

## OCD-HOBBS

Form 3160-3  
August 1999)UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

EC

## APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.  
NMNM 110843

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.  
YOUNG 11 FEDERAL 3

9. API Well No.

10. Field and Pool, or Exploratory  
BRONCO; Wolfcamp

11. Sec., T., R., M., or Blk. and Survey or Area

Sec 11 T13S R38E Mer NMP

12. County or Parish  
LEA13. State  
NM

17. Spacing Unit dedicated to this well

40.00

20. BLM/BIA Bond No. on file

23. Estimated duration

22. Approximate date work will start

21. Elevations (Show whether DF, KB, RT, GL, etc.)

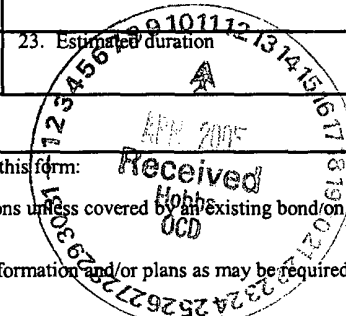
3808 GL

24. Attachments

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

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature  
(Electronic Submission)Name (Printed/Typed)  
LINDA GOOD Ph: 405.767.4275Date  
12/06/2004Title  
AUTHORIZED REPRESENTATIVEApproved by (Signature)  
/S/ Russell E. Sorensen

Name (Printed/Typed) /S/ Russell E. Sorensen

Date  
APR 07 2005Title  
FIELD MANAGEROffice  
CARLSBAD FIELD OFFICEApplication approval does not warrant or certify 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.

## Additional Operator Remarks (see next page)

Electronic Submission #51551 verified by the BLM Well Information System  
For CHESAPEAKE OPERATING INC, sent to the Hobbs

Committed to AFMSS for processing by ARMANDO LOPEZ on 12/06/2004 (05AL0019AE)

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED

\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\*

**Additional Operator Remarks:**

Chesapeake Operating, Inc. proposed to drill a well to 9840' to test the Harris formation. If productive, casing will be run and the well will be completed. If dry, the well will be plugged and abandoned as per BLM and New Mexico Oil Conservation Division requirements.

Attached please find the Surface Use Plan, Drilling Plan, and attachments 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 once a rig is assigned.

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.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires March 31, 1993

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.  
Use "APPLICATION FOR PERMIT—" for such proposals

**SUBMIT IN TRIPLICATE**

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other _____	5. Lease Designation and Serial No. NMNM 110843
2. Name of Operator CHESAPEAKE OPERATING, INC.    ATTN: Linda Good 405/767-4275	6. If Indian, Allottee or Tribe Name
3. Address and Telephone No. P.O. BOX 18496, OKLAHOMA CITY, OKLAHOMA 73154 (405) 848-8000	7. If Unit or CA, Agreement Designation
4. Location of Well (Footage. Sec., T., R., M., or Survey Description) Surface Location: 11-13S-38E SWNW 2412 FNL 417 FWL BHLocation: 11-13S-38E SWNW 2147 FNL 594 FWL	8. Well Name and No. YOUNG 11 FEDERAL
	9. API Well No. 30-025-37183
	10. Field and Pool, or Exploratory Area BRONCO
	11. County or Parish, State LEA COUNTY, NM

**CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input type="checkbox"/> Other <u>AMENDING ORIGINAL APD</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Surface location changed to 2412 FNL 417 FWL, SWNW. (from 2424 FNL 468 FWL, SWNW)

Enclosed are the new survey plats.

BLM Nationwide Bond #NM2634.

(CHK PN 819574)

14. I hereby certify that the foregoing is true and correct

Signed \_\_\_\_\_ Title Permitting Agent Date February 14, 2005

(This space for Federal or State office use)

Approved by /S/ Russell E. Sorensen Title ACTING FIELD MANAGER Date APR 07 2005  
Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes 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 to any matter within its jurisdiction.

\*See Instruction on Reverse Side

4625 N. French Dr., Hobbs, NM 88240

**State of New Mexico**

Form C-102

**Energy, Minerals, and Natural Resources Department**

Revised August 15, 2000

**Submit to Appropriate District Office**

**State Lease - 4 copies**

**Fee Lease - 3 copies**

## DISTRICT II

**1301 W. Grand Avenue, Artesia, NM 88210**

## OIL CONSERVATION DIVISION

**1220 South St. Francis Dr.**

**Santa Fe, New Mexico 87505**

### DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

### DISTRICT IV

**1220 S. St. Francis Dr., Santa Fe, NM 87505**

☐ AMENDED REPORT

# WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30.025.37183	<sup>2</sup> Pool Code 7600	<sup>3</sup> Pool Name Bronco; Wolfcamp
<sup>4</sup> Property Code 34549	<sup>5</sup> Property Name YOUNG "11" FEDERAL	<sup>6</sup> Well Number 3
<sup>7</sup> OGRID No. 147179	<sup>8</sup> Operator Name CHESAPEAKE OPERATING	<sup>9</sup> Elevation 3808'

## <sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	11	13 SOUTH	38 EAST, N.M.P.M.		2412'	NORTH	417'	WEST	LEA

<sup>11</sup> **Bottom Hole Location If Different From Surface**

UL or lot no. <b>E</b>	Section <b>11</b>	Township <b>13 SOUTH</b>	Range <b>38 EAST, N.M.P.M.</b>	Lot Idn	Feet from the <b>2147'</b>	North/South line <b>NORTH</b>	Feet from the <b>594'</b>	East/West line <b>WEST</b>	County <b>LEA</b>
<sup>12</sup> Dedicated Acres		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			

**NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**

16

4

2412'

2147'

594'

417'

BHL

X = 885261

Y = 805304

LAT.: N = 33.20744

LONG.: W = 103.07379

AZ = 33.14°

320.1'

NAD 27 NME ZONE

X = 885086

Y = 805036

LAT.: N = 33.20671

LONG.: W = 103.07437

3

2

1

5

6

7

TEXAS - NEW MEXICO  
BOUNDARY LINE

## **<sup>17</sup> OPERATOR CERTIFICATION**

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

Lynda F. Townsend

**Signature**

Printed Name \_\_\_\_\_

TVL

**Deutscher**

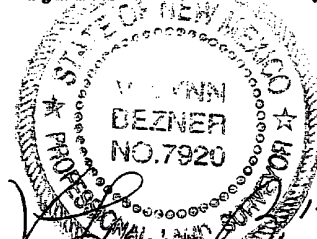
**<sup>18</sup> SURVEYOR CERTIFICATION**

*I hereby certify that the well location shown on this plot 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.*

**JANUARY 17, 2005**

Date of Survey \_\_\_\_\_

**Signature and Seal of Professional Surveyor**



**Certificate Number**

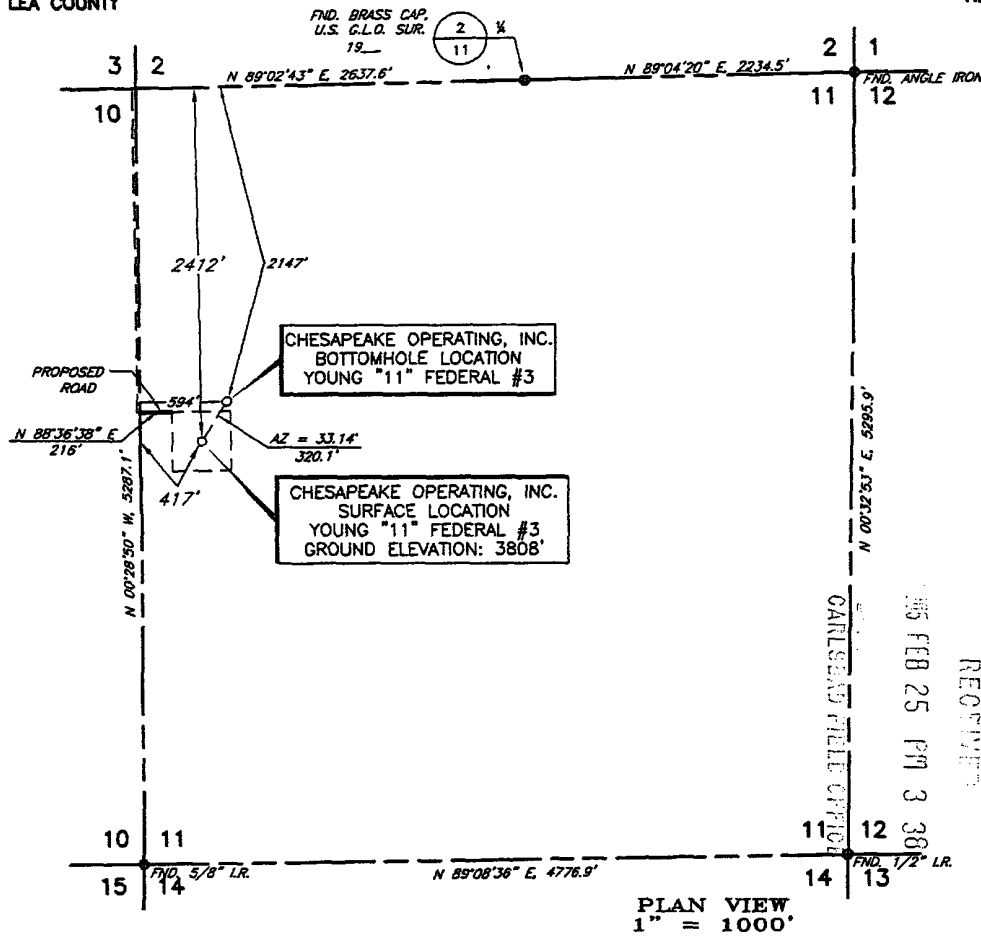
V. L. BEZNER

R.P.S. #7920

JOB # 100432 / 120 NE / E.U.O.

# Exhibit

SECTION 11, TOWNSHIP 13 SOUTH, RANGE 38 EAST, N.M.P.M.,  
LEA COUNTY NEW MEXICO



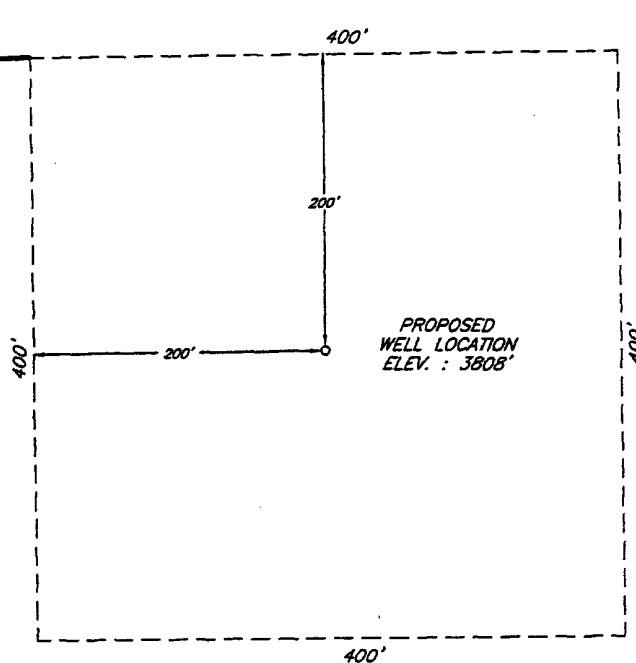
BEARINGS AND COORDINATES  
BASED ON NEW MEXICO STATE  
STATE PLANE GRID - EAST  
ZONE, NAD 27

0 1000  
1" = 1000'

DATE OF FIELD WORK: JANUARY 17, 2005

I, V. L. BEZNER, A PROFESSIONAL SURVEYOR IN THE  
STATE OF NEW MEXICO AND AUTHORIZED AGENT OF  
TOPOGRAPHIC LAND SURVEYORS, HEREBY CERTIFY THIS  
PLAT TO BE A TRUE REPRESENTATION OF A SURVEY  
PERFORMED IN THE FIELD UNDER MY SUPERVISION,  
THAT I AM RESPONSIBLE FOR THIS SURVEY, THAT THIS  
SURVEY IS TRUE AND CORRECT TO THE BEST OF MY  
KNOWLEDGE AND BELIEF AND THAT THIS PLAT AND FIELD  
SURVEY UPON WHICH IT IS BASED MEET THE MINIMUM  
STANDARDS FOR SURVEYING IN NEW MEXICO.  
(RULE 500.6 EASEMENT SURVEYING)

