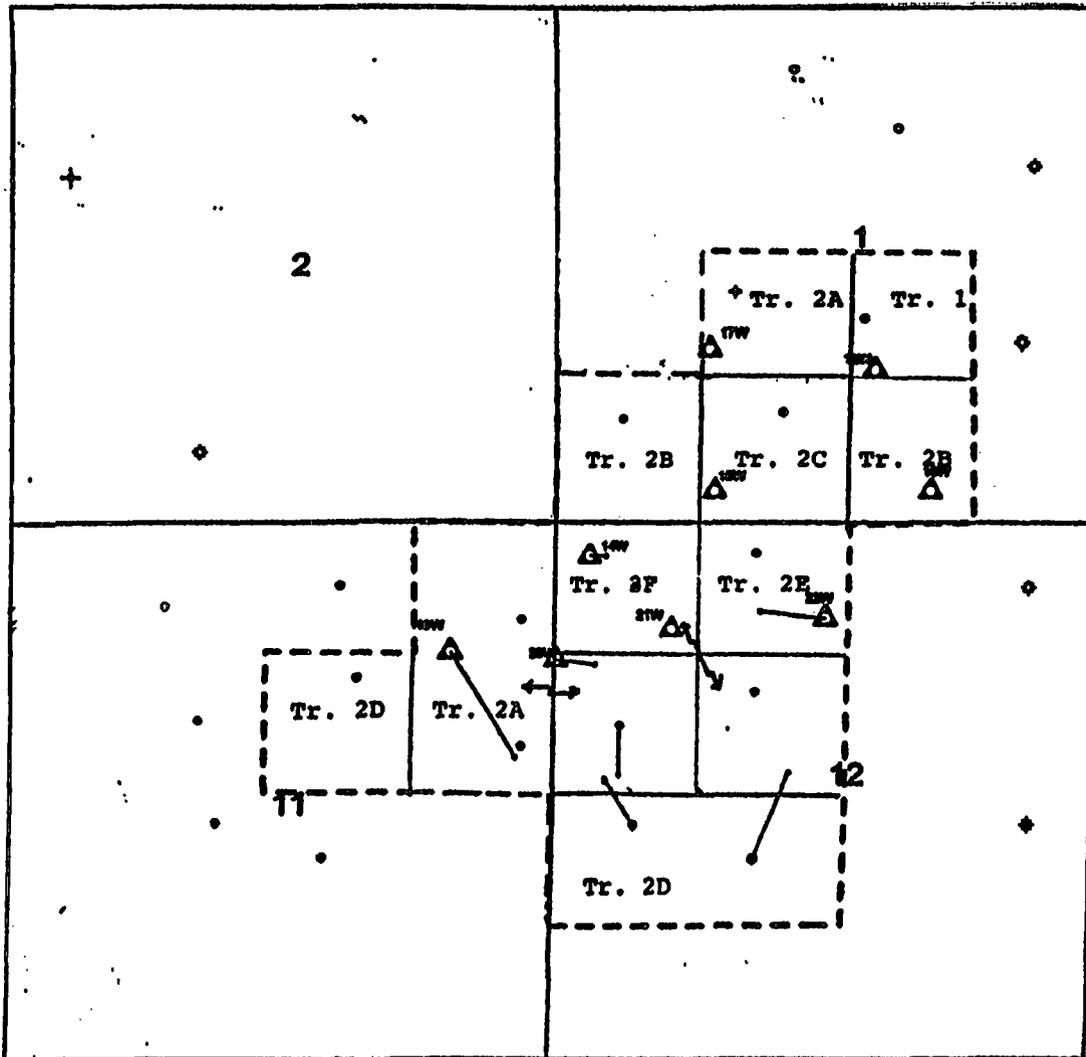


EXHIBIT "A"
MAP OF UNIT AREA
BENSON DELAWARE UNIT
Eddy County, New Mexico

Township 19 South, Range 30 East, N.M.P.M.



FEDERAL LANDS: 100%

Oil Conservation Division
Case No. _____
Exhibit No. _____

Township 19 South, Range 30 East, N.M.P.M.

