

30-015-39018

ONSHORE ORDER NO. 1
Chesapeake Agent for BOPCO
PLU Big Sinks 25 Federal 1H
SL: 100' FSL & 2240' FEL
BL: 350' FNL & 2240' FEL
Section 25-24S-30E
Eddy County, NM

CONFIDENTIAL – TIGHT HOLE
SURFACE USE PLAN

SL: Lease No. NMNM 157779
BL: Lease No. NMLC 61705B

Page 1

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

RECEIVED

APR 25 2011

NMOCD ARTESIA

1. EXISTING ROADS/LEASE ROADS

- a. The proposed lease road 292.8' 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-4.

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 junction of McDonald and Twin Wells, go Southwest 1.3 miles to lease road, on lease road go South 0.5 miles to lease road, on lease road go west to PLU 111 pad and proposed lease road.

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

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. At a later date we will add production for the well located in Sec 30, T24S, R31E. 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

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Water will be obtained from a private water source. Chesapeake Operating, Inc. will ensure all proper notifications and filings are made with the state.

5. CONSTRUCTION MATERIALS

No construction materials will be used from Section 25-24S-30E. 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.

7. ANCILLARY FACILITIES

None

8. WELLSITE LAYOUT

The proposed site layout plat is attached showing the Patterson Rig #62 orientation and equipment location. See Exhibit D.

9. PLANS FOR RECLAMATION OF THE SURFACE

Interim reclamation will be delayed to allow another well to be drilled on the proposed well pad, alternate well location unknown at this time.

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.

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.

11. SURFACE & BHLOC MINERAL OWNERSHIP

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United States of America
Department of Interior
Bureau of Land Management

GRAZING LESSEE

Richardson Cattle Co.
P.O. Box 487
Carlsbad, NM 88220
575-885-6175

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

12. ADDITIONAL INFORMATION

A Class III cultural resource inventory report was prepared by Boone Archaeological Services, Carlsbad, New Mexico for the proposed location. A copy of the report has been sent to the BLM office under separate cover and is also attached for reference.

13. CHESAPEAKE REPRESENTATIVES

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Drilling and Completion Operations

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CONFIDENTIAL - TIGHT HOLE
OPERATOR CERTIFICATION

SL: Lease No. NMNM 157779
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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 7th day of March, 2011

