

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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

Form C-103
May 27, 2004

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

WELL API NO.	30-025-37855
5. Indicate Type of Lease STATE ☐ FEE ☒	
6. State Oil & Gas Lease No.	
7. Lease Name or Unit Agreement Name Hugh	
8. Well Number	17
9. OGRID Number	147179
10. Pool name or Wildcat	Penrose Skelly; Grayburg
11. Elevation (Show whether DR, RKB, RT, GR, etc.)	3375 GR
Pit or Below-grade Tank Application ☐ or Closure ☐	
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____	
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____	

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

NOTICE OF INTENTION TO:

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

OTHER: Change bottom hole location ☒

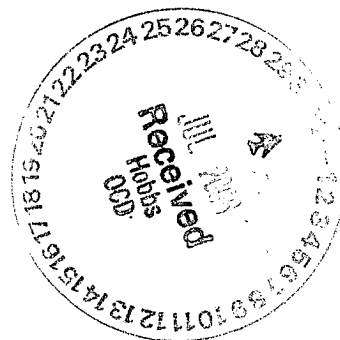
SUBSEQUENT REPORT OF:

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

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Please, change the bottom hole location of 990' FNL & 330' FWL --- to 900 FNL & 400' FWL----. A plat showing both the surface location and bottom hole location is attached as well as a new directional drill plan. We also propose to set the surface casing at 1100' cemented with 350 sx CI C + additives; Tail in w/130 sx CI. C with a yield of 1.3. Cement will circulate to surface. The 5 1/2" production casing will be set @ 4380' and cemented w/ 888 sx 35:65 Poz C + additives; Tail in w/234 sx 50:50 Poz C + additives with a yield of 1.26. TOC will be at the surface. We plan to spud July 31, 2006.



I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Brenda Coffman TITLE Regulatory Analyst DATE 07/26/2006

Type or print name Brenda Coffman
For State Use Only

E-mail address: bcoffman@chkenergy.com Telephone No. (432)687-2992

PETROLEUM ENGINEER

APPROVED BY: [Signature] TITLE _____ DATE AUG 17 2006
Conditions of Approval (if any): _____

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

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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 October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-37855	Pool Code 50350	Pool Name Penrose Skelly, Grayburg
Property Code 301470	Property Name HUGH	Well Number 17
OGRID No. 147179	Operator Name CHESAPEAKE OPERATING, INC.	Elevation 3364'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	14	22-S	37-E		1129	NORTH	782	WEST	LEA

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
D	14	22-S	37-E		900	North	400	West	LEA
Dedicated Acres 40	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

	OPERATOR CERTIFICATION I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <i>Brenda Coffman</i> Signature Date Brenda Coffman Printed Name Regulatory Analyst 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. <i>GARY G. EIDSON</i> APR 10, 2006 Date Surveyed Signature & Seal of Professional Surveyor 06.11.0632 Certificate No. GARY EIDSON 12641
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Company Name: Chesapeake Energy
 Location: (NM27E) Lea County
 Well name: Hugh # 17
 Rig Name:
 Report Date: Tuesday, July 25, 2006
 State/Province : New Mexico
 Job Number: Hugh # 17

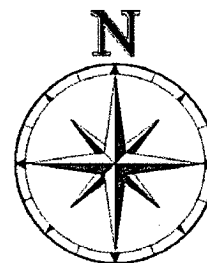


Critical Points for Hugh # 17- Plan 07-25-06

MD Ft	INC Deg	Azm Deg	TVD Ft	NS Ft	EW Ft	VS Ft	DLS	Comments
0.00	0.00	0.00	0.00	0.00	0.00	0.00		SHL
300.00	0.00	0.00	300.00	0.00	0.00	0.00	0.00	KOP - Build @ 300MD ,1.00°/ 100 Ft
979.11	6.79	300.94	977.52	20.67	-34.48	40.20	1.00	Begin Hold @ 6.79° , 300.94° Azm
4405.63	6.79	300.94	4380.00	229.00	-382.00	445.38	0.00	PBHL @ 4380 Ft TVD

