

DISTRICT I

1625 N. FRENCH CR., DOBBS, NM 87010

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 87003

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 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 30-025-39453	Pool Code 40299	Pool Name Lost Tank, Delaware
Property Code 36813	Property Name LOST TANK 16 STATE	Well Number 3
OGMD No. 147179	Operator Name CHESAPEAKE OPERATING, INC.	Elevation 3692'

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	16	21-S	32-E		1980	NORTH	330	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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

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

	GEODETTIC COORDINATES NAD 27 NME Y=539101.3 N X=699399.0 E LAT.=32.480440° N LONG.=103.666711° W	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 unless 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>Bryan Amant</i> 6-16-09 Signature Date Bryan Amant Printed Name
		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. RONALD J. EIDSON MARCH 25, 2009 Date Surveyed Signature & Seal of Professional Surveyor <i>Ronald J. Eidson</i> 09-11-0-245 Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239

POTASH AREA



Ed J. Birdshead
Landman

March 10, 2009

VIA CERTIFIED MAIL (7008 1140 0000 0547 2982)

Mr. Tom McGuire
Intrepid Potash NM L.L.C.
P.O. Box 101
Carlsbad, New Mexico 88221

Dear Mr. McGuire:

Chesapeake Exploration, L.L.C. is the operator of Oil and Gas Leases V0-6948 and V0-6949. We have staked the following locations:

Lost Tank 16 State #2		Lost Tank 16 State #3
1980' FSL & 330' FWL	&	1980' FNL & 330' FWL
Section 16-T21S-R32E		Section 16-T21S-R32E

Applications to Drill are being filed with the New Mexico Oil Conservation Division in Hobbs, New Mexico. The total depth of these two wells will be 8,700' Bone Springs.

BLM records indicate that NMNM-116924 is a Potassium Exploration License within 1 mile of these two wells as indicated on the attached plats and Serial Register Page and that Intrepid Potash NM L.L.C. is the licensee. We respectfully request that you waive any objection you may have to these proposed well locations and so indicate by signing and returning one copy of this letter in the enclosed envelope.

Your favorable consideration of this request will be greatly appreciated.

Sincerely,

Chesapeake Exploration, L.L.C.

Ed Birdshead

Enclosures



RECEIVED

JUN 17 2009

HOBBSOCD

Intrepid Potash, Inc.
700 17th Street, Suite 1700
Denver, CO 80202
303.296.3006
303.298.7502 fax

RECEIVED ON

MAR 30 2009

March 27, 2009

Ed Birdshead
Chesapeake Energy Corporation
6100 North Western Avenue
Oklahoma City, OK 73118

Dear Mr. Birdshead:

I am responding to your letter of March 10, 2009, addressed to Tom McGuire, Intrepid Potash – NM, L.L.C.

Intrepid agrees not to object to the drilling of the wells referenced in your letter: Lost Tank 16 State #2 and Lost Tank 16 State #3. By its non-objection, Intrepid does not agree to and does not assume the risks of any release of oil and gas or other substances from this well into the environment, including into underground mine workings, arising out of or attributable to Chesapeake's drilling, operating, plugging and abandoning of this well, or the effect on this well of any condition created by existing or future potash mining.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Martin D. Litt".

Martin D. Litt

MDL:mlk

cc: Tom McGuire
Katie Keller

Mr. Tom McGuire
Intrepid Potash NM L.L.C.
March 10, 2009
Page 2 of 2

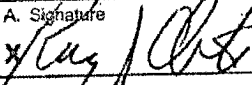
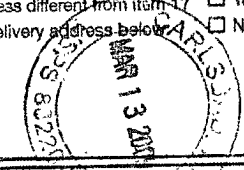
No Objections Offered
Intrepid Potash NM L.L.C.

Objections Offered
Intrepid Potash NM L.L.C.

By _____
Title: _____
Date: _____

By _____
Title: _____
Date: _____

cc: Ms. Katie Keller
Intrepid Oil & Gas, L.L.C.
700 17th Street, Suite 1700
Denver, Co., 80202

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
☒ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ☒ Print your name and address on the reverse so that we can return the card to you. ☒ Attach this card to the back of the mailpiece, or on the front if space permits.		A. Signature 	
1. Article Addressed to: Mr. Tom McGuire Intrepid Potash NM L.L.C. P.O. Box 101 Carlsbad, New Mexico 88221		B. Recipient (Printed Name) C. Date of Delivery 	☐ Agent ☐ Addressee
2. Article Number (Transfer from service label) PS Form 3811, February 2004		D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below	
Lost Tank 2+3		3. Service Type ☒ Certified Mail ☐ Express Mail ☐ Registered ☒ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D.	
		4. Restricted Delivery? (Extra Fee) ☐ Yes	
		7008 1140 0000 0547 2982	
		Domestic Return Receipt	
		102595-02-M-1540	

March 10, 2009

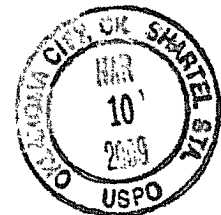
Frances Jowers
Chesapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, OK 73154-0496

