

District I
1625 N French Dr , Hobbs, NM 88240

District II
1301 W Grand Avenue, Artesia, NM

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

Form C-101
June 16, 2008

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

RECEIVED

AUG 20 2010

HOBBSOCD

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN,
PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Chesapeake Operating, Inc. P O Box 18496 Oklahoma City, OK 73154-0496	² OGRID Number 147179
	³ API Number 30 - 025-28994

³ Property Code 38288	⁵ Property Name Carter-Shipp Strawn Unit	⁶ Well No 1
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⁹ Proposed Pool 1 SWD, Strawn	¹⁰ Proposed Pool Lovington Upper Penn NE
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⁷ Surface Location	UL or lot no D	Section 27	Township 16S	Range 37E	Lot Idn	Feet from the 660'	North/South North	Feet from the 1100'	East/West West	County Lea
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⁸ Proposed 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
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Additional Well Information				
¹¹ Work Type Code E	¹² Well Type Code I	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3786 5'
¹⁶ Multiple No	¹⁷ Proposed Depth PBTD-11,862'	¹⁸ Formation Strawn	¹⁹ Contractor TBD	²⁰ Spud Date ASAP

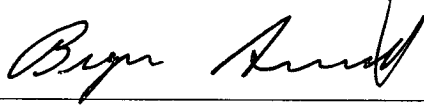
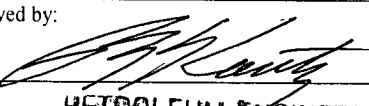
²¹ Existing Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	54.5#	455'	450 sxs	0'
11"	8 5/8"	32#	4300'	2250 sxs	0'
7 7/8"	5 1/2"	17#	11,862'	450 sxs	9845'

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Chesapeake request to re-enter this well-bore & convert to injection (R-13196). Please find the work procedure, NMOC's C-102 & C-144 (CLEZ) pit permit.

Permit Expires 2 Years From Approval
Date Unless Drilling Underway
Re-Entry

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.	OIL CONSERVATION DIVISION	
Signature: 	Approved by: 	
Printed name: Bryan Arrant	Title: PETROLEUM ENGINEER	
Title: Sr. Regulatory Compliance Specialist	Approval Date: AUG 23 2010	Expiration Date:
E-mail Address: bryan.arrant@chk.com		
Date: 8/18/2010	Phone: 405-935-3782	Conditions of Approval Attached <input type="checkbox"/>

Carter-Shipp Strawn Unit 1 (Shipp ZI 2)
Lea County, New Mexico
Re-enter and Convert to Injection Procedure

Date: July 20, 2009

Location: 660' FNL & 1100' FEL Sec. 27-T16S-R37E

Casing: 5 1/2" 17# 0-11,862' ID – 4.892", Drift – 4.767", Burst – unknown

PBTD/TD: 0'/11,862'

Current Perfs: Strawn 11,461-75' (below CIBP)

Recommended Procedure:

1. Dig out casing and secure casing stub. MIRU PU. NU BOP. Unload, rack and tally 2 7/8" L-80 work string.
2. RIH w/ 4 3/4" bit and drill collars on tbg. Drill out cement plugs to CIBP @ 11,411'. POH w/ bit laying down 2 7/8" work string.
3. RIH w/ 4 1/2" 11.5# flush joint liner to new PBTD of 11,411'. Cement liner in place bringing cement back to surface.
4. Pick up 2 3/8" L-80 work string. RIH w/ 3 7/8" bit on tbg. Drill out casing shoe and CIBP @ 11,411'. Cleanout to +/-11,800'. POH w/ bit laying down 2 3/8" workstring.
5. Rig up wireline co. Perforate Strawn 11,461-75' (14'), 11,526-32' (6'), 11,542-52' (10'), 11,564-70' (6') (36' total) 2 spf, 120 degree phasing.
6. If Strawn is on a strong vacuum, acidize Strawn down the 4 1/2" casing w/ 5,000 gal 15% NEFE acid dropping rock salt as a diverter. Displace acid to perfs. (If not on a vacuum, run tubing and packer for acid job.)
7. RIH w/ 2 3/8" plastic lined tbg and 4 1/2" Baker Lock-set packer to 11,385'. Load back side with packer fluid. Set packer and pressure test to 500 psi.
8. ND BOP. NU WH. Rig down.

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State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102

Revised October 15, 2009

Submit one copy to appropriate

District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-28994	² Pool Code 40760	³ Pool Name SWD; Strawn Lovington Upper Penn NE
⁴ Property Code 38288	⁵ Property Name Carter-Shipp Strawn Unit	⁶ Well Number 1
⁷ OGRID No. 147179	⁸ Operator Name Chesapeake Operating, Inc.	⁹ Elevation 3786.5'

¹⁰ Surface Location

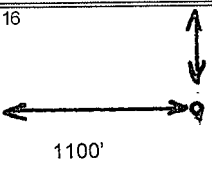
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	27	16S	37E		660'	North	1100'	West	Lea

¹¹ 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

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. R-13196
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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.

<div>16</div> 				<div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Bryan Arrant</i> 08/18/2010 Signature Date</p> <p>Bryan Arrant Printed Name</p> <div>18 SURVEYOR CERTIFICATION</div> <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>Date of Survey Signature and Seal of Professional Surveyor</p> <p>Please refer to original plat</p> <p>Certificate Number</p>