

(4) Therefore, Chesapeake propose to use the surface of the adjoining 40-acre spacing unit to the east (NW/4SW/4 of Section 5) and has obtained the approval of the Lovington-Lea County Extraterritorial Zoning Authority to use a standard surface location 2190 feet from the South line and 810 feet from the West line (Unit T) of Irregular Section 4, T16S, R36E, NMPM.

(5) Chesapeake proposes to commence drilling at the proposed standard surface location and to drill vertically to a kick off point at approximately 8278 TVD and then to commencing building angle at the rate of 3 degrees per 100 feet and to reach a total depth of approximately 12,100 feet (+ or - 100 feet) at a project point (bottom hole location) 2310 feet from South line and 750 feet from East line of Irregular Section 5, T16S, R36E, NMPM.

(6) Chesapeake proposes the following:

- (a) 40-acre dedication
- (b) drilling producing interval being 330 foot set back from each side boundary of the spacing unit
- (c) standard depth bracket oil allowable of 365 BOPD
- (d) Bottom hole target: not closer than 330 feet to any side boundary of the 40-acre spacing unit

(7) In accordance with Rule 111.D(2), the following exhibits are attached:

Exhibit 1: Plat indicating spacing units, surface and subsurface well location, offset units, and operators.