V. L. BEZNER, P.S. NO. 7820



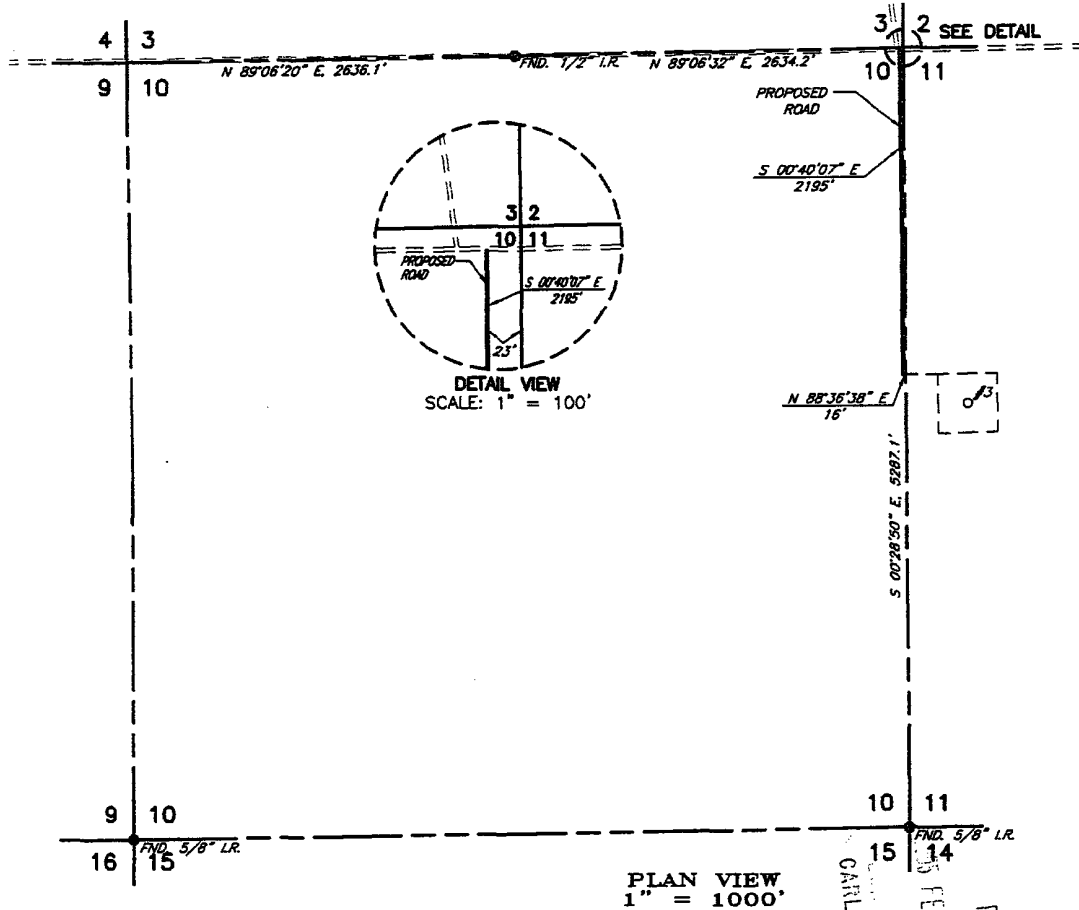
NO.	REVISION	DATE	BY

CHESAPEAKE OPERATING, INC.

SURVEYING AND MAPPING BY  
TOPOGRAPHIC LAND SURVEYORS  
MIDLAND, TEXAS

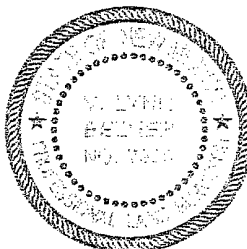
SCALE: 1" = 1000'
DATE: JANUARY 17, 2005
JOB NO.: 100432-F1
QUAD NO.: 145 SE
SHEET : 1 OF 1

SECTION 10, TOWNSHIP 13 SOUTH, RANGE 38 EAST, N.M.P.M.,  
LEA COUNTY NEW MEXICO



RECEIVED  
FEB 25 PM 3 38  
CARLSBAD FIELD OFFICE

I, V. L. BEZNER, A PROFESSIONAL SURVEYOR IN THE  
STATE OF NEW MEXICO AND AUTHORIZED AGENT OF  
TOPOGRAPHIC LAND SURVEYORS, HEREBY CERTIFY THIS  
PLAT TO BE A TRUE REPRESENTATION OF A SURVEY  
PERFORMED IN THE FIELD UNDER MY SUPERVISION,  
THAT I AM RESPONSIBLE FOR THIS SURVEY, THAT THIS  
SURVEY IS TRUE AND CORRECT TO THE BEST OF MY  
KNOWLEDGE AND BELIEF AND THAT THIS PLAT AND FIELD  
SURVEY UPON WHICH IT IS BASED MEET THE MINIMUM  
STANDARDS FOR SURVEYING IN NEW MEXICO.  
(RULE 500.6 EASEMENT SURVEYING)



*V. L. Bezner*  
V. L. BEZNER, P.S. NO. 7820

CHESAPEAKE OPERATING, INC.

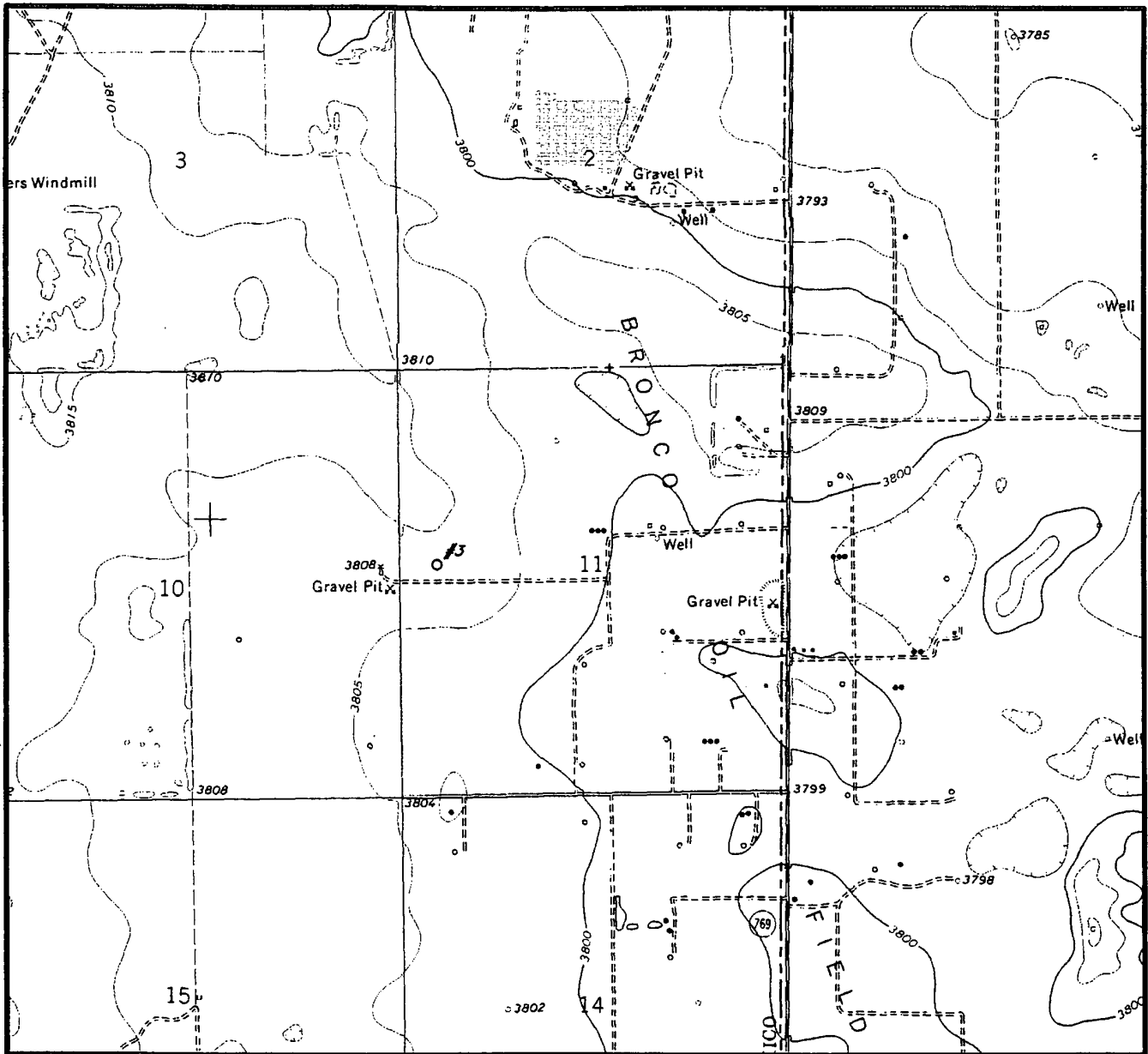
SCALE: 1" = 1000'  
DATE: JANUARY 17, 2005  
JOB NO.: 100432-F2  
QUAD NO.: 145 SE  
SHEET: 1 OF 1

NO.	REVISION	DATE	BY

SURVEYED BY: H.V.  
DRAWN BY: E.U.O.  
APPROVED BY: V.L.B.

SURVEYING AND MAPPING BY  
TOPOGRAPHIC LAND SURVEYORS  
MIDLAND, TEXAS

# LOCATION & ELEVATION VERIFICATION MAP



SCALE : 1" = 2000'

CONTOUR INTERVAL 10'

SECTION 11 TWP 13-S RGE 38-E

SURVEY NEW MEXICO PRINCIPAL MERIDIAN

COUNTY LEA STATE NM

DESCRIPTION 2412' FNL & 417' FWL

ELEVATION 3808'

OPERATOR CHESAPEAKE OPERATING

LEASE YOUNG "11" FEDERAL #3

U.S.G.S. TOPOGRAPHIC MAP

BRONCO, NEW MEXICO

SCALED LAT. LAT.: N 33.20671

LONG. LONG.: W 103.07437



## TOPOGRAPHIC LAND SURVEYORS

Surveying & Mapping for the Oil & Gas Industry

2903 N. BIG SPRING  
MIDLAND, TX. 79705  
(800) 767-1653

Exhibit A-3

This is a detailed black and white map of the Texas Panhandle, showing the border between Texas and New Mexico. The map includes numerous place names, geographical features, and infrastructure. Key locations include Hillburn City, Tatum, and various ranches and oil fields. The map is divided into sections by a grid, with section numbers like 6, 7, 8, and 9 visible. The border is marked with a thick line, and the names of the states are written vertically along it. The map also shows various landmarks such as windmills, oil wells, and a relay tower.