MAGNETICS
 Decl. Date: Tuesday, July 25, 2006
 Declination: 7.98°E -> TN = MN + 7.98 : Magnetic to True
 Convergence: 0.64°E -> GN = TN - 0.64 : True to Grid
 Total Correction: 7.34°E -> GN = MN + 7.34 : Magnetic to Grid
 Latitude: 32° 23' 45.3425" N
 Longitude: -103° 8' 21.7782" W
 Field Strength: 49304(nT)
 Mag Dip Angle: 60.55°
 Bx,By,Bz (nT): Bx=24008, By=3364, Bz=42932

GEODETICS
 Grid System NM-27E
 Datum: NAD27
 Group: US-SPC27
 Units: USFEET
 Surface Location: X= 868530.50, Y=509810.90
 Latitude: 32° 23' 45.3425" N
 Longitude: -103° 8' 21.7782" W
 Convergence: 0.64°E
 Scale Factor: 1.0001



True North

SURFACE LOCATION

Datum Reference: ' , RKB:'

Y=509810.90'

X=868530.50'

PBHL @ 4380' TVD

445.38' @ 300.94°

N:229.00° W:382.00'

Y=510035.62'

X=868145.97'

TGT Hugh # 17 - PBHL @ 4380.00' TVD

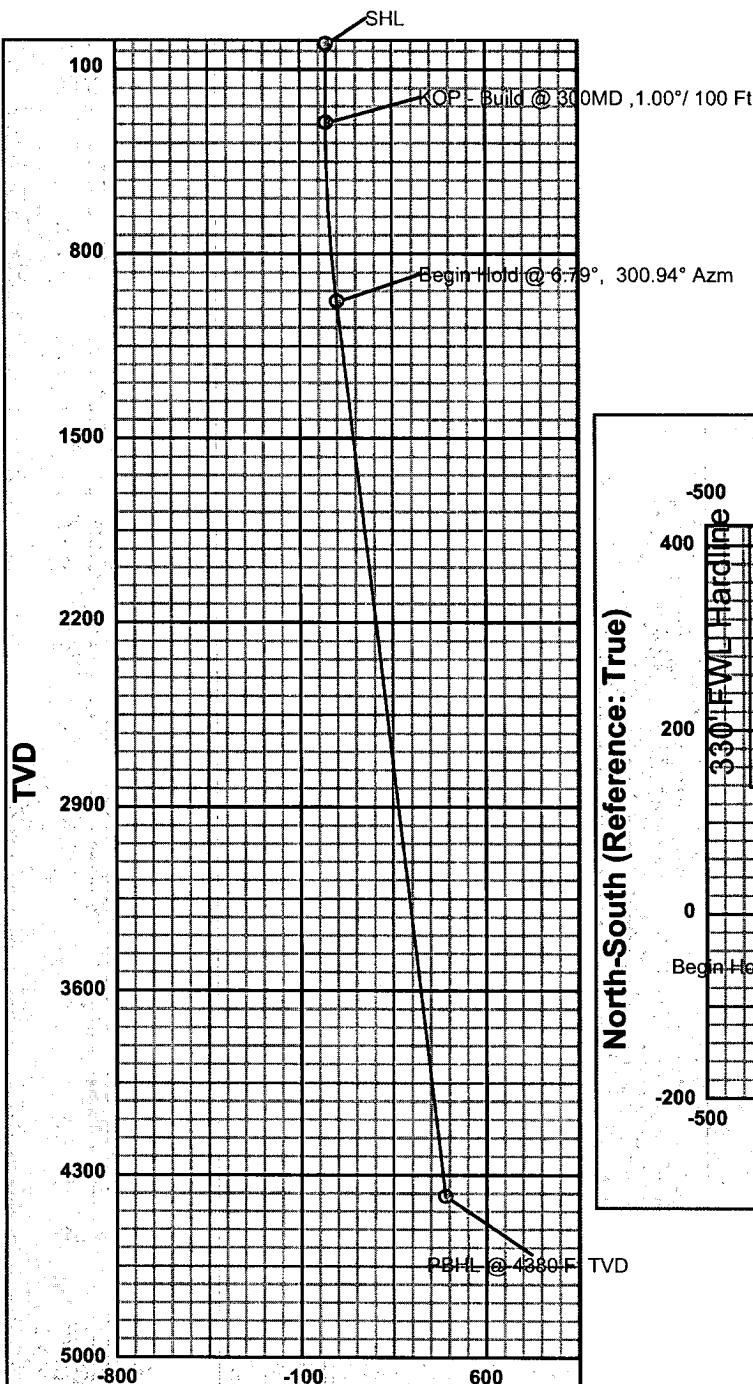
445.38' @ 300.94°

N:229.00° W:382.00'

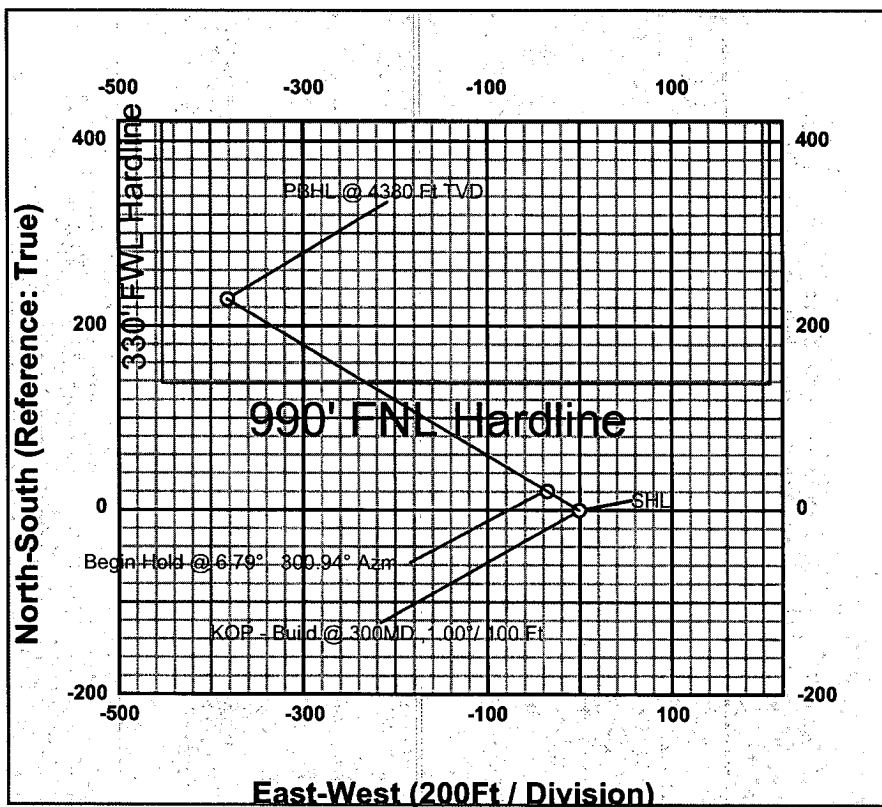
Y=510035.62'

X=868145.97'

Distance to Proposal -> 5.0 Ft



Vertical Section @ 300.94° (700Ft / Division)

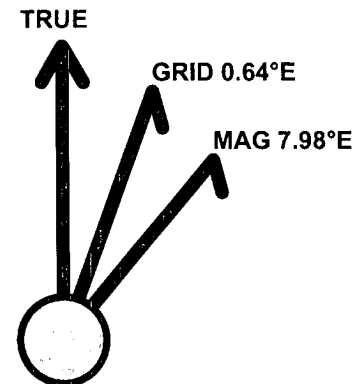


WinSURV3D GeoDetic and Magnetics Report

Latitude : 32° 23.0000' 45.3425"
Decimal Lat.: 32.3959284752185°
Longitude : -103° 08.0000' 21.7782"
Decimal Long. : -103.139382836016°
Projection: NM-27E
Group: US-SPC27
X-Coordinate: 868530.50
Y-Coordinate: 509810.90
Datum: 'NAD27
Units: 'USFEET

MAGNETICS INFORMATION

Magnetic Model: C:\WinSURV3D\IGRF2005.MIF
Date : 7/25/2006 = 2006.564
Dip Angle : 60.55°
Declination : 7.98°
Grid Correction (True to Grid): 0.64°
Total Correction : 7.34°
Field Strength : 49303.61 (nT)
B-X component : 24007.66 (nT)
B-Y component : 3364.27 (nT)
B-Z component : 42932.04 (nT)
B-Horz component : 24242.23 (nT)



Methods of Correction

To correct from Magnetic North to True North use :

7.98°E --> $TN = MN + 7.98$: Magnetic to True

To correct from True North to Grid North use:

0.64°E --> $GN = TN - 0.64$: True to Grid

To correct from Magnetic North to Grid North use:

7.34°E --> $GN = MN + 7.34$: Magnetic to Grid

Job Number: Hugh # 17
 Company: Chesapeake Energy
 Lease/Well: Hugh # 17
 Location: (NM27E) Lea County
 Rig Name:
 RKB: 0.00 Ft
 Vertical Datum:

State/Country:
 Declination:
 Grid:
 Project name: Lea County
 Date/Time: 25-Jul-06 / 14:09
 Well Name: Hugh # 17- Plan 07-25-06
 North Reference: True North
 Convergence: 0.6397°

WinSURV3D SURVEY CALCULATIONS
Minimum Curvature Method
Vertical Section Plane 300.94°
Vertical Section Referenced to Wellhead
Local Coordinates Referenced to Wellhead

Direction referenced to True North

Measured Depth Ft	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	LOCALS		Vertical Section Ft	Dogleg Severity Deg/100
				N-S Ft	E-W Ft		
SHL							
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
KOP - Build @ 300MD ,1.00°/ 100 Ft							
300.00	0.00	0.00	300.00	0.00	0.00	0.00	0.00
330.00	0.30	300.94	330.00	0.04	-0.07	0.08	1.00
360.00	0.60	300.94	360.00	0.16	-0.27	0.31	1.00
390.00	0.90	300.94	390.00	0.36	-0.61	0.71	1.00
420.00	1.20	300.94	419.99	0.65	-1.08	1.26	1.00
450.00	1.50	300.94	449.98	1.01	-1.68	1.96	1.00
480.00	1.80	300.94	479.97	1.45	-2.42	2.83	1.00
510.00	2.10	300.94	509.95	1.98	-3.30	3.85	1.00
540.00	2.40	300.94	539.93	2.58	-4.31	5.03	1.00
570.00	2.70	300.94	569.90	3.27	-5.46	6.36	1.00
600.00	3.00	300.94	599.86	4.04	-6.73	7.85	1.00
630.00	3.30	300.94	629.82	4.88	-8.15	9.50	1.00
660.00	3.60	300.94	659.76	5.81	-9.70	11.31	1.00
690.00	3.90	300.94	689.70	6.82	-11.38	13.27	1.00
720.00	4.20	300.94	719.62	7.91	-13.20	15.39	1.00
750.00	4.50	300.94	749.54	9.08	-15.15	17.66	1.00
780.00	4.80	300.94	779.44	10.33	-17.23	20.09	1.00
810.00	5.10	300.94	809.33	11.66	-19.46	22.68	1.00
840.00	5.40	300.94	839.20	13.07	-21.81	25.43	1.00
870.00	5.70	300.94	869.06	14.57	-24.30	28.33	1.00
900.00	6.00	300.94	898.90	16.14	-26.92	31.39	1.00
930.00	6.30	300.94	928.73	17.79	-29.68	34.60	1.00
960.00	6.60	300.94	958.54	19.52	-32.57	37.97	1.00
Begin Hold @ 6.79°, 300.94° Azm							
979.11	6.79	300.94	977.52	20.67	-34.48	40.20	1.00
1079.11	6.79	300.94	1076.82	26.75	-44.62	52.02	0.00
1179.11	6.79	300.94	1176.11	32.83	-54.76	63.85	0.00

