State of New Mexico

Form C-101 Permit 36683

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

| TERRIT TO DICIBE, RE ETIER, DEELEN, | HOODZICIL, OR ZIDD ZI HOTE | | |
|-------------------------------------|----------------------------|--|--|
| Operator Name and Address | 2. OGRID Number | | |
| | 147179 3. API Number | | |
| | | | |
| iowin off 1, ok 7313-40-20 | 30-015-35114 | | |
| 5. Property Name | 6. Well No. | | |
| HAYHURST 16 STATE | 001 | | |
| | | | |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| P | 16 | 25S | 27E | P | 660 | S | 660 | E | EDDY |

8. Pool Information

| HACKBERRY:MORROW, NORTH (G) 967 | HACKBERRY;MORROW, NORTH (G) | 96785 |
|---------------------------------|-----------------------------|-------|
|---------------------------------|-----------------------------|-------|

Additional Well Information

| | 561 | | ziddiwoildi iici | · IIIOIIII | 11 | 0.6 | |
|---|--------------------------|----------------|---------------------------------|--------------------|---------------------------------|--|--|
| 9. Work Type New Well | 20023 | all Type AS | 11. Cable/Rotar | y | 12. Lease Type State | 13. Ground Level Elevation 3134 18. Spud Date 8/30/2006 | |
| 14. Mültiple N | 15. Prop | osed Depth | 16. Formatio Mississippi Lim | | 17. Contractor | | |
| Depth to Ground 60 | Depth to Ground water 60 | | | t fresh water well | | Distance to nearest surface water | |
| hit: Liner: Synthetic Closed Loop Syste | m 🛛 | mils thick | Clay Pit Volume: | | ling Method: h Water Brine 1 | Diesel/Oil-based Gas/Air | |

19. Proposed Casing and Cement Program

| | | | | | - | |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Туре | Hole Size | Casing Type | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
| Surf | 17.5 | 13.375 | 48 | 460 | 390 | 0 |
| Int1 | 12.25 | 9.625 | 40 | 2100 | 690 | 0 |
| Int2 | 8.75 | 7 | 32 | 8900 | 300 | 6900 |
| Prod | 6.125 | 4.5 | 13.5 | 13100 | 450 | 8600 |

Casing/Cement Program: Additional Comments

13 3/8" csg. cmt'd w/Lead 180sx 35:65 Poz Cl. C + additives; Tail 210 sx Cl C + additives. 9 5/8" Lead 540 sx 35:65 Poz: Cl. C + additives; Tail 150 sx Cl. C + additives. 7" Intermediate Tail 300 sx 50:50 Poz Cl. C + additives. 4 1/2" Production Casing. Lead 450 sx Cl. H + additives.

Proposed Blowout Prevention Program

| | | | 40 |
|-----------|------------------|---------------|--------------|
| Туре | Working Pressure | Test Pressure | Manufacturer |
| Annular | 5000 | 5000 | |
| DoubleRam | 5000 | 5000 | |

| I hereby certify that the information gives of my knowledge and belief. I further certify that the drilling pit | en above is true and complete to the best will be constructed according to | OIL CONSERVATION DIVISION | | | | |
|--|--|------------------------------|----------------------------|--|--|--|
| NMOCD guidelines a general pe OCD approved plan | rmit , or an (attached) alternative | Approved By: Bryan Arrant | | | | |
| Printed Name: Electronically fil | ed by Brenda Coffman | Title: Geologist | | | | |
| Title: Regulatory Analyst | | Approved Date: 8/24/2006 | Expiration Date: 8/24/2007 | | | |
| Email Address: bcoffman@chke | nergy.com | | | | | |
| Date: 8/24/2006 | Phone: 432-685-4310 | Conditions of Approval Attac | ched | | | |

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

State of New Mexico

Form C-102 Permit 36683

Energy, Minerals and Natural Resources Oil Conservation Division 1220 S. St Francis Dr.

Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

| 0.000 | ma no cilitori in in inci | | | | | |
|------------------|---------------------------------|------------------|----------|--|--|--|
| 1. API Number | 2. Pool Code | 3. P | ool Name | | | |
| 30-015-35114 | 96785 | ORROW, NORTH (G) | | | | |
| 4. Property Code | 5. Propert | 6. Well No. | | | | |
| 35956 | HAYHURST | 001 | | | | |
| 7. OGRID No. | 8. Operato | 9. Elevation | | | | |
| 147179 | CHESAPEAKE OPERATING, INC. 3134 | | | | | |

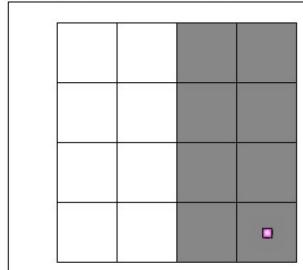
10. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| P | 16 | 25S | 27E | | 660 | S | 660 | E | EDDY |

11. Bottom Hole Location If Different From Surface

| UL - Lot | Section | To | wnship | Range | Lot | Idn | Feet From | N/S L | ine | Feet From | E/W Line | County |
|-----------|------------|----|--------|-----------------|-----|-----|-------------------|-------|-----|-----------|---------------|--------|
| 0.7550.75 | ated Acres | | 13. J | foint 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: 8/24/2006

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: Gary G. Eidson Date of Survey: 5/22/2006 Certificate Number: 12641

Permit Conditions of Approval Operator: CHESAPEAKE OPERATING, INC., 147179 Well: HAYHURST 16 STATE #001

30-015-35114 API:

| OCD Reviewer | Condition |
|-----------------|---|
| BArrant | Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines |
| BArrant | Operator to set surface casing above the Salado formation. Please refer to offset geology for more information. |
| BArrant | Cement to cover all oil, gas and water bearing zones. |