have been made to the form.

OPERATOR

Samson Resources Company



NON-OPERATORS

Chesapeake Exploration, L.L.C.

Kaiser-Francis Oil Company

Mewbourne Oil Company

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1982

ARTICLE XVI
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of _____ day of _____, (year) _____.

Samson Resources Company, who has prepared and circulated this form for execution, represents and warrants that the form was printed from and with the exception listed below, is identical to the AAPL Form 610-1982 Model Form Operating Agreement, as published in diskette form by Forms On-A-Disk, Inc. No changes, alterations, or modifications, other than those in Articles III B, D, IV A, VI A, B, C, E, VII D, VIII B, C, XI, XII, XIII, XIV, have been made to the form.

OPERATOR

Samson Resources Company

NON-OPERATORS

Chesapeake Exploration, L.L.C.

Kaiser-Francis Oil Company

Mowbourn Oil Company

ARTICLE XVI
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of _____ day of _____, (year) _____.

Samsco Resources Company, who has prepared and circulated this form for execution, represents and warrants that the form was printed from and with the exception listed below, is identical to the AAPL Form 610-1982 Model Form Operating Agreement, as published in diskette form by Forum On-A-Disk, Inc. No changes, alterations, or modifications, other than those in Articles III B, D; IV A; VI A, B, C, E; VII D; VIII E, G; XI, XII, XIII, XIV have been made to the form

OPERATOR

Samsco Resources Company

NON-OPERATORS

Chesapeake Exploration, L.L.C.

Industrie-France Oil Company

Mowbraine Oil Company

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1982

ARTICLE XVI
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of _____ day of _____, (year) _____.

Samson Resources Company, who has prepared and circulated this form for execution, represents and warrants that the form was printed from and with the exception listed below, is identical to the AAPL Form 610-1982 Model Form Operating Agreement, as published in diskette form by Forms On-A-Disk, Inc. No changes, alterations, or modifications, other than those in Articles III B, D, IV A, VI A, B, C, E, VII D, VII B, C, XI, XII, XIII, XIV, have been made to the form.

OPERATOR

Samson Resources Company

NON-OPERATORS

Chesapeake Exploration, L.L.C.

Kaiser-Francis Oil Company

James Allen Brinson
Mewbourne Oil Company
James Allen Brinson
Attorney-In-Fact

EXHIBIT "A"

Attached to and made a part of that certain Operating Agreement dated April 1, 2007, by and between SAMSON RESOURCES COMPANY, as Operator, and Chesapeake Exploration, L.L.C., et al, as Non-Operators.

I. CONTRACT AREA: Lots 9-16 and the S/2 of Section 4, T21S, R35E, NMPM, Lea County, New Mexico, containing 640 acres, more or less, as to all depths.

II. RESTRICTIONS: None

III. INTERESTS AND ADDRESSES OF PARTIES TO THIS AGREEMENT:

The parties to this agreement shall have the interests as shown below in a well.

	SE/4	SW/4	NE/4	NW/4
Samson Resources Company 200 North Loraine, Suite 1010 Midland, Texas 79705	0.40000	0.40000	0.53125	0.79375
Chesapeake Exploration, L.L.C. P.O. Box 18496 Oklahoma City, Oklahoma 73154	0.28000	0.40000	0.14875	0.09625
Kaiser-Francis Oil Company P.O. Box 2101 Tulsa, Oklahoma 74101	0.28000	0.16000	0.28000	0.09500
Mewbourne Oil Company 500 West Texas, Suite 1020 Midland, Texas 79705	0.04000	0.04000	0.04000	0.01500
TOTAL	1.00000	1.00000	1.00000	1.00000

IV. OIL AND GAS LEASES SUBJECT TO THIS AGREEMENT:

Lease contributed by Samson Resources Company:

Oil and Gas Lease dated May 1, 2004, from the State of New Mexico, (State Lease No. VO7054), as Lessor to Samson Resources Co., as Lessee covering Lots 9-16 of Section 4, T21S, R35E, NMPM, Lea County, New Mexico, containing 320 acres, more or less.