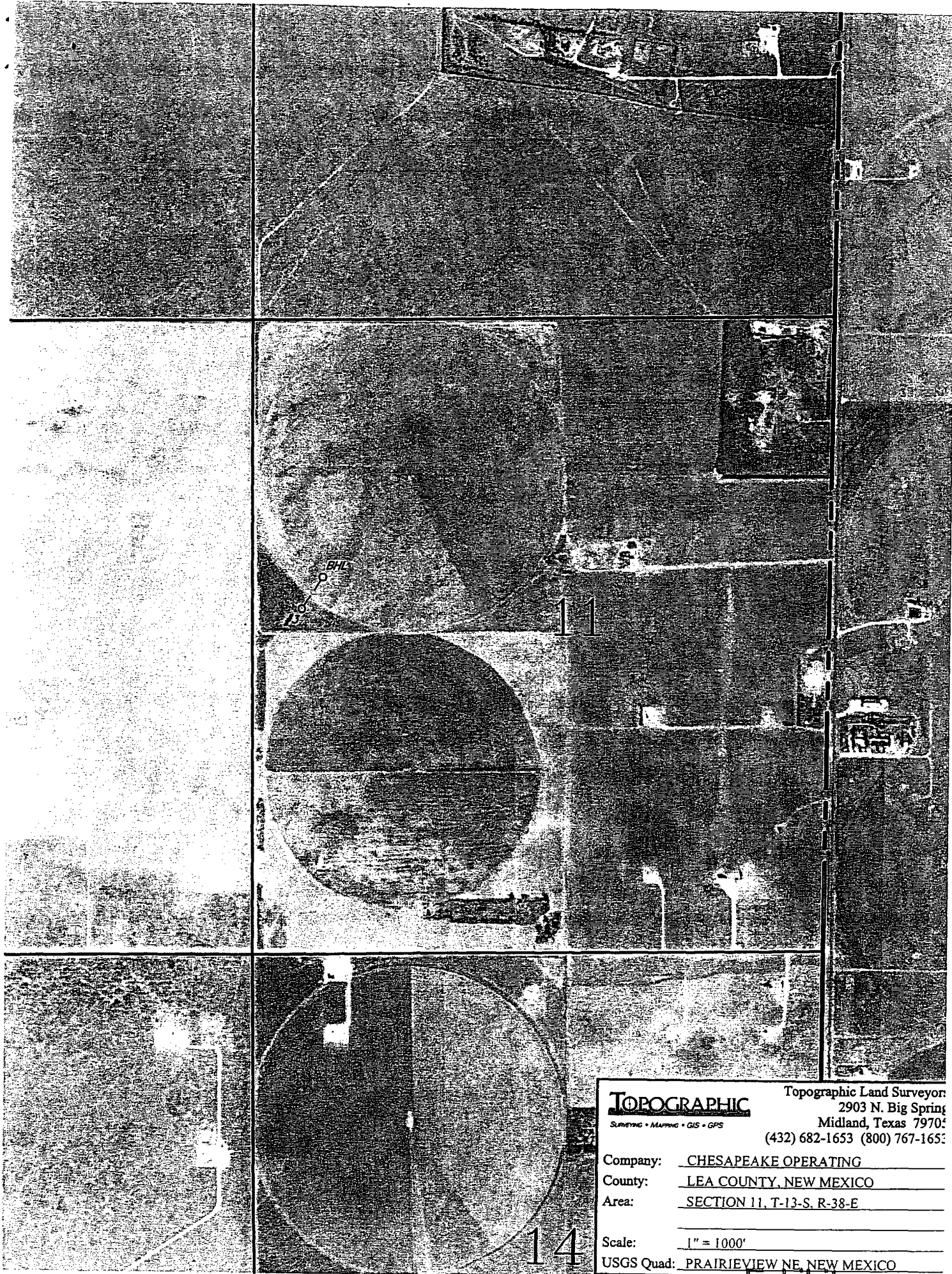
DISTANCE & DIRECTION FROM HWY. INT. OF HWY. 380 &  
HWY. 769, GO SOUTH 3.0 MILES, THENCE WEST 0.5 MILES  
TO A POINT  $\pm 100'$  NORTH OF THE LOCATION.

Review this plot and notify us immediately of any possible discrepancy.

2903 N. BIG SPRING  
MIDLAND, TX. 79705  
(800) 767-1653

Exhibit A-4



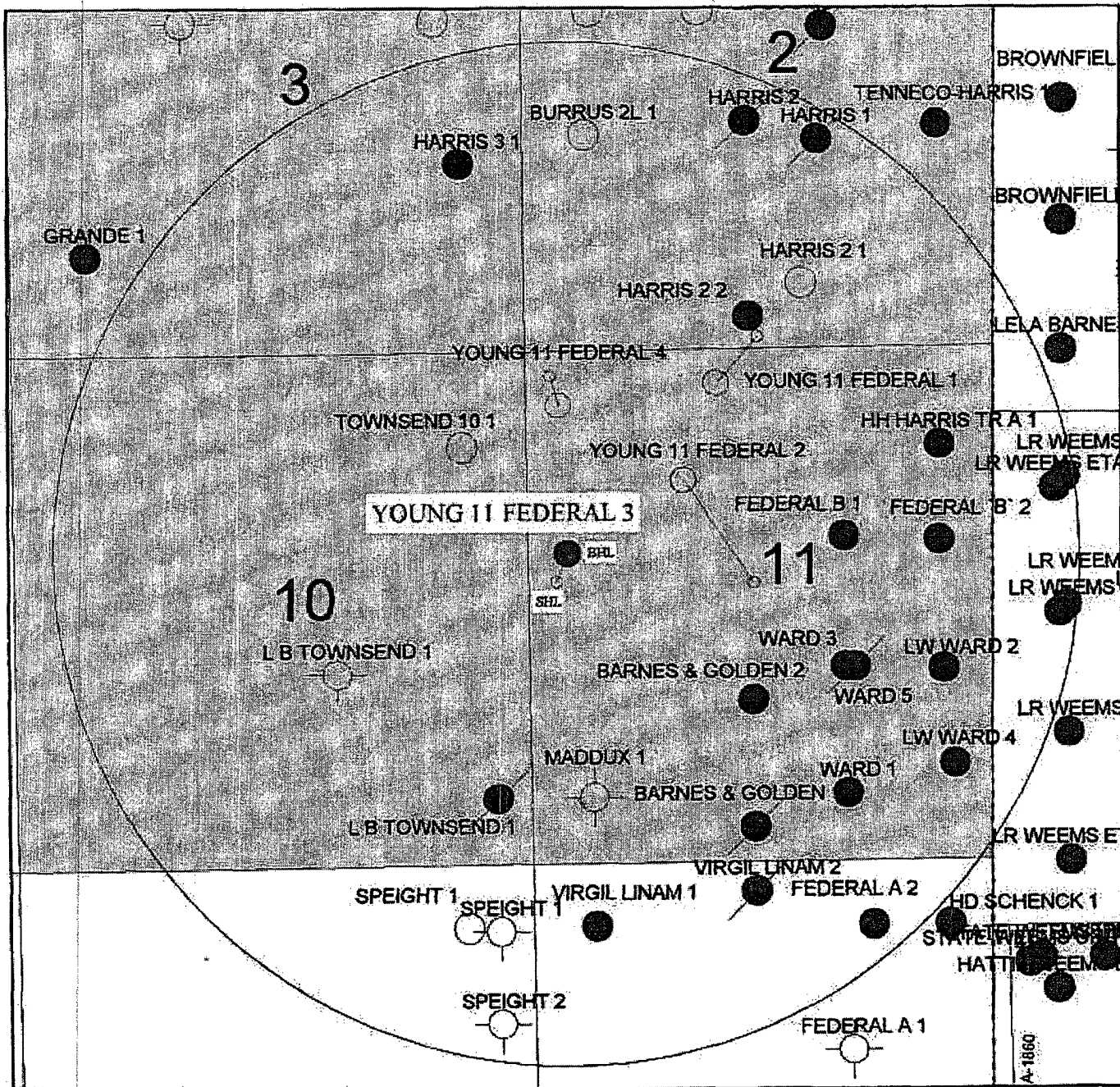


**TOPOGRAPHIC**  
SURVEYING • MAPPING • GIS • GPS

Topographic Land Surveyor  
2903 N. Big Spring  
Midland, Texas 79701  
(432) 682-1653 (800) 767-1653

Company: CHESAPEAKE OPERATING  
County: LEA COUNTY, NEW MEXICO  
Area: SECTION 11, T-13-S, R-38-E  
Scale: 1" = 1000'  
USGS Quad: PRAIRIEVIEW NE, NEW MEXICO

14




	<b>CHESAPEAKE OPERATING, INC.</b>
<p>Young 11 Federal 3 11-13S-38E Lea County, New Mexico Wells within 1-mile radius</p>	
<p>Date: 18 November, 2004</p>	<p>Geologist: CH/DG</p>

Exhibit B



**DISTRICT I**  
1625 N. French Dr., Hobbs, NM 88240

**DISTRICT II**  
1301 W. Grand Avenue, Artesia, NM 88210

**DISTRICT III**  
1000 Rio Brazos 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 August 15, 2000

Submit to Appropriate District Office

State Lease - 4 copies

Fee Lease - 3 copies

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number	<sup>2</sup> Pool Code	<sup>3</sup> Pool Name
<sup>4</sup> Property Code	<sup>5</sup> Property Name <b>YOUNG "11" FEDERAL</b>	<sup>6</sup> Well Number <b>3</b>
<sup>7</sup> OGRID No.	<sup>8</sup> Operator Name <b>CHESAPEAKE OPERATING</b>	<sup>9</sup> Elevation <b>3808'</b>

**" Surface Location**

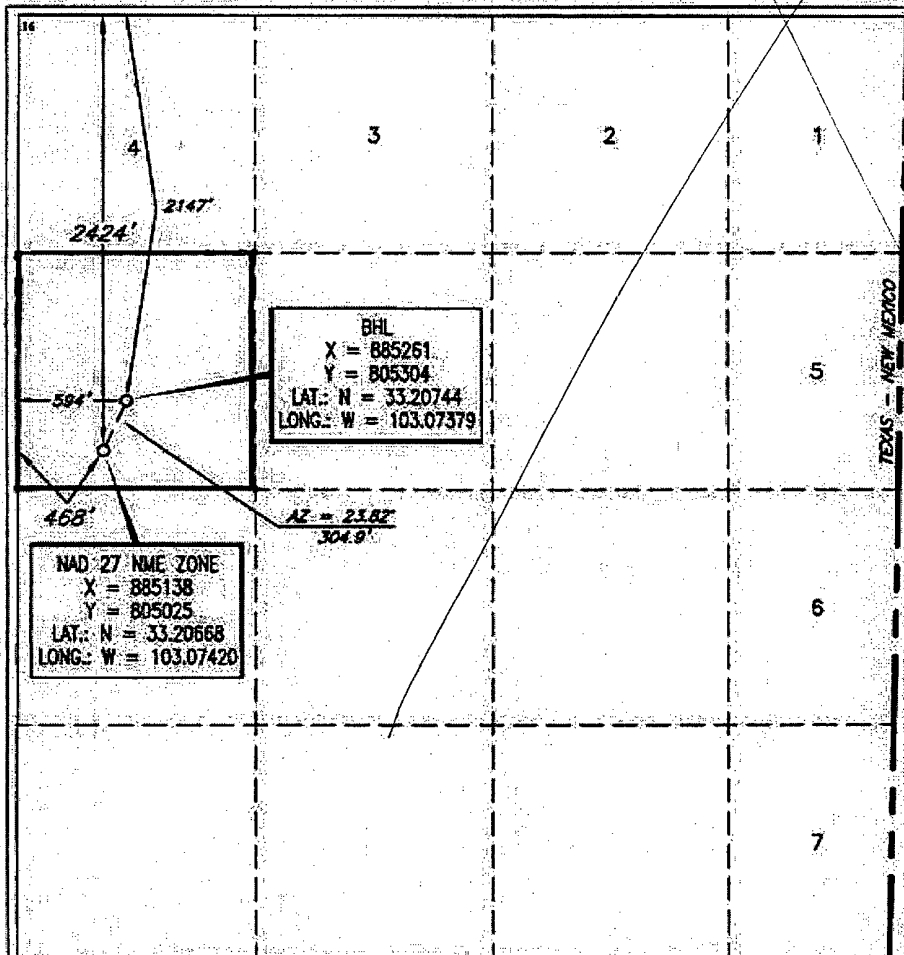
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
<b>E</b>	<b>11</b>	<b>13 SOUTH</b>	<b>38 EAST, N.M.P.M.</b>		<b>2424'</b>	<b>NORTH</b>	<b>468'</b>	<b>WEST</b>	<b>LEA</b>

**" Bottom Hole Location If Different From Surface**

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
<b>E</b>	<b>11</b>	<b>13 SOUTH</b>	<b>38 EAST, N.M.P.M.</b>		<b>2147'</b>	<b>NORTH</b>	<b>594'</b>	<b>WEST</b>	<b>LEA</b>

<sup>10</sup> Dedicated Acres	<sup>11</sup> Joint or Infill	<sup>12</sup> Consolidation Code	<sup>13</sup> Order No.

**NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**



**" OPERATOR CERTIFICATION**

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

*Linda F. Townsend*  
Signature  
*Linda F. Townsend*  
Printed Name  
Senior Landman  
Title  
10-05-04  
Date

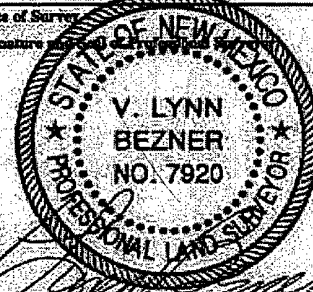
**" SURVEYOR CERTIFICATION**

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.

