#### State of New Mexico

Form C-101 Permit 96660

#### **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. Operati       | or Name and Address | 2. OGRID Number |  |
|------------------|---------------------|-----------------|--|
| CHESAPEAR        | 147179              |                 |  |
| P. C             | 3. API Number       |                 |  |
| OKLAHOWA         | CITY, OK 731540496  | 30-025-39452    |  |
| 4. Property Code | 5. Property Name    | 6. Well No.     |  |
| 36813            | LOST TANK 16 STATE  | 002             |  |

#### 7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| L        | 16      | 218      | 32E   | L       | 1980      | S        | 330       | W        | LEA    |

#### 8. Pool Information

| _ |                    |  |       |
|---|--------------------|--|-------|
|   | LOST TANK:DELAWARE | Committee of the commit | 40299 |

#### Additional Well Information

| 9. Work Type<br>New Well                | 10. Well Type<br>OIL    | 11. Cable/Rot                | ary 12. Lease Type<br>State                  | 13. Ground Level Elevation<br>3652 |
|---|-------------------------|------------------------------|--|------------------------------------|
| 14. Multiple<br>N                       | 15. Proposed De<br>8700 | epth 16. Format<br>Bone Spri | (C)      | 18. Spud Date                      |
| Depth to Ground                         | water                   | Distance from near           | est fresh water well                         | Distance to nearest surface water  |
| Pit: Liner: Synthetic Closed Loop Syste | mils                    | thick Clay Pit Volume:       | bbls Drilling Method:<br>Fresh Water ⋈ Brine | Diesel/Oil-based Gas/Air           |

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               | 1235          | 990             | 0             |
| Int1 | 11        | 8.625       | 32               | 4500          | 1025            | 0             |
| Prod | 7.875     | 5.5         | 17               | 8700          | 675             | 3700          |

#### Casing/Cement Program: Additional Comments

13 3/8", 48#, H-40 ST&C surf csng @ 1235'. Cmt w/650 sxs Econocem w/add,12.4 ppg,2.03 yield. Tail in w/340 sxs Halcem + add,14.8 ppg 1.34 yield. 8 5/8", 32#, J-55 LT&C inter csg @ 4500'. Cmt w/810 sxs Econocem + add, 11.9 ppg, 2.46 yield. Tail in w/215 sxs Halcem + add, 14.8 ppg, 1.33 yield. 5 1/2" prod csng @ 8700'. 1st stage:400 sxs Versacem + add, 13.2 ppg, 1.6 yield. 2nd stage:175 sxs Econocem+ add, 11.9 ppg, 2.46 yieled, 2nd stage tail:100 sxs Halcem + no planned add. 14.8 ppg, 1.33 yield.

Proposed Blowout Prevention Program

| Type    | Working Pressure | Test Pressure | Manufacturer |
|---------|------------------|---------------|--------------|
| Annular | 3000             | 1500          |              |

| of my knowledge and belief.    | given above is true and complete to the best<br>wit will be constructed according to | OIL CONSERVATION DIVISION       |                            |  |  |  |
|--------------------------------|--|---------------------------------|----------------------------|--|--|--|
|                                | permit , or an (attached) alternative  | Approved By: Paul Kautz         |                            |  |  |  |
| Printed Name: Electronically i | iled by Brenda Coffman   | Title: Geologist                |                            |  |  |  |
| Title: Sr. RegulatoryComp. Sp  | Dec.   | Approved Date: 6/25/2009        | Expiration Date: 6/25/2011 |  |  |  |
| Email Address: bcoffman@chi    | kenergy.com  |                                 |                            |  |  |  |
| Date: 6/16/2009                | 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

<u>District III</u> 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

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

| 1. API Number    | 2. Pool Code     | 3                               | . Pool Name |  |  |
|------------------|------------------|---------------------------------|-------------|--|--|
| 30-025-39452     | 40299 LOST TAI   |                                 | NK;DELAWARE |  |  |
| 4. Property Code | 5. Property Name |                                 | 6. Well No. |  |  |
| 36813            | LOST TANK 1      | 6 STATE                         | 002         |  |  |
| 7. OGRID No.     | 8. Operator 1    | 9. Elevation                    |             |  |  |
| 147179           | CHESAPEAKE OPE   | CHESAPEAKE OPERATING. INC. 3652 |             |  |  |

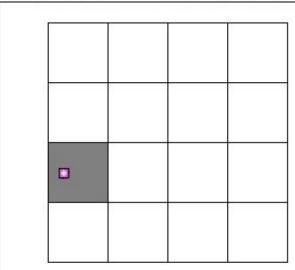
#### 10. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| L        | 16      | 218      | 32E   | 1. 1    | 1980      | S        | 330       | W        | LEA    |

#### 11. Bottom Hole Location If Different From Surface

| UL - Lot                                  | Section     | Township | Range           | Lot | Idn | Feet From         | N/S L | ine | Feet From | E/W Line      | County |
|---|-------------|----------|-----------------|-----|-----|-------------------|-------|-----|-----------|---------------|--------|
| V. 100 100 100 100 100 100 100 100 100 10 | cated Acres | 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

Form C-102

Permit 96660

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: 6/16/2009

#### 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: 4/6/2009 Certificate Number: 3239

# **Permit Comments**

Operator: CHESAPEAKE OPERATING, INC. , 147179
Well: LOST TANK 16 STATE #002

API: 30-025-39452

| Created<br>By | Comment   | Comment<br>Date |
|---------------|---|-----------------|
| busterarrant  | Certified Mailing to Intrepid Potash. Letter from Intrepid Potash of no objection.  | 6/1/2009        |
| busterarrant  | Along w/information below, NMOCD's C-102 and C-144(CLEZ)forms and Blowout Preventer<br>Schematics will be sent by UPS.  | 6/9/2009        |
| DMULL         | OCD Hobbs office has received form C-144 "Pit Registration". OCD Permit Number P1-01195.  | 6/25/2009       |
| DMULL         | OCD Hobbs has received response from the Bureau of Land Management and the State<br>Land Office on the above referenced location is in the LMR or the Buffer Zone of the<br>POTASH. Response are scanned. | 6/25/2009       |
| DMULL         | Intrepid Potash has sent letter agreeing not to object to the drilling of this well. Letter is scanned in well file.  | 6/25/2009       |

# Permit Conditions of Approval Operator: CHESAPEAKE OPERATING, INC. , 147179 Well: LOST TANK 16 STATE #002

API: 30-025-39452

| OCD<br>Reviewer | Condition   |
|-----------------|---|
| DMULL           | Well location in the POTASH AREA. Requires resonse from the Bureau of Land Management and the<br>State Land Office. Notice letter advising them of this APD sent by OCD Hobbs Office. |