



OCD-ARTESIA  
CONFIDENTIAL

ATS-07-109

R-III-POTASH

FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM-29234	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator CHESAPEAKE OPERATING, INC. ATTN: LINDA GOOD		7. If Unit or CA Agreement, Name and No.	
3a. Address P.O. BOX 18496, OKLAHOMA CITY, OK 73154-0496		8. Lease Name and Well No. Lotos C Federal 912	
3b. Phone No. (include area code) 405-767-4275		9. API Well No. 30-015-35356	
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 660 FSL 1980 FEL, SWSE At proposed prod. zone SAME		10. Field and Pool, or Exploratory Cotton Draw; Bone Spring	
11. Sec., T. R. M. or Blk. and Survey or Area 9-24S-31E		12. County or Parish Eddy County	
13. State NM		14. Distance in miles and direction from nearest town or post office* 32 Miles ESE of Malaga, NM.	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease 1280	17. Spacing Unit dedicated to this well 40	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 8350	20. BLM/BIA Bond No. on file NM2634	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3478 GR / 3496 KB	22. Approximate date work will start*	23. Estimated duration	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

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| 1. Well plat certified by a registered surveyor.  | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).    |
| 2. A Drilling Plan.   | 5. Operator certification  |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Henry Hood	Date 11/17/06
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Title  
Sr. Vice President - Legal & Land & General Counsel

Approved by (Signature) <b>/s/ Tony J. Herrell</b>	Name (Printed/Typed)	Date JAN 10 2007
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Title <b>ACTING STATE DIRECTOR</b>	Office NM STATE OFFICE
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Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

**APPROVAL FOR 1 YEAR**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

**APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED**

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.