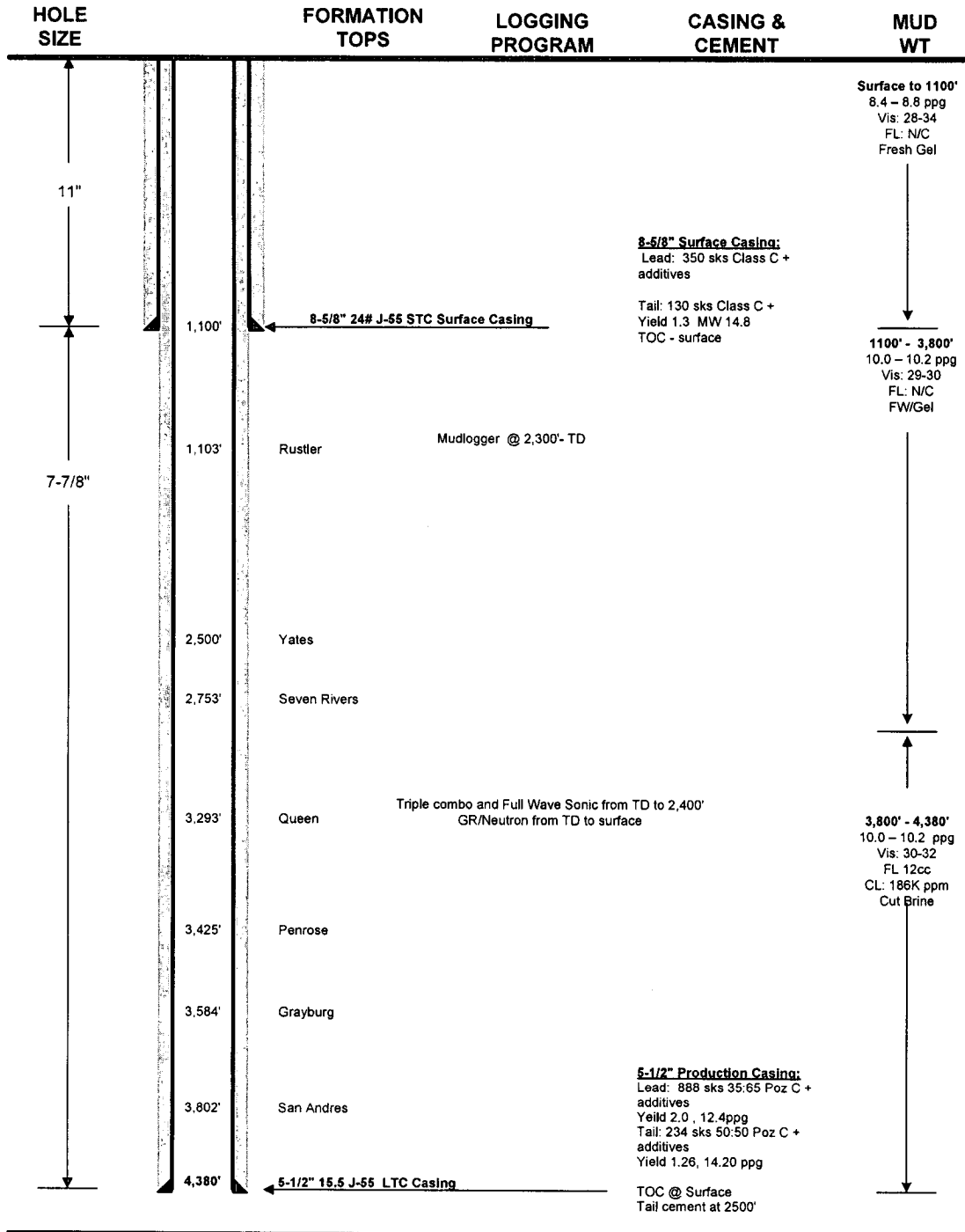
Measured Depth Ft	Incl Angle Deg	Drift Direction Deg	True Vertical Depth	LOCALS		Vertical Section Ft	Dogleg Severity Deg/100
				N-S Ft	E-W Ft		
1279.11	6.79	300.94	1275.41	38.91	-64.90	75.67	0.00
1379.11	6.79	300.94	1374.71	44.99	-75.05	87.50	0.00
1479.11	6.79	300.94	1474.01	51.07	-85.19	99.32	0.00
1579.11	6.79	300.94	1573.31	57.15	-95.33	111.15	0.00
1679.11	6.79	300.94	1672.61	63.23	-105.47	122.97	0.00
1779.11	6.79	300.94	1771.90	69.31	-115.62	134.80	0.00
1879.11	6.79	300.94	1871.20	75.39	-125.76	146.62	0.00
1979.11	6.79	300.94	1970.50	81.47	-135.90	158.45	0.00
2079.11	6.79	300.94	2069.80	87.55	-146.04	170.27	0.00
2179.11	6.79	300.94	2169.10	93.63	-156.18	182.10	0.00
2279.11	6.79	300.94	2268.40	99.71	-166.33	193.92	0.00
2379.11	6.79	300.94	2367.69	105.79	-176.47	205.75	0.00
2479.11	6.79	300.94	2466.99	111.87	-186.61	217.57	0.00
2579.11	6.79	300.94	2566.29	117.95	-196.75	229.40	0.00
2679.11	6.79	300.94	2665.59	124.03	-206.89	241.22	0.00
2779.11	6.79	300.94	2764.89	130.11	-217.04	253.05	0.00
2879.11	6.79	300.94	2864.19	136.19	-227.18	264.87	0.00
2979.11	6.79	300.94	2963.48	142.27	-237.32	276.70	0.00