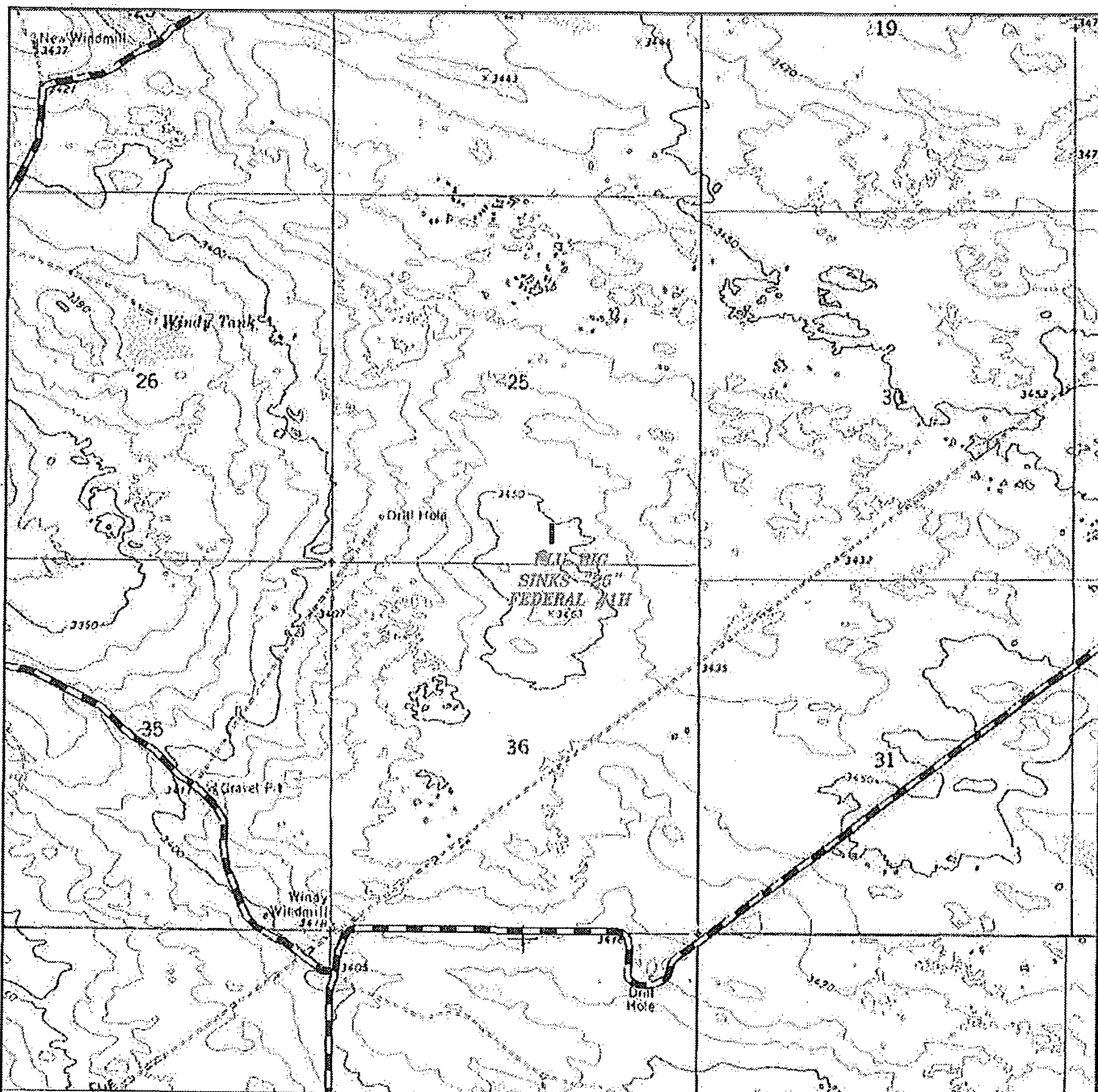
Name: 

Robert Bud Cravey - Field Superintendent

Address: 2010 Rankin Highway, Midland, TX 79701

Telephone: 432-238-7293

E-mail: bud.cravey@chk.com



PLU BIG SINKS "25" FEDERAL #1H
 Located 100' FSL and 2240' FEL
 Section 25, Township 24 South, Range 30 East,
 N.M.P.M., Eddy County, New Mexico.

basin
surveys
 focused on excellence
 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 -- Office
 (575) 392-2206 -- Fax
 basin-surveys.com

