

ONSHORE ORDER NO. 1
Chesapeake Agent for BOPCO
Crow Flats 14-26-28 USA 5H
SL: 660' FNL & 200' FWL
BL: 660' FNL & 350' FEL
Section 14-26S-28E
Eddy County, NM

CONFIDENTIAL – TIGHT HOLE
REVISED SURFACE USE PLAN 9/16/2011

BL: Lease No. NMNM95630

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ONSHORE OIL & GAS ORDER NO. 1
Approval of Operations on Onshore
Federal and Indian Oil and Gas Leases

30-015-39509

1. EXISTING ROADS/LEASE ROADS

- see COAs
- a. The proposed lease road 1173' in length and ~~16'~~ in travel way width with a maximum disturbance area of ~~30'~~ will be used, and in accordance with guidelines set forth in the BLM Onshore Orders. No turnouts are expected.
 - b. Existing county and lease roads will be used to enter proposed access road.
 - c. Location, access, and vicinity plats attached hereto. See Exhibits A-1 to A-5.

LOCATION

- a. In order to level the location, cut and fill will be required. Please see attached Well Location and Acreage Dedication Plat – Exhibits A-1 to A-4.
- b. A locking gate will be installed at the site entrance.
- c. Any fences cut will be repaired. Cattle guards will be installed, if needed.
- d. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.
- e. Driving directions are from the intersection of US Hwy 82 and Co. Rd #209 (Turkey Track Road), go North on Co. Rd #209 approx. 10.5 miles. Veer left and go Northwest approx. 0.4 miles, turn left and go West approx. 0.2 miles, veer left and go Southwest approx. 1.6 miles. Turn left at proposed road survey and follow stakes South approx. 1173 feet to this location.
Artesia East on US Hwy 82, 11.0 miles

2. LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS OF THE PROPOSED LOCATION – see Exhibit B.

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3. LOCATION OF PRODUCTION FACILITIES

It is anticipated that production facilities will be located on the well pad and oil to be sold at the wellhead and/or tank battery. Initially this will be a standalone battery but we plan to build it with capability to handle offsite wells. There will be a pipeline for this well. Oil and gas measurement will be installed on this well location. – See Exhibit C.

4. LOCATION AND TYPE OF WATER SUPPLY

- a. Water will be obtained from a private water source.
- b. Chesapeake staked a 300' X 300' frac pond south of the proposed location.
- c. Water to be hauled in.
- d. The pond will be 10' deep top of berm to bottom.
- e. The 60' X 300' between the frac pond and well pad will be bladed, surfaced with caliche and will be used for water trucks to unload water and turn around.
- f. A temporary 10" aluminum transfer line will run approx. 100' from the pond to the location.
- g. See Revised Exhibit E.

5. CONSTRUCTION MATERIALS

No construction materials will be used from Section 14-16S-28E. All material (i.e. shale) will be acquired from private or commercial sources.

6. METHODS FOR HANDLING WASTE DISPOSAL

A closed system will be utilized consisting of above ground steel tanks. All wastes accumulated during drilling operations will be contained in a portable trash cage and removed from location and deposited in an approved sanitary landfill.

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7. ANCILLARY FACILITIES
None

8. WELLSITE LAYOUT

The proposed site layout plat is attached showing the Latshaw Rig #6 orientation and equipment location. See Exhibit D.

9. PLANS FOR RECLAMATION OF THE SURFACE

- a. Interim reclamation will be ~~delayed~~ to allow another well to be drilled on the proposed well pad, alternate well location unknown at this time.
- b. The majority of the pad will not be changed for interim reclamation because we will be bringing the Crow Flats 14-16-28 USA 2H & 4H production into these facilities. That is why the majority of the surface is required.
- c. We will reclaim the 225' x 45' on the West side. The 170' x 30' on the southeast side will be reclaimed only if we do not have to install a flash gas compressor and an incinerator (*on Exhibit C*).
- d. Final Reclamation Procedure: Upon final abandonment of the well, caliche material from the well pad and access road will be removed and utilized to recontour to a final contour that blends with the surrounding topography as much as possible. Any caliche material not used will be utilized to repair roads within the lease. Topsoil will be distributed over the reclamation area and cross ripped to control erosion, the site will be seeded with an approved BLM mixture.
- e. The location will be restored to as near as original condition as possible. Reclamation of the surface shall be done in strict compliance with the existing New Mexico Oil Conservation Division regulations and BLM.
- f. See Final Exhibit C.

