

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 37594		3. API Number 30-015-36998
5. Property Name PLU PIERCE CANYON 5 STATE		6. Well No. 001H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
P	5	25S	30E	P	350	S	350	E	EDDY

8. Pool Information

PIERCE CROSSING, BONE SPRING, EAST	96473
------------------------------------	-------

Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3243
14. Multiple N	15. Proposed Depth 13590	16. Formation Bone Spring	17. Contractor	18. Spud Date
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> mils thick Clay <input type="checkbox"/> Pit Volume: 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	700	600	0
Int1	12.25	9.625	40	3700	1075	0
Prod	8.75	5.5	20	13590	1900	3200

Casing/Cement Program: Additional Comments

NMOCD's form C-102, C-144(CLEZ)pit permit, directional survey planning report, drilling program, BOP Schematics and other information has been sent UPS. H2S is not probable in this area to meet NMOCD's requirements to submit such a plan. However, the monitoring of H2S and readiness will be utilized in the drilling of this well.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	3000	2000	
Blind	5000	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 NMOCD guidelines <input type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/>. Printed Name: Electronically filed by Brenda Coffman Title: Sr. RegulatoryComp. Spec. Email Address: bcoffman@chkenergy.com Date: 2/16/2009 Phone: 817-556-5825	<div style="text-align: center; border-bottom: 1px solid black; padding-bottom: 5px;">OIL CONSERVATION DIVISION</div> Approved By: Jacqueta Reeves Title: District Geologist Approved Date: 3/10/2009 Expiration Date: 3/10/2011 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 89607

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-36998	2. Pool Code 96473	3. Pool Name PIERCE CROSSING; BONE SPRING, EAST
4. Property Code 37594	5. Property Name PLU PIERCE CANYON 5 STATE	6. Well No. 001H
7. OGRID No. 147179	8. Operator Name CHESAPEAKE OPERATING, INC.	9. Elevation 3243

10. Surface Location

UL - Lot P	Section 5	Township 25S	Range 30E	Lot Idn	Feet From 350	N/S Line S	Feet From 350	E/W Line E	County EDDY
---------------	--------------	-----------------	--------------	---------	------------------	---------------	------------------	---------------	----------------

11. Bottom Hole Location If Different From Surface

UL - Lot A	Section 5	Township 25S	Range 30E	Lot Idn 1	Feet From 350	N/S Line N	Feet From 350	E/W Line E	County EDDY
12. Dedicated Acres 159.84		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: 2/16/2009	
	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: Gary Jones Date of Survey: 12/16/2008 Certificate Number: 7977		

Permit Comments

Operator: CHESAPEAKE OPERATING, INC. , 147179

Well: PLU PIERCE CANYON 5 STATE #001H

API: 30-015-36998

Created By	Comment	Comment Date
JVREEVES	Out of compliance with Rule 40	2/18/2009

Permit Conditions of Approval

Operator: CHESAPEAKE OPERATING, INC. , 147179

Well: PLU PIERCE CANYON 5 STATE #001H

API: 30-015-36998

OCD Reviewer	Condition
JVREEVES	Will Hold C-104 pending compliance with Rule 19.15.5.9 (Inactive Wells)