PLEASE STAMP

7008 1140 0000 0547 2982

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
Postage	\$
Certified Fee	
Return Receipt For (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage	Mr. Tom McGuire
Sent To	Intrepid Potash NM L.L.C.
Street, Apt., No.	P.O. Box 101
or PO Box No.	Carlsbad, New Mexico 88221
City, State, Zip	
PS Form 3800, August 2003 See Reverse for Instructions	

W:\Permian_North\Operated Wells\Lost Tank 2 & 3\Firm Delivery Receipt_20090310.docx



BLOWOUT PREVENTOR SCHEMATIC
CHESAPEAKE OPERATING INC

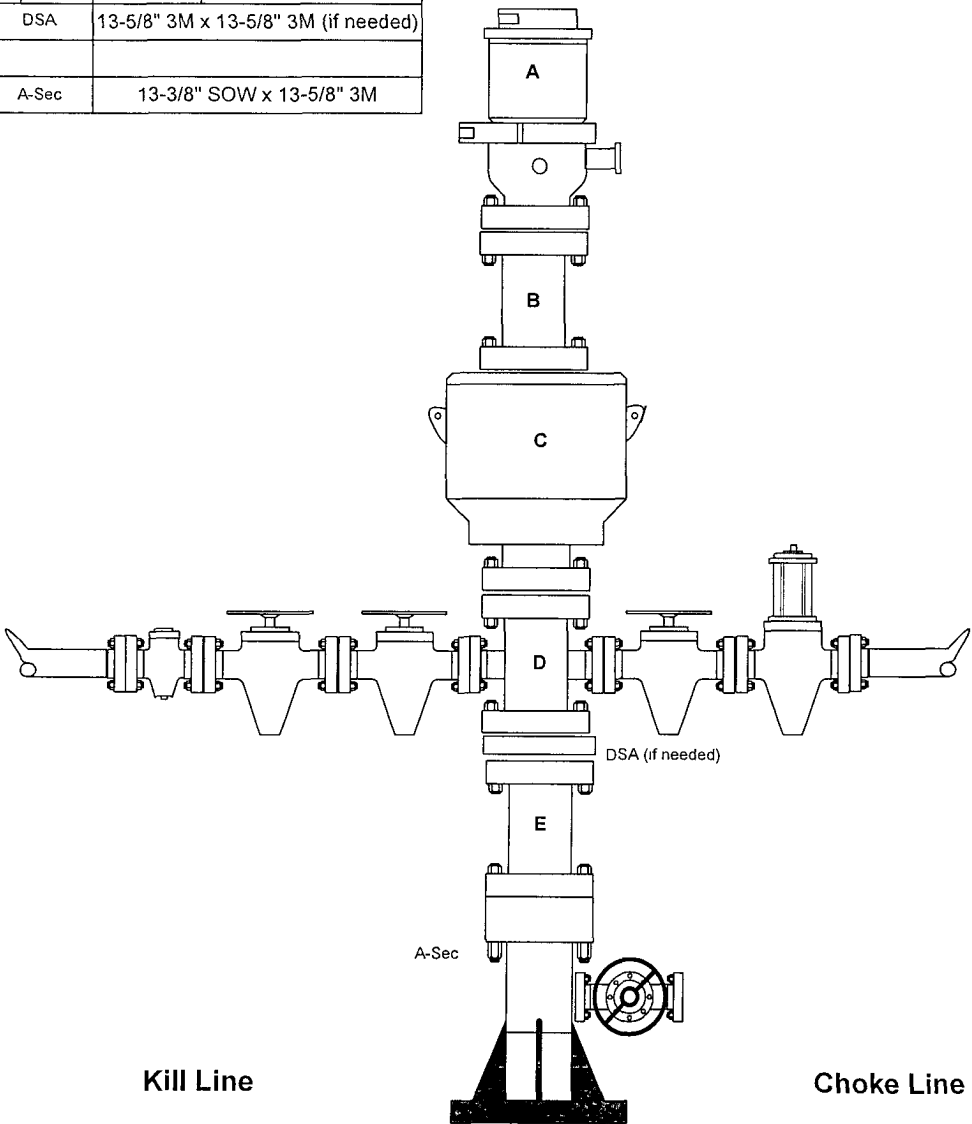
WELL : Lost Tank 16 State #2 & #3

COUNTY : Lea

STATE: New Mexico

OPERATION: Drill out below 13-3/8" Casing (12-1/4" hole size)

	SIZE	PRESSURE	DESCRIPTION
A	13-5/8"	500 psi	Rot Head
B	13-5/8"	3000 psi	Spacer Spool
C	13-5/8"	3000 psi	Annular
D	13-5/8"	3000 psi	Mud Cross
E	13-5/8"	3000 psi	Spacer Spool
	DSA	13-5/8" 3M x 13-5/8" 3M (if needed)	
	A-Sec	13-3/8" SOW x 13-5/8" 3M	



Kill Line

Choke Line

SIZE	PRESSURE	DESCRIPTION
2"	5000 psi	Check Valve
2"	5000 psi	Gate Valve
2"	5000 psi	Gate Valve

