

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

API NUMBER: 045 23266

Approval Date: 10/22/2012
Expiration Date: 04/22/2013

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 24 Twp: 18N Rge: 25W

County: ELLIS

SPOT LOCATION: N2 N2 NW NW

FEET FROM QUARTER: FROM NORTH FROM WEST

SECTION LINES: 300 660

Lease Name: POPCORN USA 24-18-25

Well No: 1H

Well will be 300 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

P. DERYL PARKER
RT 2, BOX 88
ARNETT OK 73832

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

	Name	Depth	Name	Depth
1	DOUGLAS	7616	6	
2	MARMATON	7720	7	
3	COTTAGE GROVE	8776	8	
4	CLEVELAND	8851	9	
5			10	

Spacing Orders: 100886
602849

Location Exception Orders: 603155

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 14435

Ground Elevation: 2194

Surface Casing: 670

Depth to base of Treatable Water-Bearing FM: 420

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: 5000

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: CEDAR HILLS

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

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

H. SEE MEMO

PERMIT NO: 12-21653

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: 200000
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: CEDAR HILLS

HORIZONTAL HOLE 1

Sec 24 Twp 18N Rge 25W County ELLIS
Spot Location of End Point: S2 S2 SW SW
Feet From: SOUTH 1/4 Section Line: 300
Feet From: WEST 1/4 Section Line: 660
Depth of Deviation: 8923
Radius of Turn: 361
Direction: 180
Total Length: 4420
Measured Total Depth: 14435
True Vertical Depth: 9284
End Point Location from Lease,
Unit, or Property Line: 300

Notes:

Table with 2 columns: Category, Description. Contains notes for LOCATION EXCEPTION - 603155, PITS 1 & 2, SPACING - 100886, and SPACING - 602849.

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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.