State of New Mexico

Form C-101 Permit 97591

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. Operate	or Name and Address	2. OGRID Number
CHESAPEAK	147179 3. API Number	
P. O OKLAHOMA		
ORLINIONE	10111, OK /31340430	30-025-39453
4. Property Code	5. Property Name	6. Well No.
36813	LOST TANK 16 STATE	003

7. Surface Location

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

8. Pool Information

LOST TANK;DELAWARE 40299

Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lesse Type State	13. Ground Level Elevation 3692
14. Multiple N	15. Proposed Depth 8700	16. Formation Bone Spring	17. Contractor	18. Spud Date
Depth to Ground	water	Distance from nearest fresh	water well	Distance to nearest surface water
Pit: Liner: Synthetic Closed Loop Syste	mils thick	Clay Pit Volume:	bbls Drilling Method: Fresh Water X 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	

I hereby certify that the information gives of my knowledge and belief. I further certify that the drilling pit	ven above is true and complete to the best	OIL CONSERVATION DIVISION				
	ermit , or an (attached) alternative	Approved By: Paul Kautz				
Printed Name: Electronically fil	ed by Brenda Coffman	Title: Geologist				
Title: Sr. RegulatoryComp. Spe	c.	Approved Date: 6/25/2009	Expiration Date: 6/25/2011			
Email Address: bcoffman@chke	energy.com					
Date: 6/17/2009	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

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 97591

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	Pool Name NK;DELAWARE		
30-025-39453	40299 LOST TAI			
4. Property Code	5. Property 1	Name .	6. Well No.	
36813	LOST TANK 16 STATE		003	
7. OGRID No.	8. Operator Name		9. Elevation	
147179	CHESAPEAKE OPERATING, INC. 3692			

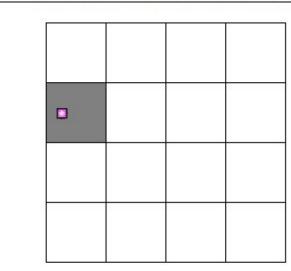
10. Surface Location

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

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: 6/17/2009

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: 3/25/2009 Certificate Number: 3239

Permit Comments

Operator: CHESAPEAKE OPERATING, INC. , 147179
Well: LOST TANK 16 STATE #003

API: 30-025-39453

Created By	Comment	Comment Date
busterarrant	The certified mailing to Intrepid Potash, letter from Intrepid of no objection, NMOCD's C- 102, C-144(CLEZ) Pit Permit & Blowout Preventer Schenatic will be sent by UPS	6/17/2009
DMULL	OCD Hobbs office has received form C-144, "Pit Registration". OCD Permit Number P1-01198.	6/25/2009
DMULL	OCD Hobbs office has received response from the Bureau of Land Management and the State Land office. Responses are scanned into the well file.	6/25/2009
DMULL	Intrepid Potash has sent letter agreeing not to object to the drilling of this well. Letter is scanned into well file.	6/25/2009

Permit Conditions of Approval Operator: CHESAPEAKE OPERATING, INC. , 147179 Well: LOST TANK 16 STATE #003

API: 30-025-39453

OCD Reviewer	Condition
DMULL	Well Location in the POTASH AREA. Requires response from the Bureau of Land Management and the State Land Office. Notice letter advising them of this APD sent by the OCD Hobbs Office.