

OCD-ARTESIA

Form 3160-3
(April 2004)

RECEIVED

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MAR 29 2006

OCD-ARTESIA

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM 110610
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator CHESAPEAKE OPERATING INC. ATTN: LINDA GOOD		7. If Unit or CA Agreement, Name and No. NMNM 101358
3a. Address P.O. BOX 18496, OKLAHOMA CITY, OK 73154-0496		8. Lease Name and Well No. BOGLE 23 FEDERAL COM 1
3b. Phone No. (include area code) 405-767-4275		9. API Well No. 30-015-34759
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 760 FNL 2180 FWL NENW At proposed prod. zone SAME		10. Field and Pool, or Exploratory HENSHAW; ORDOVICIAN
14. Distance in miles and direction from nearest town or post office* APPROX. 8 MILES FROM LOCO HILLS, NEW MEXICO.		11. Sec., T. R. M. or Blk. and Survey or Area 23-16S-30E
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease 560	12. County or Parish EDDY
17. Spacing Unit dedicated to this well 320	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	13. State NM
19. Proposed Depth 12950	20. BLM/BIA Bond No. on file NM2634	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3820 GR 3845 KB	22. Approximate date work will start*	23. Estimated duration

24. Attachments

Roswell Controlled Water Basin

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed Typed) HENRY HOOD	Date 2/2/06
Title SR. VICE PRESIDENT - LAND & LEGAL		

Approved by (Signature) /s/ Tony J. Herrell	Name (Printed Typed) /s/ Tony J. Herrell	Date MAR 27 2006
Title FIELD MANAGER		Office CARLSBAD FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

DISTRICT I

1025 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Branos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 97376	Pool Name Henshaw; Ordovician
Property Code	Property Name BOGLE 23 FEDERAL COM	Well Number 1
OGRID No. 147179	Operator Name CHESAPEAKE OPERATING, INC.	Elevation 3826'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	23	16-S	30-E		760	NORTH	2180	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320	Joint or Infill	Consolidation Code	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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Lynda F. Townsend</i> Signature</p> <p>Lynda F. Townsend Printed Name</p> <p>Sr. Landman Title</p> <p>1-5-06 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>DECEMBER 8, 2005</p> <p>Date Surveyed Signature & Seal of Professional Surveyor GARY EIDSON 12/22/05 05.11.1789</p> <p>Certificate No. GARY EIDSON 12641</p>
	<p>GEODETTIC COORDINATES NAD 27 NME</p> <p>Y=695758.0 N X=619618.1 E</p> <p>LAT.=32.912109° N LONG.=103.943556° W</p>

EXHIBIT A-1

Chesapeake Operating Inc.
Bogle 23 Federal Com 1
760 FNL 2180 FWL
NENW of Section 23-16S-30E
Eddy County, NM

Confidential – Tight Hole
Lease No. NMNM 110610
CA NO. NMNM 101358
SURFACE USE PLAN
Page 1

#24 Attachment to Application for Permit to Drill or Re-enter

Chesapeake Operating, Inc. respectfully requests to drill a well to 9000' to test the Wolfcamp formation. If productive, casing will be run and the well completed. If dry, the well will be plugged and abandoned as per BLM and New Mexico Oil Conservation Division requirements.

Please find the Surface Use Plan and Drilling Plan as required by Onshore Order No. 1. A general rig plat is attached as Exhibit D. A final rig plat will be submitted prior to spud.

Chesapeake Operating, Inc. has an agreement with the grazing lessee.

Please be advised that Chesapeake Operating, Inc. is considered to be the Operator of the above mentioned well. Chesapeake Operating, Inc. agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

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ONSHORE OIL & GAS ORDER NO. 1
Approval of Operations on Onshore
Federal and Indian Oil and Gas Leases

1. EXISTING ROADS

- a. Existing county and lease roads will be used to enter proposed access road.
- b. Location, access, and vicinity plats attached hereto. See Exhibits A-1 to A-4.

2. PLANNED ACCESS ROADS

- a. A new access road 220' in length and 14' in travel way width with a maximum disturbance area of 30' will be used, and in accordance with guidelines set forth in the BLM Onshore Orders. No turnouts are expected.
- b. In order to level the location, cut and fill will be required. Please see attached Well Location and Acreage Dedication Plat – Exhibits A-1 to A-4.
- c. A locking gate will be installed at the site entrance.
- d. Any fences cut will be repaired. Cattle guards will be installed, if needed.
- e. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.
- f. Driving directions are from the intersection of US HWY #82 & Co. Rd #220 (Square Lake Rd) go North on Co. Rd #220 for approx. 6.6 miles to Co. Rd #253 (Shell Rd) turn left (West) & go approx. 1.6 miles to a caliche rd on the left. Turn left (South) and go approx. 600' to an existing pad for the Beach Exploration Henshaw 23 Fed 9 well. This location is approx. 300' SE.

3. LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS OF THE PROPOSED LOCATION – see Exhibit B.

4. LOCATION OF PRODUCTION FACILITIES

It is anticipated that production facilities will be located on the well pad as product will be sold at the wellhead and/or tank battery. Duke Energy Field Services will lay a gathering line to this well from the north. – See Exhibit C.

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5. LOCATION AND TYPE OF WATER SUPPLY
Water will be obtained from a private water source. Chesapeake Operating, Inc. will ensure all proper notifications and filings are made with the state.
6. CONSTRUCTION MATERIALS
No construction materials will be used from Section 23-16S-30E. All material (i.e. shale) will be acquired from private or commercial sources.
7. METHODS FOR HANDLING WASTE DISPOSAL
An in-ground, lined pit will be utilized during the drilling of this well. All fluids and cuttings will be disposed of in accordance with New Mexico Oil Conservation Division rules and regulations.
8. ANCILLARY FACILITIES
None
9. WELLSITE LAYOUT
The proposed site layout plat is attached showing rig orientation and equipment location. See Exhibit D. Also see Exhibit A for the size of the pad. The V-Door is oriented to the North.
10. PLANS FOR RECLAMATION OF THE SURFACE
The location will be restored to as near as original condition as possible. Reclamation of the surface shall be done in strict compliance with the existing Oklahoma Corporation Commission regulations.

Backfilling leveling, and contouring are planned as soon as the drilling rig and steel tanks are removed. Wastes and spoils materials will be buried immediately after drilling is completed. If production is obtained, the unused area will be restored as soon as possible. The rehabilitation will begin after the drilling rig is removed.
11. SURFACE & MINERAL OWNERSHIP
United States of America
Department of Interior
Bureau of Land Management

GRAZING LESSEE
Bogle LTD Co.
P.O. Drawer 460
Dexter, NM 88230

(Chesapeake Operating, Inc. has an agreement with the grazing lessee)

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12. ADDITIONAL INFORMATION

A Class III cultural resource inventory report was prepared by Boone Archaeological Services, Carlsbad, New Mexico for the proposed location. A copy of the report has been sent to the BLM office under separate cover and is also attached for reference. See Exhibit E.

Chesapeake Operating, Inc. agrees to be responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

13. OPERATOR'S REPRESENTATIVES

Drilling and Completion Operations

Jarvis Hensley
District Manager – Northern Permian
P.O. Box 18496
Oklahoma City, OK 73154
(405) 879-7963 (OFFICE)
(405) 879-9529 (FAX)
rjhensley@chkenergy.com

Drilling Engineer

David DeLaO
P.O. Box 14896
Oklahoma City, OK 73154
(405) 767-4339 (OFFICE)
(405) 879-9573 (FAX)
(405) 990-8182 (MOBILE)
ddelao@chkenergy.com

Cecil Gutierrez

Sr. Landman

P.O. Box 11050
Midland, TX 79705
432-687-2992 (OFFICE)
432-687-3675 (FAX)
cgutierrez@chkenergy.com

Assett Manager

Andrew McCalmont
P.O. Box 18496
Oklahoma City, OK 73154-0496
405-879-7852 (OFFICE)
405-879-7930 (FAX)
amccalmont@chkenergy.com

Regulatory Compliance

Linda Good
Permitting Agent - Federal
P.O. Box 18496
Oklahoma City, OK 73154
(405) 767-4275 (OFFICE)
(405) 879-9583 (FAX)
lgood@chkenergy.com

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SURFACE USE PLAN
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14. CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this surface use plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed will be performed by operator (including contractors and subcontractors) submitting the APD, in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

By:  _____

Date: 2/2 / 06 _____

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CONFIDENTIAL – TIGHT HOLE
Lease Contract No. NMNM 110610
CA NO. NMNM 101358
DRILLING PROGRAM

Page 1

ONSHORE OIL & GAS ORDER NO. 1
Approval of Operations on Onshore
Federal and Indian Oil and Gas Leases

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (CFR 43, Part 3160) and the approved Application for Permit to Drill. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling and completion operations.

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease, which would entitle the applicant to conduct operations thereon.

1. FORMATION TOPS

The estimated tops of important geologic markers are as follows:

Formation	Subsea	Depth
Rustler	3580	285
Yates	2390	1475
*Queen	1615	2250
*San Andres	885	2980
Abo	-2525	6390
**Wolfcamp "Upper Pay"	-3830	7695
Cisco	-4710	8575
** "Wolfcamp Pay"	-4845	8710
Canyon	-5635	9480
Strawn	-6175	10020
Atoka Sand	-6505	10350
Morrow Sand	-6755	10600
Chester	-6945	10790
Miss. Lime	-7070	10915
Woodford	-7585	11430
Devonian	-7605	11450
**Simpson Upper Pay Sand	-8565	12410
Ellenberger	-8625	12470
**Ellenburger Pay	-8705	12550
Pre Cambrian	-8925	12770
Base of Open Hole completion A-14	-8955	12800
TD	-9105	12950
*Potential Pay Zones: Primary Objectives**		

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DRILLING PROGRAM

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2. ESTIMATED DEPTH OF WATER, OIL, GAS & OTHER MINERAL BEARING FORMATIONS

The estimated depths at which the top and bottom of the anticipated water, oil, gas or other mineral bearing formations are expected to be encountered are as follows:

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Oil/Gas	Simpson	12410 to 12425
Oil/Gas	Ellenburger	12470 to 12650
Oil/Gas	Wolfcamp	7695 to 7795
Oil/Gas	Wolfcamp	8710 to 8750

All shows of fresh water and minerals will be reported and protected.

3. BOP EQUIPMENT: 5,000# System

Chesapeake Operating, Inc.'s minimum specifications for pressure control equipment are as follows:

I. BOP, Annular, Choke Manifold, Pressure Test - See Exhibit F-1 and F-2.

A. Equipment

1. The equipment to be tested includes all of the following that is installed on the well:
 - (a) Ram-type and annular preventers,
 - (b) Choke manifolds and valves,
 - (c) Kill lines and valves, and
 - (d) Upper and lower kelly cock valves, inside BOP's and safety valves.

B. Test Frequency

1. All tests should be performed with clear water,
 - (a) when installed,
 - (b) before drilling out each casing string,
 - (c) at any time that there is a repair requiring a pressure seal to be broken in the assembly, and
 - (d) at least once every 30 days while drilling.

C. Test Pressure

1. In some drilling operations, the pressures to be used for low and high-pressure testing of preventers and casing may be different from those given below due to governmental regulations, or approved local practices.
2. If an individual component does not test at the low pressure, **do not**, test to the high pressure and then drop back down to the low pressure.
3. All valves located downstream of a valve being tested must be placed in the open position.
4. All equipment will be tested with an initial "low pressure" test at 250 psi.

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DRILLING PROGRAM

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5. The subsequent "high pressure" test will be conducted at the rated working pressure of the equipment for all equipment except the annular preventer.
6. The "high pressure" test for the annular preventer will be conducted at 70% of
7. the rated working pressure.
8. A record of all pressures will be made on a pressure-recording chart.

D. Test Duration

1. In each case, the individual components should be monitored for leaks for 5 minutes, with no observable pressure decline, once the test pressure has been applied.

II. Accumulator Performance Test

A. Scope

1. The purpose of this test is to check the capabilities of the BOP control systems, and to detect deficiencies in the hydraulic oil volume and recharge time.

B. Test Frequency

1. The accumulator is to be tested each time the BOP's are tested, or any time a major repair is performed.

C. Minimum Requirements

1. The accumulator should be of sufficient volume to supply 1.5 times the volume to close and hold all BOP equipment in sequence, without recharging and the pump turned off, and have remaining pressures of 200 PSI above the precharge pressure.
2. Minimum precharge pressures for the various accumulator systems per manufacturers recommended specifications are as follows:

3.

<u>System Operating Pressures</u>	<u>Precharge Pressure</u>
1500 PSI	750 PSI
2000 PSI	1,000 PSI
3000 PSI	1,000 PSI

3. Closing times for the Hydril should be less than 20 seconds, and for the ram-type preventers less than 10 seconds.
4. System Recharge time should not exceed 10 minutes.

D. Test Procedure

1. Shut accumulator pumps off and record accumulator pressure.

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2. In sequence, close the annular and one set of properly sized pipe rams, and open the HCR valve.
3. Record time to close or open each element and the remaining accumulator pressure after each operation.
4. Record the remaining accumulator pressure at the end of the test sequence. Per the previous requirement, this pressure should not be less than the following pressures:

<u>System Pressure</u>	<u>Remaining Pressure At Conclusion of Test</u>
1,500 PSI	950 PSI
2,000 PSI	1,200 PSI
3,000 PSI	1,200 PSI

5. Turn the accumulator pumps on and record the recharge time. This time should not exceed 10 minutes.
6. Open annular and ram-type preventers. Close HCR valve.
7. Place all 4-way control valves in full open or full closed position. Do not leave in neutral position.

4. CASING AND CEMENTING PROGRAM

- a. The proposed casing program will be as follows:

<u>Purpose</u>	<u>Interval</u>	<u>Hole Size</u>	<u>Casing Size</u>	<u>Weight</u>	<u>Grade</u>	<u>Thread</u>	<u>Condition</u>
Surface	0-520'	17 1/2"	13 3/8	48#	H-40	STC	NEW
Intermediate	0-3000'	12 1/4 "	9 5/8	40#	J55	LTC	NEW
Production	0-12950'	8 3/4"	5 1/2	17#	P110	LTC	NEW

- b. Casing design subject to revision based on geologic conditions encountered.
- c. The cementing program will be as follows:

<u>Interval</u>	<u>Type</u>	<u>Amount</u>	<u>Yield</u>	<u>Washout</u>	<u>Excess</u>
0-520	Premium plus (lead)	200 sks	1.98	40	100
	Class C (tail)	340 sks	1.34	40	100
520-3000	Interfill C (lead)	530	2.45	20	75
	Premium Plus (tail)	210	1.34	20	50
3000-12950	Interfill H (lead)	440	2.45	10	25
	Premium plus (tail)	1700	1.31	10	25

5. MUD PROGRAM

- a. The proposed circulating mediums to be used in drilling are as follows:

<u>Interval</u>	<u>Mud Type</u>	<u>Mud Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0-520	FW	8.6-9.0	32-36	NC
520-3000	FW/Brine	9.9-10	28-29	NC
3000-10000	FW/Brine	8.4-9.0	28-29	NC
10000-12950	FW/Brine	9.0-9.5	26-45	<10

An in-ground, lined pit will be utilized during the drilling of this well. All fluids and cuttings will be disposed of in accordance with New Mexico Oil Conservation Division rules and regulations.

The V-Door is oriented to the North.

A mud test shall be performed every 24 hours after mudding up to determine, as applicable: density, viscosity, gel strength, filtration, and pH.

6. TESTING, LOGGING AND CORING

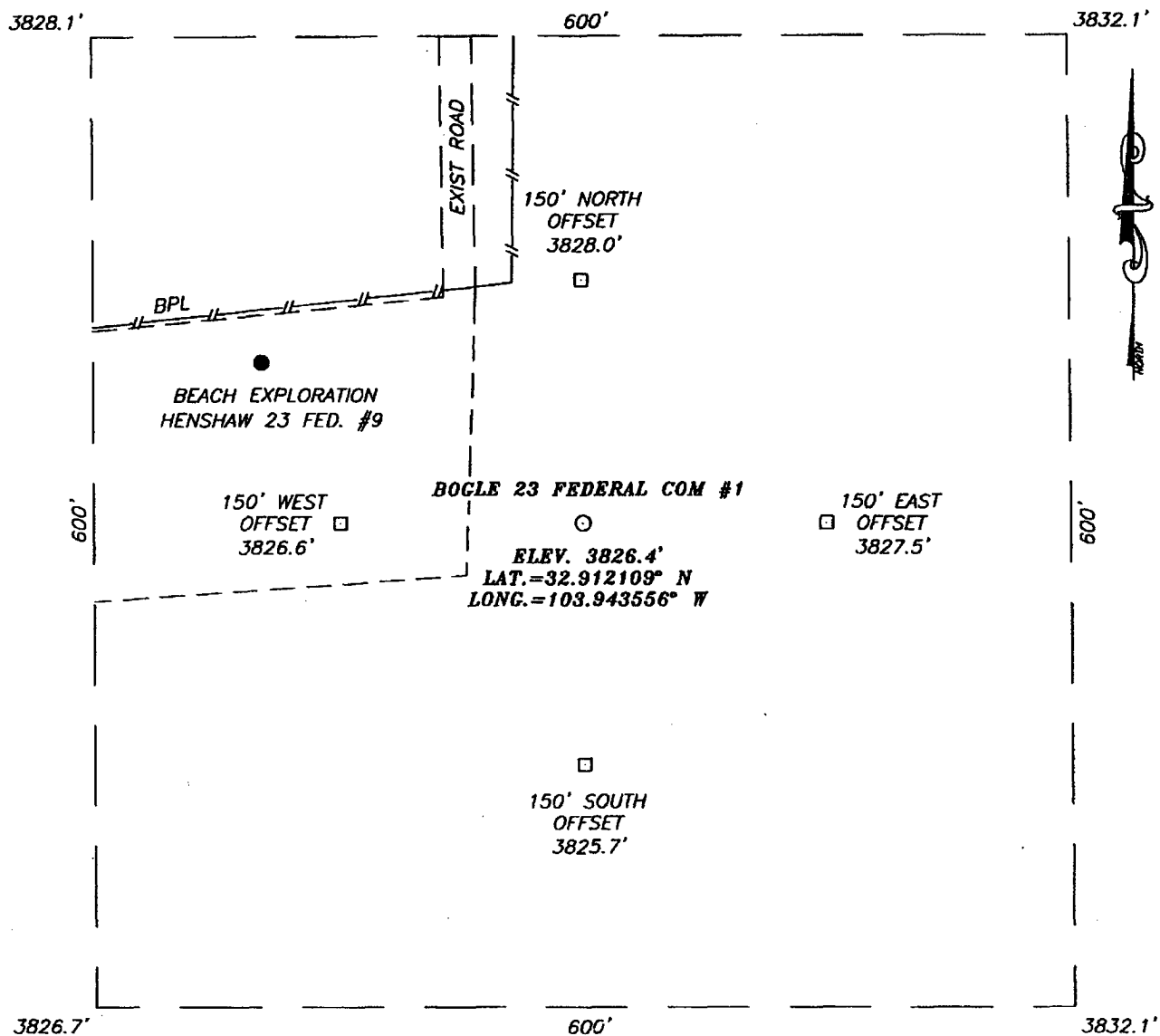
The anticipated type and amount of testing, logging and coring are as follows:

- Drill stem tests are not planned.
- The logging program will consist of Natural GR, Density-Neutron, PE & Dual Laterolog from TD to surface casing; Neutron-GR surface casing to surface.
- Cores samples are not planned.

7. ABNORMAL PRESSURES AND HYDROGEN SULFIDE

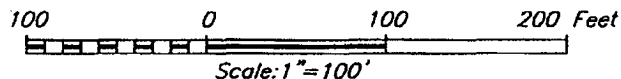
- The estimated bottom hole pressure is 5475#. No abnormal pressures or temperatures are anticipated.
- Hydrogen sulfide gas is not anticipated.

SECTION 23, TOWNSHIP 16 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO



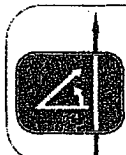
DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #82 AND CO. RD. #220 (SQUARE LAKE RD.) GO NORTH ON CO. RD. #220 FOR APPROX. 6.6 MILES TO CO. RD. #253 (SHELL RD.) TURN LEFT (WEST) AND GO APPROX. 1.6 MILES TO A CALICHE ROAD ON THE LEFT. TURN LEFT (SOUTH) AND GO APPROX. 600' TO AN EXISTING PAD FOR THE BEACH EXPLORATION HENSHAW 23 FED. #9 WELL. THIS LOCATION IS APPROX. 200' SE.



CHESAPEAKE OPERATING, INC.

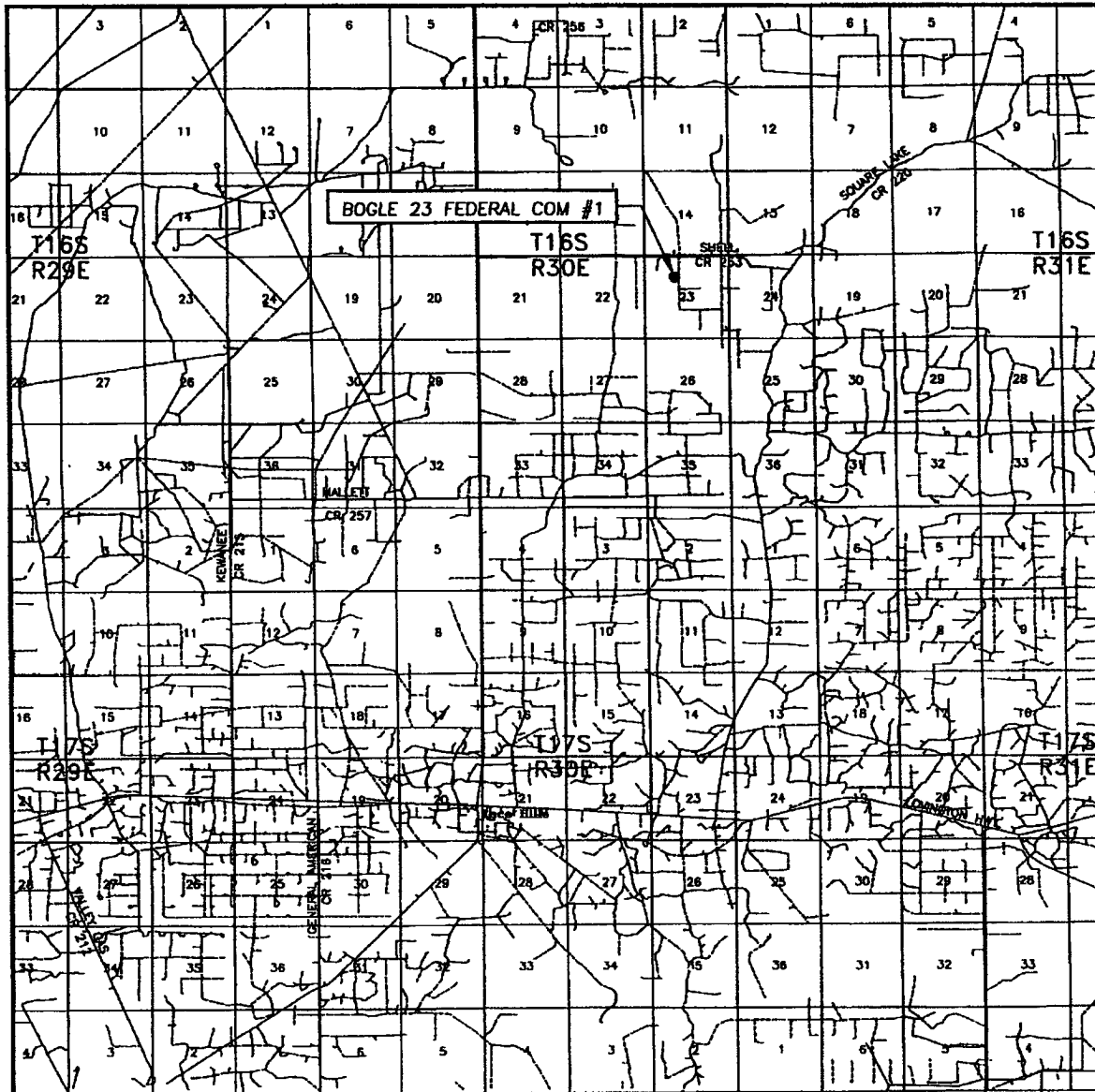
BOGLE 23 FEDERAL COM #1 WELL
 LOCATED 760 FEET FROM THE NORTH LINE
 AND 2180 FEET FROM THE WEST LINE OF SECTION 23,
 TOWNSHIP 16 SOUTH, RANGE 30 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.



PROVIDING SURVEYING SERVICES
 SINCE 1948
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

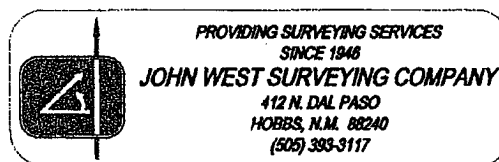
Survey Date: 12/08/05	Sheet 1 of 1 Sheets
W.O. Number: 05.11.1789	Dr By: J.R.
Date: 12/19/05	Disk: CD#5
05111789	Scale: 1"=100'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 23 TWP. 16-S RGE. 30-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 760' FNL & 2180' FWL
 ELEVATION 3826'
 OPERATOR CHESAPEAKE OPERATING, INC.
 LEASE BOGLE 23 FEDERAL COM

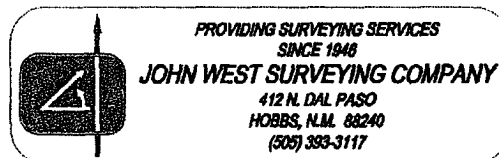


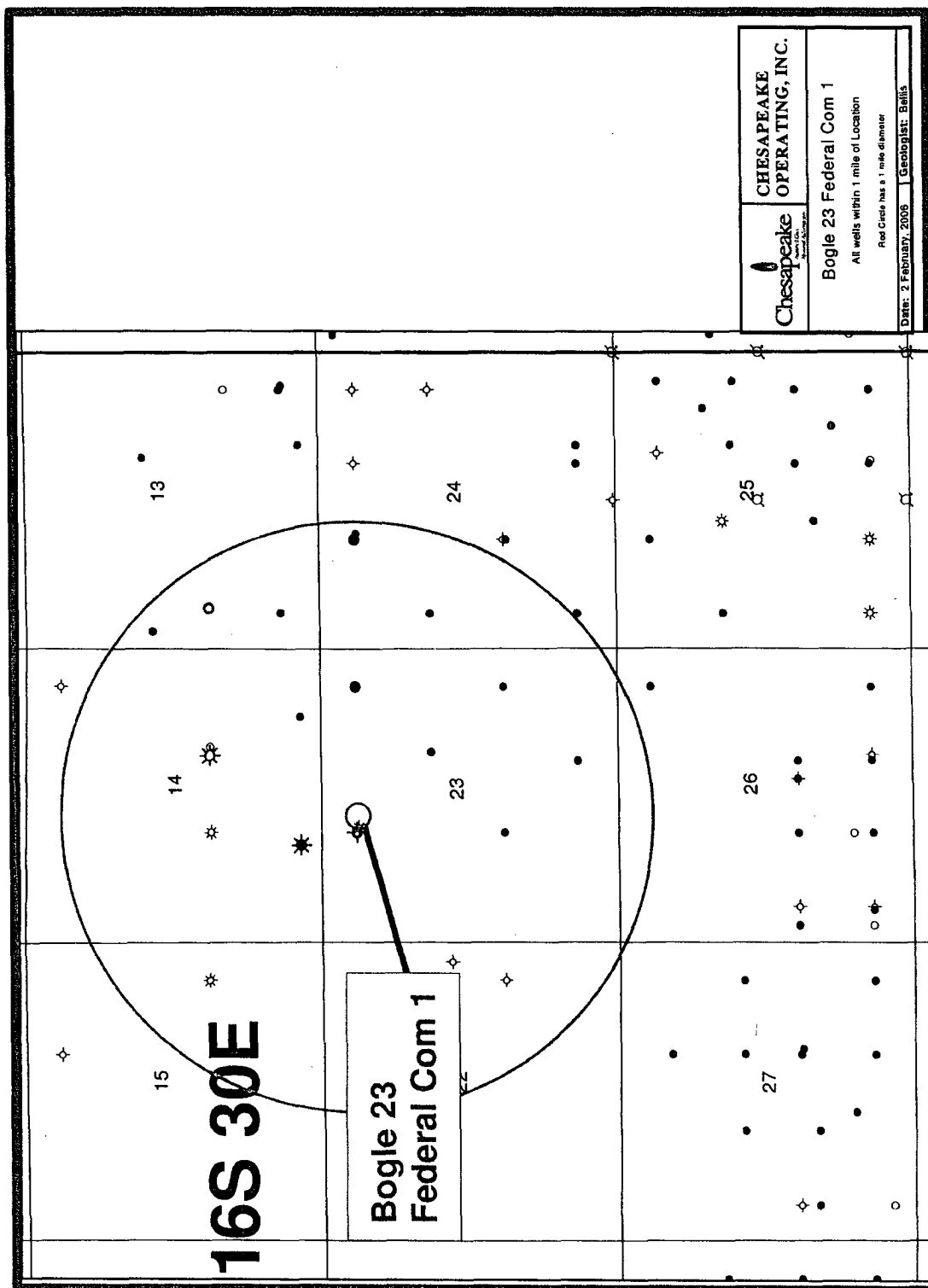
This is a detailed topographic map of the Bogle 23 Federal Com #1 area. The map features a grid system with section numbers 13, 14, 15, 23, 24, 25, 26, 27, and 38. Key geographical features include:

- Water Bodies:** Henshaw Tank (Section 23), Shell Lake (Section 24), and Square Lake (Section 25).
- Roads:** Shell Rd. (Section 24), Co. Rd. #263 (Section 24), and Square Lake Rd. (Section 25).
- Elevation Points:** Numerous spot elevations are marked, such as 3757, 3798, 3824, 3872, 3879, 3801, 3821, 3839, 3877, 3820, 3808, 3814, 3813, 3761, 3764, 3765, 3786, 3783, 3802, 3804, 3807, 3811, 3812, 3813, 3814, 3815, 3816, 3817, 3818, 3819, 3820, 3821, 3822, 3823, 3824, 3825, 3826, 3827, 3828, 3829, 3830, 3831, 3832, 3833, 3834, 3835, 3836, 3837, 3838, 3839, 3840, 3841, 3842, 3843, 3844, 3845, 3846, 3847, 3848, 3849, 3850, 3851, 3852, 3853, 3854, 3855, 3856, 3857, 3858, 3859, 3860, 3861, 3862, 3863, 3864, 3865, 3866, 3867, 3868, 3869, 3870, 3871, 3872, 3873, 3874, 3875, 3876, 3877, 3878, 3879, 3880, 3881, 3882, 3883, 3884, 3885, 3886, 3887, 3888, 3889, 3890, 3891, 3892, 3893, 3894, 3895, 3896, 3897, 3898, 3899, 3900.
- Other Features:** A 'Gravel Pit' is located in Section 27. The map also shows various contour lines and a dashed line representing a boundary or road.

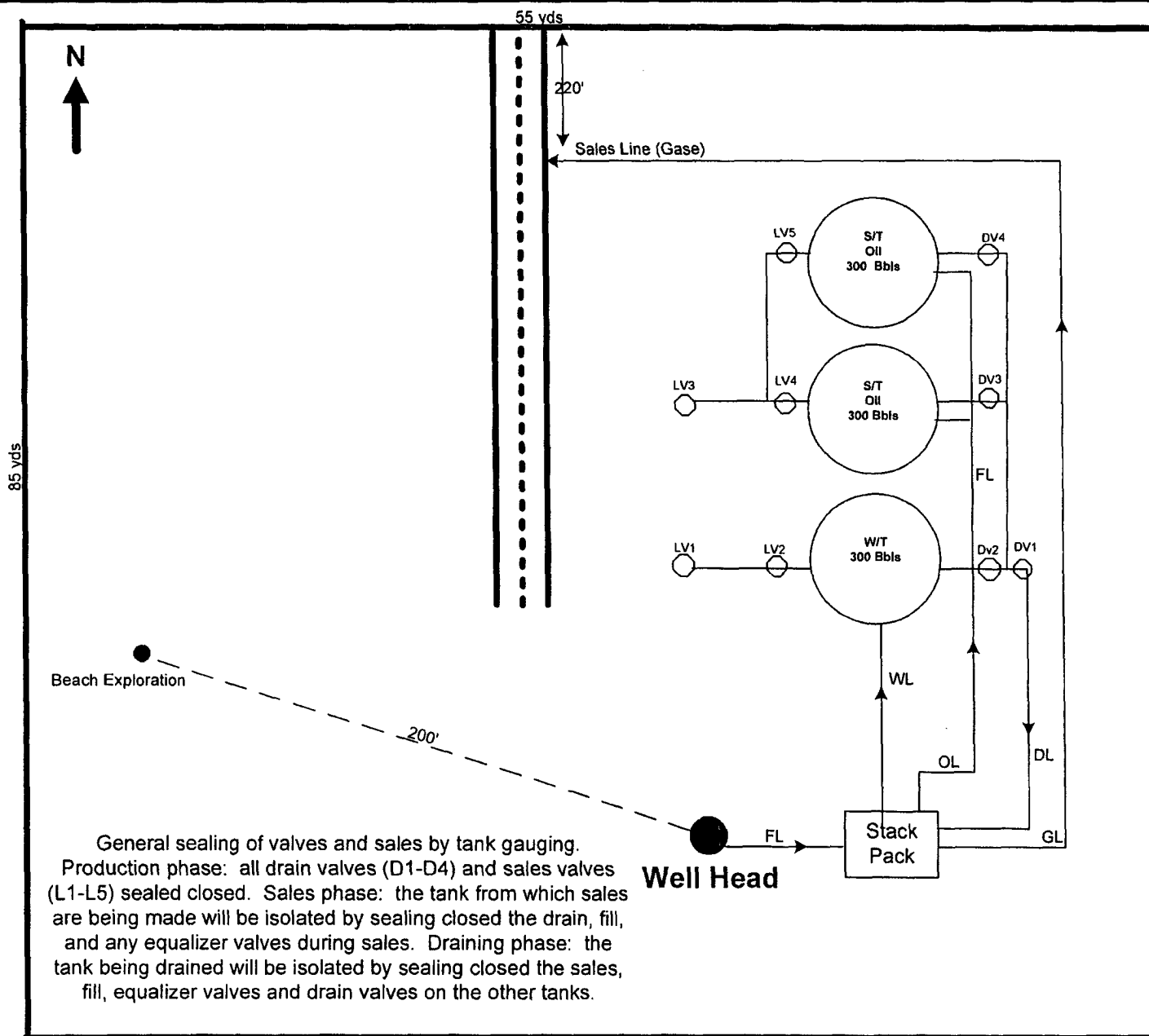
CONTOUR INTERVAL:
HENSHAW TANK, N.M. - 10'

U.S.G.S. TOPOGRAPHIC MAP
HENSHAW TANK, N.M.





CHESAPEAKE OPERATING, INC.
BOGLE 23 FEDERAL COM 1
23-16S-30E
EDDY COUNTY, NEW MEXICO



Direction of Flow off Site:

Bogel 23 Federal Com 1

This lease is subject to
 Chesapeake's Site Security Plan
 located at 6100 N. Western
 Oklahoma City, OK 73118

Prepared by: DEBBIE HERNANDEZ
 Date: 1-24-2006

Approved by:
 Date:

EXHIBIT

Prevailing Winds from the North in
 Winter and from the South in
 Summer.

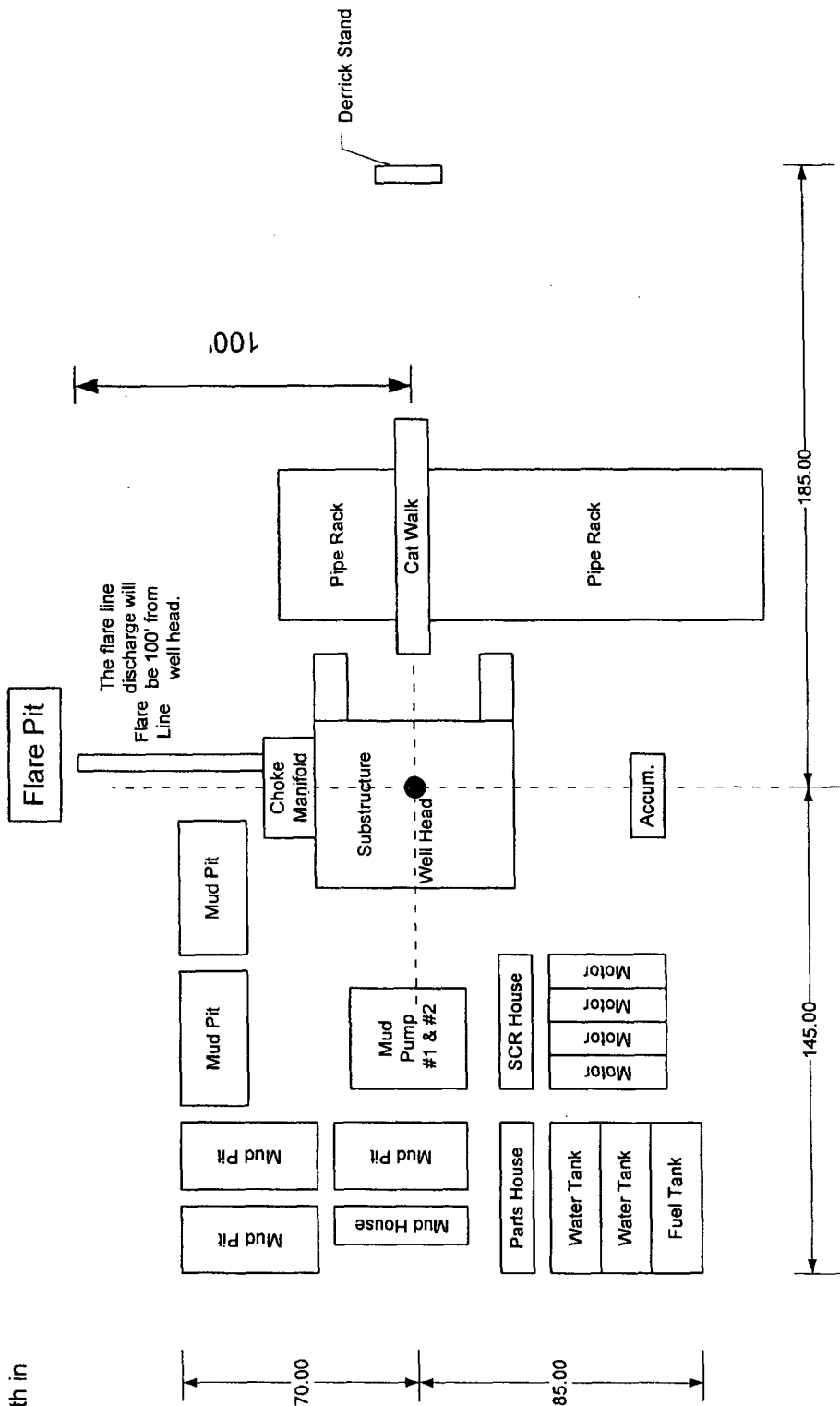


EXHIBIT D

Chesapeake Operating, Inc			
General Rig Layout			
SIZE	FSCM NO	DWG NO	REV
SCALE	Not to Scale	SHEET	1 OF 1

RECEIVED

JAN 27 2006

TITLE PAGE/ABSTRACT/ NEGATIVE SITE REPORT CFO/RFO

1/03

1. BLM Report No.		2. Reviewer's Initials/Date _____ ACCEPTED () REJECTED ()		3. NMCRIS No.: 97232	
4. Type of Report: Negative(X) Positive ()					
5. Title of Report: Class III archaeological survey of a pad for the Bogle "23" Fed. Com well No. 1. Author(s): Ann & Danny Boone				6. Fieldwork Date(s): from 20 Jan. 2006 to	
8. Consultant Name & Address: Boone Archaeological Services 2030 North Canal Carlsbad, NM 88220 Direct Charge: Danny Boone Field Personnel Names: Danny Boone Phone: (505) 885-1352				7. Report Date: 23 Jan. 2006	
				9. Cultural Resource Permit No.: BLM: 190-2920-03-G STATE: NM-05-157	
				10. Consultant Report No.: BAS 01-06-13	
11. Customer Name: Chesapeake Operating, Inc. Responsible Individual: Linda Good Address: P.O. Box 18496 Oklahoma City, Oklahoma 73154-0496 Phone: (405) 848-8000				12. Customer Project No.:	
13. Land Status	BLM	STATE	PRIVATE	OTHER	TOTAL
a. Area Surveyed (acres)	5.0 (+/-)	0	0	0	5.0 (-/+)
b. Area of Effect (acres)	3.67 (-/+)	0	0	0	3.67 (+/-)
14. Linear: Length; NA Width; NA Block: 600' x 600' (See 16 b.)					
15. Location: (Maps Attached if Negative Survey) a. State: New Mexico b. County: Eddy c. BLM Office: Carlsbad d. Nearest City or Town: Loco Hills, NM e. Legal Location: T 16S, R 30E, Sec. 23, NE¼ NW¼. f. Well Pad Footages: 760' FNL, 2,180' FWL g. USGS 7.5 Map Name(s) and Code Number(s): HENSHAW TANK, NM (Prov. Ed. 1985) 32103-H8					

EXHIBIT E

16. Project Data:

- a. Records Search: Date(s) of BLM File Review: 19 Jan. 2006 Name of Reviewer (s): Ann Boone
Date(s) of ARMS Data Review: 19 Jan. 2006 Name of Reviewer (s): Ann Boone

Findings (see Field Office requirements to determine area to be reviewed during records search):

LA 37487 and 37661 are within 500 feet, LA 59951 is within 0.25 mile.

b. Description of Undertaking:

In the northwest quadrant of the current 600 by 600 feet survey area there is a buried pipeline and an existing pad and access road for the Henshaw well No. 9 (Dry Hole). Access for the current project will be from the existing road / pad. Survey acres were estimated after allowance for the previous project. Impact acres are unknown but were estimated on a 400 by 400 feet pad. A plat for the project is attached to this report.

c. Environmental Setting (NRCS soil designation; vegetative community; etc.):

Topography: Semi stable rolling dunal plain.

Vegetation: Overall groundcover is approximately 25% consisting primarily of broom snakeweed, mesquite, shinoak, yucca cactus, sagebrush, assorted grasses and other flora.

NRCS: Kermit-Berino association: Sandy, deep soils from wind-worked mixed sand deposits.

d. Field Methods: (transect intervals; crew size; time in field, etc.):

Transects: A parallel grid spaced 15 meters or less apart.

Crew Size: One

Time in Field: 1.5 hours.

e. Artifacts Collected (?): None

17. Cultural Resource Findings: None

a. Identification and description:

b. Evaluation of significance of Each Resource:

18. Management Summary (Recommendations):

Archaeological clearance of a pad for the Bogle "23" Fed. com well No. 1 for Chesapeake Operating, INC. is recommended as presently staked. If cultural resources are encountered at any time all activity should cease and the BLM Archaeologist notified immediately.

19.

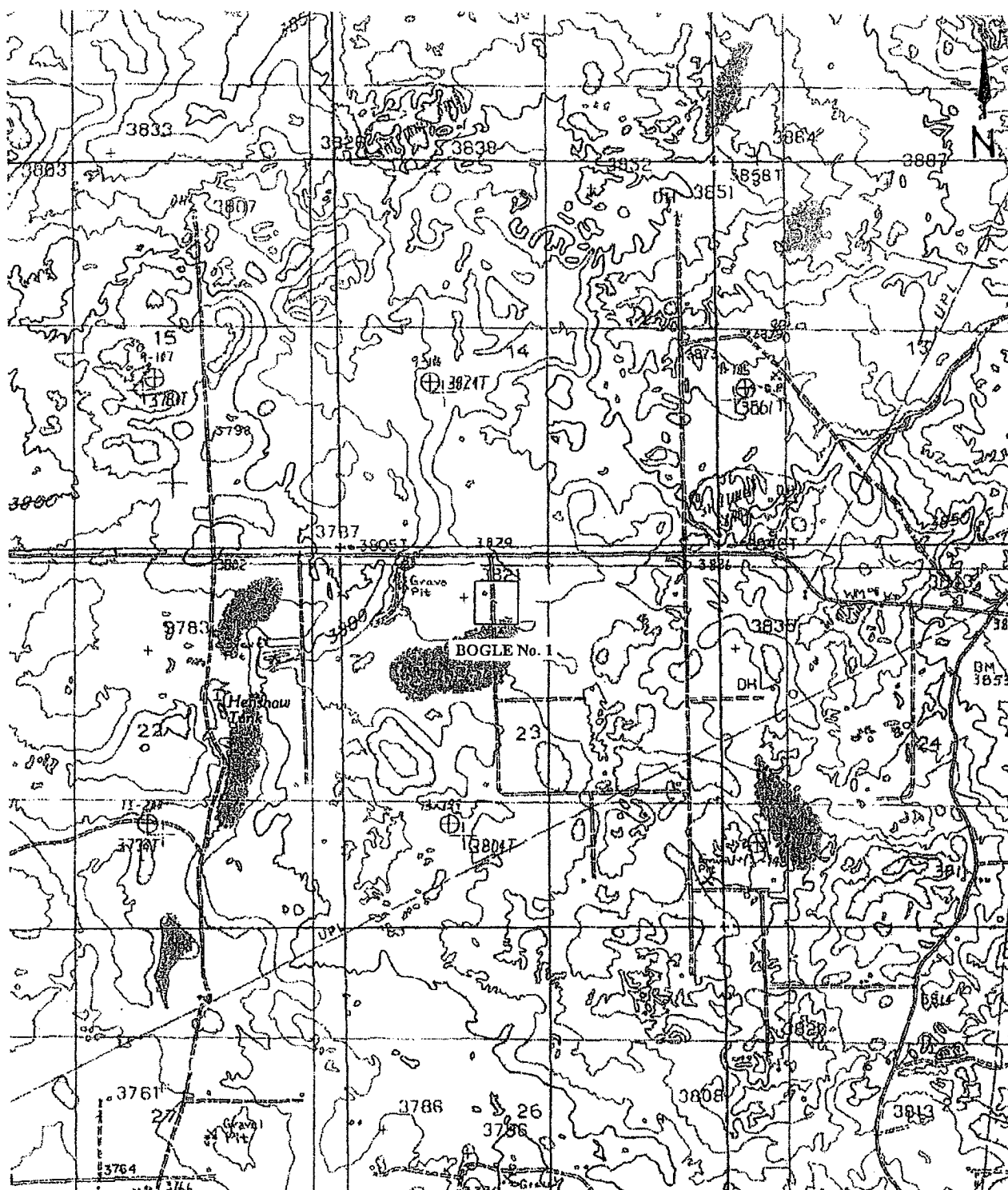
I certify that the information provided above is correct and accurate and meets all appreciable BLM standards.

Responsible Archaeologist


Signature

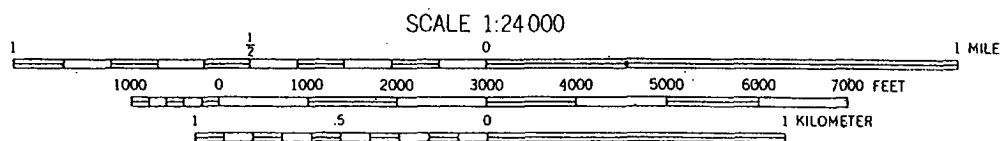
23 Jan. 2006

Date



Location Map of a pad for the Bogle "23" Fed. com well No. 1 for Chesapeake Operating, INC. in Section 23, T16S, R30E, NMPM, EDDY County, NM.

Map Reference: USGS 7.5' Series, HENSHAW TANK, NM (Prov. Ed. 1985) 32103-H8



BLOWOUT PREVENTOR SCHEMATIC

CHESAPEAKE OPERATING INC

WELL : Bogle 23 Federal Com 1

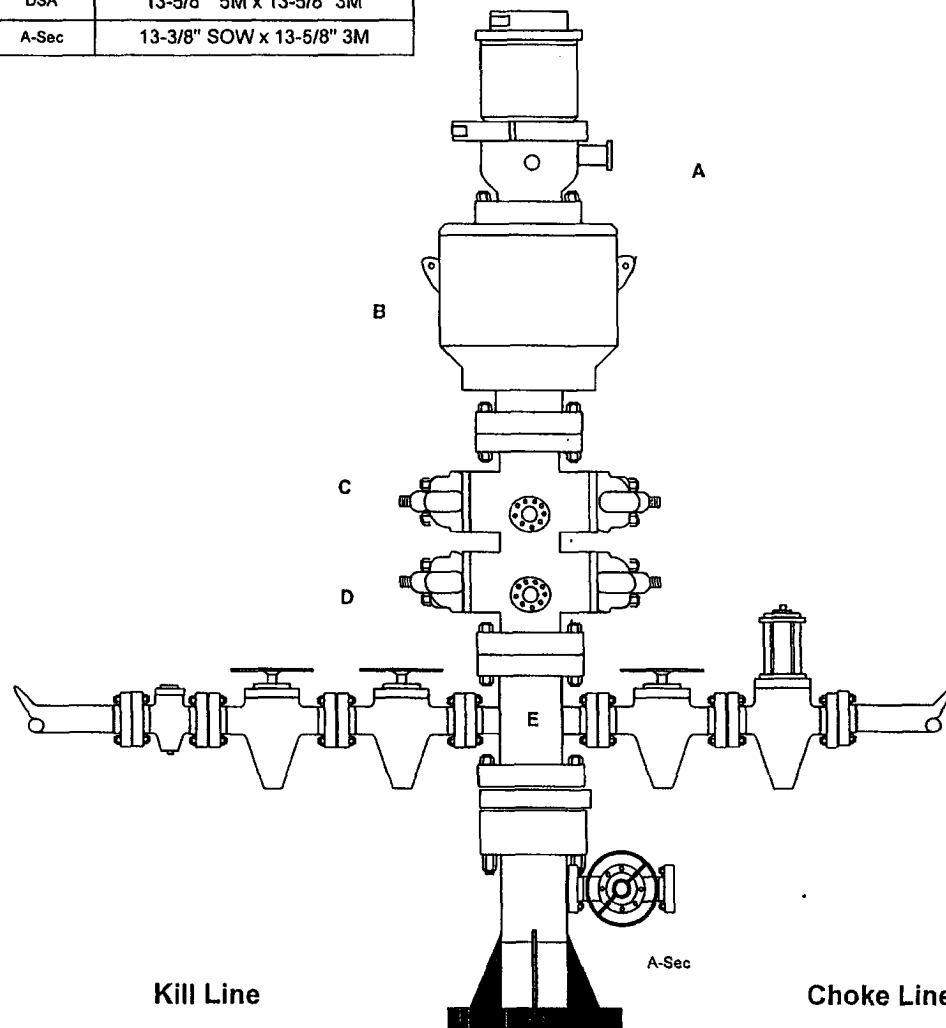
RIG

COUNTY : Eddy

STATE: New Mexico

OPERATION: Drill out below 13-3/8" Casing

	SIZE	PRESSURE	DESCRIPTION
A	13-5/8"	500#	Rot Head
B	13-5/8"	5,000#	Annular
C	13-5/8"	5,000#	Pipe Rams
D	13-5/8"	5,000#	Blind Rams
E	13-5/8"	5,000#	Mud Cross
DSA	13-5/8"	5M x 13-5/8"	3M
A-Sec	13-3/8"	SOW x 13-5/8"	3M



SIZE	PRESSURE	DESCRIPTION
2"	5,000#	Check Valve
2"	5,000#	Gate Valve
2"	5,000#	Gate Valve

SIZE	PRESSURE	DESCRIPTION
4"	5,000#	Gate Valve
4"	5,000#	HCR Valve

EXHIBIT F-1

BLOWOUT PREVENTOR SCHEMATIC

CHESAPEAKE OPERATING INC

WELL : Bogle 23 Federal Com 1

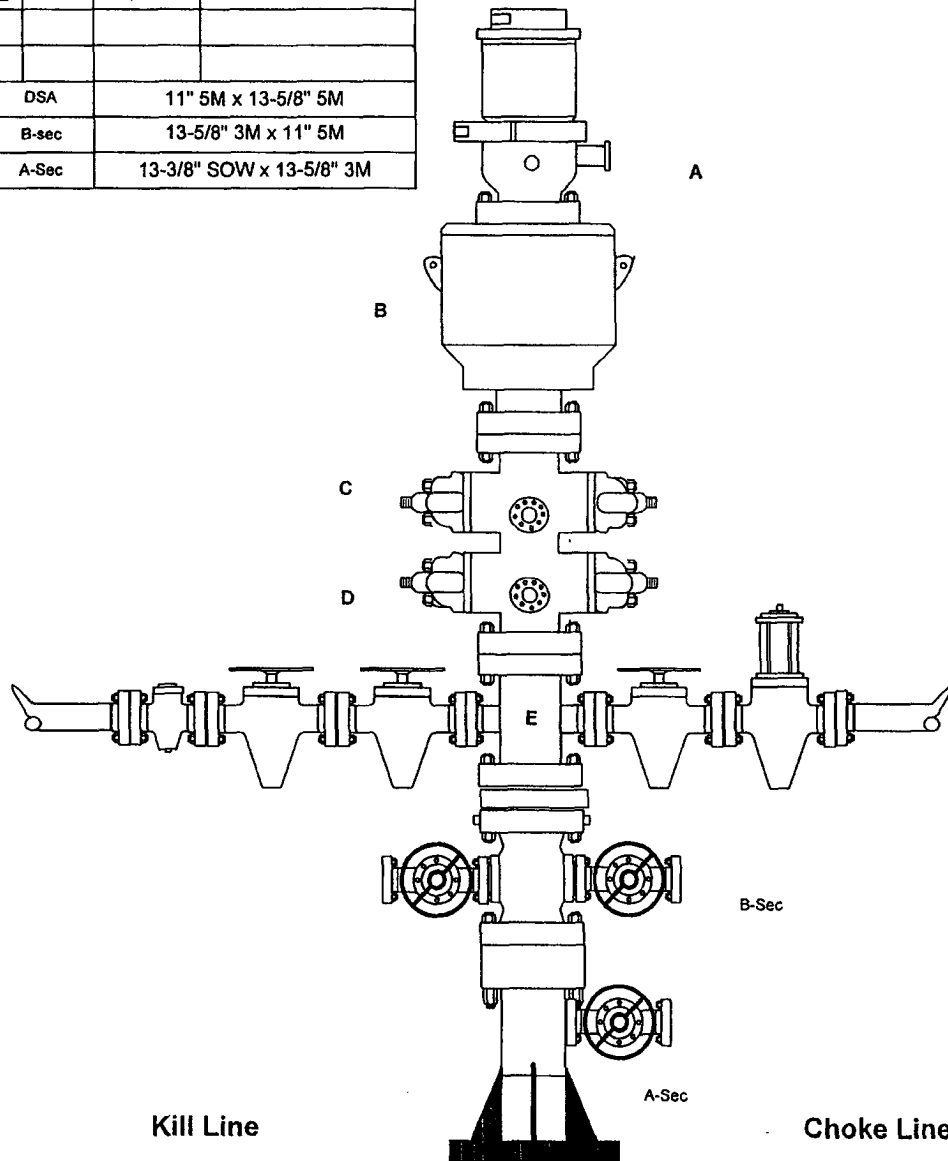
RIG

COUNTY : Eddy

STATE: New Mexico

OPERATION: Drill out below 8-5/8" Casing

	SIZE	PRESSURE	DESCRIPTION
A	13-5/8"	500#	Rot Head
B	13-5/8"	5,000#	Annular
C	13-5/8"	5,000#	Pipe Rams
D	13-5/8"	5,000#	Blind Rams
E	13-5/8"	5,000#	Mud Cross
DSA	11" 5M x 13-5/8" 5M		
B-sec	13-5/8" 3M x 11" 5M		
A-Sec	13-3/8" SOW x 13-5/8" 3M		



	SIZE	PRESSURE	DESCRIPTION
	2"	5,000#	Check Valve
	2"	5,000#	Gate Valve
	2"	5,000#	Gate Valve

	SIZE	PRESSURE	DESCRIPTION
	4"	5,000#	Gate Valve
	4"	5,000#	HCR Valve

EXHIBIT F-2

SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name: Chesapeake Operating, Inc. Well Name & #: Bogle 23 Fed. Com. #1
Location 760 F N L & 2180 F W L; Sec. 23, T. 16 S., R. 30 E.
Lease #: NM-110610 County: Eddy State: New Mexico

The Special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CRF 3165.3 AND 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

I. SPECIAL ENVIRONMENT REQUIREMENTS

- (☒) Lesser Prairie Chicken (stips attached) () Flood plain (stips attached)
() San Simon Swale (stips attached) (☒) Other (See attached archaeological stipulations)

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(☒) The BLM will monitor construction of this drill site. Notify the (☒) Carlsbad Field Office at (505) 234-5972 () Hobbs Office (505) 393-3612, at least 3 working days prior to commencing construction.

(☒) Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche upon completion of well and it is determined to be a producer.

() All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____ inches in depth. Approximately _____ cubic yards of topsoil material will be stockpiled for reclamation.

(☒) Other: **V-Door South (Reserve pits to the East). Restrict pad size to the north to 140 ft. to avoid a gas pipeline.**

III. WELL COMPLETION REQUIREMENTS

() A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

(☒) Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at depth of 1/2 inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre.

- | | |
|---|---|
| () A. Seed Mixture 1 (Loamy Sites) | (<input checked="" type="checkbox"/>) B. Seed Mixture 2 (Sandy Sites) |
| Side Oats Grama (<i>Bouteloua curtipendula</i>) 5.0 | Sand Dropseed (<i>Sporobolus cryptandrus</i>) 1.0 |
| Sand Dropseed (<i>Sporobolus cryptandrus</i>) 1.0 | Sand Lovegrass (<i>Eragrostis trichodes</i>) 1.0 |
| | Plains Bristlegrass (<i>Setaria macrostachya</i>) 2.0 |
| () C. Seed Mixture 3 (Shallow Sites) | () D. Seed Mixture 4 (Gypsum Sites) |
| Side oats Grama (<i>Boute curtipendula</i>) 1.0 | Alkali Sacaton (<i>Sporobolus airoides</i>) 1.0 |
| | Four-Wing Saltbush (<i>Atriplex canescens</i>) 5.0 |

() OTHER SEE ATTACHED SEED MIXTURE

Seeding should be done either late in the fall (September 15 - November 15, before freeze up, or early as possible the following spring to take advantage of available ground moisture.

() Other

RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6-mil plastic. Mineral material extracted from within the boundary of the APD during construction of the well pad and reserve pits and be used for the construction of this well pad and its immediate access road only, as long as that portion of the access road it is use on remains on-lease. Removal of any additional material from this location for construction or improvement of other well pads and other access or lease roads must first be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.

The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

OPTIONAL PIT CONSTRUCTION STANDARDS

The reserve pit may be constructed in predominantly fill material if:

(1) Lined as specified above and

(2) A temporary or emergency pit may be constructed immediately adjacent to the reserve pit as long as the pit remains within the APD boundary. Mineral material removed from this pit may be used for the construction of this well pad only and its immediate access road, as long as that portion of the access road the material is used on remains on-lease. Removal of any material from the APD boundary for use on other well locations or roads must first be purchased from BLM.

Reclamation of the reserve pit consists of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be re-contoured, all trash removed, and reseeded as specified in this permit.

CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to process by BLM.

TRASH PIT STIPS

All trash, junk, and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

EXHIBIT NO. 1

Bureau of Land Management, Carlsbad Field Office
620 E. Greene Street Carlsbad, NM 88220

Cultural and Archaeological Resources

NOTICE OF STIPULATIONS

Date of Issue:
3/6/2006

Lease Number:
NM-110610

BLM Report No.
06-NM-523-370

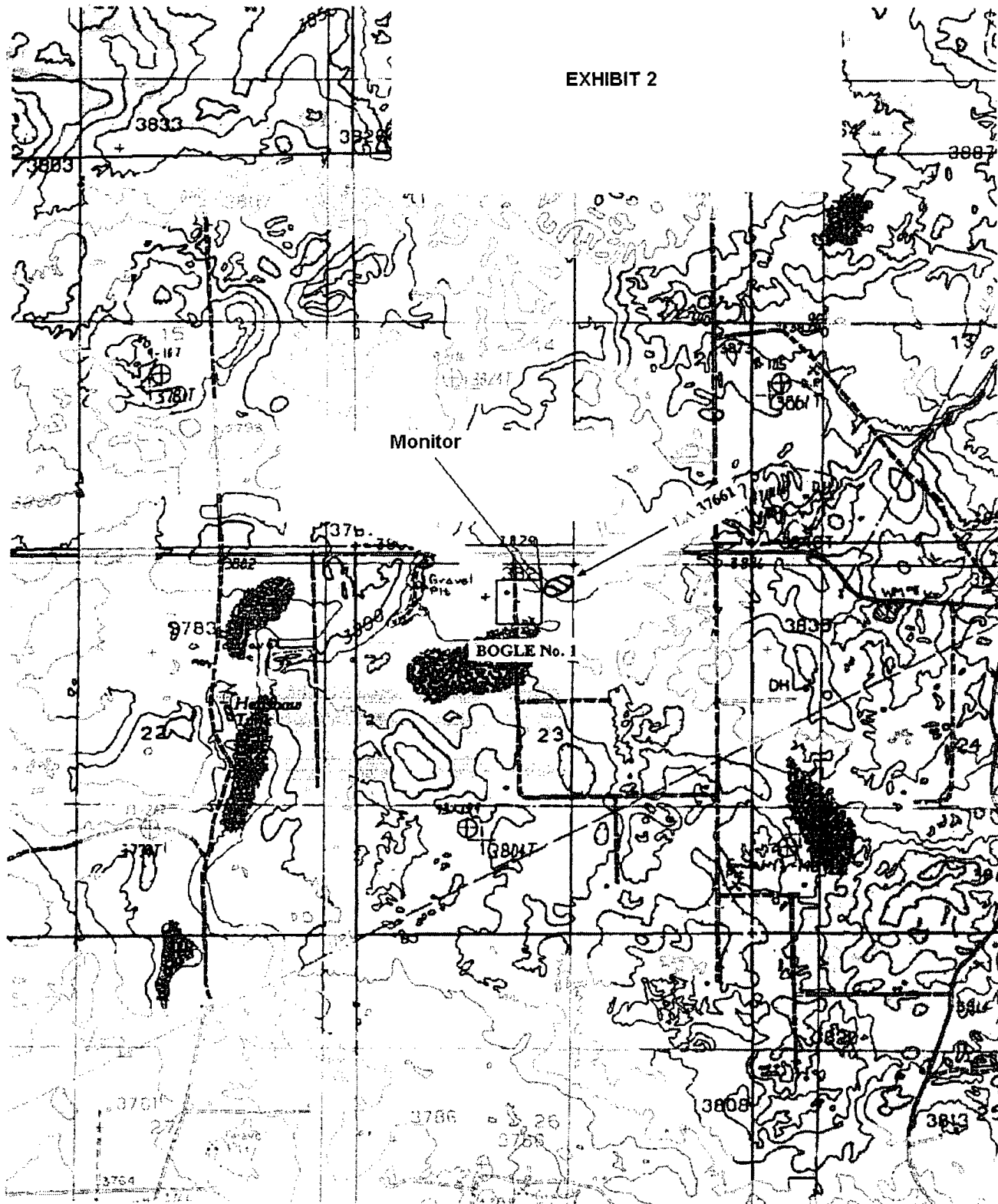
Historic properties in the vicinity of this project are protected by federal law. In order to ensure that they are not damaged or destroyed by construction activities, the project proponent and construction supervisors shall ensure that the following stipulations are implemented.

Project Name:	<u>Class III Archaeological Survey of a Pad for the Bogle 23 Fed Com Well No. 1</u>
REQUIRED	<u>1). A 3-day preconstruction call-in notification.</u> Contact BLM Inspection and Enforcement at (505) 234-5977, 5909, or 5995, to establish a construction start date.
REQUIRED	<u>2. Professional archaeological monitoring.</u> Contact your project archaeologist, or BLM's Cultural Resources Section at (505) 234-5980, 5917, or 5986, for assistance. A. <input checked="" type="checkbox"/> These stipulations must be given to your monitor at least <u>5 days</u> prior to the start of construction. B. <input checked="" type="checkbox"/> No construction, including vegetation removal or other site prep may begin prior to the arrival of the monitor.
	<u>3. Cultural site barrier fencing.</u> (Your monitor will assist you). A. <input type="checkbox"/> A temporary site protection barrier(s) shall be erected prior to all ground-disturbing activities. The minimum barrier(s) shall consist of upright wooden survey lath spaced no more than ten (10) feet apart and marked with blue ribbon flagging or blue paint. There shall be no construction activities or vehicular traffic past the barrier(s) at any time. B. <input type="checkbox"/> A permanent, 4-strand barbed wire fence strung on standard "T-posts" shall be erected prior to all ground-disturbing activities. No construction activities or vehicle traffic are allowed past the fence.
REQUIRED	<u>4. The archaeological monitor shall:</u> A. <input type="checkbox"/> Ensure that all site protection barriers are located as indicated on the attached map(s). B. <input checked="" type="checkbox"/> Observe all ground-disturbing activities within 100 feet of cultural site no. (s) <u>LA 37661</u> , as shown on the attached map(s). C. <input type="checkbox"/> Ensure that all reroutes are adhered to avoid cultural site no.(s) D. <input type="checkbox"/> Ensure the proposed _____ is/are located as shown on the attached map(s). E. <input checked="" type="checkbox"/> Submit a brief monitoring report within 30 days of completion of monitoring. The contract archaeologist monitor shall monitor all disturbance within 100 feet of LA 37661. According to the APD the pits shall be constructed to the east towards LA 37661.
Other:	

Site Protection and Employee Education: It is the responsibility of the project proponent and his construction supervisor to inform all employees and subcontractors that cultural and archaeological sites are to be avoided by all personnel, vehicles, and equipment; and that it is illegal to collect, damage, or disturb cultural resources on Public Lands.

For assistance, contact
BLM Cultural Resources: Gary Navarre (505) 234-5980 Bruce Boeke (505) 234-5917 James Smith (505) 234-5986

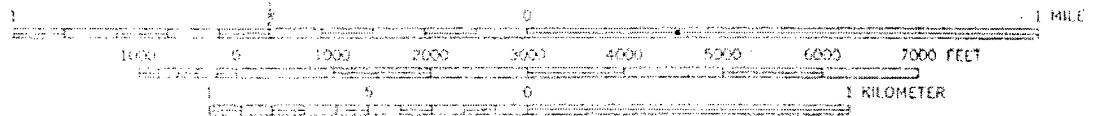
EXHIBIT 2



Location Map of a pad for the Bogle "23" Fed. com well No. 1 for Chesapeake Operating, INC. in Section 23, T16S, R30E, NMPM, EDDY County, NM.

Map Reference: USGS 7.5' Series, HENSHAW TANK, NM (Prov. Ed. 1985) 32103-H8

SCALE 1:24,000



PRAIRIE CHICKENS

No surface use is allowed during the following time periods; unless otherwise specified, this stipulation does not apply to operation and maintenance of production facilities.

On the lands described below:

T. 16 S., R. 30 E.
Section 23: ALL

For the purpose of: Protecting Prairie Chickens:

Drilling for oil and gas, and 3-D geophysical exploration operations will not be allowed in Lesser Prairie Chicken Habitat during the period of March 15 through June 15, each year. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 a.m. and 9:00 a.m. The 3:00 a.m. and 9:00 a.m. restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during the period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Chesapeake Operating Inc
Well Name & No: Bogle 23 Fl;ats Com No. 01
Location: Surface 760' FNL & 2180' FWL, Sec.23, T. 16 S. R. 30 E.
Lease: NMNM 110610
Eddy County, New Mexico

.....

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell, NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 13 3/8 inch; 9 5/8 inch; 5 1/2 inch.

C. BOP Tests

2. A Hydrogen Sulfide (H2S) Drilling Plan is not required for this well bore.

3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

6. A Communization Agreement shall be submitted and approved by this office prior to any sales from the well.

II. CASING:

1. The 13 3/8 inch shall be set at 520 Feet with cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 9 5/8 inch Intermediate casing is to circulate to surface.

3. The minimum required fill of cement behind the 5 1/2 inch Production casing is to Tie Back TOC into 9 5/8 inch show by at least 200 ft. The operator is planning to attempt to circulate cement.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13 3/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

(III Cont):

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 5 M psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the test.

- The test shall be done by an independent service company
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures.
- Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in safe workman-like manner. Hard line connections shall be required.
- Both low pressure and high pressure testing of BOPE is required.

Ggourley RFO 03/02/06