

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 30-025-38236 |
| 4. Property Code 36183 | 5. Property Name LOU WORTHAM 11 | 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 |
| B | 11 | 22S | 37E | B | 990 | N | 1650 | E | LEA |

8. Pool Information

| | |
|--------------------------|-------|
| EUNICE,SAN ANDRES, SOUTH | 24170 |
|--------------------------|-------|

Additional Well Information

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|--|----------------------------|--|---------------------------|---|
| 9. Work Type New Well | 10. Well Type GAS | 11. Cable/Rotary | 12. Lease Type Private | 13. Ground Level Elevation 3346 |
| 14. Multiple N | 15. Proposed Depth 4500 | 16. Formation San Andres | 17. Contractor | 18. Spud Date 1/5/2007 |
| Depth to Ground water 40 | | 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 | 11 | 8.625 | 24 | 1100 | 370 | |
| Prod | 7.875 | 5.5 | 15.5 | 4500 | 690 | |

Casing/Cement Program: Additional Comments

| |
|---|
| 8 5/8" lead 220 sx CIC+2%Cacl+4%gel+1/4ppscelloflake, 1.75 yld, tail 150 sx CIC+2%Cacl, 1.35 yld, 5-1/2" lead 280 sx 35.65Poz.C+6%gel+2%Cacl, 2.03 yld, tail 410 sx 50:50Poz.C+2%gel+1/4pps CelloFlake+.4%FLA, 1.26 yld |
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Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|-----------|------------------|---------------|--------------|
| Annular | 3000 | 3000 | |
| DoubleRam | 3000 | 3000 | |

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| 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"/> . Printed Name: Electronically filed by Brenda Coffman Title: Regulatory Analyst Email Address: bcoffman@chkenergy.com Date: 12/28/2006 Phone: 432-685-4310 | OIL CONSERVATION DIVISION | |
| | Approved By: Chris Williams | |
| | Title: District Supervisor | |
| | Approved Date: 12/29/2006 | Expiration Date: 12/29/2007 |
| | 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 43925

WELL LOCATION AND ACREAGE DEDICATION PLAT

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|-------------------------------|--|--|
| 1. API Number 30-025-38236 | 2. Pool Code 24170 | 3. Pool Name EUNICE,SAN ANDRES, SOUTH |
| 4. Property Code 36183 | 5. Property Name LOU WORTHAM 11 | 6. Well No. 003 |
| 7. OGRID No. 147179 | 8. Operator Name CHESAPEAKE OPERATING, INC. | 9. Elevation 3346 |

10. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| B | 11 | 22S | 37E | | 990 | N | 1650 | E | LEA |

11. Bottom Hole Location If Different From Surface

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|------------------------------|---------|---------------------|-------|------------------------|-----------|---------------|-----------|----------|--------|
| 12. Dedicated Acres 80.00 | | 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

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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: 12/28/2006

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: Chad Harcrow
 Date of Survey: 11/30/2006
 Certificate Number: 17777

Permit Conditions of Approval

Operator: CHESAPEAKE OPERATING, INC. , 147179

Well: LOU WORTHAM 11 #003

API: 30-025-38236

| OCD Reviewer | Condition |
|-----------------|---|
| DMULL | 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 |