

OKLAHOMA CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
P.O. BOX 52000
OKLAHOMA CITY, OK 73152-2000
(Rule 165:10-3-1)

API NUMBER: 045 23261

Approval Date: 10/16/2012
Expiration Date: 04/16/2013

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 19 Twp: 19N Rge: 25W County: ELLIS
SPOT LOCATION: S2 S2 SW SW FEET FROM QUARTER: FROM SOUTH FROM WEST
SECTION LINES: 260 660

Lease Name: EDDY TEDDY 19-19-25 Well No: 1H Well will be 260 feet from nearest unit or lease boundary.
Operator Name: CHESAPEAKE OPERATING INC Telephone: 4059357853 OTC/OCC Number: 17441 0

CHESAPEAKE OPERATING INC
P.O. Box 18496
OKLAHOMA CITY, OK 73154-0496

EDDIE MAX MILLER
RR 1 BOX 18
ARNETT OK 73832

Formation(s) (Permit Valid for Listed Formations Only):

	Name	Depth	Name	Depth
1	DOUGLAS	6880	6	
2	LANSING-KANSAS CITY	8050	7	
3	MARMATON	9601	8	
4			9	
5			10	

Spacing Orders: 601553

Location Exception Orders: 601763

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 13900

Ground Elevation: 2427

Surface Casing: 920

Depth to base of Treatable Water-Bearing FM: 670

Under Federal Jurisdiction: No

Fresh Water Supply Well Drilled: No

Surface Water used to Drill: No

PIT 1 INFORMATION

Type of Pit System: ON SITE

Type of Mud System: WATER BASED

Chlorides Max: 25000 Average: 8000

Is depth to top of ground water greater than 10ft below base of pit? Y

Within 1 mile of municipal water well? N

Wellhead Protection Area? N

Pit is located in a Hydrologically Sensitive Area.

Category of Pit: 1B

Liner required for Category: 1B

Pit Location is BED AQUIFER

Pit Location Formation: OGALLALA

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

D. One time land application -- (REQUIRES PERMIT)

PERMIT NO: 12-21589

H. SEE MEMO

This permit does not address the right of entry or settlement of surface damages.

The duration of this permit is SIX MONTHS, except as otherwise provided by Rule 165: 10-3-1.

Rule 165: 10-3-4 (c) (7) (e) - The Operator shall give 24 Hours notice by telephone to the appropriate District Office of the Conservation Division as to when Surface Casing will be run.

PIT 2 INFORMATION

Type of Pit System: ON SITE
Type of Mud System: OIL BASED
Chlorides Max: 300000 Average: 160000
Is depth to top of ground water greater than 10ft below base of pit? Y
Within 1 mile of municipal water well? N
Wellhead Protection Area? N
Pit is located in a Hydrologically Sensitive Area.

Category of Pit: 3
Liner required for Category: 3
Pit Location is BED AQUIFER
Pit Location Formation: OGALLALA

HORIZONTAL HOLE 1

Sec 19 Twp 19N Rge 25W County ELLIS
Spot Location of End Point: C N2 NW NW
Feet From: NORTH 1/4 Section Line: 330
Feet From: WEST 1/4 Section Line: 660
Depth of Deviation: 8348
Radius of Turn: 780
Direction: 360
Total Length: 4420
Measured Total Depth: 13900
True Vertical Depth: 9601
End Point Location from Lease,
Unit, or Property Line: 330

Additional Surface Owner Address City, State, Zip
TEDDY RAY MILLER AND TERRY LE P.O. BOX 826 ARNETT, OK 73832

Notes:

Table with 2 columns: Category, Description. Includes entries for LOCATION EXCEPTION - 601763, MEMO, and SPACING - 601553.

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