

API No. <u>42-301-31709</u> Drilling Permit # <u>732834</u> SWR Exception Case/Docket No. _____		RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER <i>This facsimile W-1 was generated electronically from data submitted to the RRC.</i> <i>A certification of the automated data is available in the RRC's Austin office.</i>				FORM W-1 07/2004 Permit Status: Approved	
1. RRC Operator No. 147715		2. Operator's Name (as shown on form P-5, Organization Report) CHESAPEAKE OPERATING, INC.		3. Operator Address (include street, city, state, zip):			
4. Lease Name UNIVERSITY 19-19		5. Well No. 2H					
GENERAL INFORMATION							
6. Purpose of filing (mark ALL appropriate boxes): <input checked="" type="checkbox"/> New Drill <input type="checkbox"/> Recompletion <input type="checkbox"/> Reclass <input type="checkbox"/> Field Transfer <input type="checkbox"/> Re-Enter <input type="checkbox"/> Amended <input type="checkbox"/> Amended as Drilled (BHL) (Also File Form W-1D)							
7. Wellbore Profile (mark ALL appropriate boxes): <input type="checkbox"/> Vertical <input checked="" type="checkbox"/> Horizontal (Also File Form W-1H) <input type="checkbox"/> Directional (Also File Form W-1D) <input type="checkbox"/> Sidetrack							
8. Total Depth 18000		9. Do you have the right to develop the minerals under any right-of-way ? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
SURFACE LOCATION AND ACREAGE INFORMATION							
11. RRC District No. 08		12. County LOVING		13. Surface Location <input checked="" type="checkbox"/> Land <input type="checkbox"/> Bay/Estuary <input type="checkbox"/> Inland Waterway <input type="checkbox"/> Offshore			
14. This well is to be located <u>12.4</u> miles in a <u>E</u> direction from <u>Mentone</u> which is the nearest town in the county of the well site.							
15. Section 19	16. Block 19	17. Survey UL		18. Abstract No. A-	19. Distance to nearest lease line: <u>200</u> ft.	20. Number of contiguous acres in lease, pooled unit, or unitized tract: 641.22	
21. Lease Perpendiculars: <u>250</u> ft from the <u>S</u> line and <u>738</u> ft from the <u>W</u> line. 22. Survey Perpendiculars: <u>250</u> ft from the <u>S</u> line and <u>738</u> ft from the <u>W</u> line.							
23. Is this a pooled unit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		24. Unitization Docket No:		25. Are you applying for Substandard Acreage Field? <input type="checkbox"/> Yes (attach Form W-1A) <input checked="" type="checkbox"/> No			
FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line.							
26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)		29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Reservoir	
08	71052900	PHANTOM (WOLFCAMP)		Oil Well	18000	0.00	
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)							
Remarks [RRC STAFF Feb 9, 2012 4:11 PM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Feb 10, 2012 1:52 PM]: Problems identified with this permit are resolved.; [RRC STAFF Feb 10, 2012 1:52 PM]: Per Bill Spencer the plat is correct.				Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. <div style="display: flex; justify-content: space-between;"> <div> <u>Bill Spencer, Consultant</u> Name of filer </div> <div> <u>Jan 31, 2012</u> Date submitted </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div> <u>(512)9181062</u> Phone </div> <div> <u>bill@spencerconsulting.org</u> E-mail Address (OPTIONAL) </div> </div>			
RRC Use Only							
Data Validation Time Stamp: Feb 10, 2012 3:05 PM('As Approved' Version)							

Permit Status: Approved <i>The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.</i>

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION**

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

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Permit #	732834
Approved Date:	Feb 10, 2012

1. RRC Operator No. 147715	2. Operator's Name (exactly as shown on form P-5, Organization Report) CHESAPEAKE OPERATING, INC.	3. Lease Name UNIVERSITY 19-19	4. Well No. 2H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 PHANTOM (WOLFCAMP) (Field # 71052900, RRC District 08)			
6. Section 19	7. Block 19	8. Survey UL	9. Abstract
		10. County of BHL LOVING	
11. Terminus Lease Line Perpendiculars 200 ft. from the N line. and 738 ft. from the W line			
12. Terminus Survey Line Perpendiculars 200 ft. from the N line. and 738 ft. from the W line			
13. Penetration Point Lease Line Perpendiculars 250 ft. from the S line. and 738 ft. from the W line			