See COAs above
interim
reclamation

10. SURFACE & BHLOC MINERAL OWNERSHIP

United States of America
Department of Interior
Bureau of Land Management

Grazing Lessee
Bogle Limited Co.
P.O. Box 460
Dexter, NM 88230

(Chesapeake Operating, Inc. has an agreement with the grazing lessee)

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11. **ADDITIONAL INFORMATION**

A Class III cultural resource inventory report will be prepared by Boone Archaeological Services, Carlsbad, New Mexico for the proposed location. A copy of the report will be sent to the BLM.

12. **CHESAPEAKE REPRESENTATIVES**

Drilling and Completion Operations

District Manager

Jay Stratton
P.O. Box 18496
Oklahoma City, OK 73154
405-935-6164 (Office)
405-831-3994 (Cell)
jay.stratton@chk.com

Drilling Engineer

Chris Gray
P.O. Box 14896
Oklahoma City, OK 73154
405-935-4346 (Office)
405-301-6515 (Cell)
chris.gray@chk.com

Field Representative

Toby Reid
1616 W. Bender
Hobbs, NM
575-391-1462, x 86413 (Office)
575-725-8497 (Cell)
toby.reid@chk.com

Sr. Assett Manager

Jeff Finnell
P.O. Box 18496
Oklahoma City, OK 73154
405-935-4347 (Office)
405-919-3305 (Cell)
jeff.finnell@chk.com

Geologist

Robert Martin
P.O. Box 18496
Oklahoma City, OK 73154
405-935-4985 (Office)
405-618-0394 (Cell)
robert.martin@chk.com

Geoscience Coordinator

David Godsey
P.O. Box 14896
Oklahoma City, OK 73154
405-935-7995 (Office)
405-618-0474 (Cell)
david.godsey@chk.com

Sr. Regulatory Compliance Specialist

Linda Good
P.O. Box 18496
Oklahoma City, OK 73154
405-935-4275 (Office)
405-245-3623 (Cell)
linda.good@chk.com

District Land Coordinator

Craig Barnard
P.O. Box 18496
Oklahoma City, OK 73154
405-879-8401 (Office)
405-397-8404 (Cell)
craig.barnard@chk.com

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Eddy County, NM

CONFIDENTIAL - TIGHT HOLE
OPERATOR CERTIFICATION

BL Lease No. NMNM-107374

CERTIFICATION

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Executed this 8th day of July, 2011

Name:

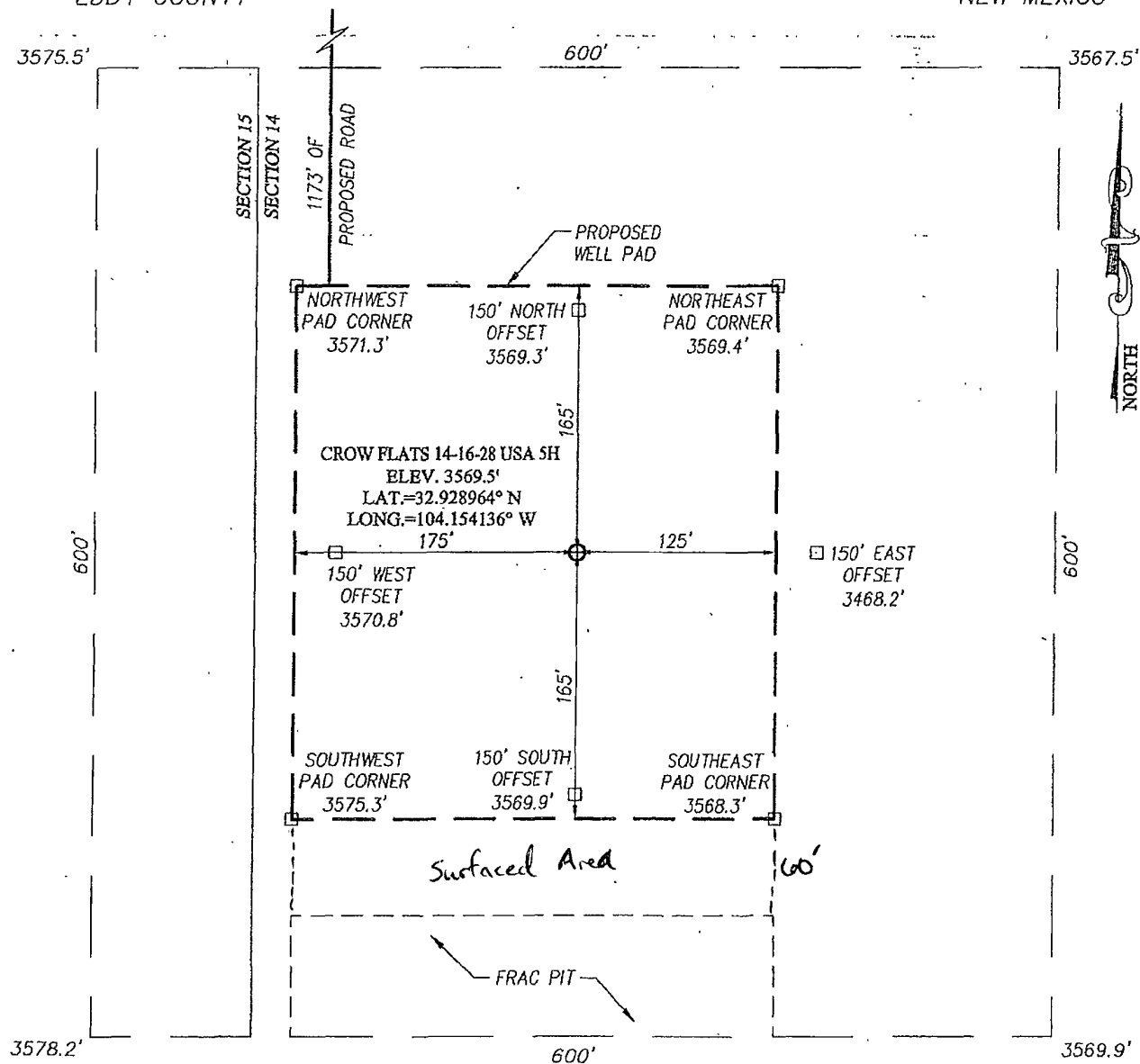
Toby A. Reid
Toby A. Reid - Field Superintendent

