API NUMBER: 149 21671

Oil & Gas

Horizontal Hole

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

Approval Date: 11/08/2012
Expiration Date: 05/08/2013

17441 0

Well will be 330 feet from nearest unit or lease boundary.

OTC/OCC Number:

PERMIT TO DRILL

WELL LOCATION	I: Sec: 10	Twp: 11N	Rge: 16\	V Coun	ty: WAS	SHITA		
SPOT LOCATION	I: E2 SW	SE	SE	FEET FROM QUARTER:	FROM	SOUTH	FROM	EAST
				SECTION LINES:		330		970
Lease Name:	PENNER FARMS	S 10-11-16 U	ISA	V	Vell No:	1H		
Operator Name:	CHESAPEAK	E OPERATI	NG INC			Teleph	none:	4059357853

CHESAPEAKE OPERATING INC
P.O. Box 18496

PENNER FARMS, LLC

OKLAHOMA CITY. OK 73154-0496

AHOMA CITY, OK 73154-0496 CLINTON OK 73601

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

	Name	Depth	Name	Depti	h
1	DES MOINES	11989	6		
2			7		
3			8		
4			9		
5			10		
Spacing Orders:	167057	Location Exception Orders: 5981	85	Increased Density Orders:	598338

Pending CD Numbers: Special Orders:

Total Depth: 16900 Ground Elevation: 1527 Surface Casing: 1500 Depth to base of Treatable Water-Bearing FM: 340

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 is BED AQUIFER

Pit Location Formation: CLOUD CHIEF

Approved Method for disposal of Drilling Fluids:

A. Evaporation/dewater and backfilling of reserve pit.

D. One time land application -- (REQUIRES PERMIT) PERMIT NO: 12-21841

H. SEE MEMO

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: CLOUD CHIEF

HORIZONTAL HOLE 1

Sec 10 Twp 11N Rge 16W County WASHITA

Spot Location of End Point: N2 N2 NE NE
Feet From: NORTH 1/4 Section Line: 200
Feet From: EAST 1/4 Section Line: 660

Depth of Deviation: 11622 Radius of Turn: 428

Direction: 10

Total Length: 4606

Measured Total Depth: 16900

True Vertical Depth: 12050

End Point Location from Lease,
Unit, or Property Line: 200

Notes:

Category Description

DEEP SURFACE CASING 11/7/2012 - G71 - APPROVED CONTINGENT ON NOTIFYING OCC FIELD STAFF IMMEDIATELY

OF ANY LOSS OF CIRCULATION OR FAILURE TO CIRCULATE CEMENT TO SURFACE ON ANY

CONDUCTOR OR SURFACE CASING

INCREASED DENSITY - 598338 11/8/2012 - G30 - 10-11N-16W

X167057 DSMN 3 WELLS

CHESAPEAKE OPERATING, INC.

6/1/12

LOCATION EXCEPTION - 598185 11/8/2012 - G30 - (I.O.) 10-11N-16W

X167057 DSMN

SHL NCT 265 FNL. NCT 800 FEL 15-11N-16W**

COMP. INT. NCT 300 FNL, NCT 300 FSL, NCT 500 FEL 10-11N-16W $\,$

CHESAPEAKE OPERATING, INC.

5/29/12

**SHL TO BE CORRECTED AT HEARING FOR FINAL ORDER LOCATION EXCEPTION PER

OPERATOR

PITS 1 & 2 11/7/2012 - G71 - PITS 1 & 2 - CONCRETE-LINED PITS PER OPERATOR REQUEST, PIT 2 - OBM

RETURNED TO VENDOR, CUTTINGS PERMITTED PER DISTRICT

SPACING - 167057 11/8/2012 - G30 - (640) 10-11N-16W

EXT 156679 DSMN, OTHERS

WATERSHED STRUCTURE 11/7/2012 - G71 - WELL WITHIN 1/2 MILE OF AN OKLAHOMA CONSERVATION COMMISSION

WATERSHED STRUCTURE. CONTACT THE LOCAL CONSERVATION DISTRICT OFFICE AT (580)

832-3719 PRIOR TO DRILLING

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.