

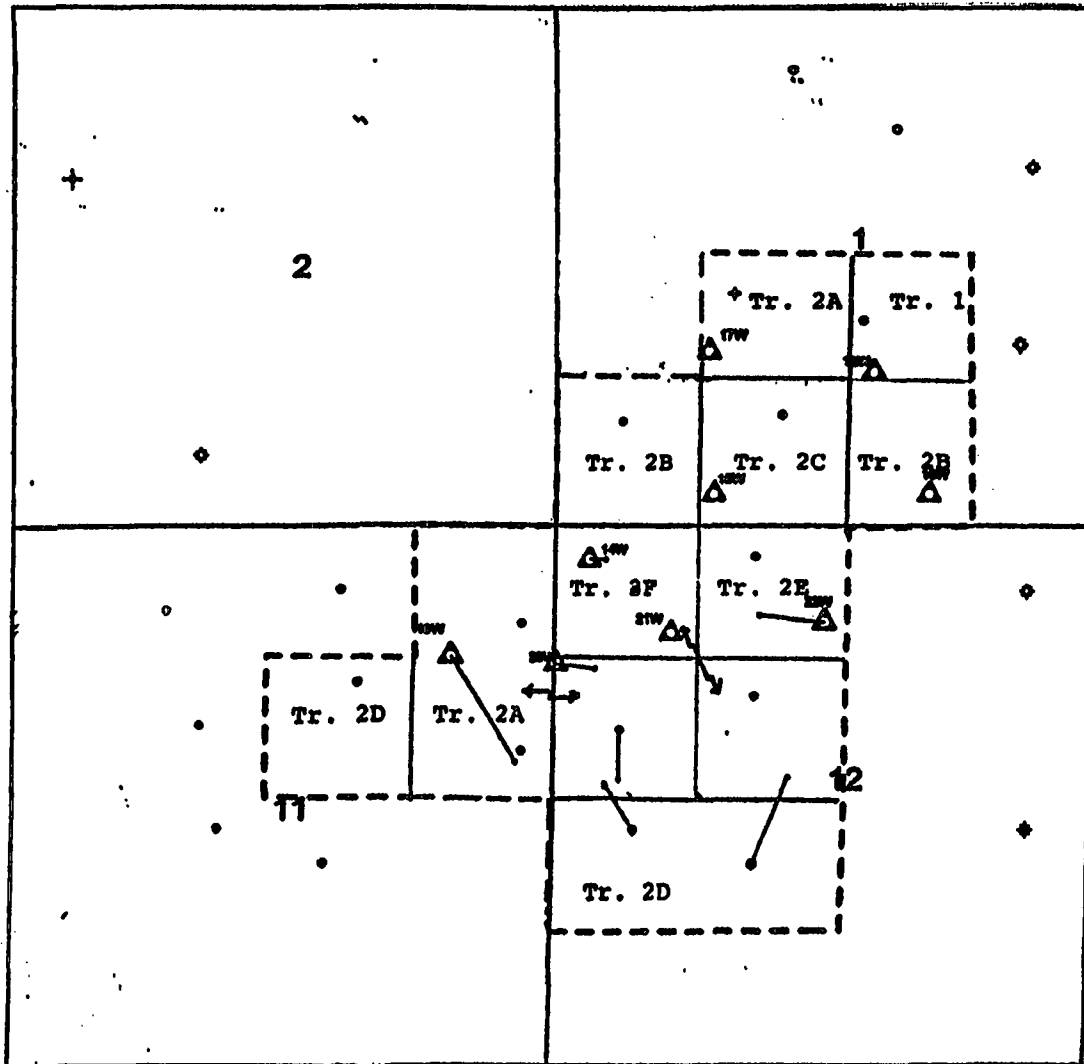
**EXHIBIT "A"**

**MAP OF UNIT AREA**

**BENSON DELAWARE UNIT**

**Eddy County, New Mexico**

**Township 19 South, Range 30 East, N.M.P.M.**



FEDERAL LANDS: 100%

Oil Conservation Division  
Case No. \_\_\_\_\_  
Exhibit No. \_\_\_\_\_

Township 19 South, Range 30 East, N.M.P.M.

