

ONSHORE ORDER NO. 1
Chesapeake Operating, Inc.
U.S. Gum 1-5
765' FNL and 990' FEL
NE NE Section 5-16S-36E
Lea County, New Mexico

CONFIDENTIAL – TIGHT HOLE

Lease No. NMNM 99052

SURFACE USE PLAN
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1. EXISTING ROADS

- a. Directions to the location are as follows:
From the intersection of Hwy 82 & 83 and 17th Street, go 1 mile north of Lovington Inn. Turn west onto location road.
- b. Access map attached hereto.
- c. The access road will be built west of 17th Street for access into the location.

2. PLANNED ACCESS ROADS

- a. The new access road will be approx. 16' x 800' and will be surfaced with shale.
- b. No turnouts are expected.
- c. There will be no major cuts and fills.
- d. Cattle guards are required and no fences will be cut.
- e. Surface disturbance and vehicular travel will be limited to the approved location and approved access route. Any additional area required will be approved in advance.
- f. No Federal or Indian roads will be traveled to access the well site. Access roads are located on private lands; no road right of way will be required.

3. LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS OF THE PROPOSED LOCATION – Plat attached hereto

4. LOCATION OF PRODUCTION FACILITIES

It is anticipated that production facilities will be located on the well pad as product will be sold at the wellhead and/or tank battery.

5. LOCATION AND TYPE OF WATER SUPPLY

Water will be used from the City of Lovington. The source will be south of location. Chesapeake Operating, Inc. will obtain all the necessary permits to obtain this water.

6. CONSTRUCTION MATERIALS

No construction materials will be used from Section 5-16S-3E. All material (i.e. shale) will be acquired from private sources.

7. METHODS FOR HANDLING WASTE DISPOSAL

- a. The well will be drilled utilizing a closed pit system consisting of aboveground steel tanks.
- b. All wastes accumulated during drilling operations will be contained in a portable trash cage and removed from location and deposited in approved sanitary landfill.
- c. A chemical porta-toilet will be furnished with the drilling rig and its contents hauled to an approved sanitary landfill.

8. ANCILLARY FACILITIES

None

9. WELLSITE LAYOUT

- a. A closed pit system will be utilized and the dimensions of the pad will be 320' x 320'.
- b. Rig orientation, parking areas, and turnaround areas. (See attached Location plat)

10. PLANS FOR RECLAMATION OF THE SURFACE

The location will be restored to as near as original condition as possible. Reclamation of the surface shall be done in strict compliance with the existing New Mexico Oil & Gas Conservation Division regulations and damage agreement with the surface owners. Copy of Surface Damage Agreement is attached hereto.

Backfilling, leveling, and contouring are planned as soon as the drilling rig and steel tanks are removed. Wastes and spoils materials will be buried immediately after drilling is completed. If production is obtained, the unused area will be restored as soon as possible. The rehabilitation will begin after the drilling rig is removed.

11. SURFACE OWNERSHIP

Snyder Ranches, Inc.
P.O. Box 2150
Hobbs, NM 88241
(505) 393-7544

Private surface ownership – no surface management agency involved.

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12. AIRPORT ZONING

See attached.

13. OPERATOR'S REPRESENTATIVES

Drilling and Completion Operations
Colley Andrews
Gulf Coast Permian District Manager
P.O. Box 18469
Oklahoma City, OK 73154
(405) 879-9230

Regulatory Compliance
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Regulatory Compliance Coordinator
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14. CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this surface use plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed will be performed by operator (including contractors and subcontractors) submitting the APD, in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

By: X 
Colley J. Andrews, District Manager

Date: 3-7-01