Section 1: NE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$, and W $\frac{1}{2}$ SE $\frac{1}{4}$

Section 11: E $\frac{1}{2}$ NE $\frac{1}{4}$ and SW $\frac{1}{4}$ NE $\frac{1}{4}$

Section 12: NW $\frac{1}{4}$ and N $\frac{1}{2}$ SW $\frac{1}{4}$

Containing 560.00 acres of federal lands.



NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.

Director
Oil Conservation Division

Response Required – Deadline Enclosed

Field Inspection Program
"Preserving the Integrity of Our Environment"

18-Mar-08

CHI OPERATING INC
P. O. BOX 1799
MIDLAND TX 79702

Work has been done Mike Bratcher has approved per Mark Meadows

LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

ELKAN No.002Y	H-11-14S-34E	30-025-38186-00-00				
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/18/2008	Routine/Periodic	Mark Whitaker	Yes	No	4/25/2008	iMAW0807853678
Comments on Inspection: IMMEDIATE ACTION REQUIRED! As per Rule 202, location should be leveled and contoured to the surrounding area within one year after completion of plugging operations. Dry hole marker does not include UL. LOCATION SHOULD BE LEVELED AND DRY HOLE MARKER CORRECTED. 1st letter on non-compliance. MW						

ELKAN No.002	H-11-14S-34E	30-025-38525-00-00				
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/18/2008	Routine/Periodic	Mark Whitaker	Yes	No	4/25/2008	iMAW0807854374
Comments on Inspection: Well plugged. No dry hole marker erected. (see Rule 202). Location has not been leveled and contoured. DRY HOLE MARKER NEEDS TO BE ERRECTED AT THE EXACT LOCATION OF THE PLUGGED WELL AND LOCATION NEEDS TO BE LEVELED. 1st letter of non-compliance. MW						

Oil Conservation Division

Case No.

Exhibit No. A

District II
1301 W. Grand Ave., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720

State of New Mexico
Energy, Minerals and Natural Resources

Form C-145
Permit:79369:

Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Inbounds

Change of Operator

Previous Operator Information

New Operator Information

		Effective Date:	<u>8/4/2008</u>
OGRID:	<u>4378</u>	OGRID:	<u>147179</u>
Name:	<u>CHI OPERATING INC</u>	Name:	<u>CHESAPEAKE OPERATING, INC.</u>
Address:	<u>P. O. BOX 1799</u>	Address:	<u>P. O. BOX 18496</u>
Address:	<u></u>	Address:	<u></u>
City, State, Zip:	<u>MIDLAND, TX 79702</u>	City, State, Zip:	<u>OKLAHOMA CITY, OK 731540496</u>

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Previous Operator

New Operator

Signature: *John W. Qualls*
 Printed Name: John W. Qualls
 Title: Vice - president
 Date: 8-5-08 Phone: 432-685-5001

Signature: *JB FRASER*
 Printed Name: Jim Fraser
 Date: 8/1/08 Phone: (405) 767-4300
 Jim Fraser, Vice-President-Operations,
 Southern Division

AK
ABB
JZ

Oil Conservation Division
 Case No.
chi Exhibit No. *B*

Pam Corbett

From: Justin Zerkle [justin.zerkle@chk.com]
Sent: Friday, August 01, 2008 1:49 PM
To: pamc@chienergyinc.com
Cc: John Qualls; Bryan Arrant; Craig Barnard
Subject: Inbounds Com #1Y
Attachments: Change of Operator.PDF

Pam,

Attached is the Change of Operator form that needs Chi Operating, Inc.'s signature/approval. Please have the appropriate person execute and e-mail and/or fax back to me. Let me know if you have any questions. Thank you

<<Change of Operator.PDF>>

Thank you,

Justin Zerkle

Associate Landman - Permian North

Chesapeake Energy Corporation

Phone: 405-767-4925

Fax: 405-879-1450

Email: justin.zerkle@chk.com

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8/4/2008

Chi Energy, Inc.

P. O. Box 1799
Midland, TX 79702

FAX TRANSMISSION

DATE SENT: 8/4/08 TIME SENT: _____

TO: NAME: Justin Zerkle

LOCATION: _____

TELEPHONE/FAX NO.: _____

FROM: NAME: Pam Corbett

LOCATION: _____

TELEPHONE/FAX NO.: 432-685-5001/432-687-2662

NUMBER OF PAGES: _____ + COVER

MEMO:

inbounds 14
Change of Operator.
I have certified the
online C145.

