

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

API NUMBER: 011 23814

Approval Date: 06/13/2017
Expiration Date: 12/13/2017

Horizontal Hole Oil & Gas

PERMIT TO DRILL

WELL LOCATION: Sec: 34 Twp: 20N Rge: 12W County: BLAINE
SPOT LOCATION: SE SW SW SW FEET FROM QUARTER: FROM SOUTH FROM WEST
SECTION LINES: 195 595

Lease Name: NUGGET 34-20-12 Well No: 1HC Well will be 195 feet from nearest unit or lease boundary.

Operator Name: CHESAPEAKE OPERATING LLC Telephone: 4059353425; 4059358 OTC/OCC Number: 17441 0

CHESAPEAKE OPERATING LLC
PO BOX 18496
OKLAHOMA CITY, OK 73154-0496

REUBEN E. ULRICH
1637 HWY. 51
FAIRVIEW OK 73737

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

Name	Depth	Name	Depth
1 MISSISSIPPI SOLID	8400	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 228797

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201703196
201703197
201703198
201703199
201703200

Special Orders:

Total Depth: 19100 Ground Elevation: 1390 Surface Casing: 450 Depth to base of Treatable Water-Bearing FM: 200

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 not located in a Hydrologically Sensitive Area.

Category of Pit: 2

Liner not required for Category: 2

Pit Location is NON HSA

Pit Location Formation: FLOWERPOT

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: 17-32518

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 not located in a Hydrologically Sensitive Area.

Category of Pit: 3
Liner required for Category: 3
Pit Location is NON HSA
Pit Location Formation: FLOWERPOT

HORIZONTAL HOLE 1

Sec 27 Twp 20N Rge 12W County MAJOR
Spot Location of End Point: NE NW NW NW
Feet From: NORTH 1/4 Section Line: 50
Feet From: WEST 1/4 Section Line: 430
Depth of Deviation: 7968
Radius of Turn: 750
Direction: 358
Total Length: 9954
Measured Total Depth: 19100
True Vertical Depth: 8400
End Point Location from Lease,
Unit, or Property Line: 50

Notes:

Table with 2 columns: Category, Description. Rows include HYDRAULIC FRACTURING, INTERMEDIATE CASING, MEMO, PENDING CD - 201703196, and PENDING CD - 201703197.

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.

Category	Description
PENDING CD - 201703198	6/8/2017 - G75 - 27-20N-12W X228797 MSSSD 1 WELL NO OP. NAMED REC 6-12-2017 (P. PORTER)
PENDING CD - 201703199	6/8/2017 - G75 - (I.O.) 27-20N-12W X228797 MSSSD COMPL. INT. NCT 0' FSL, NCT 150' FNL, NCT 330' FWL NO OP. NAMED REC 6-12-2017 (P. PORTER)
PENDING CD - 201703200	6/8/2017 - G75 - (I.O.) 27-20N-12W X165:10-3-28(C)(2)(B) MSSSD (NUGGET 34-20-12 1HC) MAY BE CLOSER THAN 600' TO PATHFINDER 1-27 NO OP. NAMED REC 6-12-2017 (P. PORTER)
SPACING - 228797	6/8/2017 - G75 - (640) 27 & 34-20N-12W EXT OTHERS EXT 83423 MSSSD

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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.



API 011-23814

5/25/2017

Mr. Dan Walkup
Oklahoma Corporation Commission
Oil & Gas Conservation Division
P.O. Box 52000
Oklahoma City, OK 73152-2000

Re: **Application for Intent to Drill**
Well Name: Nugget 34-20-12 1HC
Surface Location: Sec 34, T20N, R12W
Blaine County, OK

Dear Mr. Walkup:

This well has a planned total depth of approximately 19,100' MD. Pursuant to OAC 165:10-3-4(c), Chesapeake intends to set a surface casing string to the greater of 90' below the surface; or at least 50' but no more than 250' below the base of treatable water, and cement will be circulated to surface. A rotating head will be installed prior to drilling out of the shoe of the surface casing in order to maintain control of the well in accordance with OAC 165:10-3-4(i).

In addition to the surface casing string, an intermediate casing string will be set at least 1,500' MD to provide a more competent casing seat to reach our next casing setting depth. BOP equipment will be installed prior to drilling out of the shoe of the intermediate casing in order to maintain control of the well in accordance with OAC 165:10-3-4(i).

If you have any questions or comments please contact me at 405-935-7108.

Sincerely,

A handwritten signature in black ink, appearing to read "Shelly Grabb".