Lease contributed by Chesapeake Exploration, L.L.C.:

Oil and Gas Lease dated May 1, 2004, from the State of New Mexico, (State Lease No. VO7063), as Lessor to Rubicon Oil & Gas I, LP, as Lessee covering the SW/4 of Section 4, T21S, R35E, NMPM, Lea County, New Mexico, containing 160 acres, more or less.

Lease contributed by Samson Resources Company, Kaiser-Francis Oil Company and Mewbourne Oil Company:

Oil and Gas Lease dated December 19, 1932, from the State of New Mexico, (State Lease No. B-1481), as Lessor to Empire Gas and Fuel Company, as Lessee, INsofar AND ONLY INsofar as said lease covers the SE/4 of Section 4, T21S, R35E, NMPM, Lea County, New Mexico, containing 160 acres, more or less.

30-025-38720



This message was sent with high importance.

The sender of this message has requested a read receipt. Click here to send a receipt.

Mull, Donna, EMNRD

From: Altomare, Mikal, EMNRD **Sent:** Tue 3/4/2008 10:51 AM
To: Greg Steele
Cc: Mull, Donna, EMNRD; Macquesten, Gail, EMNRD; Phillips, Dorothy, EMNRD; Swazo, Sonny, EMNRD
Subject: Chesapeake compliance issues
Attachments:

Mr. Steele-

I have reviewed the bonds that you sent that I understand you are sending overnight. Everything looks to be in order, and I anticipate that when we receive them and they are officially reviewed for acceptance by the Division that they will be accepted. On this basis, I have instructed Donna at the district office to presume that Chesapeake will be in compliance with financial assurance requirements within the next day or so, and to therefore consider it as such for purposes of the pending applications on her desk today. In other words, she will be able to go ahead and approve the pending APDs. Please understand, however, that Chesapeake will technically be considered to be in violation of Rule 40 in terms of financial assurance requirements (i.e. the "y" will not be removed from the "in violation" column on the OCD online system) until the original bonds are received, reviewed and accepted by the Division here in Santa Fe.

In addition to the financial assurance issue, however, Chesapeake is also in violation of Rule 40 because it has an excessive number of inactive wells. I am showing a total of 17 inactive wells, which, for an operator the size of Chesapeake, is 7 in excess of the maximum before becoming in violation of Rule 40. As a result, Chesapeake's operations and applications will still be impacted if these inactive wells are not addressed. In particular, under the Rules, the Division must deny requests for allowables and authority to transport/inject when an operator is in violation of Rule 40 due to inactive wells. Thus, any pending such requests you might have with the District office will not be approved at this time.

You may be eligible for an Inactive well agreed compliance order. To discuss whether Chesapeake is eligible for this, and to find out more about what you can do to resolve this situation, you might want to contact OCD attorney Sonny Swazo. His contact information is sonny.swazo@state.nm.us or 505.476.3463.

I hope this information is helpful.

Sincerely,

Mikal Altomare



Mikal M. Altomare

Assistant General Counsel

Oil Conservation Division

Energy, Minerals & Natural Resources Department

1220 South St. Francis Drive

Santa Fe, NM 87505

Tel 505.476.3480 ~ Fax 505.476.3462

mikal.altomare@state.nm.us

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From: Greg Steele [<mailto:greg.steele@chk.com>]

Sent: Tuesday, March 04, 2008 10:06 AM

To: Altomare, Mikal, EMNRD

Subject: Chesapeake Bonds

As per our conversation please find attached fully executed copies of the required bonds. Please let me know when the Hobbs office has been notified. If you need anything else please don't hesitate to call or e-mail. Thanks for your help!

Thanks,

<<6516568.PDF>> <<6516570.PDF>> <<6516569.PDF>>

Gregory Steele

Risk Management Analyst

Chesapeake Energy Corporation

Phone: 405-879-8493

Fax: 405-879-9576
E-Mail:Greg.Steele@chk.com

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