SEPTEMBER 17, 2004

Date of Survey

Signature



Certificate Number

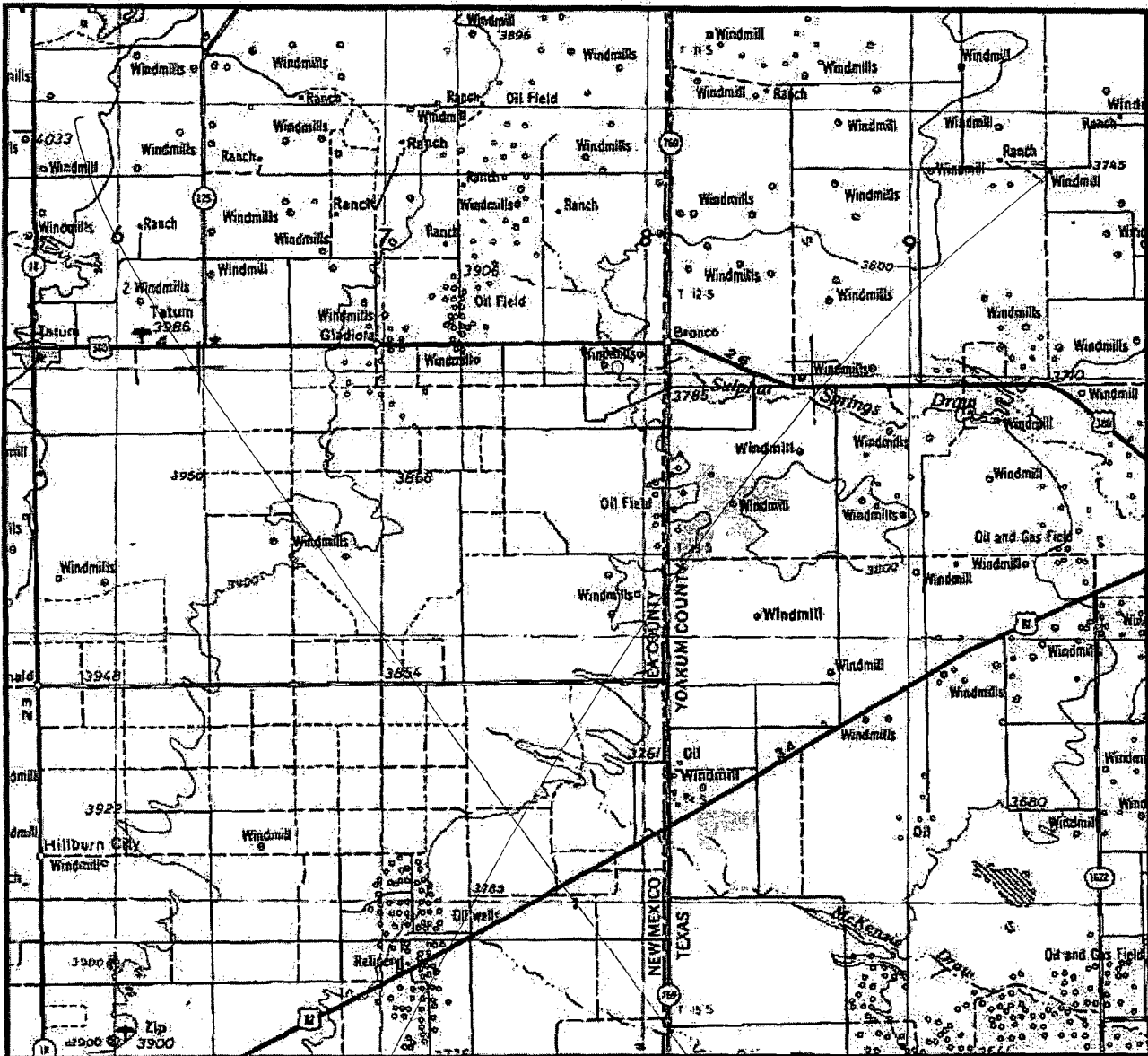
V. L. BEZNER

R.P.S. #7920

JOB #97814 / 120 NE / E.U.O.

**Exhibit A-1**

# VICINITY MAP



SECTION 11 TWP 13-S RGE 38-E  
 SURVEY NEW MEXICO PRINCIPAL MERIDIAN  
 COUNTY LEA STATE NM  
 DESCRIPTION 2424' FNL & 468' FWL  
 OPERATOR CHESAPEAKE OPERATING  
 LEASE YOUNG "11" FEDERAL #3

DISTANCE & DIRECTION FROM HWY. INT. OF HWY. 380 &  
HWY. 769, GO SOUTH 3.0 MILES, THENCE WEST 0.5 MILES  
TO A POINT ±100' NORTH OF THE LOCATION.

## TOPOGRAPHIC LAND SURVEYORS

*Surveying & Mapping for the Oil & Gas Industry*

This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us.

Review this plot and notify us immediately of any possible discrepancy.

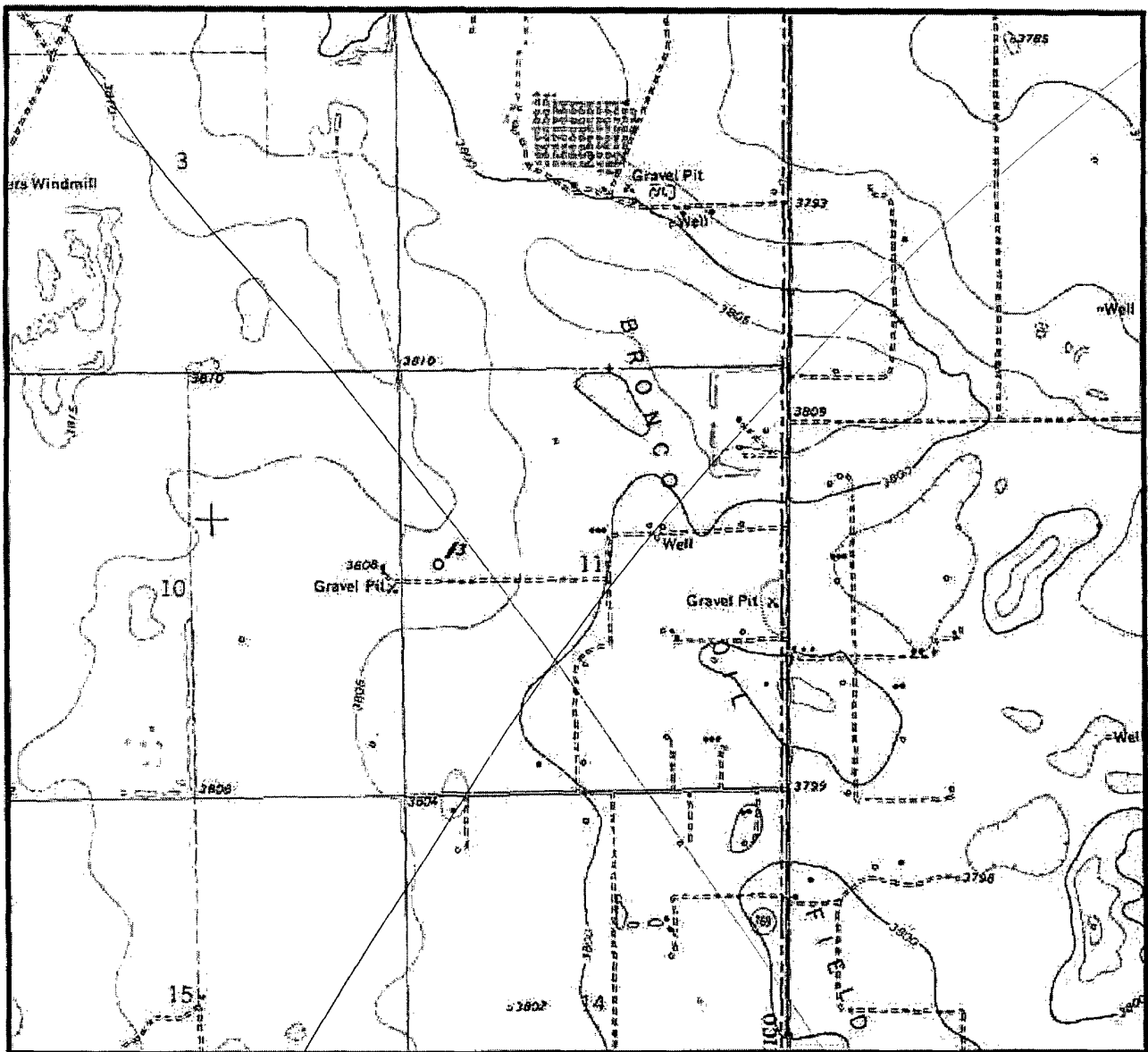
1307 N. HOBART  
 PAMPA, TX. 79065  
 (800) 658-6382

6709 N. CLASSEN BLVD.  
 OKLAHOMA CITY, OK. 73116  
 (800) 654-3219

2903 N. BIG SPRING  
 MIDLAND, TX. 79705  
 (800) 767-1653

Exhibit A-2

# LOCATION & ELEVATION VERIFICATION MAP



SCALE : 1" = 2000'

CONTOUR INTERVAL 10'

SECTION 11 TWP 13-S RGE 38-E

SURVEY NEW MEXICO PRINCIPAL MERIDIAN

COUNTY LEA STATE NM

DESCRIPTION 2424' FNL & 468' FWL

ELEVATION 3808'

OPERATOR CHESAPEAKE OPERATING

LEASE YOUNG "11" FEDERAL #3

U.S.G.S. TOPOGRAPHIC MAP

BRONCO, NEW MEXICO

SCALED LAT. LAT.: N 33°12'24"

LONG. LONG.: W 103°04'07"

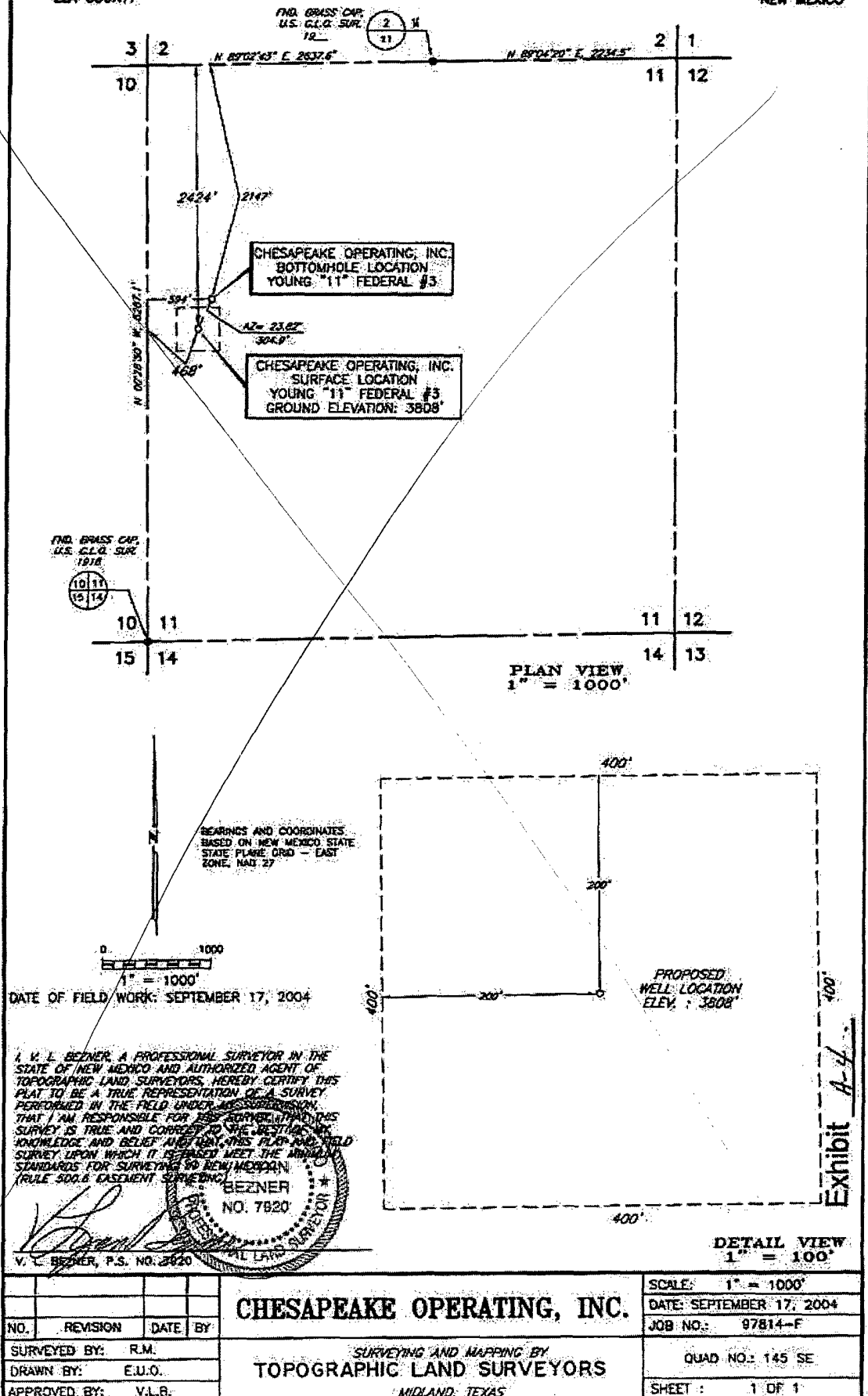
## TOPOGRAPHIC LAND SURVEYORS

*Surveying & Mapping for the Oil & Gas Industry*

2903 N. BIG SPRING  
MIDLAND, TX. 79705  
(800) 767-1653

Exhibit A-3

## NEW MEXICO



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD-HOBBS

FORM APPROVED  
OMB NO. 1004-0135  
Expires: November 30, 2000**SUNDRY NOTICES AND REPORTS ON WELLS**  
**Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.**5. Lease Serial No.  
NMNM110843