W.O. Number: JMS. 24049

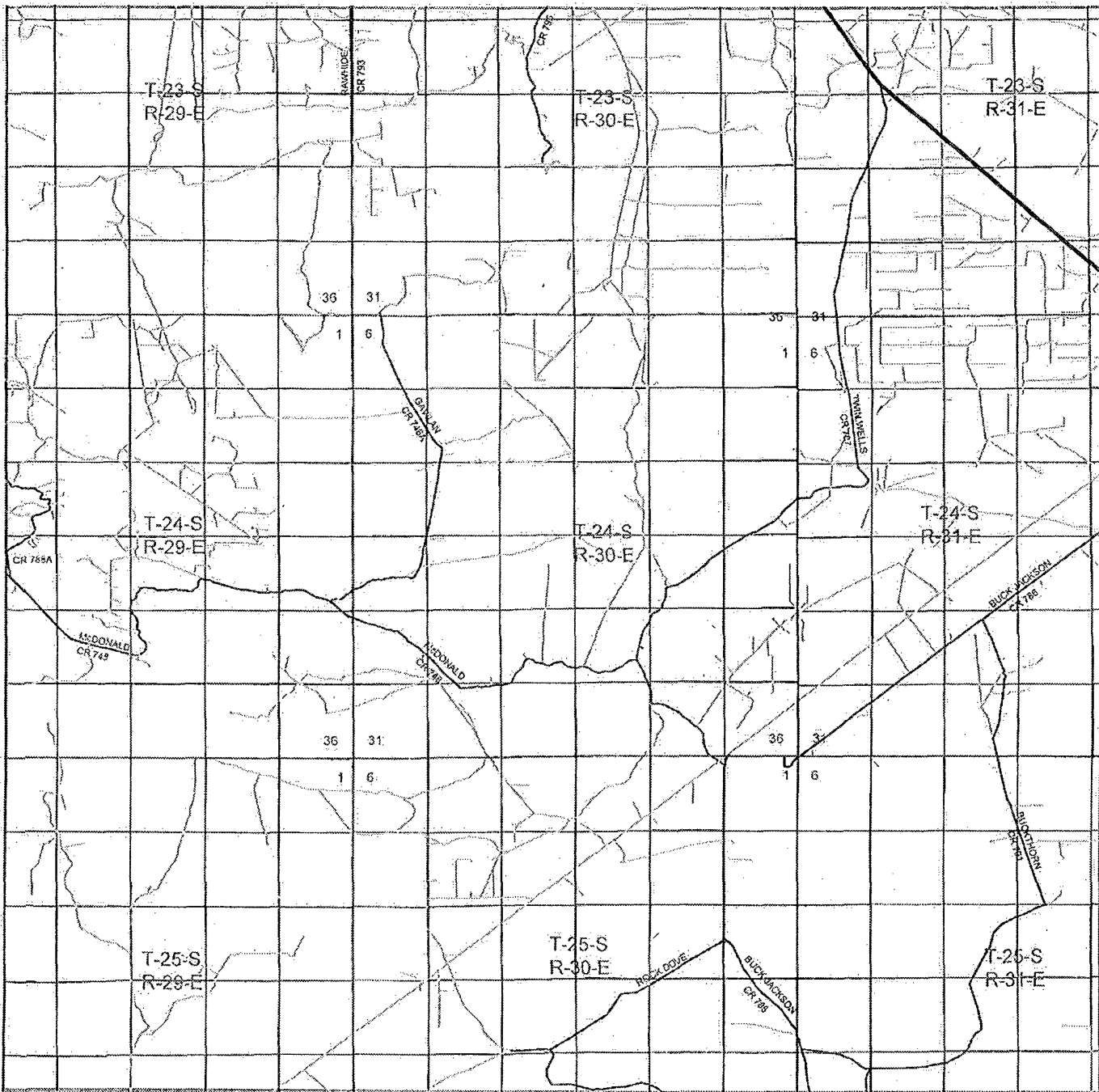
Survey Date: 01-25-2011

Scale: 1" = 2000'

Date: 02-08-2011

CHESAPEAKE
OPERATING CO.

EXHIBIT A-3



PLU BIG SINKS "25" FEDERAL #1H
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W.O. Number: JMS 24049

Survey Date: 01-25-2011

Scale: 1" = 2 Miles

Date: 02-08-2011

CHESAPEAKE
OPERATING CO.

