

CHESAPEAKE OPERATING, INC.

P.O. BOX 18496
OKLAHOMA CITY, OKLAHOMA 73154-0496
405/848-8000, EXT. 414
405/879-9562 FAX

LAND DEPARTMENT

LYNDA F. TOWNSEND, CPL/ESA
LANDMAN

March 4, 1999

Application for Compulsory Pooling

M. I. Allen 21-1 Well
Wildcat – 40 acre unit (one mile from the Dean Permal Penn Pool)
1028' FSL, 1744' FWL
SE/4 SW/4, Section 21-T15S-R36E
Lea County, New Mexico

Unleased Mineral Owners/No Known Addresses

Ernest Roy Caudill (No Address of Record)	1.9619 net acres	4.90475%
David L. Rankin (No Address of Record)	0.625 net acres	1.5625%
TOTAL	2.5869 net acres	6.46725%

Chesapeake Operating, Inc. is the leasehold owner of the remaining 37.4131 net acres or 93.53275% of the 40 gross acre unit.

Efforts to Locate by Northridge Energy Company, Steve Lunsford, Broker

1. Abstractor
2. Lea County Courthouse Records
3. Lea County Assessor
4. Internet Data Bases
5. Contacted Relatives
6. Telephoned similar names

Lynda F. Townsend
March 4, 1999

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 12114 Exhibit No. — 2
Submitted By:
Chesapeake Inc.
Hearing Date: March 4, 1999

CHESAPEAKE OPERATING, INC.

Project Area: Caudill Strawn Project
 Well Name: M1 Allen 1-21
 Operator: Chesapeake Operating, Inc.
 AFE #: 816720
 Spacing Unit: S/2 SW/4 Section 21-16S-38E

AUTHORIZATION FOR EXPENDITURE

County, State: Lea, New Mexico
 Date: July 1, 1998
 Measured Depth: 11,830'
 Formation: Strawn

CODE	INTANGIBLE COSTS	WORK DESCRIPTION	DRY HOLE	PRODUCER
233400	Location:	Roads, Location, Pits	\$36,000.00	\$36,000.00
233405		Reclamation	\$12,000.00	\$12,000.00
233401		Damages	\$5,000.00	\$5,000.00
233402	Legal:	Governmental Filings	\$1,000.00	\$1,000.00
233403		Title Opinions	\$5,000.00	\$5,000.00
233404		Seismic Costs	\$50,000.00	\$50,000.00
233406	Drilling:	Top Drive	\$0.00	\$0.00
233410		Drilling Contractor: 29 days @ \$5,800/day	\$168,000.00	\$168,000.00
233411		Directional Services	\$31,000.00	\$31,000.00
233413		Rig Mobilization/Demobilization	\$32,000.00	\$32,000.00
233414		Contract Labor	\$18,000.00	\$23,000.00
233415		Bills	\$47,000.00	\$47,000.00
233418		Supplies and Utilities	\$3,000.00	\$4,000.00
233420		Cement Conductor	\$0.00	\$0.00
233417		Cement Surface Casing	\$8,000.00	\$8,000.00
233420		Cement Intermediate Casing	\$20,000.00	\$20,000.00
233424		Cement Production Casing	\$0.00	\$35,000.00
233425		Cement Drilling Liner	\$0.00	\$0.00
233426		Cement Production Liner	\$0.00	\$0.00
233418		Mud Logging	\$14,000.00	\$14,000.00
233418		Drilling Fluids, Mud, Chem.	\$35,000.00	\$35,000.00
233421		Drill String Inspection	\$3,000.00	\$3,000.00
233423		Open Hole Logging, Form Evaluation	\$30,000.00	\$30,000.00
233427		Fishing	\$0.00	\$0.00
233428		Downhole Rental Equipment	\$15,000.00	\$15,000.00
233430	Completion:	Completion Unit	\$0.00	\$20,000.00
233431		Cased Hole Logging/Perforating	\$0.00	\$18,000.00
233433		Jetting	\$0.00	\$0.00
233434		Formation Stimulation	\$0.00	\$10,000.00
233437	General:	Surface Equipment Rental	\$31,000.00	\$34,000.00
233438		Transportation	\$2,000.00	\$3,000.00
233441		Frac Fluid Hauloff	\$0.00	\$0.00
233442		Blowout/Emergencies	\$0.00	\$0.00
233443		Company Supervision/Engineering	\$16,000.00	\$20,000.00
233444		Consultants	\$18,000.00	\$18,000.00
233446		Company Overhead	\$10,000.00	\$13,000.00
233447		Insurance	\$6,000.00	\$6,000.00
233448		Major Construction Overhead	\$0.00	\$2,000.00
233450		Plug to Abandon	\$0.00	\$0.00
		20% Contingency	\$123,000.00	\$144,000.00
TOTAL	INTANGIBLES	Total Intangible Costs	\$738,000.00	\$882,000.00
CODE	TANGIBLE COSTS	WORK DESCRIPTION		
230108	Tubulars:	Conductor Casing:	\$0.00	\$0.00
230100		Surface Casing:	475' 13 3/8"	\$9,000.00
230101		Intermediate Casing:	4,300' 9 5/8"	\$80,000.00
230102		Production Casing:	11,830' 5 1/2"	\$0.00
230103		Drilling Liner:		\$0.00
230109		Production Liner:		\$0.00
230104		Float Equipment		\$1,000.00
230105		Tubing:	11,300' 2 7/8"	\$0.00
230106	Lease Equipment	Wellhead Equipment		\$0.00
230107		Downhole Equipment		\$0.00
230111		Artificial Lift-Pumping Unit		\$0.00
230113		Production Equipment		\$0.00
230115		Compressor/Compression		\$0.00
230120		Non-Controllable Equipment		\$0.00
		20% Contingency		\$14,000.00
TOTAL	TANGIBLES	Total Tangible Costs	\$84,000.00	\$385,000.00
		Total Costs	\$822,000.00	\$1,227,000.00

Prepared by: JKD

Approved by: JML

OPERATOR'S APPROVAL:

Operations/Geology

DATE:

7-7-98

OPERATOR'S APPROVAL:

Land/Accounting

DATE:

7/6/98

NON-OPERATOR'S APPROVAL:

DATE:

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 Chesapeake Inc.
 Hearing Date: March 4, 1999