Address: 1616 W. Bender Blvd. Hobbs N.M. 88240

Telephone: 575-725-8497

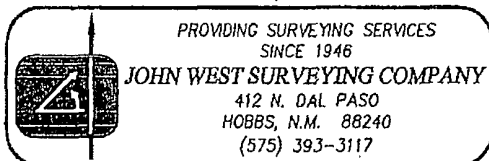
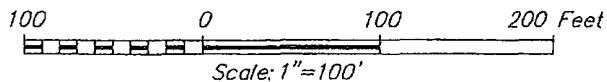
E-mail: toby.reid@chk.com

SECTION 14, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M. EDDY COUNTY NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #82 AND CO. RD. #209 (TURKEY TRACK ROAD), GO NORTH ON CO. RD. #209 APPROX. 10.5 MILES. VEER LEFT AND GO NORTHWEST APPROX. 0.4 MILES. TURN LEFT AND GO WEST APPROX. 0.2 MILES. VEER LEFT AND GO SOUTHWEST APPROX. 1.6 MILES. TURN LEFT AT PROPOSED ROAD SURVEY AND FOLLOW STAKES SOUTH APPROX. 1173 FEET TO THIS LOCATION.



PROVIDING SURVEYING SERVICES
SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO
HOBBS, N.M. 88240
(575) 393-3117

CHESAPEAKE OPERATING, INC.

CROW FLATS 14-16-28 USA 5H WELL
LOCATED 660 FEET FROM THE NORTH LINE
AND 200 FEET FROM THE WEST LINE OF SECTION 14,
TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO

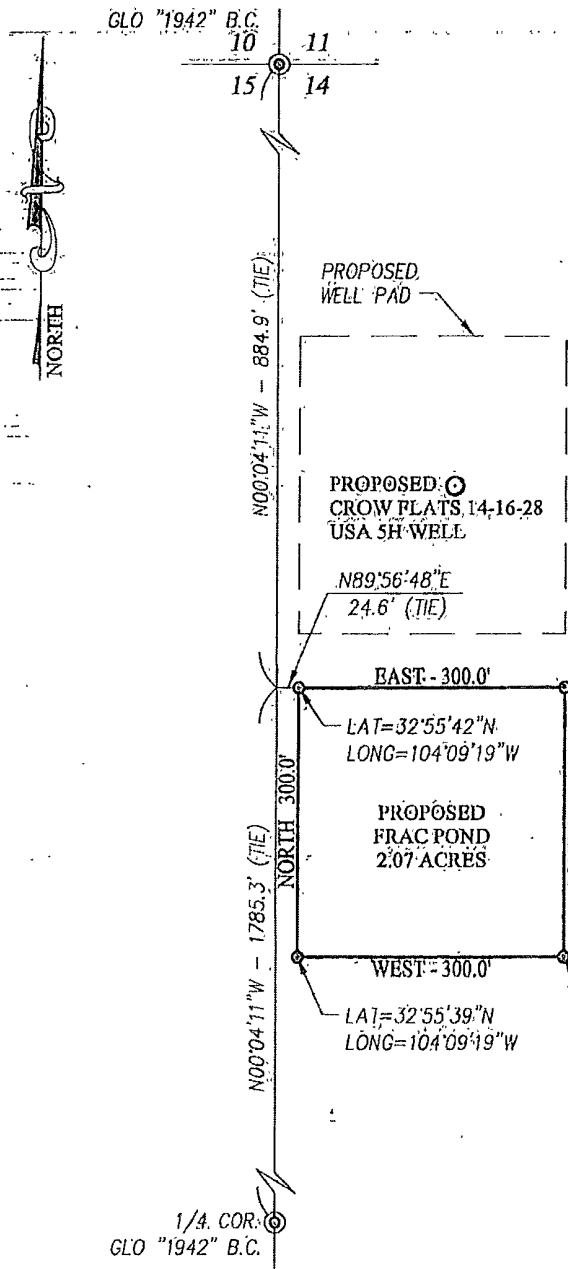
Survey Date: 6/17/11	Sheet 1 of 1 Sheets
W.O. Number: 11.11.1248	Dr. By: DSS
Date: 6/24/11	Rel. W.O.: 11111248
	Scale: 1"=100'

EXHIBIT A-2

TEN
9/12/11

SECTION 14, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.

EDDY COUNTY NEW MEXICO



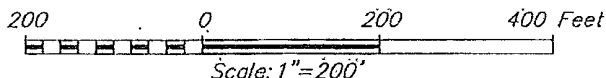
DESCRIPTION:

A PROPOSED FRAC POND SITUATED IN THE NW/4 NW/4 OF SECTION 14, TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THE PROPOSED FRAC POND WHICH LIES 500'04"11"E 884.9 FEET AND N89°56'48"E 24.6 FEET FROM THE NORTHWEST CORNER; THEN EAST 300.0 FEET; THEN SOUTH 300.0 FEET; THEN WEST 300.0 FEET; THEN NORTH 300.0 FEET TO THE POINT OF BEGINNING AND CONTAINING 2.07 ACRES MORE OR LESS.

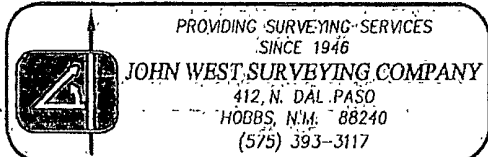
LEGEND

- ⊙ DENOTES FOUND CORNER AS NOTED
- DENOTES SET SPIKE NAIL



I HEREBY CERTIFY THAT I, DIRECTED, AND AM RESPONSIBLE FOR THIS ACTUAL ON THE GROUND SURVEY. THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.

GARY G. EIDSON, N.M.P.S. No. 12641
RONALD J. EIDSON, N.M.P.S. No. 3239



CHESAPEAKE OPERATING, INC.

SURVEY FOR CROW FLATS 14-16-28 USA FRAC POND
SITUATED IN THE NW/4 OF SECTION 14,
TOWNSHIP 16 SOUTH, RANGE 28 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO

Survey Date: 6/17/11	Sheet 1 of 1 Sheets
W.O. Number: 11.11.1248	Dr. By: DSS
Date: 6/24/11	Rel. W.O.: 1111248
Scale: 1"=100'	

EXHIBIT A-3

N↑

Prepared Road

□ Crow Flats 14-16-20.
SH
PAD

Top Soil

350'

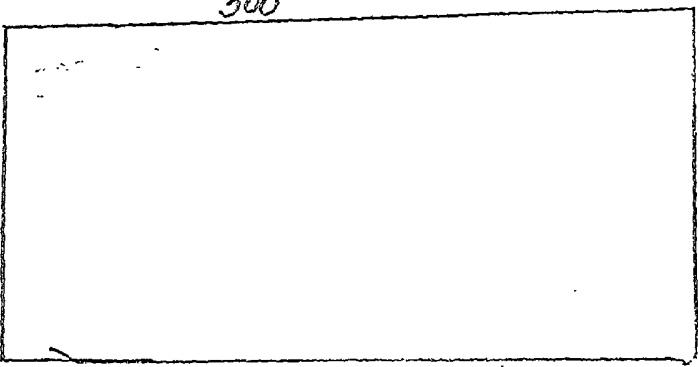
300'