EXHIBIT A-4

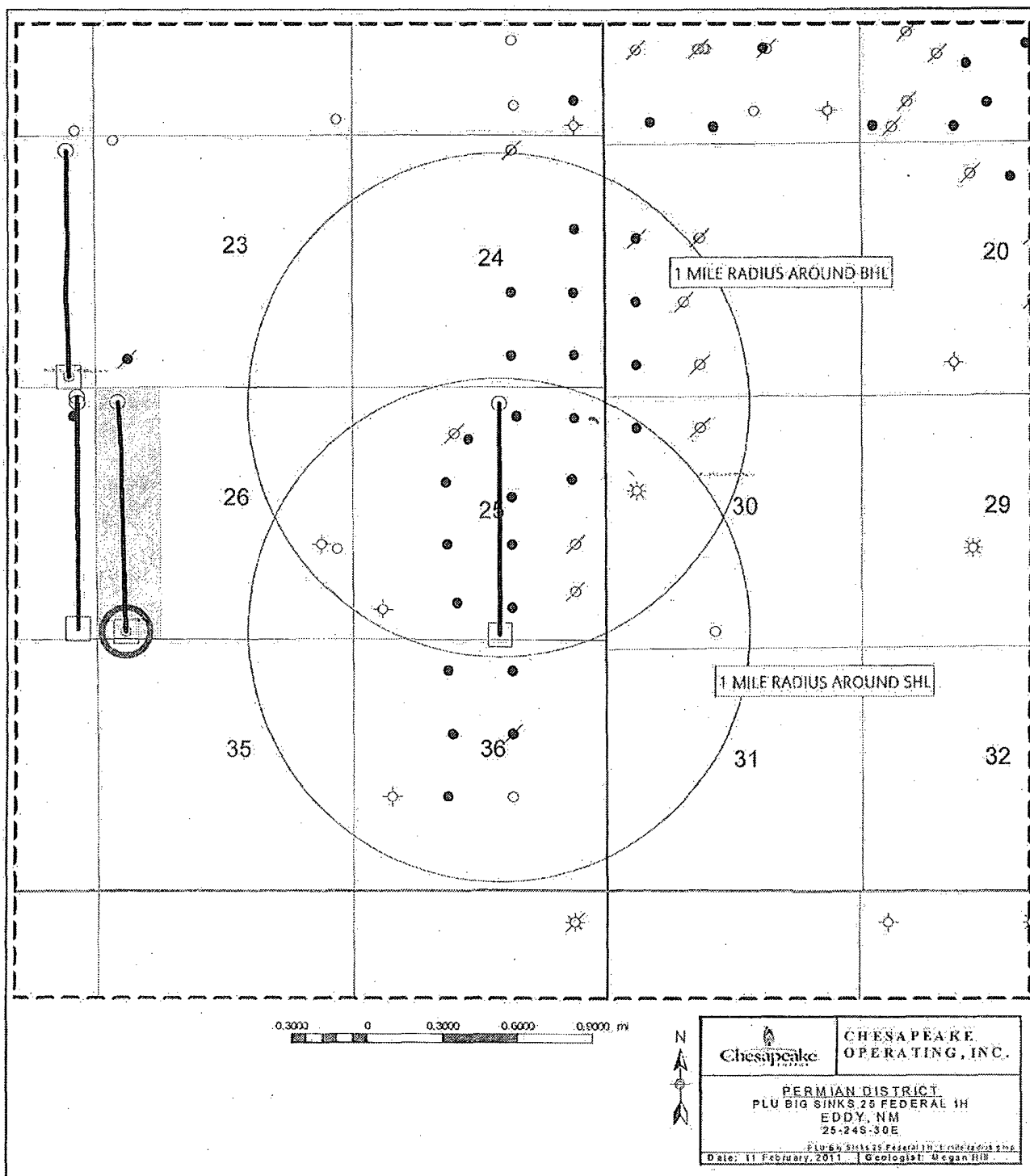