Section 1:  $NE\frac{1}{4}SW\frac{1}{4}$ ,  $S\frac{1}{2}SW\frac{1}{4}$ , and  $W\frac{1}{2}SE\frac{1}{4}$

Section 11:  $E\frac{1}{2}NE\frac{1}{4}$  and  $SW\frac{1}{4}NE\frac{1}{4}$

Section 12:  $NW\frac{1}{4}$  and  $N\frac{1}{2}SW\frac{1}{4}$

Containing 560.00 acres of federal lands.



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

Oil Conservation Division

**\*Response Required – Deadline Enclosed\***

*Field Inspection Program*

*"Preserving the Integrity of Our Environment"*

18-Mar-08

**CHI OPERATING INC**

P. O. BOX 1799

MIDLAND TX 79702

*Work has been done  
Mike Bratcher has approved  
per Mark Meadows*

**LETTER OF VIOLATION - Inspection**

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

**INSPECTION DETAIL SECTION**

ELKAN No.002Y			H-11-14S-34E		30-025-38186-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/18/2008	Routine/Periodic	Mark Whitaker	Yes	No	4/25/2008	iMAW0807853678
Violations						
Surface Damage/Restoration						
Comments on Inspection:		IMMEDIATE ACTION REQUIRED! As per Rule 202, location should be leveled and contoured to the surrounding area within one year after completion of plugging operations. Dry hole marker does not include UL. LOCATION SHOULD BE LEVELED AND DRY HOLE MARKER CORRECTED. 1st letter on non-compliance. MW				

ELKAN No.002			H-11-14S-34E		30-025-38525-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/18/2008	Routine/Periodic	Mark Whitaker	Yes	No	4/25/2008	iMAW0807854374
Violations						
Surface Damage/Restoration						
Comments on Inspection:		Well plugged. No dry hole marker erected. (see Rule 202). Location has not been leveled and contoured. DRY HOLE MARKER NEEDS TO BE ERECTED AT THE EXACT LOCATION OF THE PLUGGED WELL AND LOCATION NEEDS TO BE LEVELED. 1st letter of non-compliance. MW				

Oil Conservation Division

Case No. A

Exhibit No. A

District II  
1301 W. Grand Ave., Artesia, NM 88210  
Phone: (505) 748-1283 Fax: (505) 748-9720

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

Form C-145  
Permit: 79369

Inbounds

Change of Operator

Previous Operator Information

OGRID: 4378  
Name: CHI OPERATING INC  
Address: P. O. BOX 1799  
Address:  
City, State, Zip: MIDLAND, TX 79702

New Operator Information

Effective Date: 8/4/2008  
OGRID: 147179  
Name: CHESAPEAKE OPERATING, INC.  
Address: P. O. BOX 18496  
Address:  
City, State, Zip: OKLAHOMA CITY, OK 731540496

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Previous Operator

Signature: [Signature]  
Printed Name: John W. Qualls  
Title: Vice-president  
Date: 8-5-08 Phone: 432-685-5001

New Operator

Signature: JB FRASER  
Printed Name: Jim Fraser  
Date: 8/1/08 Phone: (405) 767-4300  
Jim Fraser, Vice-President-Operations,  
Southern Division  
J2

Oil Conservation Division  
Case No. B  
Exhibit No. B  
chi

**Pam Corbett**

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**From:** Justin Zerkle [justin.zerkle@chk.com]  
**Sent:** Friday, August 01, 2008 1:49 PM  
**To:** pamc@chienergyinc.com  
**Cc:** John Qualls; Bryan Arrant; Craig Barnard  
**Subject:** Inbounds Com #1Y  
**Attachments:** Change of Operator.PDF

Pam,

Attached is the Change of Operator form that needs Chi Operating, Inc.'s signature/approval. Please have the appropriate person execute and e-mail and/or fax back to me. Let me know if you have any questions. Thank you

<<Change of Operator.PDF>>

Thank you,

*Justin Zerkle*

Associate Landman - Permian North

Chesapeake Energy Corporation

Phone: 405-767-4925

Fax: 405-879-1450

Email: justin.zerkle@chk.com

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8/4/2008

Chi Energy, Inc.

P. O. Box 1799

Midland, TX 79702

FAX TRANSMISSION

DATE SENT: 8/4/08 TIME SENT: \_\_\_\_\_

TO: NAME: Justin Zerkle  
LOCATION: \_\_\_\_\_  
TELEPHONE/FAX NO.: \_\_\_\_\_

FROM: NAME: Pam Corbett  
LOCATION: \_\_\_\_\_  
TELEPHONE/FAX NO.: 432-685-5001/432-687-2662

NUMBER OF PAGES: \_\_\_\_\_ + COVER

MEMO:

inbounds 14  
Change of Operator.  
I have certified the  
online C145.

