

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-103
August 1, 2011
Permit 151997

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| SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVIOR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) 1. Type of Well: O | | WELL API NUMBER 30-025-40551 |
| | | 5. Indicate Type of Lease S |
| 2. Name of Operator CHESAPEAKE OPERATING, INC. | | 6. State Oil & Gas Lease No. |
| | | 7. Lease Name or Unit Agreement Name MCCLOY RANCH 2 24 32 STATE COM |
| 3. Address of Operator P.O. Box 18496, Oklahoma City, OK 73154 | | 8. Well Number 001H |
| | | 9. OGRID Number 147179 |
| 4. Well Location Unit Letter <u>N</u> : <u>100</u> feet from the <u>S</u> line and <u>1980</u> feet from the <u>W</u> line Section <u>2</u> Township <u>24S</u> Range <u>32E</u> NMPM Lea County | | 10. Pool name or Wildcat |
| | | |
| 11. Elevation (Show whether DR., KB, BT, GR, etc.) 3616 GR | | |
| Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/> Pit Type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____ Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____ | | |

| | | |
|---|--|---|
| 12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE OF PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> Other: _____ | | SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTER CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> Other: Drilling/Cement <input checked="" type="checkbox"/> |
|---|--|---|

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work.) SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.
 On 7/08/12 drilled production hole to 14474'. Ran 151 jts 5.5 csg, 17#, P-110 HC, LTC to 14459'. Hold safety meeting, install cement head and lines. Test lines to 5500 psi. Pump lead 700 sks 273 bbls 12.4ppg. w/2.0# pb cement, 35/65 Poz H + adds. Tail 1250 sks 285 bbls 14.5 ppg. 50/50 Poz H + adds disp w/332 bbls F/W. Bumped plug w/500 psi over. Floats held. Full returns thru out job. WOC. Released rig 7/12/12. 5/30/2012 Spudded well.

Casing and Cement Program

| Date | String | Fluid Type | Hole Size | Csg Size | Weight lb/ft | Grade | Est TOC | Dpth Set | Sacks | Yield | Class | 1" Dpth | Pres Held | Pres Drop | Open Hole |
|----------|--------|------------|-----------|----------|--------------|-------|---------|----------|-------|-------|------------|---------|-----------|-----------|-----------|
| 06/23/12 | Surf | FreshWater | 17.5 | 13.375 | 48 | J-55 | 0 | 1428 | 2000 | 1.7 | C | | 1500 | 0 | N |
| 06/27/12 | Int1 | Brine | 11 | 8.625 | 32 | J-55 | 0 | 4940 | 1910 | 1.99 | TXI/POZ 50 | | 1500 | 0 | N |
| 07/09/12 | Prod | CutBrine | 7.875 | 5.5 | 17 | P-110 | 4425 | 14459 | 1950 | | POZ H | | | | N |

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Electronically Signed _____ TITLE Regulatory Specialist II DATE 7/16/2012
 Type or print name Bryan Arrant E-mail address bryan.arrant@chk.com Telephone No. 405-935-3782

For State Use Only:

APPROVED BY: Paul Kautz TITLE Geologist DATE 7/16/2012 8:16:37 AM