10'
↔

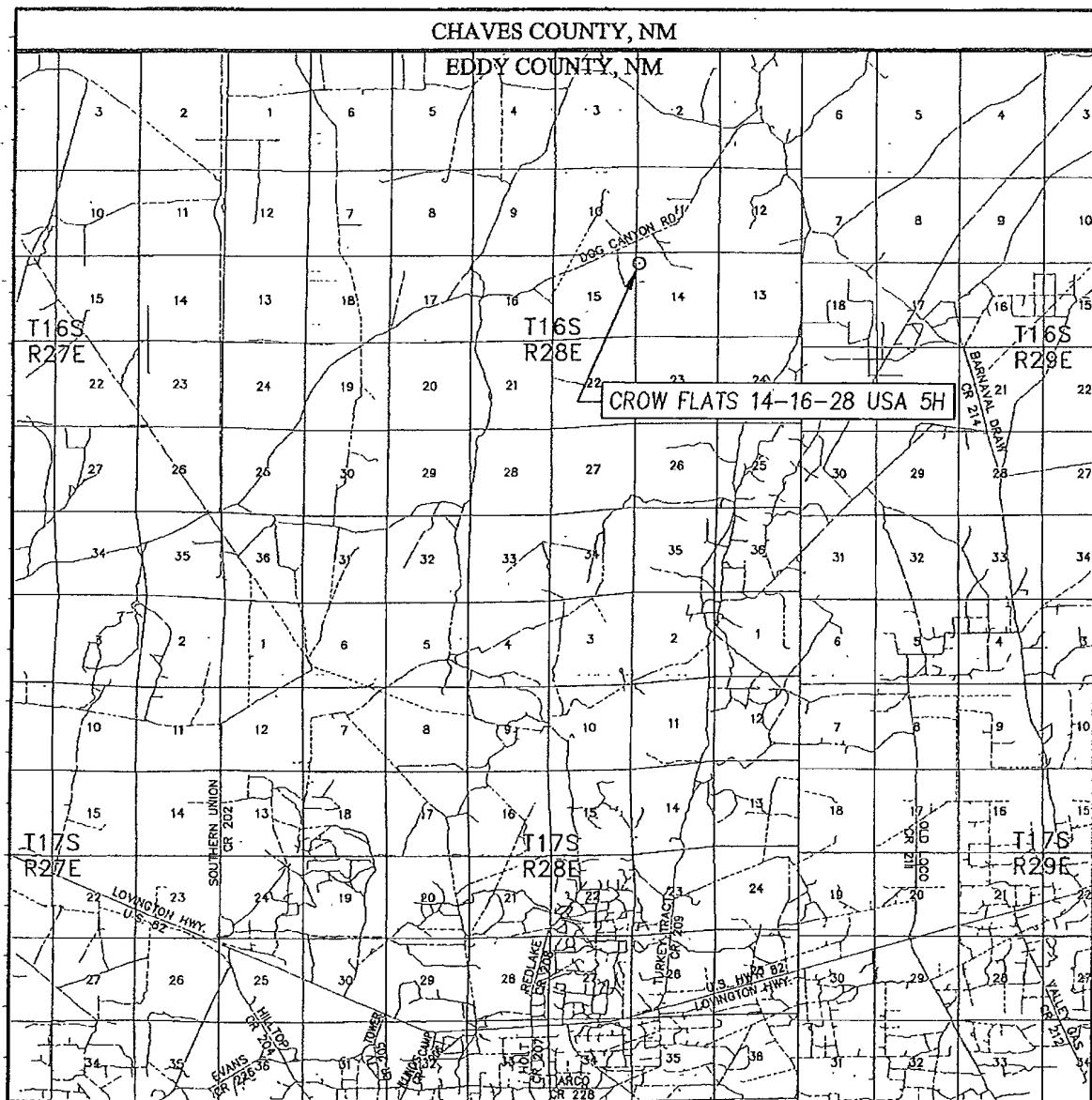
350'

Top Soil
10' Depth Bottom - Top Beam

300'



VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 14 TWP. 16-S RGE. 28-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 660' FNL & 200' FWL

ELEVATION 3569'

OPERATOR CHESAPEAKE OPERATING, INC.