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other8. Well Name and No.  
YOUNG 11 FEDERAL 3

2. Name of Operator

CHESAPEAKE OPERATING INC

Contact: LINDA GOOD

E-Mail: LGOOD@CHKENERGY.COM

9. API Well No.

3a. Address

P O BOX 18496  
OKLAHOMA CITY, OK 73154-0496

3b. Phone No. (include area code)

Ph: 405.767.4275

10. Field and Pool, or Exploratory  
BRONCO

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 11 T13S R38E SWNW 2424FNL 468FWL

11. County or Parish, and State

LEA COUNTY, NM

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Change to Original A
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	PD

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Attached is the Archelological Survey of the access road for the Young 11 Federal 3 new location.

BLM Nationwide Bond #NM2634.

(CHK PN 819574)

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #55009 verified by the BLM Well Information System

For CHESAPEAKE OPERATING INC, sent to the Hobbs

Committed to AFMSS for processing by LINDA ASKWIG on 03/17/2005 (05LA0164SE)

Name (Printed/Typed) LINDA GOOD

Title PERMITTING AGENT

Signature (Electronic Submission)

Date 03/16/2005

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By /s/ Russell E. Sorensen

AC 116  
Title

FIELD MANAGER

APR 07 2005

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

CARLSBAD FIELD OFFICE

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.

**\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\***

1. (For BLM Use) BLM Report No.		2. (For BLM Use) Reviewer's Initials/Date _____  Accepted (    ) Rejected (    )		3. NMCRIS Number: 92113	
4. Type of Report:                  Negative ( X )                  Positive (    )					
5. Title of Report: A Class III Cultural Resource Survey for an Access Road to the Young 11 Federal No. 3 Well  Author(s): Justin Rein				6. Fieldwork Date(s): March 10, 2005	
				7. Report Date: March 11, 2005	
8. Consultant Name/Address: Boone Archaeological Services, LLC  Direct Charge: Danny Boone  Field Personnel Names: Justin Rein  Address: 2030 North Canal Carlsbad, New Mexico 88220  Phone (505) 885-1352				9. Cultural Resource Permit No.: 190-2920-03-E	
				10. Consultant Report No.: BAS-02-05-43	
11. Customer Name: Chesapeake Operating Inc.  Responsible Individual: Linda Good  Address: PO Box 18496 Oklahoma City, OK 73154-0496  Phone: (405) 767-4275				12. Customer Project No.:	
13. Land Status		BLM	State	Private	Other
a. Area Surveyed (acres)	6.44				6.44
b. Area of Effect (acres)	3.22				3.22
Total					
14. Linear                  Length <u>2,805 ft</u> Width <u>100 ft</u>					
15. Location (Map[s] Attached):					
a. State: New Mexico					
b. County: Lea County					
c. BLM Office: Carlsbad Field Office					
d. Nearest City or Town: Tatum, New Mexico					
e. Legal Description: T 13 S, R 38 E, Section 10: E½ NE¼ Section 11: SW¼ NW¼ (irregular section, template anchored in the southwest corner)					
f. Well Pad Footages: N/A					
g. USGS 7.5' Map Name(s), Date(s), and Code(s): Prairieview NE, New Mexico / Texas 1970 Photorevised 1981 (32103-B1)					



**16. Project Data:**

a. Records Search: Date(s) of BLM File Review: March 9, 2005 Name of Reviewer(s): Justin Rein  
Date(s) of ARMS Data Review March 9, 2005 Name of Reviewer(s): Justin Rein

Findings (see Field Office requirements to determine area to be reviewed during records search): No previously recorded sites were found within one mile of the survey area.

b. Description of Undertaking: Chesapeake Operating Inc. plans to construct an access road to the Young 11 Federal No. 3 well location. Linda Good, with Chesapeake Operating, requested the survey and provided plats. The project can be found in Township 13 South, Range 38 East, Section 11. The proposed access road begins at the northwest corner of the well location and travels 610 ft west, then 2,195 ft north to an existing lease road. The well location was initially surveyed in November 2004 (BAS project No. 11-04-20, BLM project No. 05-162, NMCRIS project No. 90884). In all, 6.44 acres was surveyed on private property with federal mineral rights under the jurisdiction of the BLM-CFO.

c. Environmental Setting (NRCS soil designation; vegetative community; elevation; etc.): The project area is located on a flat plain roughly 15 miles east of Tatum, New Mexico, just west of the New Mexico / Texas border. The proposed access road follows the margins of cultivated farmland. The elevation averages 3,807 feet above mean sea level. Overall, the terrain slopes gradually downhill towards the southeast at a grade of less than one percent. Soils are of the Brownfield-Patricia-Tivuli association as defined by the Soil Conservation Service of the U.S. Department of Agriculture. These reddish sandy soils have been plowed into parallel rows running north to south. Local vegetation, aside from planted cotton, are dominated by grasses and occasional cacti. Due to the vegetative ground cover, surface visibility averaged 85 percent at the time of survey.

Climatic data was obtained for the nearby town of Tatum, New Mexico from the Western Regional Climate Center online database. From 1919 to 2004, Tatum received an average annual precipitation of 16.01 inches. During the same time, Tatum had an average high temperature of 74.7 degrees Fahrenheit and an average low temperature of 42.1 degrees Fahrenheit. January was the coldest month averaging 55.4 degrees Fahrenheit, while July was the warmest on average at 92.6 degrees Fahrenheit.

d. Field Methods (transect intervals; crew size; time in field; etc.): A crew of one spent one hour surveying the project area. A 15 m transect interval was used.

e. Artifacts Collected?: None

**17. Cultural Resource Findings:** No cultural materials were encountered.

a. Location/Identification of Each Resource: N/A

b. Evaluation of Significance of Each Resource: N/A

**18. Management Summary (Recommendations):** No cultural materials were encountered during the survey. As such, archaeological clearance is recommended for the access road to the Young 11 Fed No. 3 well. If any cultural materials are encountered during construction, work at that location should cease and archaeologists with the BLM-CFO should be notified immediately.

**19.**

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

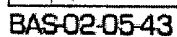
Responsible Archaeologist

Signature

Date

3/11/05

RAIRVIEW NE, NEW MEXICO / TEXAS 1970  
PHOTOREVISED 1981 (32103-81)  
13 S, R 38 E, Sections 10 and 11



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFORM APPROVED  
OMB NO. 1004-0135  
Expires: November 30, 2000

EC

**SUNDRY NOTICES AND REPORTS ON WELLS**  
**Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.****SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM110843
2. Name of Operator CHESAPEAKE OPERATING INC		6. If Indian, Allottee or Tribe Name
Contact: LINDA GOOD E-Mail: lgood@chkenegy.com		7. If Unit or CA/Agreement, Name and/or No.
3a. Address P O BOX 18496 OKLAHOMA CITY, OK 73154	3b. Phone No. (include area code) Ph: 405.767.4275 Fx: 405.879.9583	8. Well Name and No. YOUNG 11 FEDERAL 3
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 11 T13S R38E SWNW 2424FNL 468FWL		9. API Well No. 30-025-37183
		10. Field and Pool, or Exploratory BRONCO
		11. County or Parish, and State LEA COUNTY, NM

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Deepen
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Alter Casing
	<input type="checkbox"/> Fracture Treat
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Change Plans
	<input type="checkbox"/> Plug and Abandon
	<input type="checkbox"/> Convert to Injection
	<input type="checkbox"/> Plug Back
	<input type="checkbox"/> Production (Start/Resume)
	<input type="checkbox"/> Reclamation
	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Water Disposal
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Well Integrity
	<input checked="" type="checkbox"/> Other Change to Original APD

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomple in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

The surface owner has requested that Chesapeake Operating, Inc. use a Closed System.

A Closed system will be utilized consisting of above ground steel tanks. Drilling fluids will be hauled to an authorized disposal facility.

Chesapeake Nationwide Bond #NM 2634.

(CHK PN 819574)

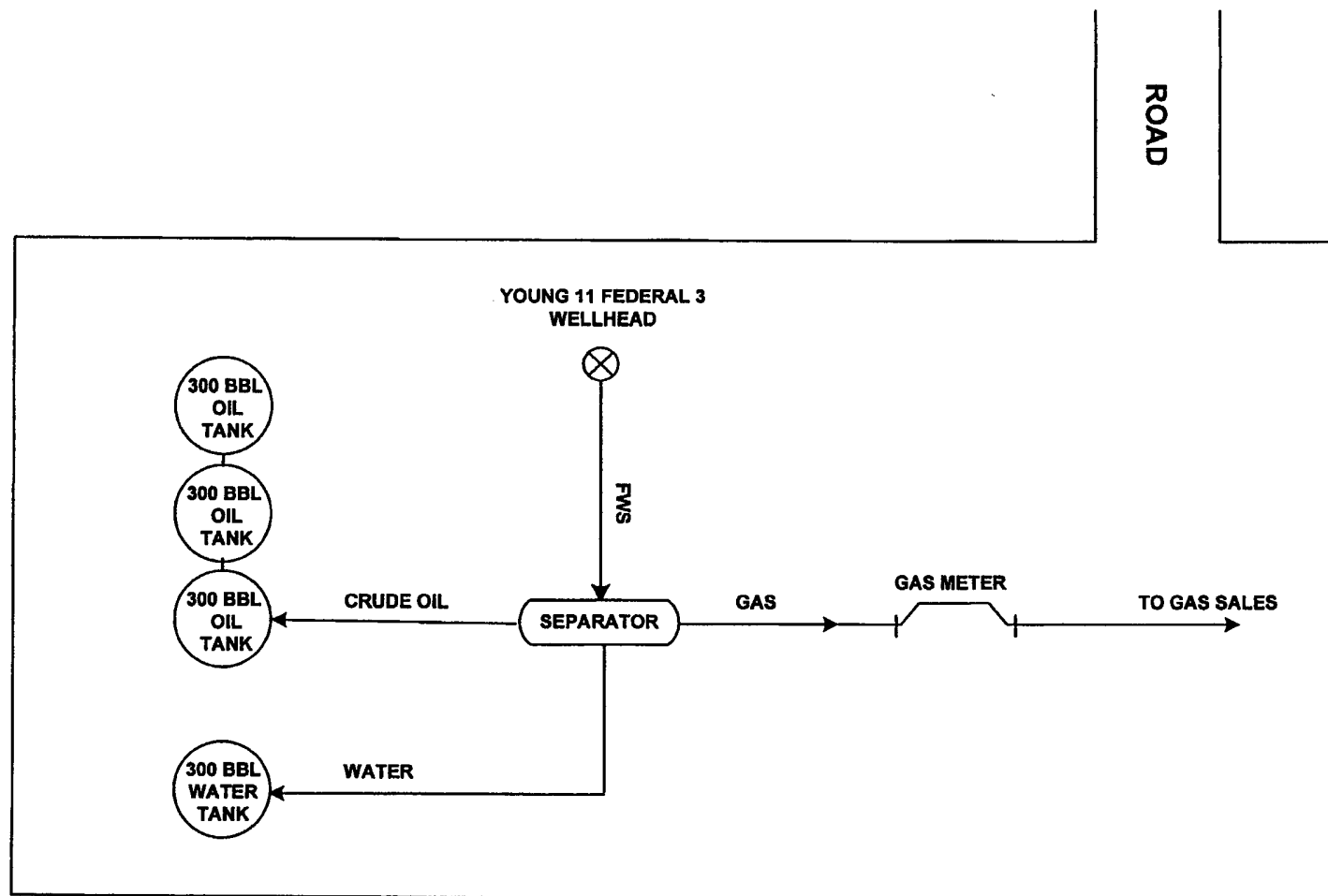
14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #52282 verified by the BLM Well Information System For CHESAPEAKE OPERATING INC, sent to the Hobbs Committed to AFMSS for processing by ARMANDO LOPEZ on 12/28/2004 (05AL0028SE)	
Name (Printed/Typed) LINDA GOOD	Title AUTHORIZED REPRESENTATIVE
Signature (Electronic Submission)	Date 12/28/2004

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By <u>/S/ Russell E. Sorensen</u>	Acting Title <u>FIELD MANAGER</u>	APR 07 2005
Conditions of approval, if any, are attached. Approval of this notice 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.	Office <u>CARLSBAD FIELD OFFICE</u>	

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.

