

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 30-025-38216
4. Property Code 36092	5. Property Name KELLER 11 STATE	6. Well No. 001Y

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	11	23S	34E	E	1880	N	330	W	LEA

8. Pool Information

ANTELOPE RIDGE, BONE SPRING, NORTH	2205
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3368
14. Multiple N	15. Proposed Depth 8800	16. Formation Bone Spring	17. Contractor	18. Spud Date 12/18/2006
Depth to Ground water 100		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ mils thick Clay <input type="checkbox"/> Pit Volume: 12129 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input 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	54.5	1500	1300	0
Int1	11	8.625	32	5200	1130	0
Prod	7.875	5.5	17	8800	630	4000

Casing/Cement Program: Additional Comments

13.375" casing set @ 1500' cemented w/1000 sx of lead Class C w/2% CaCl & 4% gel; tail w/300 sx C w/2% CaCl 8.625" csg. cmt'd w/1130 sx 1000 sx 50:50 Poz C + 10% gel + 5% NaCl 0.25 pps Cello Flake 2.45 yield, Tail w/130 sx Cl C + 1% CaCl2 1.34 yield. 5 1/2" csg. Stg. 1 380 sx 15:61:11 Poz C:CSE 1.57 yield, Stage 2 Lead 115 sx 50:50 Poz H2.30 yield, Tail 135 sx 15:61:11 Poz C:CSE 1.57 yield.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	5000	
Double Ram	5000	5000	

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 NMOCD guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/>.	OIL CONSERVATION DIVISION
Printed Name: Electronically filed by Brenda Coffman	Approved By: Chris Williams
Title: Regulatory Analyst	Title: District Supervisor
Email Address: bcoffman@chkenergy.com	Approved Date: 12/20/2006 Expiration Date: 12/20/2007
Date: 12/18/2006 Phone: 432-685-4310	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 43521

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-38216	2. Pool Code 2205	3. Pool Name ANTELOPE RIDGE,BONE SPRING, NORTH
4. Property Code 36092	5. Property Name KELLER 11 STATE	6. Well No. 001Y
7. OGRID No. 147179	8. Operator Name CHESAPEAKE OPERATING, INC.	9. Elevation 3368

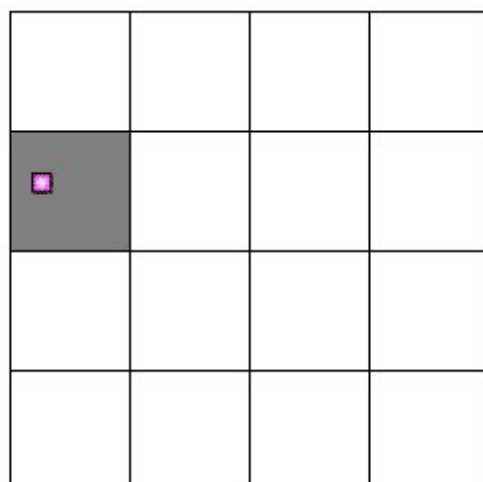
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
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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: 12/18/2006

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: 12/15/2006
 Certificate Number: 12641

Permit Comments

Operator: CHESAPEAKE OPERATING, INC. , 147179

Well: KELLER 11 STATE #001Y

API: 30-025-38216

Created By	Comment	Comment Date
BSCOFFMAN	Lost hole on well #1 which will be plugged and abandoned on 12/16 or 17/2006.	12/15/2006
BSCOFFMAN	Keller 11 State #1 has been plugged and abandoned, paperwork following. We are skidding rig 100' North and will spud Tues.	12/18/2006

Permit Conditions of Approval

Operator: CHESAPEAKE OPERATING, INC. , 147179

Well: KELLER 11 STATE #001Y

API: 30-025-38216

OCD Reviewer	Condition
DMULL	Pit construction and closure must satisfy all requirements of your approved plan, D.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines