District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, 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, NM 87505

Form C-144 CLEZ
July 21, 2008

For closed-loop systems *that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure,* submit to the appropriate NMOCD District Office.

Closed-Loop System Permit or Closure Plan Application

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: [X] Permit [ ] Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1.
Operator: Chesapeake Operating, Inc. OGRID #: 147179
Address: P.O. Box 18496 Oklahoma City, OK 73154
Facility or well name: CROW FLATS 14 16 28 USA 5H
API Number: 30-015-39509 OCD Permit Number: 212063
U/L or Qtr/Qtr D Section 14 Township 16 South Range 28 East County: Eddy
Center of Proposed Design: Latitude 32.928789 Longitude -104.15432 NAD: [X] 1927 [ ] 1983
Surface Owner: [X] Federal [ ] State [ ] Private [ ] Tribal Trust or Indian Allotment

2.
[X] **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
Operation: [X] Drilling a new well [ ] Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) [ ] P&A
[ ] Above Ground Steel Tanks or [X] Haul-off Bins

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3.
Signs: Subsection C of 19.15.17.11 NMAC
[ ] 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
[X] Signed in compliance with 19.15.3.103 NMAC

4.
Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.
[X] Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
[X] Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
[X] Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
[ ] Previously Approved Design (attach copy of design) API Number: _____
[ ] Previously Approved Operating and Maintenance Plan API Number: _____

5.
Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC)
Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.
Disposal Facility Name: Controlled Recovery, Inc. Disposal Facility Permit Number: NM-01-0006
Disposal Facility Name: Sundance Disposal Disposal Facility Permit Number: NM-01-0003
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that *will not* be used for future service and operations?
[ ] Yes (If yes, please provide the information below) [X] No
Required for impacted areas which will not be used for future service and operations:
[ ] Soil Backfill and Cover Design Specifications - - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
[ ] Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
[ ] Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

6.
Operator Application Certification:
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.
Name (Print): Bryan Arrant Title: Sr. Regulatory Compl. Sp.
Signature: Bryan Arrant Date: 07/15/2011
e-mail address: bryan.arrant@chk.com Telephone: (405)935-3782

7.
OCD Approval: ☒ Permit Application (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature: RRDade **Approval Date:** 10/19/2011

Title: Dist II Supervisor **OCD Permit Number:** 212063

8.
Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC

Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.

☐ **Closure Completion Date:** _____

9.
Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:

Instructions: Please indentify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

Required for impacted areas which will not be used for future service and operations:

☐ Site Reclamation (Photo Documentation)
☐ Soil Backfilling and Cover Installation
☐ Re-vegetation Application Rates and Seeding Technique

10.
Operator Closure Certification:

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): _____ Title: _____

Signature: _____ Date: _____

e-mail address: _____ Telephone: _____

Chesapeake Operating, Inc.'s Closed Loop System
CROW FLATS 14 16 28 USA 5H
Unit D, Sec. 14, T-16-S R-28-E
Eddy Co., NM
API # TBD

Equipment & Design:

Chesapeake Operating, Inc. is to use a closed loop system with roll-off steel pits. This rig has:

Two-National Oil Well Linear 285P Shale Shakers
One-Brandt HS 3400 Centrifuge
One-500 bbl frac tank for fresh water
One-500 bbl frac tank brine water

Operations & Maintenance:

During each and every tour, the rig's drilling crew will inspect and monitor closely the drilling fluids contained within the steel pits and visually monitor any spill which may occur.
Within 48 hours should a spill, release or leak occur, the NMOCD District II office in Artesia (575-748-1283) will be notified. Please note that notifications may be made earlier to the district office should a greater release occur.

Closure:

During and after drilling operations, liquids (which apply), all drill cuttings and drilling fluids will be hauled and disposed to the Controlled Recovery, Inc.'s location.

The permit number for Controlled Recovery, Inc. is: NM-01-0006
The alternative disposal facility will be Sundance Disposal.
Their permit # is: NM-01-0003.

