

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

API NUMBER: 009 21868

Approval Date: 11/05/2012
Expiration Date: 05/05/2013

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 35 Twp: 11N Rge: 26W County: BECKHAM
SPOT LOCATION: NE NW NW NE FEET FROM QUARTER: FROM NORTH FROM EAST
SECTION LINES: 250 2080

Lease Name: NABORS 35-11-26 Well No: 3H Well will be 250 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

JESSE & RACHEL NEWELL
14170 E. 1120 RD.
SWEETWATER OK 73666

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

Name	Depth	Name	Depth
1 MO'AN (UP GRANITE WASH)	10380	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 147147

Location Exception Orders: 601281

Increased Density Orders:

Pending CD Numbers:

Special Orders:

Total Depth: 15600

Ground Elevation: 2116

Surface Casing: 470

Depth to base of Treatable Water-Bearing FM: 220

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: 12-21781

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: 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: OGALLALA

HORIZONTAL HOLE 1

Sec 35 Twp 11N Rge 26W County BECKHAM
Spot Location of End Point: S2 S2 SW SE
Feet From: SOUTH 1/4 Section Line: 200
Feet From: EAST 1/4 Section Line: 1980
Depth of Deviation: 9736
Radius of Turn: 644
Direction: 177
Total Length: 4852
Measured Total Depth: 15600
True Vertical Depth: 11065
End Point Location from Lease,
Unit, or Property Line: 200

Notes:

Table with 2 columns: Category, Description. Includes entries for LOCATION EXCEPTION - 601281, MEMO, and SPACING - 147147.

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