**\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\***



**CHESAPEAKE OPERATING, INC.**

OKLAHOMA CITY, OK



**YOUNG 11 FEDERAL 3**  
SECTION 11-13S-38E  
LEA COUNTY, NEW MEXICO

DATE: 11/17/04  
DRAWN BY: JGF  
Not To Scale

**EXHIBIT C**

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

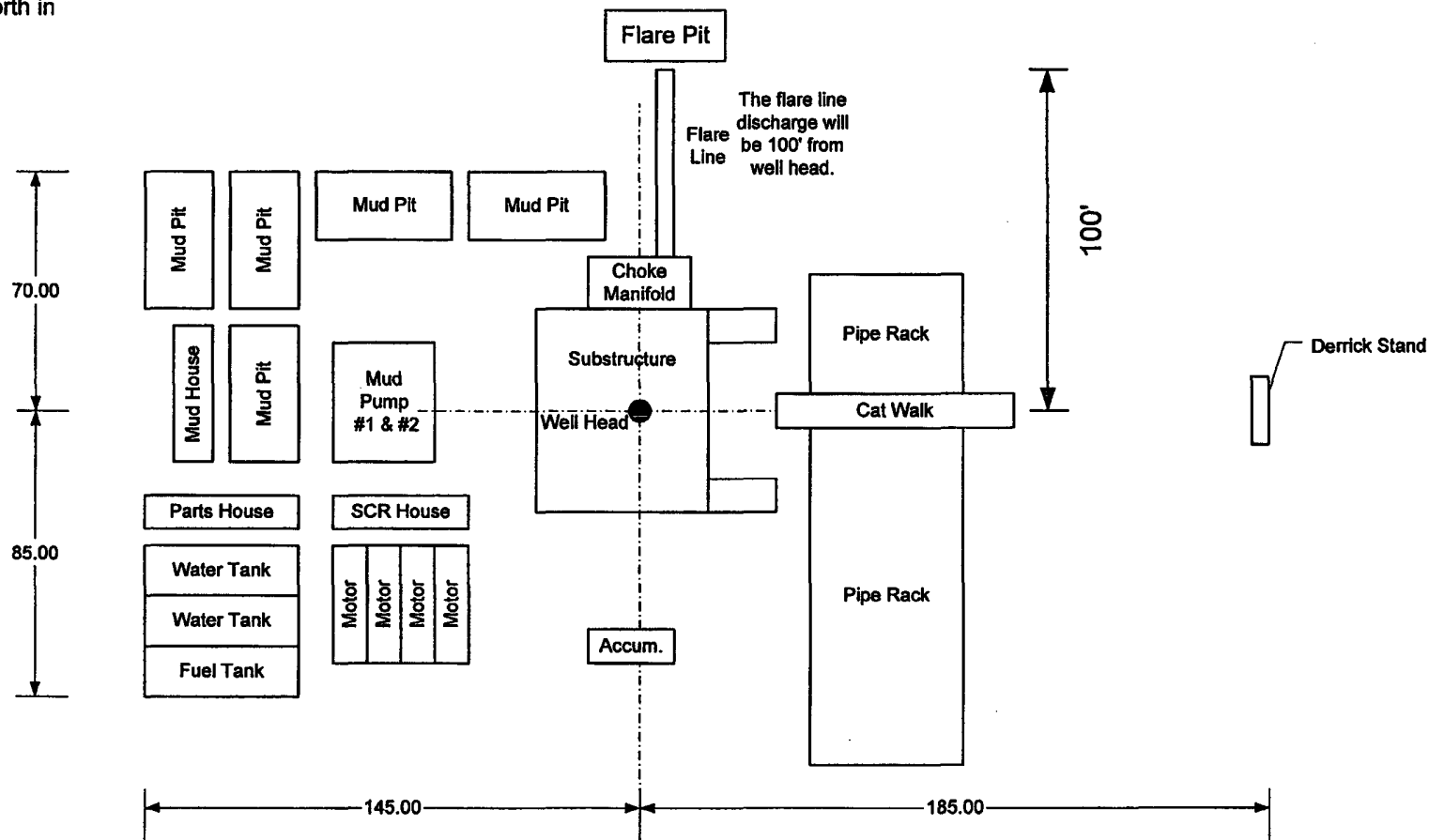


Exhibit   8  

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

RECEIVED

NOV 24 2004

BY: *dy*

3. NMCRIS Number: 90884

1. (For BLM Use)  
BLM Report No.

2. (For BLM Use)  
Reviewer's Initials/Date

Accepted ( ) Rejected ( )

4. Type of Report:

Negative ( X )

Positive ( )

5. Title of Report: A Class III Cultural Resource Survey for the Young 11 Federal No. 3 Well Pad

6. Fieldwork Date(s): November 22, 2004

Author(s): Justin Rein

7. Report Date: November 23, 2004

8. Consultant Name/Address: Boone Archaeological Services, LLC

Direct Charge: Danny Boone

Field Personnel Names: Justin Rein

Address: 2030 North Canal  
Carlsbad, New Mexico 88220

Phone (505) 885-1352

9. Cultural Resource Permit No.: 190-2920-03-E

10. Consultant Report No.: BAS-11-04-20

11. Customer Name: Chesapeake Operating Inc.

Responsible Individual: Linda Good

Address: PO Box 18496  
Oklahoma City, OK 73154-0496

Phone: (405) 767-4275

12. Customer Project No.:

13. Land Status:

BLM

State

Private

Other

Total

a. Area Surveyed (acres)

8.26

8.26

b. Area of Effect (acres)

3.67

3.67

14. Block

Length 600 ft

Width 600 ft

15. Location (Map[s] Attached):

a. State: New Mexico

b. County: Lea County

c. BLM Office: Carlsbad Field Office

d. Nearest City or Town: Tatum, New Mexico

e. Legal Description: T 13 S, R 38 E, Section 11: SW¼ NW¼, NW¼ SW¼

f. Well Pad Footages: The Young 11 Fed No. 3 is centered 2,424 feet from the north line and 466 feet from the west line of Section 11.

g. USGS 7.5' Map Name(s), Date(s), and Code(s): Prairieview NE, New Mexico / Texas 1970 Photorevised 1981 (32103-B1)

16. Project Data:

a. Records Search: Date(s) of BLM File Review: November 22, 2004 Name of Reviewer(s): Danny Boone

Date(s) of ARMS Data Review November 22, 2004 Name of Reviewer(s): Danny Boone

Findings (see Field Office requirements to determine area to be reviewed during records search): No previously recorded sites were found within one mile of the survey area.

Exhibit E

b. **Description of Undertaking:** Chesapeake Operating Inc. plans to construct the Young 11 Federal No. 3 well pad, Linda Good, with Chesapeake Operating, requested the survey and provided plats. The project can be found in Township 13 South, Range 38 East, Section 11. The proposed well is centered 2,424 feet from the north line and 466 feet from the west line of Section 11. A 600 ft by 600 ft block was surveyed around the well center to ensure protection of cultural resources. An existing access road leads to the proposed location. In all, 8.26 acres was surveyed on private property with federal mineral rights administered by the BLM-CFO.

c. **Environmental Setting (NRCS soil designation; vegetative community; elevation; etc.):** The project area is located on a flat plain roughly 15 miles east of Tatum, New Mexico, just west of the New Mexico / Texas border. The elevation averages 3,807 feet above mean sea level. The terrain slopes gradually downhill towards the southeast at a grade of less than one percent. Local soils are of the Brownfield-Patricia-Tivoli association as defined by the Soil Conservation Service of the U.S. Department of Agriculture. These deep sandy soils undulate gently across the flat plain. Local vegetation is typical of Chihuahuan Desert scrub and consists of various grasses, low forbes, and prickly pear cactus. Due to the vegetative ground cover, surface visibility averaged 85 percent at the time of survey. The surrounding area has been impacted primarily by agricultural activities. The northeastern portion of the survey area is occupied by the southwestern corner of a circular irrigated field. The entire project area has been mechanically tilled.

Climatic data was obtained for the nearby town of Tatum, New Mexico from the Western Regional Climate Center online database. From 1919 to 2004, Tatum received an average annual precipitation of 16.01 inches. During the same time, Tatum had an average high temperature of 74.7 degrees Fahrenheit and an average low temperature of 42.1 degrees Fahrenheit. January was the coldest month averaging 55.4 degrees Fahrenheit, while July was the warmest on average at 92.6 degrees Fahrenheit.

d. **Field Methods (transect intervals; crew size; time in field; etc.):** A crew of one spent 1.5 hours surveying the project area. A 15 m transect interval was used.

e. **Artifacts Collected?:** None

17. **Cultural Resource Findings:** No cultural materials were encountered.

a. **Location/Identification of Each Resource:** N/A

b. **Evaluation of Significance of Each Resource:** N/A

18. **Management Summary (Recommendations):** No cultural materials were encountered during the survey. As such, archaeological clearance is recommended for the proposed Young 11 Fed No. 3 well. If any cultural materials are encountered during construction, work at that location should cease and archaeologists with the BLM-CFO should be notified immediately.

19.

