

Submit 1 Copy To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
October 13, 2009

LA

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

| | |
|---|--------------|
| WELL API NO. | 30-015-37805 |
| 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> | |
| 6. State Oil & Gas Lease No. | |
| 7. Lease Name or Unit Agreement Name Skeen 34 State Com. | |
| 8. Well Number | 1H |
| 9. OGRID Number | 147179 |
| 10. Pool name or Wildcat Wildcat; Bone Spring | |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) | 3105' GR |

| | |
|--|--|
| 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 <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | |
| 2. Name of Operator Chesapeake Operating, Inc. | |
| 3. Address of Operator P.O. Box 18496 Oklahoma City, OK 73154-0496 | |
| 4. Well Location Unit Letter <u>G</u> : <u>315'</u> feet from the <u>South</u> line and <u>1670'</u> feet from the <u>East</u> line Section <u>34</u> Township <u>26 S</u> Range <u>28 E</u> NMPM County <u>Eddy</u> | |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3105' GR | |

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

| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
|---|---|--|--|
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | P AND A <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPL <input type="checkbox"/> | CASING/CEMENT JOB <input type="checkbox"/> | |
| DOWNHOLE COMMINGLE <input type="checkbox"/> | | | |
| OTHER: Change Inter. Casing Program/Change Drilling Rig <input checked="" type="checkbox"/> | | OTHER: <input type="checkbox"/> | |

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Chesapeake Operating, Inc. respectfully request to change the drilling program for this well as shown in the attached document.

Original plans were to set 13 3/8" surface casing at a depth of 700', which risk setting the casing into the Salado formation. We request to set surface casing at 400'.

All fresh water zones will be protected.

Original plans were to run 9-5/8", 40# intermediate casing at a setting depth of 2625'. Would we would like to change it to 8-5/8" 32# and a new setting depth of 2600'.

The revised setting depth still places the intermediate casing in the top of the Delaware Mountain Group.

An amended C-144 (CLEZ) pit permit is included as another rig is scheduled to drill this well.

Spud Date:

Rig Release Date:

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

SIGNATURE

Bryan Arrant

TITLE Senior Regulatory Compl. Sp.

DATE 07/07/2010

Type or print name Bryan Arrant

E-mail address: bryan.arrant@chk.com

PHONE: (405)935-3782

For State Use Only

APPROVED BY:

