

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address CHESAPEAKE OPERATING, INC. P. O. BOX 18496 OKLAHOMA CITY, OK 731540496		2. OGRID Number 147179
		3. API Number 30-025-37945
4. Property Code 29532	5. Property Name A M YORK	6. Well No. 003

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
A	20	21S	37E	A	1150	N	1180	E	LEA

8. Pool Information

Wildcat, San Andres	0
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type Private	13. Ground Level Elevation 3489
14. Multiple N	15. Proposed Depth 4500	16. Formation San Andres	17. Contractor	18. Spud Date 6/19/2006
Depth to Ground water 70		Distance from nearest fresh water well 1000		Distance to nearest surface water 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ mils thick Clay <input type="checkbox"/> Pit Volume: 12129 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	8.625	24	410	275	0
Prod	7.875	5.5	15.5	4500	840	0

Casing/Cement Program: Additional Comments

8 5/8" csg. Lead: 100 sx 35.65 Poz Cl. C + 2% bwoc CaCl2 + 25 lbs/sx Cello Flake + 5 lbs/sx LCM-1 + 6% bwoc 12.5 ppg and 1.98 yield. Tail: 175 sx Cl. C + 2% bwoc CaCl2 + 56.4% Fr. H2O, 14.8 ppg and 1.34 yield. 5 1/2" csg: Lead 340 sx 35.65 poz Cl. C + 5% bwow Sodium Ch. + .25 lbs/sx Cello Flake + 6% bwoc Bentonite + 107.8% fr. H2O 12.5 ppg 2.04 yield; Tail 500 sx Cl C + bwow Sodium Ch + 8 bwoc BA- 10 + 3% bwoc CD-32 + 56.3% Fr H2O 14.8 ppg, 1.35 yield

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	3000	3000	
Double Ram	3000	3000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION
Printed Name: Electronically filed by Brenda Coffman	Approved By: Paul Kautz
Title: Regulatory Analyst	Title: Geologist
Email Address: bcoffman@chkenergy.com	Approved Date: 6/19/2006 Expiration Date: 6/19/2007
Date: 6/15/2006 Phone: 432-685-4310	Conditions of Approval Attached

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

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Form C-102
 Permit 21049

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-37945	2. Pool Code	3. Pool Name Wildcat/San Andres
4. Property Code 29532	5. Property Name A M YORK	6. Well No. 003
7. OGRID No. 147179	8. Operator Name CHESAPEAKE OPERATING, INC.	9. Elevation 3489

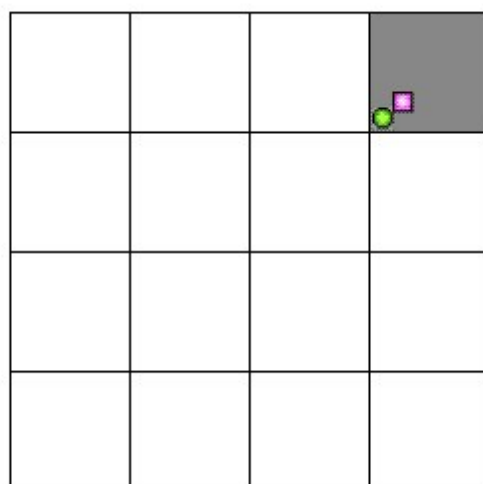
10. Surface Location

UL - Lot A	Section 20	Township 21S	Range 37E	Lot Idn	Feet From 1150	N/S Line N	Feet From 1180	E/W Line E	County LEA
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11. Bottom Hole Location If Different From Surface

UL - Lot A	Section 20	Township 21S	Range 37E	Lot Idn A	Feet From 965	N/S Line N	Feet From 965	E/W Line E	County LEA
12. Dedicated Acres 40.00		13. Joint or Infill		14. Consolidation Code			15. Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Brenda Coffman
 Title: Regulatory Analyst
 Date: 6/15/2006

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Surveyed By: Ronald J Eidson
 Date of Survey: 1/3/2006
 Certificate Number: 3239

Permit Comments

Operator: CHESAPEAKE OPERATING, INC. , 147179

Well: A M YORK #003

API: 30-025-37945

Created By	Comment	Comment Date
DMULL	Rejecting intent. Need correction on Pool names.	1/13/2006
DMULL	This location requires administrative approval. Non-Standard location approval from OCD Santa Fe is required. Holding for NSL approval.	1/18/2006
DMULL	Rejecting this intent per Brenda Coffman with Cheaspeake.	2/16/2006
BSCOFFMAN	The Directional Drill Plan was emailed to the OCD on 6/14/06	6/15/2006

Permit Conditions of Approval

Operator: CHESAPEAKE OPERATING, INC. , 147179

Well: A M YORK #003

API: 30-025-37945

OCD Reviewer	Condition
pkautz	Pit construction and closure must satisfy all requirements of your approved plan, D.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
pkautz	prior to any pit construction notify Gary Wink at 505-393-6161 ext 114