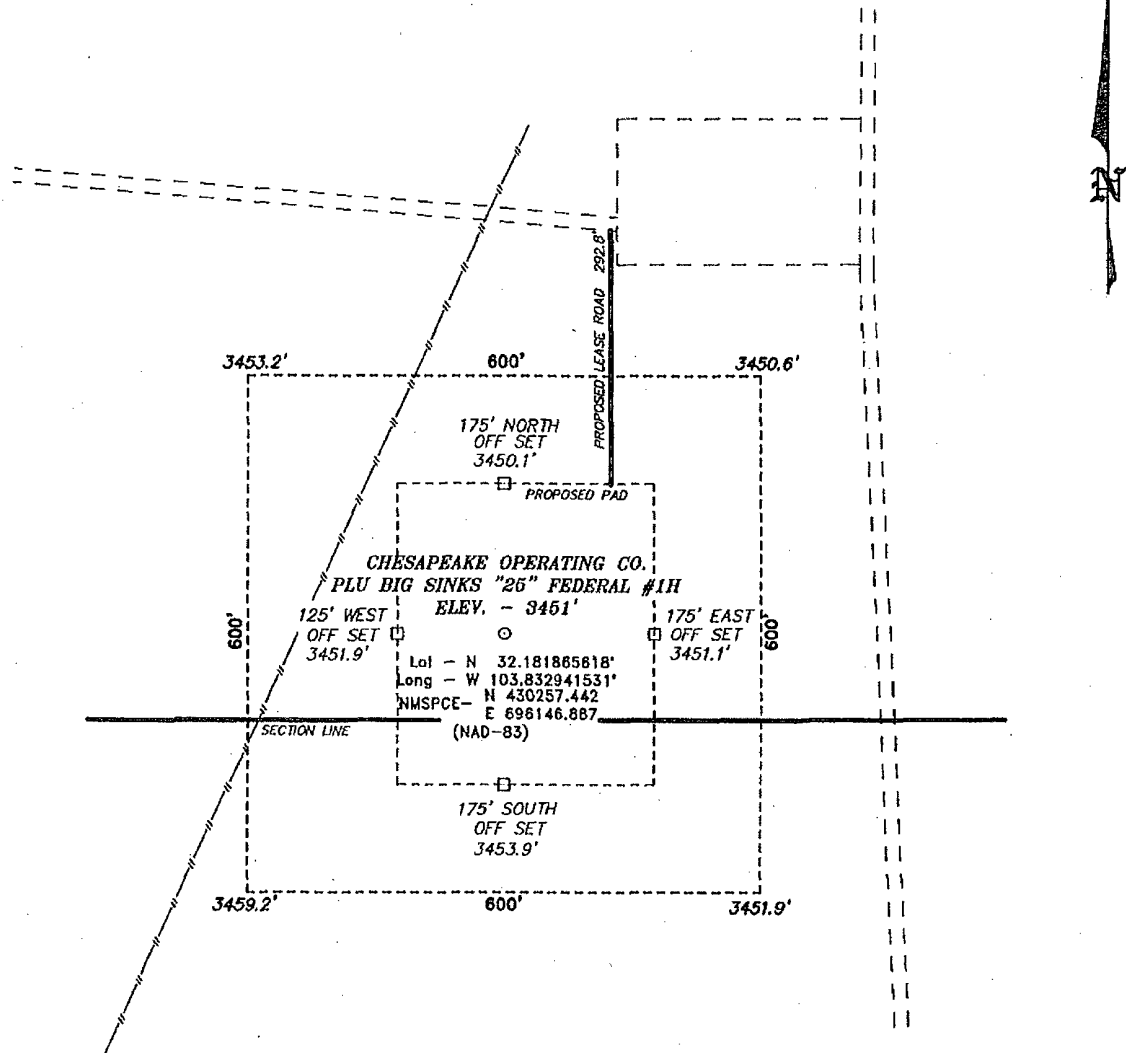