LEASE CROW FLATS 14-16-28 USA

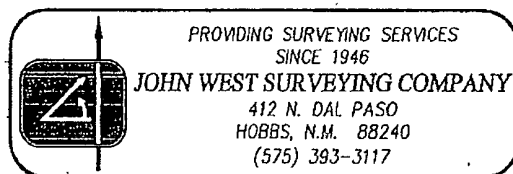
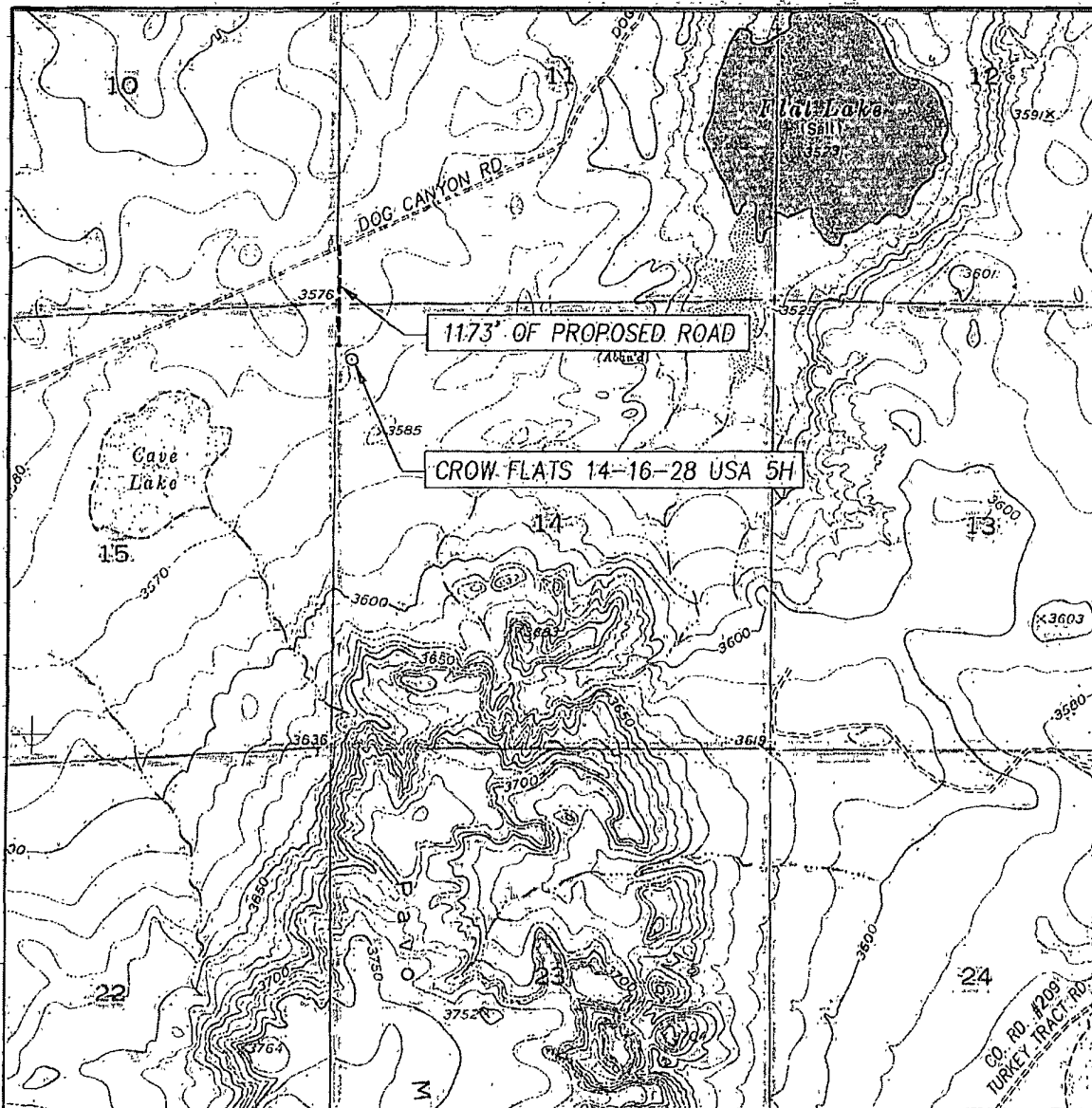


EXHIBIT A-4

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
DIAMOND MOUND, N.M. - 10'

SEC. 14 TWP. 16-S. RGE. 28-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 660' FNL & 200' FWL

ELEVATION 3569'

OPERATOR CHESAPEAKE OPERATING, INC.

LEASE CROW FLATS 14-16-28 USA

U.S.G.S. TOPOGRAPHIC MAP

DIAMOND MOUND, N.M.

