

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address CHESAPEAKE OPERATING, INC. P. O. BOX 18496 OKLAHOMA CITY, OK 731540496		2. OGRID Number 147179
		3. API Number 30-015-34750
4. Property Code 35531	5. Property Name IMC 21	6. Well No. 001

7. Surface Location

UL - Lot A	Section 21	Township 23S	Range 29E	Lot Idn A	Feet From 330	N/S Line N	Feet From 660	E/W Line E	County EDDY
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8. Pool Information

HARROUN RANCH, DELAWARE, NE	96878
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type Private	13. Ground Level Elevation 2957
14. Multiple N	15. Proposed Depth 7000	16. Formation Delaware	17. Contractor	18. Spud Date 4/15/2006
Depth to Ground water 150		Distance from nearest fresh water well 1000		Distance to nearest surface water 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ miles thick Clay <input type="checkbox"/> Pit Volume: 12129 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input checked="" type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	300	460	0
Int1	11	8.625	32	2940	680	0
Prod	7.875	5.5	17	7000	530	2500

Casing/Cement Program: Additional Comments

In 17 1/2" hole run 13 3/8", 48# H-40 STC Surf. csg. set @ 340'. Cmt'd w/120 sx Cl. C Tail in w/340 sx Cl. C. In 11" hole run 8 5/8" 32# J55 STC Inter. csg. Cmt'd w/480 sx Cl. C Tail w/200 sx Cl. C. In 7 7/8" hole run 5 1/2" 17# J-55 LTC csg. cmt'd w/290 sx Cl. H + tail w/240 sx Cl. H.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	3000	3000	
Double Ram	3000	3000	

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCB guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCB-approved plan <input type="checkbox"/>. Printed Name: Electronically filed by Brenda Coffman Title: Regulatory Analyst Email Address: bcoffman@chkenergy.com Date: 3/21/2006 Phone: 432-685-4310	OIL CONSERVATION DIVISION	
	Approved By: Bryan Arrant	
	Title: Geologist	
	Approved Date: 3/30/2006	Expiration Date: 3/30/2007
	Conditions of Approval Attached	

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

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

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

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Form C-102
 Permit 25900

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-34750	2. Pool Code 96878	3. Pool Name HARROUN RANCH;DELAWARE, NE
4. Property Code 35531	5. Property Name IMC 21	6. Well No. 001
7. OGRID No. 147179	8. Operator Name CHESAPEAKE OPERATING, INC.	9. Elevation 2957


10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
A	21	23S	29E		330	N	660	E	EDDY

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00		13. Joint or Infill		14. Consolidation Code			15. Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Brenda Coffman
 Title: Regulatory Analyst
 Date: 3/21/2006

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Surveyed By: Gary Eidson
 Date of Survey: 3/8/2006
 Certificate Number: 12641

Permit Conditions of Approval

Operator: CHESAPEAKE OPERATING, INC. , 147179

Well: IMC 21 #001

API: 30-015-34750

OCD Reviewer	Condition
BArrant	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
BArrant	Operator to follow rules and regulations of R-111-P.
BArrant	Cement to cover all oil, gas and water bearing zones.
BArrant	Please notify OCD time of spud and time to witness the cementing of casing strings to be circulated to surface.
BArrant	Operator to submit h2s contingency plan per the rules and regulations of NMOC Rule 118. Or a letter of statement providing area does not meet the requirements of rule.
BArrant	Waiver required from potash lease holder.