## TRANSMISSION VERIFICATION REPORT

TIME : 08/04/2008 16:11  
NAME :  
FAX :  
TEL :  
SER.# : BROE4J599929

DATE, TIME  
FAX NO./NAME  
DURATION  
PAGE(S)  
RESULT  
MODE

08/04 16:11  
14058791450  
00:00:29  
02  
OK  
STANDARD  
ECM

*Chi Energy, Inc.*

*P. O. Box 1799*

*Midland, TX 79702*

FAX TRANSMISSION

DATE SENT:

8/4/08

TIME SENT: \_\_\_\_\_

TO:

NAME:

Justin Zerkle

LOCATION: \_\_\_\_\_

TELEPHONE/FAX NO.: \_\_\_\_\_

FROM: NAME:

Pam Corbett

LOCATION: \_\_\_\_\_

TELEPHONE/FAX NO.: \_\_\_\_\_

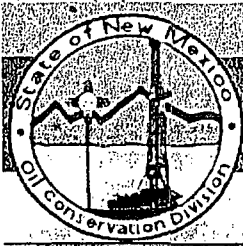
432-685-5001/432-687-2662

NUMBER OF PAGES: \_\_\_\_\_

+ COVERMEMO:

*inbounds 14*

*of D... to R.*

**State of New Mexico Oil Conservation Division**

Operator Change, C-145 PermitID 79369

[OCD Rules](#)[Help](#)[Contact](#)**Operator Data**

- Permit Status
- Well List
- Inactive Well List
- Financial Assurance
- C-115 Reports

[Operator Information](#)[Select Properties](#)[Select Wells](#)[Warnings](#)[Submit Form](#)[View Forms](#)[Close](#)

Current Operator: CHI OPERATING INC  
New Operator: CHESAPEAKE OPERATING, INC.  
Effective Date: 8/4/2008

**Submit Form**

- Pre-Drilling
- Drilling
- Completion
- Other

**Warnings:**

The New Operator is not in compliance with Rule 40  
There are no Fatal Warnings

[Comments](#)[Help](#)**Miscellaneous**

- Administration

UserID: PCORBETT

Title: Regulatory

Operator: CHI OPERATING INC

Sign-out



JUN 26 2009

Form C-103  
June 19, 2008

Oil Conservation Division

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Case No. C  
Exhibit No. C

WELL API NO. 30-015-36788
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Nichols "30" State Com.
8. Well Number #2
9. OGRID Number 4378
10. Pool name or Wildcat ILLINOIS CAMP MORROW

87505

SUNDRY NOTICES AND REPORTS ON WELLS  
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator  
CHI OPERATING, INC.

3. Address of Operator  
P.O. BOX 1799, MIDLAND, TEXAS 79702

4. Well Location

Unit Letter C: 950 feet from the NORTH line and 1980 feet from the WEST line  
Section 30 Township 18S Range 28E NMPM County EDDY

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
3566' GL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☒  
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐  
DOWNHOLE COMMINGLE ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐

OTHER: ☐

**Notify OCD 24 hrs. prior  
to any work done**

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.

RU DD PU. Circ hole w/mud laden fluid. POOH w/pkr & prod tbg. Set CIBP @ 10,240', spot 35' of cmt on to abandon Morrow Perfs. Set CIBP @ 7480', spot 35' of cmt on to abandon Bone Spring Carb perfs. Free point & attempt to cut 5 1/2" csg @ 7000'. POOH LD csg. Spot 150' cmt plug half in & half out @ 2395'. Tag. Spot 50' surf plug. Cut off WH. Install dry hole marker & reclaim location.

Spud Date:

12-10-08

Rig Release Date:

1-5-09

**Resent 10/12/09**

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Robin Askew TITLE REGULATORY CLERK DATE 1-26-09

Type or print name ROBIN ASKEW E-mail address: robina@chienergyinc.com PHONE: 432-685-5001

For State Use Only

Approval Granted providing work  
is complete by 2/25/09

APPROVED BY: ProHacker TITLE  DATE 6/26/09

Conditions of Approval (if any):

\* Required 100' cmt Plug - Bone Spring 3310' (3360' - 3260')  
\* If CSG Cut & Pelled. Spot 100' cmt stub plug. (50' below - 50' Above) TH  
1 in + 0 out