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

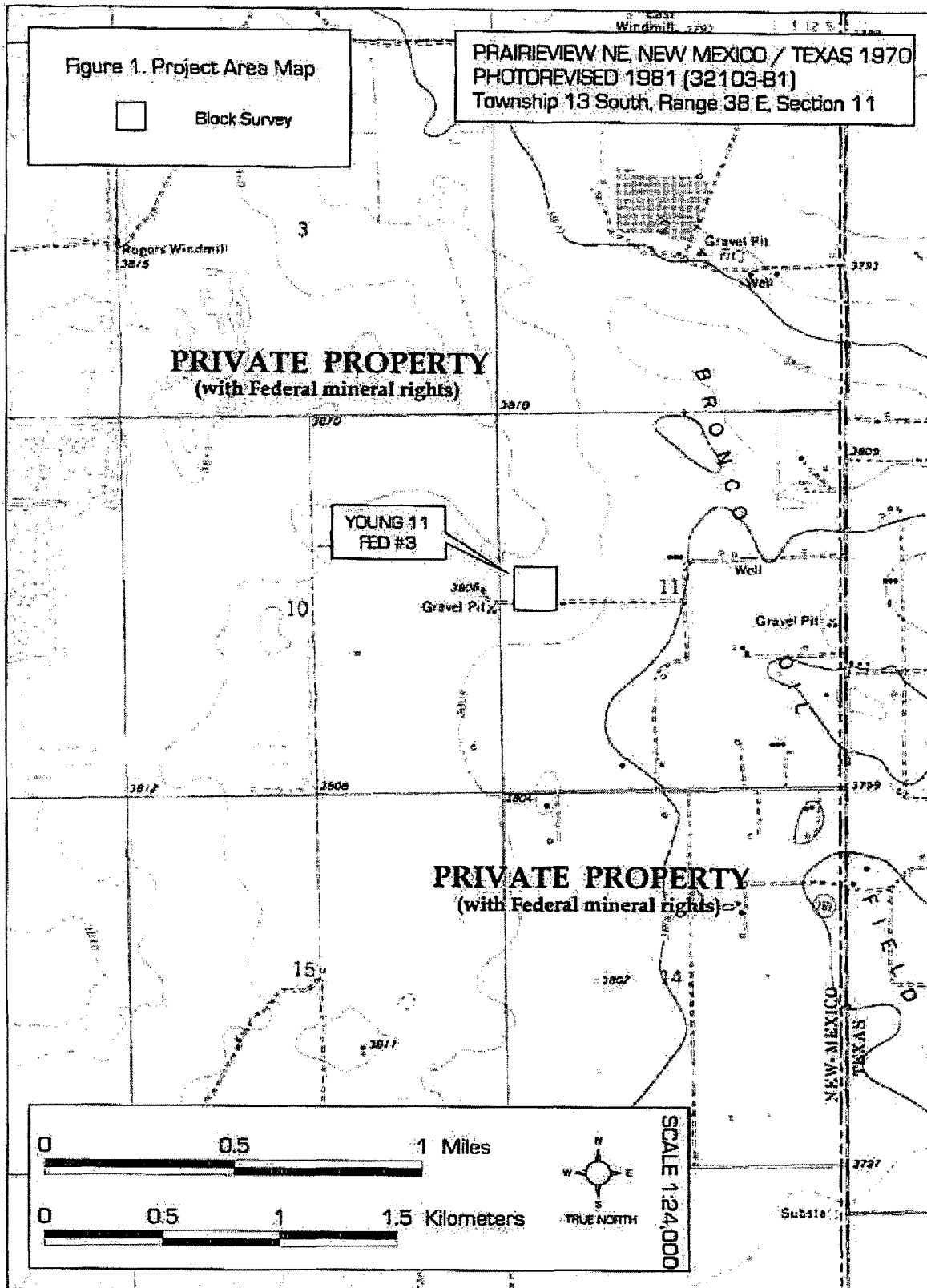
Responsible Archaeologist

Signature

Date

11.23.04

# Survey for the Young 11 Federal No. 3 Well Pad



BAS-11-04-20



ONSHORE ORDER NO. 1  
Chesapeake Operating, Inc.  
Young 11 Federal 3  
SHL: 2424 FNL 468 FWL, SW NW  
of Section 11-13S-38E  
BHL: 2147 FNL 594 FWL, SW NW  
of Section 11-13S-38E  
Lea County, New Mexico

CONFIDENTIAL – TIGHT HOLE  
Lease Contract No. NMNM 11843

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	Depth	Subsea
Rustler	2283	1547
Yates	3109	721
Seven Rivers	3363	467
Grayburg	4278	-448
San Andres	4543	-713
Glorieta	5995	-2165
Clearfork Upper	6633	-2803
Tubb	7237	-3407
Clearfork Lower	7352	-3522
Abo Shale	7927	-4097
*Burrus Pay	9090	-5260
Wolfcamp Lime	9164	-5334
XX Marker	9350	-5520
*Harris Pay	9533	-5703
TD	9800	
*Potentially productive zones		

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:

ONSHORE ORDER NO. 1  
Chesapeake Operating, Inc.  
Young 11 Federal 3  
SHL: 2424 FNL 468 FWL, SW NW  
of Section 11-13S-38E  
BHL: 2147 FNL 594 FWL, SW NW  
of Section 11-13S-38E  
Lea County, New Mexico

CONFIDENTIAL – TIGHT HOLE  
Lease Contract No. NMNM 11843

DRILLING PROGRAM

Page 2

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Oil/Gas	Burrus Pay	9090 - 9164
Oil/Gas	Wolfcamp "Harris Pay"	9533 - 9600

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.
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 the rated working pressure.
7. A record of all pressures will be made on a pressure-recording chart.

DRILLING PROGRAM

Page 3

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.
2. In sequence, close the annular and one set of properly sized pipe rams, and open the HCR valve.

ONSHORE ORDER NO. 1  
Chesapeake Operating, Inc.  
Young 11 Federal 3  
SHL: 2424 FNL 468 FWL, SW NW  
of Section 11-13S-38E  
BHL: 2147 FNL 594 FWL, SW NW  
of Section 11-13S-38E  
Lea County, New Mexico

CONFIDENTIAL – TIGHT HOLE  
Lease Contract No. NMNM 11843

DRILLING PROGRAM

Page 4

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</u> <u>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	0-430'	17-1/2"	13-3/8"	48#	H40	STC	New
Intermediate	430'-4500'	11"	8-5/8"	32#	J55	STC	New
Production	4500' – 9,815'	7-7/8"	5-1/2"	17#	L80	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>
Surface	35:65 Poz:C (Lead)	155 sx	2.07	20%	100%
	Class C (Tail)	235 sx	1.34		100%
Intermediate	50:50 Poz:C (Lead)	1000 sx	2.48	20%	75%
	Class C (Tail)	150 sx	1.32		50%
Production	50:50 Poz:H (Lead)	380 sx	2.5	10%	25%
	50:50 Poz:H (Tail)	295 sx	1.35		25%

DRILLING PROGRAM

Page 5

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>
Surface	Native/Spud Mud	8.6 – 9	29-38	NC
Intermediate	Brine	9.2 - 10	29-32	NC
Production	FW-Cut Brine	8.4 – 9	29-34	NC-12

An in ground reserve pit will be used to handle all drilling fluids, this pit design is based on the current (OCD guidelines for reserve pits). This will consist of two parallel pits approximately 150' in length X 15' in width X 12' deep. The pits will be lined with 12 mil woven plastic liner. The closing procedure will follow Guidelines set forth on page 14 Item B #3 in "The Pit and Below Grade Tank Guidelines" dated Nov. 1, 2004. All wastes accumulated during drilling operations will be contained in a portable trash cage and removed from location and deposited in an approved sanitary landfill. Sanitary wastes will be contained in a chemical porta-toilet and then hauled to an approved sanitary landfill..

*liner*

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 3300 psi. No abnormal pressures or temperatures are anticipated.
- Hydrogen sulfide gas is not anticipated.

8. DIRECTIONAL INFORMATION

This well is being directionally drilled. A direction well plan is included for your review. See Exhibit G-1 to G-2.

# BLOWOUT PREVENTOR SCHEMATIC

## CHESAPEAKE OPERATING INC

**WELL** : Young 11 Federal #3

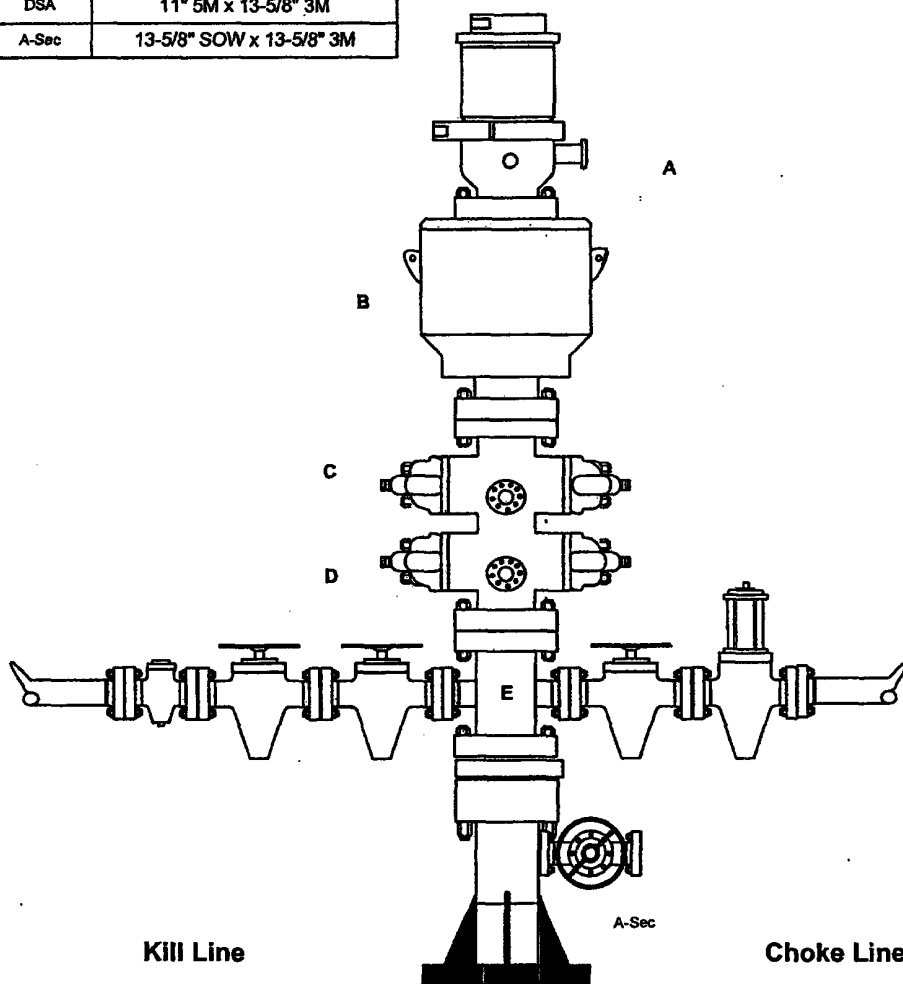
**RIG** :

**COUNTY** : Lea

**STATE**: New Mexico

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

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

RIG :

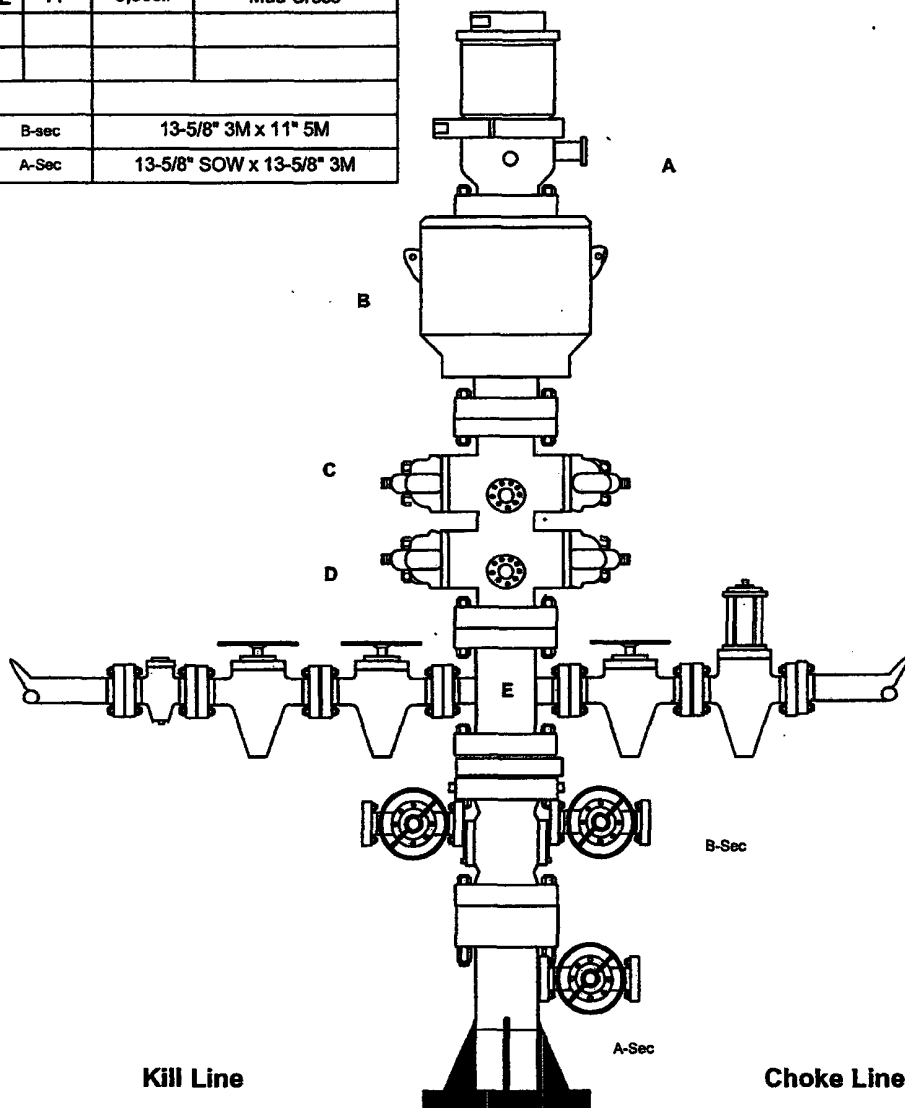
COUNTY : Lea

STATE: New Mexico

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

SIZE PRESSURE DESCRIPTION

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



Kill Line

Choke Line

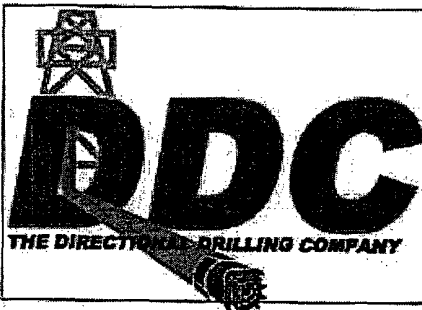
SIZE PRESSURE DESCRIPTION

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



Job Number:  
 Company: Chesapeake Operating, Inc.  
 Lease/Well: Young 11 Federal #3  
 Location: Lea County  
 Rig Name:  
 RKB:  
 G.L. or M.S.L.:

State/Country: New Mexico  
 Declination:  
 Grid:  
 File name: C:\PROPOS-1\CHESAP-1\YOUNG1-3\YOUN11-3.SV  
 Date/Time: 29-Nov-04 / 17:14  
 Curve Name: Plan 1

# THE DIRECTIONAL DRILLING COMPANY

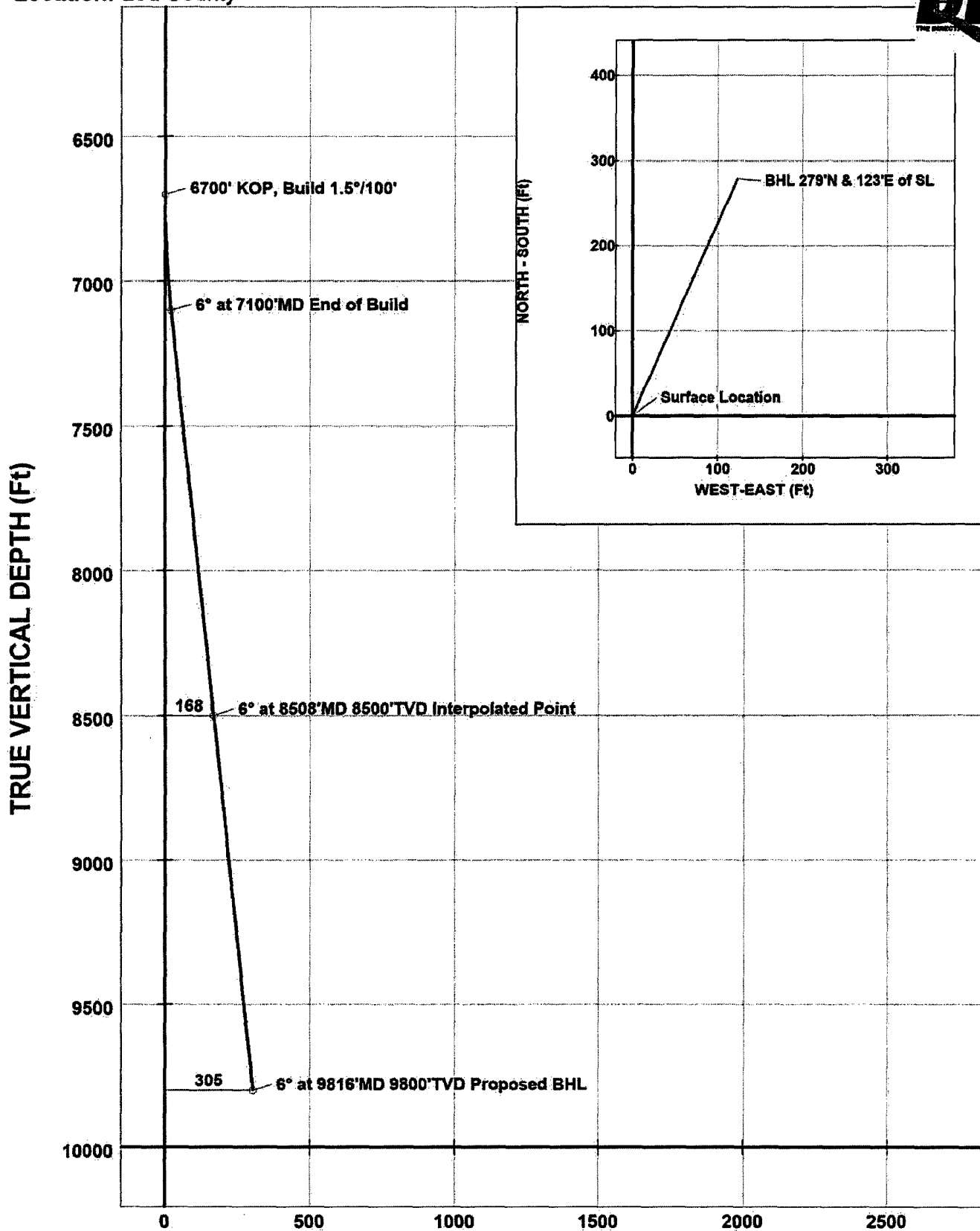
## WINSERVE SURVEY CALCULATIONS Minimum Curvature Method Vertical Section Plane 23.79 Vertical Section Referenced to Wellhead Rectangular Coordinates Referenced to Wellhead

Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	Vertical Section FT	N-S FT	E-W FT	Dogleg Severity Deg/100
<b>KOP, Build 1.5"/100'</b>							
6700.00	.00	23.79	6700.00	.00	.00	.00	.00
6800.00	1.50	23.79	6799.99	1.31	1.20	.53	1.50
6900.00	3.00	23.79	6899.91	5.23	4.79	2.11	1.50
7000.00	4.50	23.79	6999.69	11.77	10.77	4.75	1.50
<b>End of Build</b>							
7100.18	6.00	23.79	7099.45	20.94	19.16	8.45	1.50
7200.18	6.00	23.79	7198.90	31.40	28.73	12.67	.00
7300.18	6.00	23.79	7298.35	41.86	38.30	16.89	.00
7400.18	6.00	23.79	7397.80	52.32	47.87	21.10	.00
7500.18	6.00	23.79	7497.25	62.77	57.44	25.32	.00
7600.18	6.00	23.79	7596.70	73.23	67.01	29.54	.00
7700.18	6.00	23.79	7696.16	83.69	76.58	33.76	.00
7800.18	6.00	23.79	7795.61	94.15	86.15	37.98	.00
7900.18	6.00	23.79	7895.06	104.60	95.71	42.20	.00
8000.18	6.00	23.79	7994.51	115.06	105.28	46.42	.00
8100.18	6.00	23.79	8093.96	125.52	114.85	50.63	.00
8200.18	6.00	23.79	8193.41	135.98	124.42	54.85	.00
8300.18	6.00	23.79	8292.87	146.43	133.99	59.07	.00
8400.18	6.00	23.79	8392.32	156.89	143.56	63.29	.00
8500.18	6.00	23.79	8491.77	167.35	153.13	67.51	.00
<b>Interpolated Point</b>							
8508.45	6.00	23.79	8500.00	168.21	153.92	67.86	.00



Measured Depth FT	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	Vertical Section FT	N-S FT	E-W FT	Dogleg Severity Deg/100
8600.18	6.00	23.79	8591.22	177.81	162.70	71.73	.00
8700.18	6.00	23.79	8690.67	188.26	172.27	75.94	.00
8800.18	6.00	23.79	8790.12	198.72	181.83	80.16	.00
8900.18	6.00	23.79	8889.58	209.18	191.40	84.38	.00
9000.18	6.00	23.79	8989.03	219.64	200.97	88.60	.00
9100.18	6.00	23.79	9088.48	230.09	210.54	92.82	.00
9200.18	6.00	23.79	9187.93	240.55	220.11	97.04	.00
9300.18	6.00	23.79	9287.38	251.01	229.68	101.26	.00
9400.18	6.00	23.79	9386.83	261.47	239.25	105.47	.00
9500.18	6.00	23.79	9486.29	271.92	248.82	109.69	.00
9600.18	6.00	23.79	9585.74	282.38	258.38	113.91	.00
9700.18	6.00	23.79	9685.19	292.84	267.95	118.13	.00
9800.18	6.00	23.79	9784.64	303.29	277.52	122.35	.00
<b>Proposed BHL</b>							
9815.52	6.00	23.79	9800.00	304.91	279.00	123.00	.00

Company: Chesapeake Operating, Inc.  
 Lease/Well: Young 11 Federal #3  
 Location: Lea County



○ -- Plan 1

**VERTICAL SECTION (Ft) @ 23.79°**

ONSHORE ORDER NO. 1  
Chesapeake Operating, Inc.  
Young 11 Federal 3  
SHL: 2424 FNL 468 FWL, SW NW  
of Section 11-13S-38E  
BHL: 2147 FNL 594 FWL, SW NW  
of Section 11-13S-38E  
Lea County, NM

CONFIDENTIAL – TIGHT HOLE

Lease No. NMNM 110843

SURFACE USE PLAN

Page 1

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

1. EXISTING ROADS

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

2. PLANNED ACCESS ROADS

- a. A new access road 50' in length and 14' in travel way width with a maximum disturbance area of 30' will be built in accordance with guidelines set forth in the BLM Onshore Orders.
- b. No turnouts are expected.
- c. In order to level the location, cut and fill will be required. Please see attached Well Location and Acreage Dedication Plat – Exhibit A1-A4.
- d. A locking gate will be installed at the site entrance.
- e. Any fences cut will be repaired. Cattle guards will be installed, if needed.
- f. 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.
- g. Driving directions are from Hwy Int of Hwy 380 and Hwy 769, go south 3.0 miles, thence West 0.5 miles to a point  $\pm 100$  North of the location.

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. It is anticipated to hook to the Duke or Phillips Pipeline which runs on the north end of the well pad. – See Exhibit C

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.

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SURFACE USE PLAN

Page 2

6. CONSTRUCTION MATERIALS

No construction materials will be used from Section 4-20S-33E. All material (i.e. shale) will be acquired from private or commercial sources.

7. METHODS FOR HANDLING WASTE DISPOSAL

An in ground reserve pit will be used to handle all drilling fluids, this pit design is based on the current (OCD guidelines for reserve pits). This will consist of two parallel pits approximately 150' in length X 15" in width X 12' deep. The pits will be lined with 12 mil woven plastic liner. The closing procedure will follow Guidelines set forth on page 14 Item B #3 in "The Pit and Below Grade Tank Guidelines" dated Nov. 1, 2004. All wastes accumulated during drilling operations will be contained in a portable trash cage and removed from location and deposited in an approved sanitary landfill. Sanitary wastes will be contained in a chemical porta-toilet and then hauled to an approved sanitary landfill.

8. ANCILLARY FACILITIES

None

9. WELLSITE LAYOUT

The proposed site layout plat is attached showing a generic rig plat with rig orientation and equipment location. See Exhibit D.

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 New Mexico Oil Conservation Division 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.

ONSHORE ORDER NO. 1  
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Lea County, NM

CONFIDENTIAL – TIGHT HOLE

Lease No. NMNM 110843

**SURFACE USE PLAN**

Page 3

11. **SURFACE OWNERSHIP**

Choya Young 806-592-1986  
Route 1, Box 35  
Plains, TX 79355

**MINERAL OWNERSHIP:**

United States of America  
Department of Interior  
Bureau of Land Management

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.

13. **OPERATOR'S REPRESENTATIVES**

**Drilling and Completion Operations**

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(405) 879-9573 (FAX)  
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**Drilling Engineer**

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(405) 990-8182 (MOBILE)  
[ddelao@chkenergy.com](mailto:ddelao@chkenergy.com)

**Field Representative**

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**Asset Manager**

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405-879-7930 (FAX)  
[amccalmont@chkenergy.com](mailto:amccalmont@chkenergy.com)

**Regulatory Compliance**

Linda Good  
Permitting Agent  
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(405) 879-9583 (FAX)  
[lgood@chkenergy.com](mailto:lgood@chkenergy.com)

ONSHORE ORDER NO. 1  
Chesapeake Operating, Inc.  
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CONFIDENTIAL – TIGHT HOLE

Lease No. NMNM 11843

SURFACE USE PLAN

Page 4

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: J. Mark Lester

Date: 12/3/07