

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

Form C-101

June 16, 2008

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AUG 20 2010

HOBBSOCD

Oil Conservation Division

1220 South St. Francis Dr.

Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORTAPPLICATION 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 Property Code 38288 | ⁵ Property Name Carter-Shipp Strawn Unit | ³ API Number 30 - 025-28248 29248 |
| ⁹ Proposed Pool 1 SWD, Strawn | | ¹⁰ Proposed Pool Lovington Upper Penn NE |

⁷ Surface Location

| | | | | | | | | | |
|-------------------|---------------|-----------------|--------------|---------|------------------------|----------------------|------------------------|-------------------|---------------|
| UL or lot no G | Section 28 | Township 16S | Range 37E | Lot Idn | Feet from the 1330' | North/South North | Feet from the 1980' | East/West East | County Lea |
|-------------------|---------------|-----------------|--------------|---------|------------------------|----------------------|------------------------|-------------------|---------------|

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 |
|--------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|

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 3788' |
| ¹⁶ Multiple No | ¹⁷ Proposed Depth PBTD-11,698' | 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" | 61# | 390' | 360 sxs | 0' |
| 11" | 8 5/8" | 24# & 32# | 4200' | 1800 sxs | 0' |
| 7 7/8" | 5 1/2" | 17# & 20# | 11,745' | 350 sxs | 10,550' |
| | | | | | |
| | | | | | |

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.

Signature

Printed name: Bryan Arrant

Title: Sr. Regulatory Compliance Specialist

E-mail Address: bryan.arrant@chk.com

Date: 8/18/2010

Phone: 405-935-3782

OIL CONSERVATION DIVISION

Approved by:

Title:

PETROLEUM ENGINEER

Approval Date: AUG 23 2010

Expiration Date:

Conditions of Approval Attached ☐

Carter-Shipp Strawn Unit 4 (Carter 2)
Lea County, New Mexico
Re-enter and Convert to Injection Procedure

Date: July 17, 2009

Location: 1330' FNL & 1980' FEL Sec. 28-T16S-R37E

Casing: 5 1/2" 17 & 20# N-80 & P-110 4,250-11,745' ID – 4.778", Drift – 4.653", Burst – 7,740 psi

PBTD/TD: 0'/11,750'

Current Perfs: Strawn 11,371-93' (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/ 7 5/8" bit and drill collars on tbg. Drill out cement plugs to top of 5 1/2" casing stub @ 4,250'. POH w/ bit.
3. RIH 4 5/8" bit and drill collars on tbg. Drill out cement plugs to CIBP @ 11,300'. Drill out CIBP and continue to clean out to original PBTD of +/- 11,700'. POH w/ bit laying down 2 7/8" work string.
4. Rig up wireline company. Set CIBP at 11,350'.
5. RIH w/ 4 1/2" 11.5# flush joint liner to new PBTD of 11,350'. Cement liner in place bringing cement back to surface.
6. Pick up 2 3/8" L-80 work string. RIH w/ 3 7/8" bit on tbg. Drill out casing shoe and CIBP @ 11,350. Cleanout to +/-11,700'. POH w/ bit laying down 2 3/8" workstring.
7. Rig up wireline co. Perforate Strawn 11,371-11,426' (55') 2 spf, 120 degree phasing.
8. 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.)
9. RIH w/ 2 3/8" plastic lined tbg and 4 1/2" Lock-set packer to 11,300'. Load back side with packer fluid. Set packer and pressure test to 500 psi.
10. 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 30-025-29248 ✓ | ² Pool Code 40780 | ³ Pool Name SWD, Strawn Lovington Upper Penn NE |
| ⁴ Property Code 38288 | ⁵ Property Name Carter-Shipp Strawn Unit | ⁶ Well Number 4 |
| ⁷ OGRID No. 147179 | ⁸ Operator Name Chesapeake Operating, Inc. | ⁹ Elevation 3788' GR |

¹⁰ Surface Location

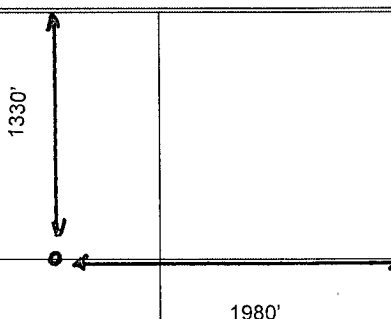
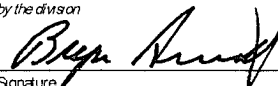
| UL or lot no | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|--------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| G | 28 | 16S | 37E | | 1330' | North | 1980' | East | 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 |
|-------------------------------|-------------------------------|----------------------------------|-----------------------------------|

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.

| | |
|--|---|
| ¹⁶  | ¹⁷ OPERATOR CERTIFICATION <i>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</i>  08/18/2010 Signature Date Bryan Arrant Printed Name |
| | ¹⁸ SURVEYOR CERTIFICATION <i>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> |
| | Date of Survey Signature and Seal of Professional Surveyor Please refer to original plat Certificate Number |