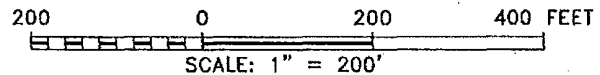
EXHIBIT B

SECTION 25, TOWNSHIP 24 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF McDONALD AND TWIN
WELLS, GO SOUTHWEST 1.3 MILES TO LEASE ROAD,
ON LEASE ROAD GO SOUTH 0.5 MILES TO LEASE
ROAD, ON LEASE ROAD GO WEST TO PLU 111 PAD
AND PROPOSED LEASE ROAD.



CHESAPEAKE OPERATING CO.

REF: PLU BIG SINKS "25" FEDERAL #1H / WELL PAD TOPO

THE PLU BIG SINKS "25" FEDERAL #1H LOCATED 100'
FROM THE SOUTH LINE AND 2240' FROM THE EAST LINE OF
SECTION 25, TOWNSHIP 24 SOUTH, RANGE 30 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 24049 Drawn By: J. SMALL

Date: 02-08-2011 Disk: JMS 24049

Survey Date: 01-25-2011 Sheet 1 of 1 Sheets

EXHIBIT A-2



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Scale: 1" = 2000'

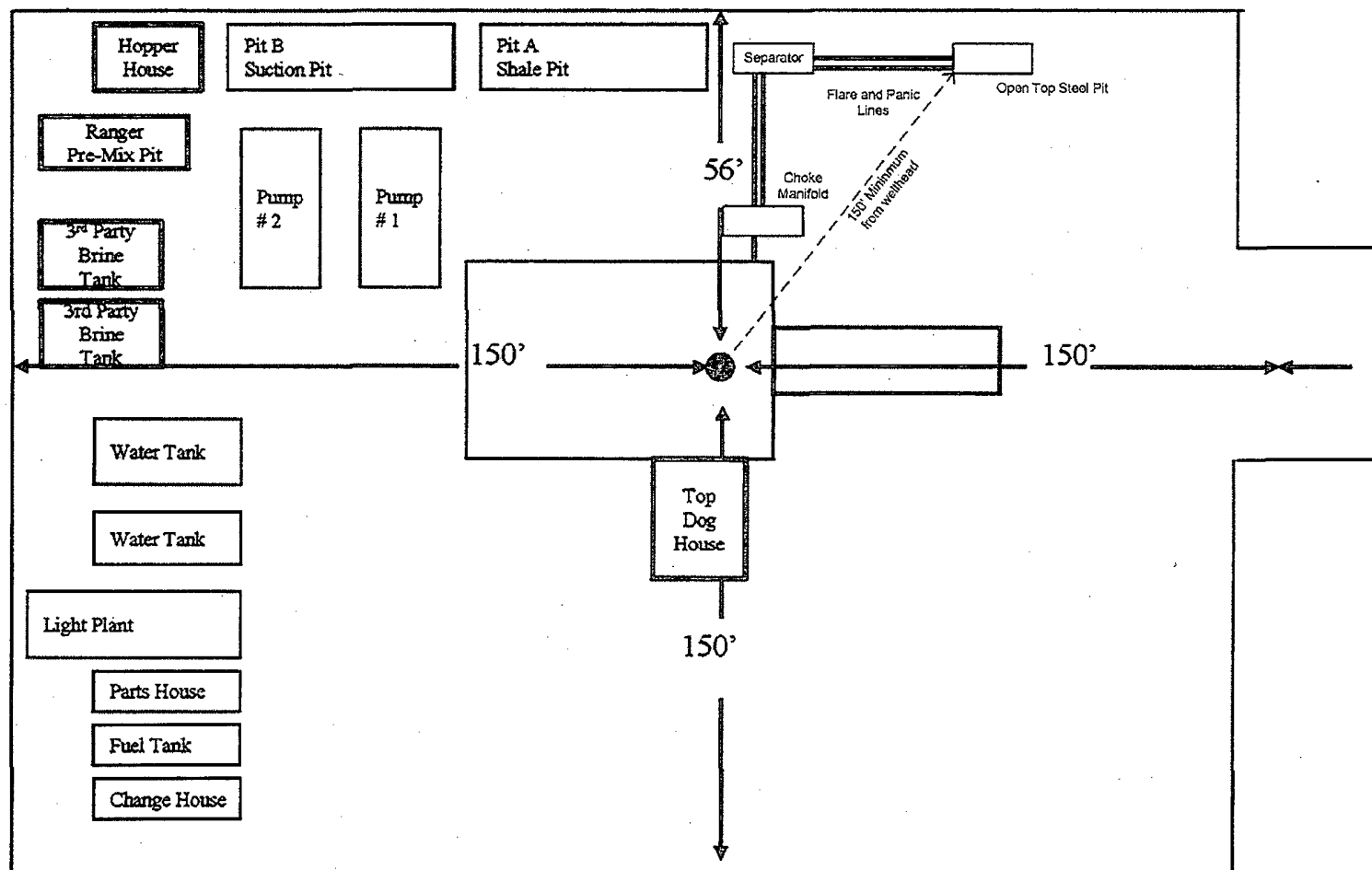
YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND

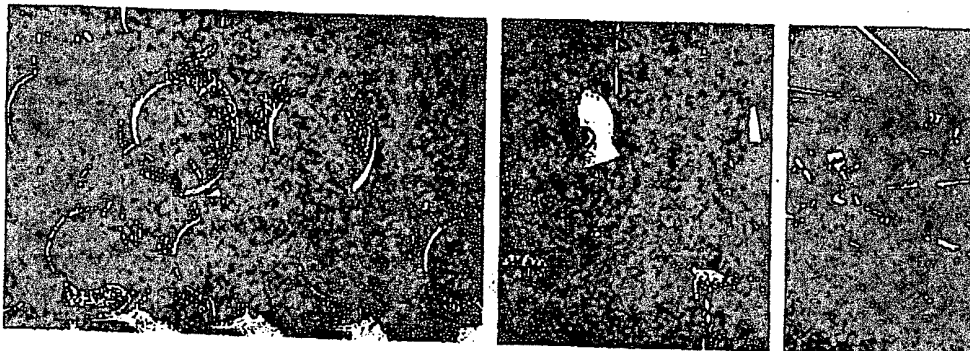
CHESAPEAKE
OPERATING CO.

EXHIBIT A-5

RIG 62

EXHIBIT D-1





RIG #62

DRAWWORKS

Skytop Brewster N-75-M (1000HP)
1 1/4" drill line, Parmac 342 auxiliary brake

POWER

(2) Caterpillar 379 engines (550HP each)

LIGHT PLANTS

(2) Caterpillar C-15 engines w/ 320 KW generators

MAST

Ideal 137' w/ 622,000# capacity on 10 lines

SUBSTRUCTURE

Ideal 15' box on box
KB 17" Rotary beam clearance 12' 3"

BLOCK HOOK

McKissick (300 Ton) combo

PUMPS

(2) National 10-P-130 (1300HP each) triplex pumps
Each independently powered by (1) Caterpillar 3512 engine

MUD PITS

(2) tank system - 980 bbl capacity w/ 100 bbl slug pit

SOLIDS EQUIPMENT

Derrick FLC-503 Dual Shaker
Derrick 3-cone desander
Derrick 20-cone desilter
Atmospheric degasser
(5) mud agitators

BOP'S

13 5/8" X 5,000 psi Hydril annular
13 5/8" X 5,000 psi Shaffer double

ACCUMULATOR

Koomey S-Station, 110 gallon accumulator

CHOKE MANIFOLD

5,000 psi choke manifold

SWIVEL

Continental Emsco (400 Ton)

ROTARY TABLE

National (27 1/2")

DRILL PIPE

4 1/2" drill pipe

DRILL COLLARS

8" and 6 1/2" drill collars
*quantity subject to availability

AUXILIARY EQUIPMENT

Pason EDR (base system)
Fuel Tank - 10,000 gallon capacity
Water Tank - (2) 500 barrel capacity each
Rig Manager Quarters
NOV ST-80 Ton Roughneck
Satellite Automatic driller
Mathey survey unit

Revised 10.01.09



**PATTERSON-UTI
DRILLING COMPANY**

EXHIBIT

D-2

CHESAPEAKE OPERATING, INC.



PLU Big Sinks 25 Federal #1H
NW NE Section 25 - T24S - R30E
100 FSL & 2240 FEL
Lat.: 32.181693 - Long.: -103.83242
Eddy County, New Mexico

Future Production PLU Ross Ranch 30 Federal #1H