TRANSMISSION VERIFICATION REPORT

TIME : 08/04/2008 16:11
NAME :
FAX :
TEL :
SER.# : BROE4J599929

DATE, TIME 08/04 16:11
FAX NO./NAME 14058791450
DURATION 00:00:29
PAGE(S) 02
RESULT OK
MODE STANDARD
ECM

Chi Energy, Inc.

*P. O. Box 1799
Midland, TX 79702*

FAX TRANSMISSION

DATE SENT: 8/4/08 TIME SENT: _____

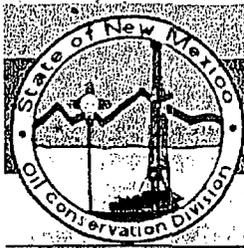
TO: NAME: Justin Zerkle
LOCATION: _____
TELEPHONE/FAX NO.: _____

FROM: NAME: Pam Corbett
LOCATION: _____
TELEPHONE/FAX NO.: 432-685-5001/432-687-2662

NUMBER OF PAGES: _____ + COVER

MEMO:

*inbounds 14
of 1000*



State of New Mexico Oil Conservation Division

[OCD Rules](#)

[Help](#)

[Contact](#)

Operator Change, C-145 PermitID 79369

Operator Data

- Permit Status
- Well List
- Inactive Well List
- Financial Assurance
- C-115 Reports

Operator Information	Select Properties	Select Wells	Warnings	Submit Form	View Forms	Close
Current Operator:	CHI OPERATING INC					
New Operator:	CHESAPEAKE OPERATING, INC.					
Effective Date:	8/4/2008					

Warnings:

The New Operator is not in compliance with Rule 40
There are no Fatal Warnings

Submit Form

- Pre-Drilling
- Drilling
- Completion
- Other

Miscellaneous

- Administration

UserID: PCORBETT
 Title: Regulatory
 Operator: CHI OPERATING INC
 Sign-out

Oil Conservation Division

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Case No. C Exhibit No. C

WELL API NO. 30-015-36788

5. Indicate Type of Lease
STATE FEE

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
Nichols "30" State Com.

8. Well Number #2

9. OGRID Number
4378

10. Pool name or Wildcat
ILLINOIS CAMP MORROW

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3566' GL

87505

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
CHI OPERATING, INC.

3. Address of Operator
P.O. BOX 1799, MIDLAND, TEXAS 79702

4. Well Location
Unit Letter C: 950 feet from the NORTH line and 1980 feet from the WEST line
Section 30 Township 18S Range 28E NMPM County EDDY

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK PLUG AND ABANDON
 TEMPORARILY ABANDON CHANGE PLANS
 PULL OR ALTER CASING MULTIPLE COMPL
 DOWNHOLE COMMINGLE

SUBSEQUENT REPORT OF:

REMEDIAL WORK ALTERING CASING
 COMMENCE DRILLING OPNS. P AND A
 CASING/CEMENT JOB

Notify OCD 24 hrs. prior to any work done

OTHER:

OTHER:

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

RU DD PU. Circ hole w/mud laden fluid. POOH w/pkr & prod tbg. Set CIBP @ 10,240', spot 35' of cmt on to abandon Morrow Perfs. Set CIBP @ 7480', spot 35' of cmt on to abandon Bone Spring Carb perfs. Free point & attempt to cut 5 1/2 csg @ 7000' POOH LD csg. Spot 150' cmt plug half in & half out @ 2395'. Tag. Spot 50' surf plug. Cut off WH. Install dry hole marker & reclaim location.

Resent 10/12/09

Spud Date: 12-10-08

Rig Release Date: 1-5-09

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Robin Askew TITLE REGULATORY CLERK DATE 1-26-09

Type or print name ROBIN ASKEW E-mail address: robina@chienergyinc.com PHONE: 432-685-5001

For State Use Only APPROVED BY: [Signature] TITLE _____ DATE 6/26/09 is complete by 7/29/09

* Required 100' cmt Plug - Bone Spring 3310' (3360' - 3260')
* If CSG Cut & Pulled. Spot 100' cmt stub plug. (50' below . 50' Above) TH