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

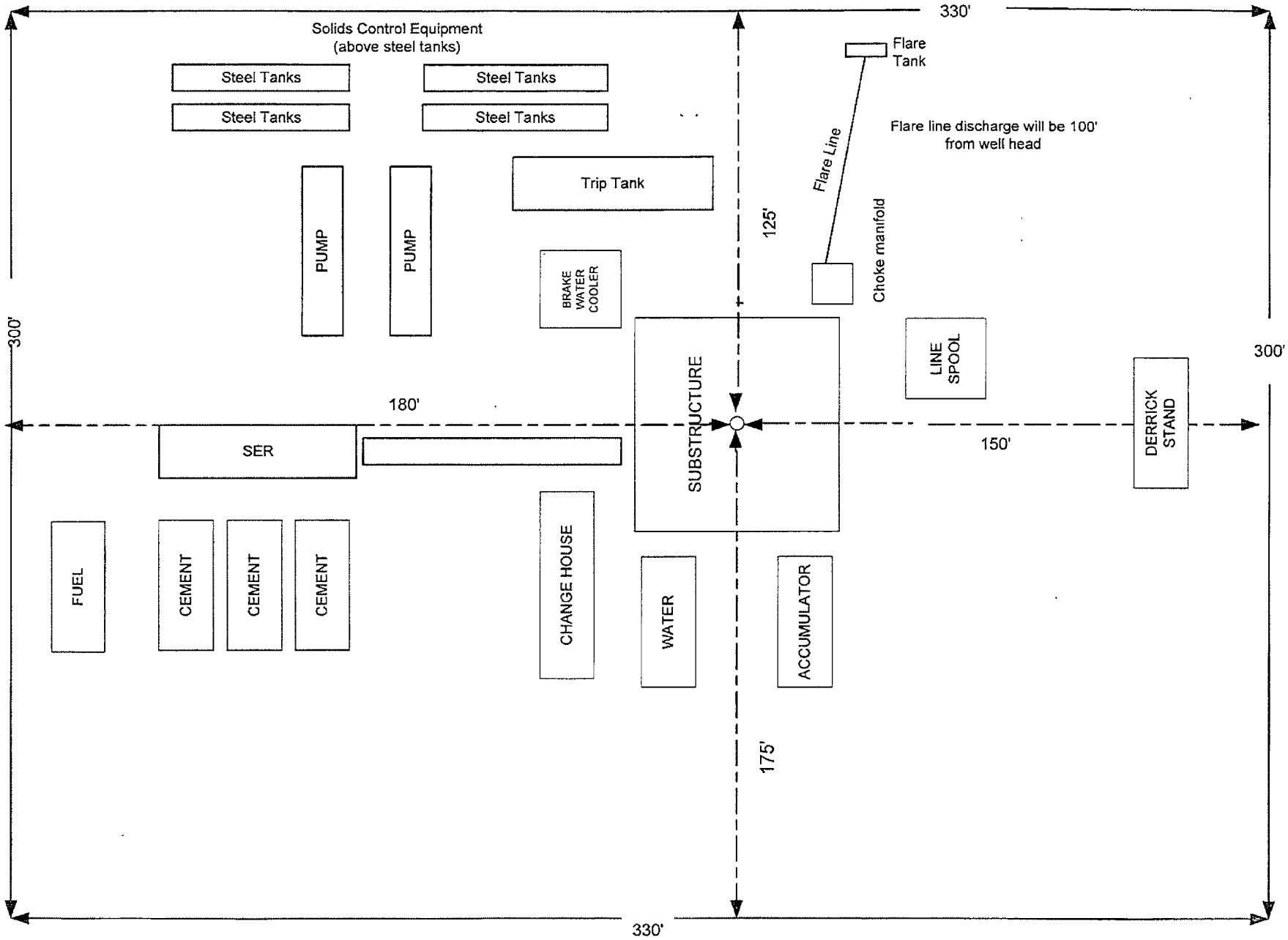

Exhibit D