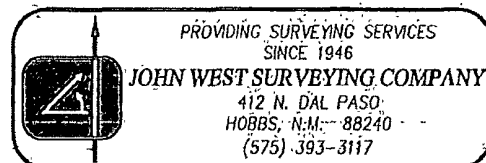
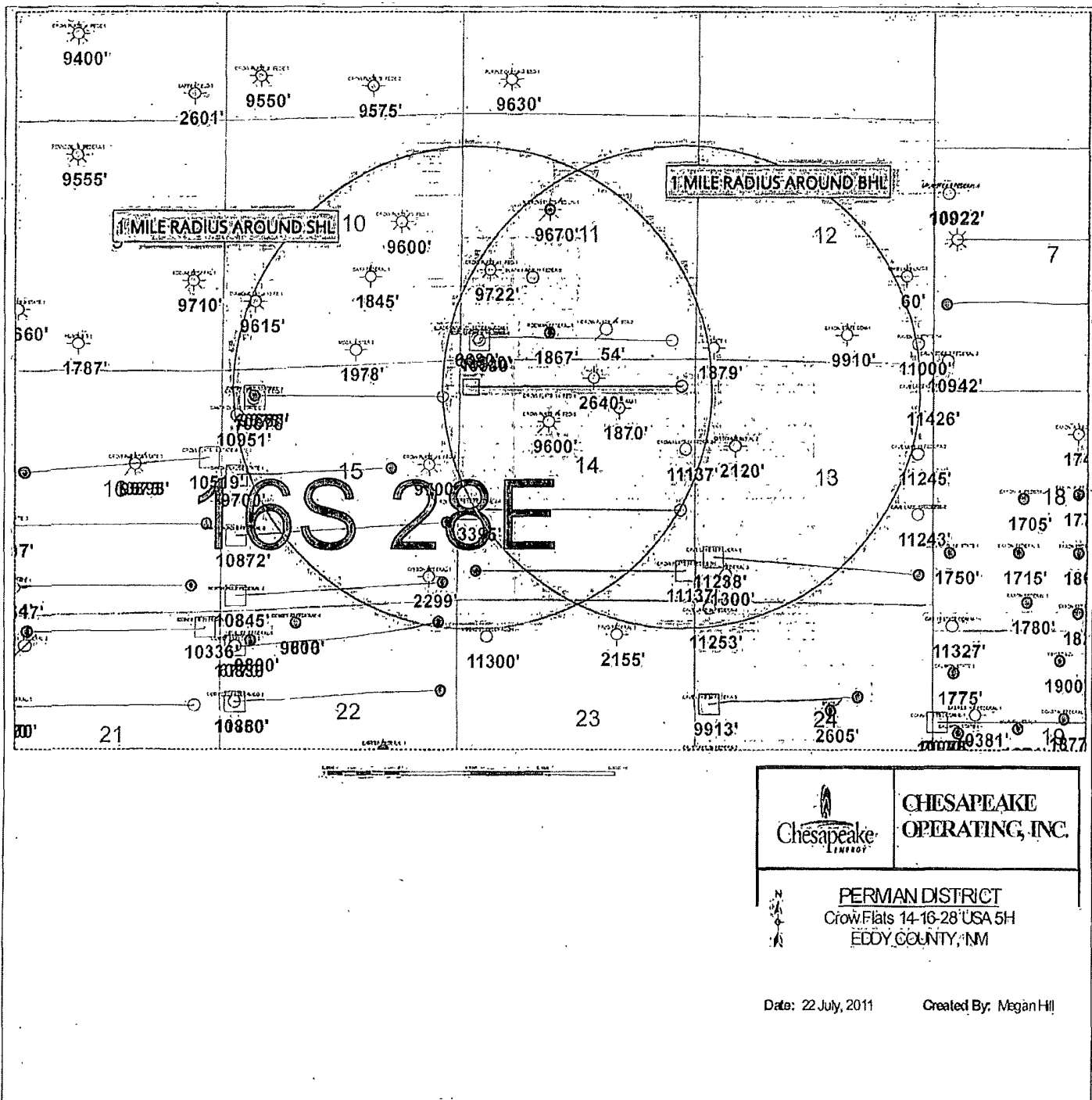
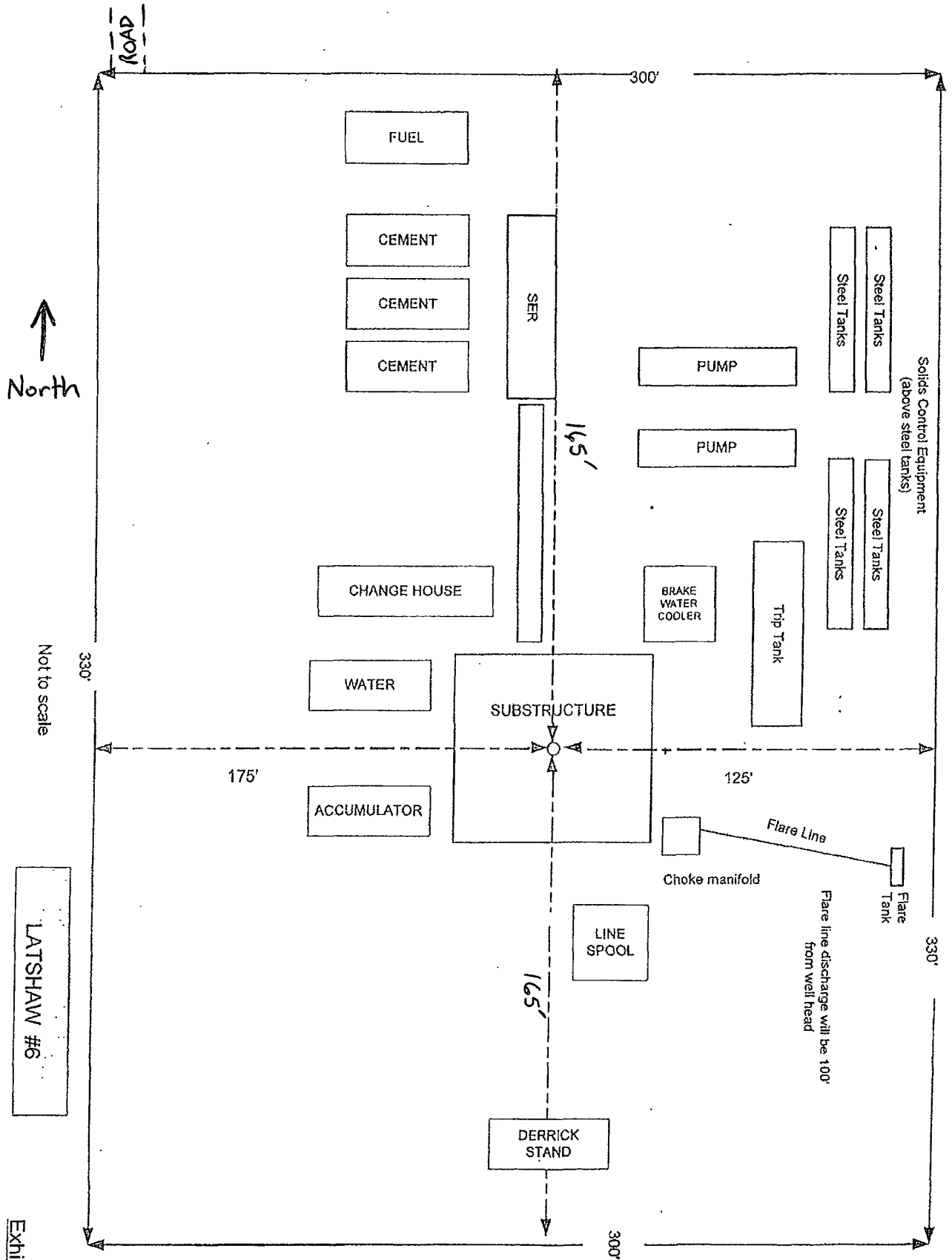


EXHIBIT A-5



Prevailing Winds from the North in Winter and from the South in Summer.



LATSHAW #6

Exhibit D



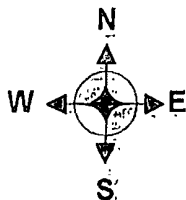
Crow Flats 14-16-28 USA 5H

Property # 639443

Section 14 - T16S - R28E

NW NW 660 FNL & 200 FWL of Section

Lat.: 32.928789 & Long.: GPLAT



General sealing of valves and seals by tank gauging.
Production phase: all drain valves (D1-D8) and sales valves (L1-L10) sealed closed. Sales phase: the tank from which sales are being made will be isolated by sealing closed the drain, fill, and any equalizer valves during sales. Draining phase: the tank being drained will be isolated by sealing closed the sales, fill, equalizer valves and drain valves on the other tanks.

This lease is subject to
Chesapeake's Site Security
Plan located at 6100 N.
Western Oklahoma City, OK
73118

All equipment shown here will be on location
but subject to changes in positioning.

Drawing Not to Scale

