

**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 30-025-38907
4. Property Code 36813	5. Property Name LOST TANK 16 STATE	6. Well No. 004

**7. Surface Location**

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

**8. Pool Information**

LOST TANK,DELAWARE	40299
--------------------	-------

**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 8700	16. Formation Bone Spring	17. Contractor	18. Spud Date 7/11/2008
Depth to Ground water 165		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: 12128 _____ 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	48	1250	1000	0
Int1	12.25	8.625	32	4500	2000	0
Prod	7.875	5.5	17	8700	680	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. <b>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"/>.</b> Printed Name: Electronically filed by Brenda Coffman Title: Sr. Regulatory Comp. Spec. Email Address: bcoffman@chkenergy.com Date: 5/5/2008   Phone: 817-556-5825	<b>OIL CONSERVATION DIVISION</b>	
	Approved By: Paul Kautz	
	Title: Geologist	
	Approved Date: 5/14/2008	Expiration Date: 5/14/2010
	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**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form C-102  
 Permit 63508

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-025-38907	2. Pool Code 40299	3. Pool Name LOST TANK;DELAWARE
4. Property Code 36813	5. Property Name LOST TANK 16 STATE	6. Well No. 004
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
D	16	21S	32E		330	N	330	W	LEA

**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: Sr. RegulatoryComp. Spec.  
 Date: 5/5/2008

**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: Ronald Eidson  
 Date of Survey: 8/9/2007  
 Certificate Number: 3239

## Permit Comments

Operator: CHESAPEAKE OPERATING, INC. , 147179

Well: LOST TANK 16 STATE #004

API: 30-025-38907

Created By	Comment	Comment Date
pkautz	see conditions of approval	10/30/2007
DMULL	Well location in the Potash area, see conditions of approval.	11/1/2007
DMULL	Well location is in the Portash area. Both the State Land office and the Bureau of Land Management responded that this location is in the LMR. At this time the Oil Conservation Division must reject this intent to drill.	11/26/2007
busterrant	Please see letter of waiver from Intrepid Potash. E-mailed to OCD on 5/5/2008.(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 #004

API: 30-025-38907

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	cement on interm. and prod. casings must be brought above the surface and interm casing shoe
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 Bureau of Land Management and the State Land office. Notice letter advising them of this APD sent by OCD Hobbs office.
DMULL	Well location is in the Potash area. Both the State Land Office and the Bureau of Land Management resoins indicate the well location is in the LMR. At this time the Oil Conservation has to reject this intent to drill.
DMULL	Well Location in the Potash Area. Requires response from the BLM & SLO. Sent notice to the BLM & SLO today.
pkautz	Cement on intermediate must circulate. Cement on production must tie back 400 feet aboe intermediate shoe. Must run CBL log.