

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
4. Property Code 300183		3. API Number 30-025-38794
5. Property Name SAN SIMON 21 STATE		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
L	21	21S	35E	L	1650	S	990	W	LEA

8. Pool Information

OSUDO, MORROW, SOUTH (GAS)	82200
----------------------------	-------

Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3624
14. Multiple N	15. Proposed Depth 12750	16. Formation Morrow	17. Contractor	18. Spud Date 2/28/2008
Depth to Ground water 50		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ miles 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	17.5	13.375	48	1450	1130	0
Int1	12.25	9.625	40	5700	1371	1450
Int2	9.75	7	26	11000	696	5700
Prod	7.125	4.5	15	12750	184	11000

Casing/Cement Program: Additional Comments

13 3/8 48# h-40 stc surface csg set @ 1450 w/930 sx, tail w/200 sx, 1.34 yld. 9 5/8 40# J-55 LTC inter csg set @ 5700 w/1171 sx, tail w/200 sx, 1.34 yld. 7 26# L-80 LTC csg set @ 11000 w/496 sx, 2nd stage 100 sx, 2nd stage tail 100 sx, 1.19 yld. 4 1/2 15# production liner @ 12750 w/184 sx, 1.57 yld.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	3000	3000	
Double Ram	5000	5000	

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: Chris Williams	
Title: Sr. Regulatory Comp. Spec.	Title: District Supervisor	
Email Address: bcoffman@chkenergy.com	Approved Date: 3/10/2008	Expiration Date: 3/10/2010
Date: 2/20/2008	Phone: 817-556-5825	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

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

Form C-102
 Permit 68611

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-38794	2. Pool Code 82200	3. Pool Name OSUDO;MORROW, SOUTH (GAS)
4. Property Code 300183	5. Property Name SAN SIMON 21 STATE	6. Well No. 003
7. OGRID No. 147179	8. Operator Name CHESAPEAKE OPERATING, INC.	9. Elevation 3624

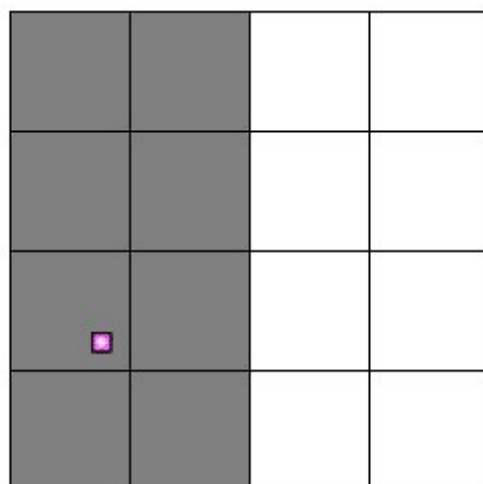
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
L	21	21S	35E		1650	S	990	W	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 320.00		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: Sr. RegulatoryComp. Spec.
 Date: 2/20/2008

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 Eidson
 Date of Survey: 12/4/2007
 Certificate Number: 3239

Permit Comments

Operator: CHESAPEAKE OPERATING, INC. , 147179

Well: SAN SIMON 21 STATE #003

API: 30-025-38794

Created By	Comment	Comment Date
pkautz	operator is not in compliance with Rule 40.	2/21/2008

Permit Conditions of Approval

Operator: CHESAPEAKE OPERATING, INC. , 147179

Well: SAN SIMON 21 STATE #003

API: 30-025-38794

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
CWILLIAMS	Depth to groundwater in this area of the San Simon Ranch is less than 50'. The pit liner and contents must be hauled to disposal.