State of New Mexico

Form C-101 Permit 129771

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

	Operator Name and Address	2. OGRID 1	
CHESAPEAKE OPERATING, INC. P.O. Box 18496 Oklahoma City, OK 73154		147179 3. API Number 30-025-40107	
4. Property Code	5. Property Name		40107 5. Well No.
38575	MERCHANT LIVESTOCK 22 33 19 STATE	COM	001H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	19	228	33E	1	660	N	330	W	LEA

8. Pool Information

RED TANK:BONE SPRING, EAST	51687

Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lesse Type State	13. Ground Level Elevation 3704
14. Multiple N	15. Proposed Depth 15154	16. Formation Wolfcamp	17. Contractor	18. Spud Date 4/8/2011
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	1012	1039	0
Int1	12.25	9.625	32	4835	2195	0
Prod	8.75	5.5	20	15154	2890	4675

Casing/Cement Program: Additional Comments

NMOCD's forms C-102 & C-144(CLEZ) pit permit, proposed drilling program, directional planning report will be submitted seperatley. There are no known high levels of H2S in this area. However, monitoring of H2S & and readiness will be utilized in the drilling of this well.

Proposed Blowout Prevention Program

Туре	Working Pressure	Test Pressure	Manufacturer
DoubleRam	5000	5000	Cameron
DoubleRam	5000	5000	Cameron

of my knowledge and belief.	mation given above is true and complete to the best rilling pit will be constructed according to	OIL CONSERVATION DIVISION Approved By: Paul Kautz			
	general permit , or an (attached) alternative				
Printed Name: Electron	rically filed by Bryan Arrant	Title: Geologist			
Title: Sr. Regulatory Compliance Specialist		Approved Date: 4/7/2011	Expiration Date: 4/7/2013		
Email Address: bryan.a	arrant@chk.com	- 20			
Date: 4/6/2011 Phone: 405-935-3782		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 129771

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

		3. Pool Name RED TANK;BONE SPRING, EAST	
4. Property Code 38575	5. Property Name MERCHANT LIVESTOCK 22 33 19 STATE COM		6. Well No. 001H
7. OGRID No. 147179	8. Operator Name CHESAPEAKE OPERATING, INC.		9. Elevation 3704

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	19	22S	33E	100	660	N	330	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
D	19	22S	33E	1	660	N	330	E	LEA
0.000	cated Acres 6.60	13. J	oint 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

0		

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: Bryan Arrant

Title: Sr. Regulatory Compliance Specialist

Date: 4/6/2011

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 Eidson Date of Survey: 4/4/2011 Certificate Number: 12641

Permit Comments

Operator: CHESAPEAKE OPERATING, INC. , 147179
Well: MERCHANT LIVESTOCK 22 33 19 STATE COM #001H

API: 30-025-40107

Created By	Comment	Comment Date
CHERRERA	OCD HOBBS has recieved form C-144 CLEZ. OCD permit # P1-03075.	4/7/2011

Permit Conditions of Approval

Operator: CHESAPEAKE OPERATING, INC. , 147179
Well: MERCHANT LIVESTOCK 22 33 19 STATE COM #001H

API: 30-025-40107

OCD Reviewer	Condition
p <mark>k</mark> autz	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string