

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 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-101
August 1, 2011
Permit 147871

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 73154 | | 2. OGRID Number 147179 |
| | | 3. API Number 30-025-40551 |
| 4. Property Code 39190 | 5. Property Name MCCLOY RANCH 2 24 32 STATE COM | 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 |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| N | 2 | 24S | 32E | N | 100 | S | 1980 | W | LEA |

8. Pool Information

| | |
|-------------------------|-------|
| TRISTE DRAW;BONE SPRING | 96603 |
|-------------------------|-------|

Additional Well Information

| | | | | |
|--------------------------|-----------------------------|--|-------------------------|------------------------------------|
| 9. Work Type New Well | 10. Well Type OIL | 11. Cable/Rotary | 12. Lease Type State | 13. Ground Level Elevation 3616 |
| 14. Multiple N | 15. Proposed Depth 14444 | 16. Formation Bone Spring | 17. Contractor | 18. Spud Date |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

19. Proposed Casing and Cement Program

| Type | Hole Size | Casing Type | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 13.375 | 11 | 48 | 1425 | 1693 | 0 |
| Int1 | 8.625 | 7.875 | 32 | 4925 | 1775 | 0 |
| Prod | 7.875 | 5.5 | 17 | 14444 | 1920 | 4425 |

Casing/Cement Program: Additional Comments

NMOCD's forms C-102, C-144(CLEZ) pit permit, and directional planning report will be submitted seperately. There are no known high levels of H2S in this area. However, monitoring of H2S and well readiness will be utilized in the drilling of this well. Requires NSL. Application for NSL will be filed with Santa Fe and copied with the Hobbs OCD District office. Applicaton is for "drill only"

Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|-----------|------------------|---------------|--------------|
| Annular | 5000 | 3500 | Hydrill |
| DoubleRam | 5000 | 5000 | Shaffer |

| | | |
|---|----------------------------------|----------------------------|
| 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 Bryan Arrant Title: Regulatory Specialist II Email Address: bryan.arrant@chk.com Date: 4/26/2012 | OIL CONSERVATION DIVISION | |
| | Approved By: Paul Kautz | |
| | Title: Geologist | |
| | Approved Date: 4/27/2012 | Expiration Date: 4/27/2014 |
| | Conditions of Approval Attached | |

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

Form C-102
August 1, 2011
Permit 147871

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|--|---|
| 1. API Number 30-025-40551 | 2. Pool Code 96603 | 3. Pool Name TRISTE DRAW;BONE SPRING |
| 4. Property Code 39190 | 5. Property Name MCCLOY RANCH 2 24 32 STATE COM | 6. Well No. 001H |
| 7. OGRID No. 147179 | 8. Operator Name CHESAPEAKE OPERATING, INC. | 9. Elevation 3616 |

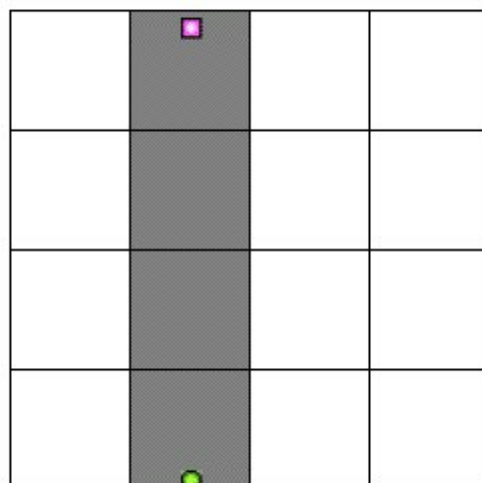
10. Surface Location

| | | | | | | | | | |
|---------------|--------------|-----------------|--------------|---------|------------------|---------------|-------------------|---------------|---------------|
| UL - Lot N | Section 2 | Township 24S | Range 32E | Lot Idn | Feet From 100 | N/S Line S | Feet From 1980 | E/W Line W | County LEA |
|---------------|--------------|-----------------|--------------|---------|------------------|---------------|-------------------|---------------|---------------|

11. Bottom Hole Location If Different From Surface

| 11. Bottom Hole Location If Different From Surface | | | | | | | | | |
|--|--------------|---------------------|--------------|---|------------------|---------------|-------------------|---------------|---------------|
| UL - Lot C | Section 2 | Township 24S | Range 32E | Lot Idn 3 | Feet From 165 | N/S Line N | Feet From 1980 | E/W Line W | County LEA |
| 12. Dedicated Acres 159.56 | | 13. Joint or Infill | | 14. Consolidation Code Communitization | | 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: Bryan Arrant
Title: Regulatory Specialist II
Date: 4/26/2012

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: Bryan Arrant
Date of Survey: 4/26/2012
Certificate Number: 15078

Permit Comments

Operator: CHESAPEAKE OPERATING, INC. , 147179

Well: MCCLOY RANCH 2 24 32 STATE COM #001H

API: 30-025-40551

| Created By | Comment | Comment Date |
|--------------|---|--------------|
| Bryan Arrant | BOP tests to be performed by 3rd party. | 4/26/2012 |
| pkautz | Land f/S | 4/27/2012 |
| CHERRERA | OCD RECIEVED FORM C144 CLEZ. OCD PERMIT #P1-04505 | 4/27/2012 |

Permit Conditions of Approval

Operator: CHESAPEAKE OPERATING, INC. , 147179

Well: MCCLOY RANCH 2 24 32 STATE COM #001H

API: 30-025-40551

| OCD Reviewer | Condition |
|-----------------|--|
| pkautz | Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string |
| pkautz | Will require administrative order for non-standard location |
| pkautz | May not produce well until NSL approved |