Shelly Grabb
Drilling Engineer

TOPOGRAPHIC LAND SURVEYORS OF OKLAHOMA

6709 NORTH CLASSEN BLVD., OKLA. CITY, OKLA. 73116 * LOCAL (405) 843-4847 * OUT OF STATE (800) 654-3219

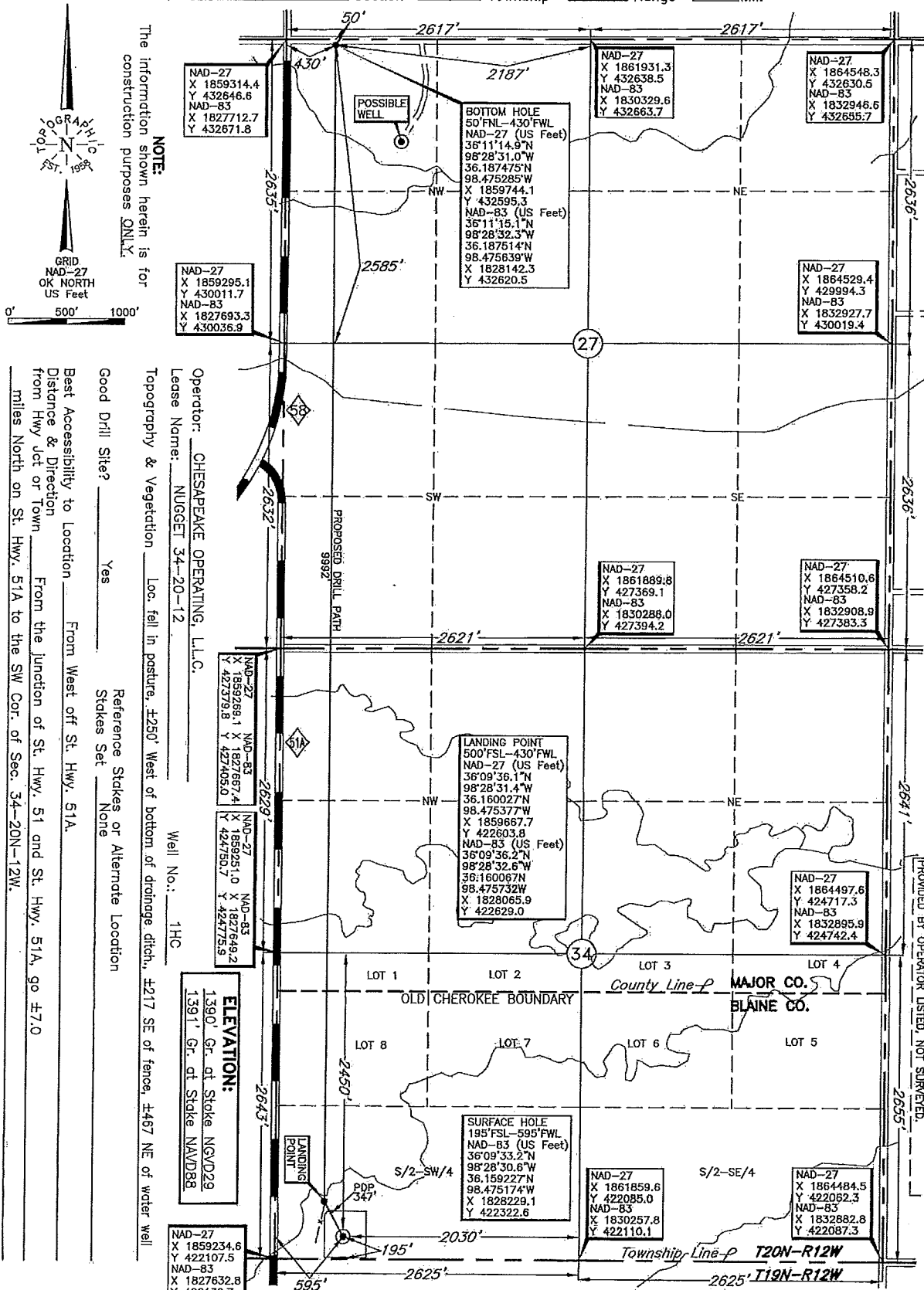
Certificate of Authorization No. 1293 LS

BLAINE/MAJOR

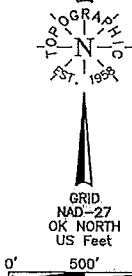
County, Oklahoma

API 011-23814

195' FSL-595' FWL Section 34 Township 20N Range 12W I.M.



NOTE:
The information shown herein is for construction purposes ONLY.



Operator: CHESAPEAKE OPERATING, L.L.C.
 Lease Name: NUGGET 34-20-12
 Topography & Vegetation: Loc. fall in pasture, ±250' West of bottom of drainage ditch, ±217' SE of fence, ±467' NE of water well
 Well No.: 1HC
 Good Drill Site? Yes
 Reference Stakes or Alternate Location: Stakes Set
 Best Accessibility to Location: From West of St. Hwy. 51A
 Distance & Direction from Hwy Jct or Town: From the junction of St. Hwy. 51 and St. Hwy. 51A, go ±7.0 miles North on St. Hwy. 51A to the SW Cor. of Sec. 34-20N-12W.

ELEVATION:
 1390' Gr. at Stake NGVD29
 1391' Gr. at Stake NAVD88

NAD-27
 X 1859234.6
 Y 422107.5
 NAD-83
 X 1827632.8
 Y 422132.7

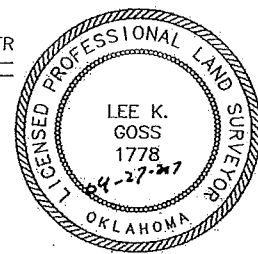
DATUM: NAD-27
 LAT: 36°09'33.1"N
 LONG: 98°28'29.4"W
 LAT: 36.159187°N
 LONG: 98.474820°W
 STATE PLANE
 COORDINATES: (US Feet)
 ZONE: OK NORTH
 X: 1859830.9
 Y: 422297.4

Revision A Date of Drawing: Apr. 27, 2017
 Invoice # 269691 Date Staked: Feb. 23, 2017 TR

CERTIFICATE:

I, Lee K. Goss an Oklahoma Licensed Land Surveyor and an authorized agent of Topographic Land Surveyors of Oklahoma, do hereby certify to the information shown herein

Oklahoma Lic. No. 1778



BOTTOM HOLE, LANDING POINT, AND DRILL PATH INFORMATION PROVIDED BY OPERATOR LISTED, NOT SURVEYED.