SIZE	PRESSURE	DESCRIPTION
4"	5000 psi	Gate Valve
4"	5000 psi	HCR Valve

BLOWOUT PREVENTOR SCHEMATIC

CHESAPEAKE OPERATING INC

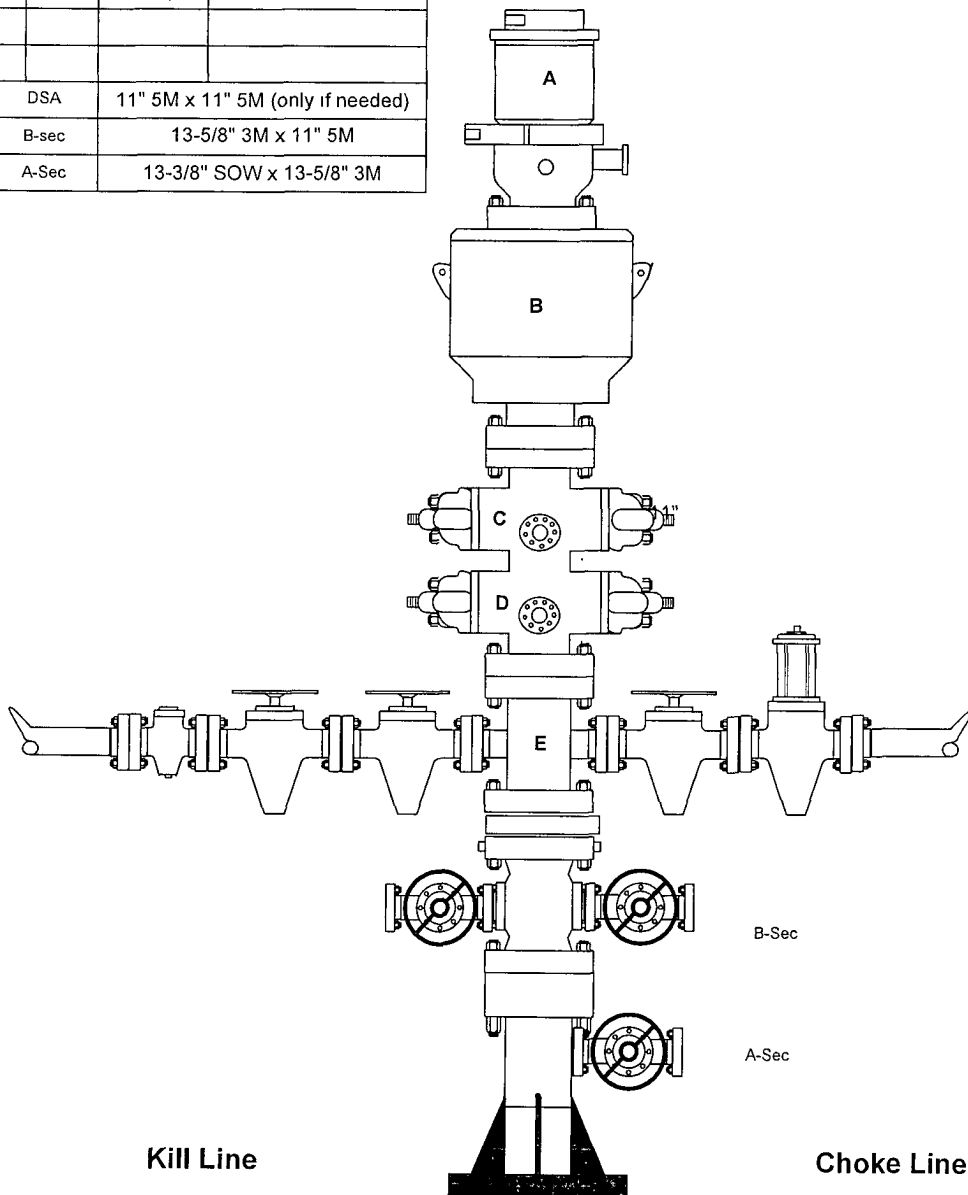
WELL : Lost Tank 16 State #2 & #3

COUNTY : Lea

STATE: New Mexico

OPERATION: Drill out below 9-5/8" Casing (8-3/4"/8-1/2"/7-7/8" hole size)

	SIZE	PRESSURE	DESCRIPTION
A	11"	500 psi	Rot Head
B	11"	5000 psi	Annular
C	11"	5000 psi	Pipe Rams
D	11"	5000 psi	Blind Rams
E	11"	5000 psi	Mud Cross
DSA	11" 5M x 11" 5M (only if needed)		
B-sec	13-5/8" 3M x 11" 5M		
A-Sec	13-3/8" SOW x 13-5/8" 3M		



SIZE	PRESSURE	DESCRIPTION
2"	5000 psi	Check Valve
2"	5000 psi	Gate Valve
2"	5000 psi	Gate Valve

SIZE	PRESSURE	DESCRIPTION
4"	5000 psi	Gate Valve
4"	5000 psi	HCR Valve