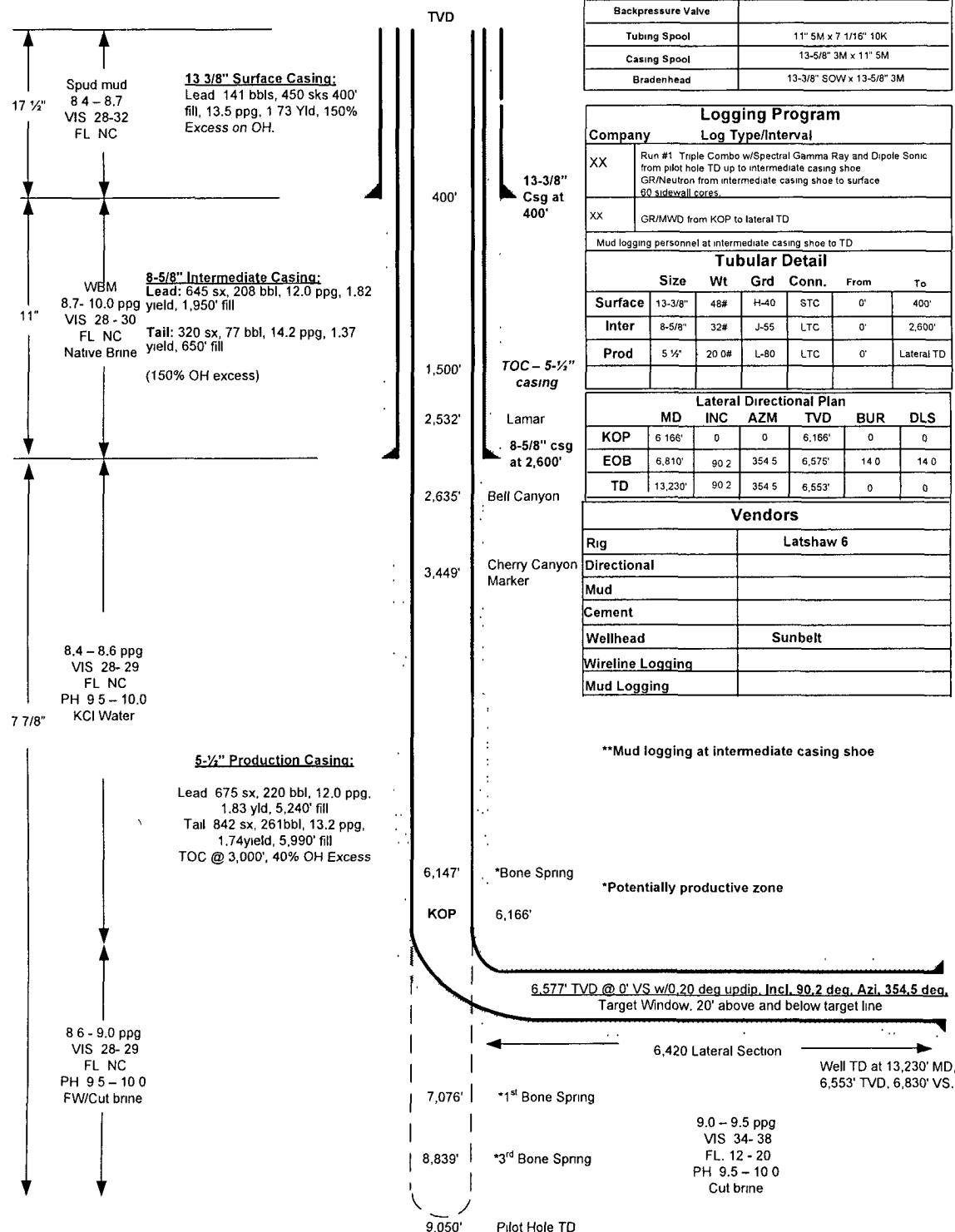
David Gray

TITLE Field Supervisor

DATE 7-23-10

Conditions of Approval (if any):

Well : Skeen 34 State Com 1H
Field : Delaware Basin North
County : Eddy State : NM
Surf Locat : Section 34-26S-28E, 315' FSL & 1,670' FEL Lat: 32.00086889 Long: -103.0721928 (NAD83)
BH Locat : Section 27-26S-28E, 330' FNL & 2,270' FWL Lat: 32.01969007 Long: -104.0742623 (NAD83)
KB Elev : 3,072' [Latshaw 6] Grd Elev : 3,052' [Plat]



Wellhead Equipment

| | |
|--------------------|--------------------------|
| Tree Connection | |
| Backpressure Valve | |
| Tubing Spool | 11" 5M x 7 1/16" 10K |
| Casing Spool | 13-5/8" 3M x 11" 5M |
| Bradenhead | 13-3/8" SOW x 13-5/8" 3M |

Logging Program

| Company | Log Type/Interval |
|---|--|
| XX | Run #1 Triple Combo w/Spectral Gamma Ray and Dipole Sonic from pilot hole TD up to intermediate casing shoe GR/Neutron from intermediate casing shoe to surface 60 sidewall cores. |
| XX | GR/MWD from KOP to lateral TD |
| Mud logging personnel at intermediate casing shoe to TD | |

Tubular Detail

| | Size | Wt | Grd | Conn. | From | To |
|---------|---------|-------|------|-------|------|------------|
| Surface | 13-3/8" | 48# | H-40 | STC | 0' | 400' |
| Inter | 8-5/8" | 32# | J-55 | LTC | 0' | 2,600' |
| Prod | 5 1/2" | 20.0# | L-80 | LTC | 0' | Lateral TD |

Lateral Directional Plan

| | MD | INC | AZM | TVD | BUR | DLS |
|-----|---------|------|-------|--------|------|------|
| KOP | 6,166' | 0 | 0 | 6,166' | 0 | 0 |
| EOB | 6,810' | 90.2 | 354.5 | 6,575' | 14.0 | 14.0 |
| TD | 13,230' | 90.2 | 354.5 | 6,553' | 0 | 0 |

