

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
4. Property Code 36813		3. API Number 30-025-38906
5. Property Name LOST TANK 16 STATE		6. Well No. 001

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	16	21S	32E	M	330	S	330	W	LEA

8. Pool Information

LOST TANK,DELAWARE	40299
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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 3652
14. Multiple N	15. Proposed Depth	16. Formation Bone Spring	17. Contractor	18. Spud Date 6/11/2007
Depth to Ground water 165		Distance from nearest fresh water well		Distance to nearest surface water

Pit: Liner: Synthetic ☐ miles thick Clay ☐ Pit Volume: bbls Drilling Method:
 Closed Loop System ☒ Fresh Water ☐ Brine ☐ Diesel/Oil-based ☐ Gas/Air ☐

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	1250	1000	0
Int1	12.25	8.625	32	4500	2000	0
Prod	7.875	5.5	17	8700	720	4100

Casing/Cement Program: Additional Comments

13 3/8 48# H-40 ST&C surf csg set @ 1250, cmt w/600 sx light prem plus, tail in w/400 sx prem plus, 2.03 yld. 8 5/8 32# j-55 LT&C inter csg set @ 4500, cmt w/1200 sx interfill c, tail in w/250 sx prem plus, 2.45 yld. 5 1/2 17# N-80 or L-80 LTC prod csg set @ 8700, cmt 1st stage w/180 sx interfill c, tail in w/100 sx prem c, 2nd stage w/400 sx super h lw, 2.45 yld.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	2000	2000	
DoubleRam	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 NMOCB guidelines <input type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCB-approved plan <input type="checkbox"/> .	OIL CONSERVATION DIVISION	
Printed Name: Electronically filed by Brenda Coffman	Approved By: Paul Kautz	
Title: Sr. Regulatory Comp. Spec.	Title: Geologist	
Email Address: bcoffman@chkenergy.com	Approved Date: 5/14/2008	Expiration Date: 5/14/2010
Date: 5/5/2008	Phone: 817-556-5825	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

State of New Mexico
Energy, Minerals and Natural Resources
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Santa Fe, NM 87505

Form C-102
 Permit 63482

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-38906	2. Pool Code 40299	3. Pool Name LOST TANK;DELAWARE
4. Property Code 36813	5. Property Name LOST TANK 16 STATE	6. Well No. 001
7. OGRID No. 147179	8. Operator Name CHESAPEAKE OPERATING, INC.	9. Elevation 3652

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>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.</i>
				E-Signed By: Brenda Coffman Title: Sr. RegulatoryComp. Spec. Date: 5/5/2008
				SURVEYOR CERTIFICATION
				<i>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.</i>
				Surveyed By: Ronald Eidson Date of Survey: 8/9/2007 Certificate Number: 3239

Permit Comments

Operator: CHESAPEAKE OPERATING, INC. , 147179

Well: LOST TANK 16 STATE #001

API: 30-025-38906

Created By	Comment	Comment Date
pkautz	See conditions of aproval	10/30/2007
DMULL	Well location inside the POTASH AREA. See conditions of approval.	11/1/2007
DMULL	Well location is in the LMR, per response from the Bureau of Land Management and the State Land Office. At this time the OCD has to reject this intent to drill per R-111-P.	11/16/2007
busterarrant	Please see letter of waiver from Intrepid Potash. E-Mailed to OCD on/5/05/2008,(Case # 14100 & 14101). Intrepid to resubmit & amend waiver correcting verbage.	5/5/2008

Permit Conditions of Approval

Operator: CHESAPEAKE OPERATING, INC. , 147179

Well: LOST TANK 16 STATE #001

API: 30-025-38906

OCD Reviewer	Condition
pkautz	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
pkautz	Must bring cement on int & Prod 100 above surface & int casing shoe
DMULL	Well location in the POTASH AREA. Requires response from the Bureau of Land Management and the State Land office. Notice letter advising them of this APD sent by OCD Hobbs office.
DMULL	Well location in the POTASH AREA. Requires operator to send plat of the area showing the potash lessees for the area where the well is located as well as the 1 mile radius.
DMULL	Well location in the POTASH AREA. Requires operator to notify all of the potash lessees by certified mail of the APD and send copy of delivery notice to the OCD Hobbs office.
DMULL	Well Location in the Potash Area. Requires response from the BLM and the SLO. Notice sent to both the BLM & SLO.
pkautz	Cement must be circulated on Intermediate casing Cement on production string must be tied back on intermediate by 400 feet.