3079.11	6.79	300.94	3062.78	148.35	-247.46	288.52	0.00
3179.11	6.79	300.94	3162.08	154.43	-257.60	300.35	0.00
3279.11	6.79	300.94	3261.38	160.51	-267.75	312.17	0.00
3379.11	6.79	300.94	3360.68	166.59	-277.89	324.00	0.00
3479.11	6.79	300.94	3459.98	172.67	-288.03	335.82	0.00
3579.11	6.79	300.94	3559.28	178.75	-298.17	347.65	0.00
3679.11	6.79	300.94	3658.57	184.83	-308.32	359.47	0.00
3779.11	6.79	300.94	3757.87	190.91	-318.46	371.30	0.00
3879.11	6.79	300.94	3857.17	196.99	-328.60	383.12	0.00
3979.11	6.79	300.94	3956.47	203.07	-338.74	394.95	0.00
4079.11	6.79	300.94	4055.77	209.15	-348.88	406.77	0.00
4179.11	6.79	300.94	4155.07	215.23	-359.03	418.60	0.00
4279.11	6.79	300.94	4254.36	221.31	-369.17	430.42	0.00
4379.11	6.79	300.94	4353.66	227.39	-379.31	442.25	0.00
PBHL @ 4380 Ft TVD							
4405.63	6.79	300.94	4380.00	229.00	-382.00	445.38	0.00

CHESAPEAKE OPERATING INC

DRILLING PROGNOSIS



WELL : Hugh #17
SHL : Section 14-22S-37E (1129' FNL & 782' FWL)
TARGET : Section 14-22S-37E (900' FNL & 400' FWL)
COUNTY : Lea **STATE** : New Mexico
FIELD : Penrose-Skelly/Eunice
ELEVATION : GL - 3,375' KB - 3,387' (KB = 12)



PREPARED BY: _____ CBM
 APPROVED BY: _____

DATE: 7/20/2006
 DATE: _____