Vendors

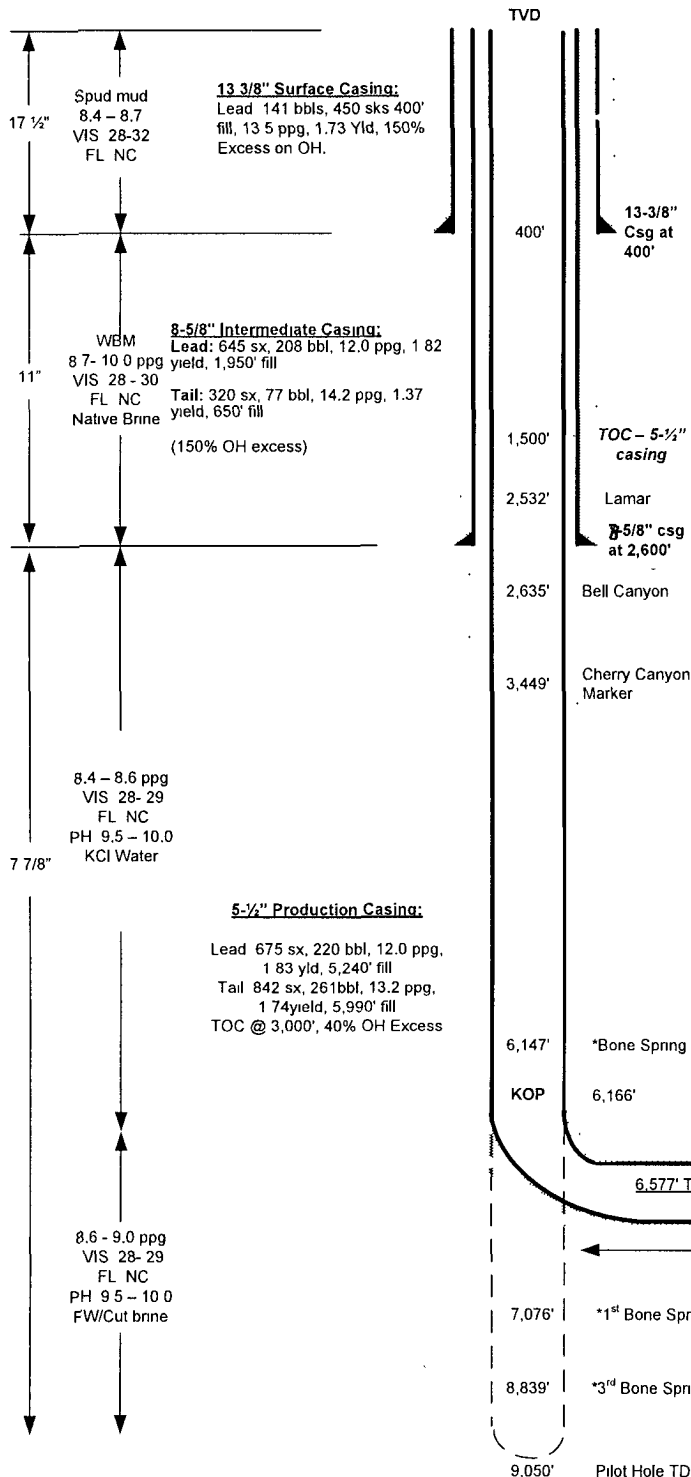
| | |
|------------------|-----------|
| Rig | Latshaw 6 |
| Directional | |
| Mud | |
| Cement | |
| Wellhead | Sunbelt |
| Wireline Logging | |
| Mud Logging | |

**Mud logging at intermediate casing shoe

Directional Planning: Drill to pilot hole TD at 9,050'. Log and plug back Set Whipstock at 6,166' KOP. Kick off and build at 14.0°/100' along 354.5° azimuth to 90.2° inc at 6,811' MD/6,576' TVD Drill lateral to well TD at 13,230' MD/6,553' TVD, 6,830' VS.

| | | | | | | |
|----------|-----------------|--------|-------------|-------------------|-------------------------|-----------------|
| Drawn by | Date | AFE No | Property No | Drilling Engineer | Drilling Superintendent | Geologist |
| YA | Rev #3 07/07/10 | 152924 | 632177 | Yemi Ajayi | Cecil Luttrull | Chima Nzewunwah |

Well : Skeen 34 State Com 1H
Field : Delaware Basin North
County : Eddy **State** : NM
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| EOB | 6,810' | 90.2 | 354.5 | 6,575' | 14.0 | 14.0 |
| TD | 13,230' | 90.2 | 354.5 | 6,553' | 0 | 0 |

Vendors

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| Directional | |
| Mud | |
| Cement | |
| Wellhead | Sunbelt |
| Wireline Logging | |
| Mud Logging | |

**Mud logging at intermediate casing shoe

6,577' TVD @ 0° VS w/0.20 deg updip, Incl. 90.2 deg, Azi. 354.5 deg.
Target Window 20' above and below target line

6,420 Lateral Section

Well TD at 13,230' MD,
6,553' TVD, 6,830' VS.

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| YA | Rev #3 07/07/10 | 152924 | 632177 | Yemi Ajolaiya | Cecil Luttrull | Chima Nzewunwah |