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION**

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER <div style="text-align: right;">732834</div>	DATE PERMIT ISSUED OR AMENDED <div style="text-align: center;">Feb 10, 2012</div>	DISTRICT <div style="text-align: center;">* 08</div>															
API NUMBER <div style="text-align: right;">42-301-31709</div>	FORM W-1 RECEIVED <div style="text-align: center;">Jan 31, 2012</div>	COUNTY <div style="text-align: center;">LOVING</div>															
TYPE OF OPERATION <div style="text-align: center;">NEW DRILL</div>	WELLBORE PROFILE(S) <div style="text-align: center;">Horizontal</div>	ACRES <div style="text-align: center;">641.22</div>															
OPERATOR <div style="text-align: right;">147715</div> <div style="text-align: center;">CHESAPEAKE OPERATING, INC.</div>		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: <div style="text-align: center;">(432) 684-5581</div>															
LEASE NAME <div style="text-align: center;">UNIVERSITY 19-19</div>		WELL NUMBER <div style="text-align: center;">2H</div>															
LOCATION <div style="text-align: center;">12.4 miles E direction from MENTONE</div>		TOTAL DEPTH <div style="text-align: center;">18000</div>															
Section, Block and/or Survey <div style="display: flex; justify-content: space-between;"> <div>SECTION 19</div> <div>BLOCK 19</div> <div>ABSTRACT </div> </div> <div style="display: flex; justify-content: space-between;"> <div>SURVEY UL</div> </div>																	
DISTANCE TO SURVEY LINES <div style="text-align: center;">250 ft. S 738 ft. W</div>		DISTANCE TO NEAREST LEASE LINE <div style="text-align: center;">200 ft.</div>															
DISTANCE TO LEASE LINES <div style="text-align: center;">250 ft. S 738 ft. W</div>		DISTANCE TO NEAREST WELL ON LEASE <div style="text-align: center;">See FIELD(s) Below</div>															
FIELD(s) and LIMITATIONS: <div style="text-align: center;">* SEE FIELD DISTRICT FOR REPORTING PURPOSES *</div>																	
<table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:60%;">FIELD NAME LEASE NAME</th> <th style="width:10%;">ACRES NEAREST LEASE</th> <th style="width:10%;">DEPTH NEAREST LEASE</th> <th style="width:10%;">WELL # NEAREST WE</th> <th style="width:10%;">DIST</th> </tr> </thead> <tbody> <tr> <td>PHANTOM (WOLFCAMP)</td> <td align="center">641.22</td> <td align="center">18,000</td> <td align="center">2H</td> <td align="center">08</td> </tr> <tr> <td>UNIVERSITY 19-19</td> <td align="center">200</td> <td></td> <td align="center">0</td> <td></td> </tr> </tbody> </table>			FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST LEASE	WELL # NEAREST WE	DIST	PHANTOM (WOLFCAMP)	641.22	18,000	2H	08	UNIVERSITY 19-19	200		0	
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST LEASE	WELL # NEAREST WE	DIST													
PHANTOM (WOLFCAMP)	641.22	18,000	2H	08													
UNIVERSITY 19-19	200		0														
----- WELLBORE PROFILE(s) FOR FIELD: Horizontal -----																	
RESTRICTIONS: <div style="margin-left: 20px;"> Lateral: TH1 Penetration Point Location Lease Lines: 250.0 F S L 738.0 F W L Terminus Location BH County: LOVING Section: 19 Block: 19 Abstract: Survey: UL Lease Lines: 200.0 F N L 738.0 F W L Survey Lines: 200.0 F N L 738.0 F W L </div>																	
<p align="center">THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS</p> <p>This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97.</p>																	

Chesapeake

OPERATING, INC.

LEASE NAME & WELL NO.:
UNIVERSITY 19-19 #2H

TOPOGRAPHY & VEGETATION:
NATURAL MESQUITE PASTURE

NEAREST TOWN IN COUNTY:
±12.4 MILES EAST OF MENTONE, TEXAS

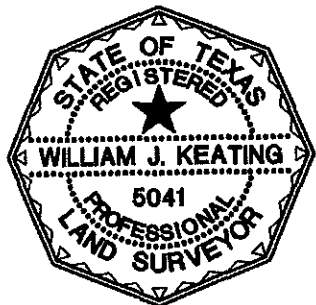
DESCRIPTION:
**SECTION 19, BLOCK 19, UNIVERSITY LAND SURVEY
LOVING COUNTY, TEXAS**

NAD 27
GRID BEARINGS



This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us. This plot does not in any way represent a "Boundary Survey", and does not comply with correct I.B.P.L.S. Minimum Standards of Procedures for Boundary Surveys.

CERTIFICATION:



William J. Keating
Texas Reg. No. 5041

I, William J. Keating, a Registered Professional Land Surveyor, and an authorized agent of Topographic Land Surveyors, do hereby certify that the above described well location was surveyed and staked on the ground as shown herein. This plot is for Texas Railroad Commission permitting only.

TOPOGRAPHIC
SURVEYING • MAPPING • GIS • GPS

2903 N. BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 • (800) 767-1653 • FAX: (432) 682-1743

Surface Hole Location:

250' FSL & 738' FWL
SHL Ground Elevation: 2813'
X = 1344780 Y = 10585190
LAT.: N 31.6726714 LONG.: W 103.3932248
NAD 83 TX-C ZONE
X = 1048316 Y = 742614
LAT.: N 31.6725415 LONG.: W 103.3927738

Bottom Hole Location:

200' FNL & 738' FWL
X = 1046959 Y = 747258
LAT.: N 31.6852012 LONG.: W 103.3975443
NAD 83 TX-C ZONE
X = 1343423 Y = 10589834
LAT.: N 31.6853309 LONG.: W 103.3979957

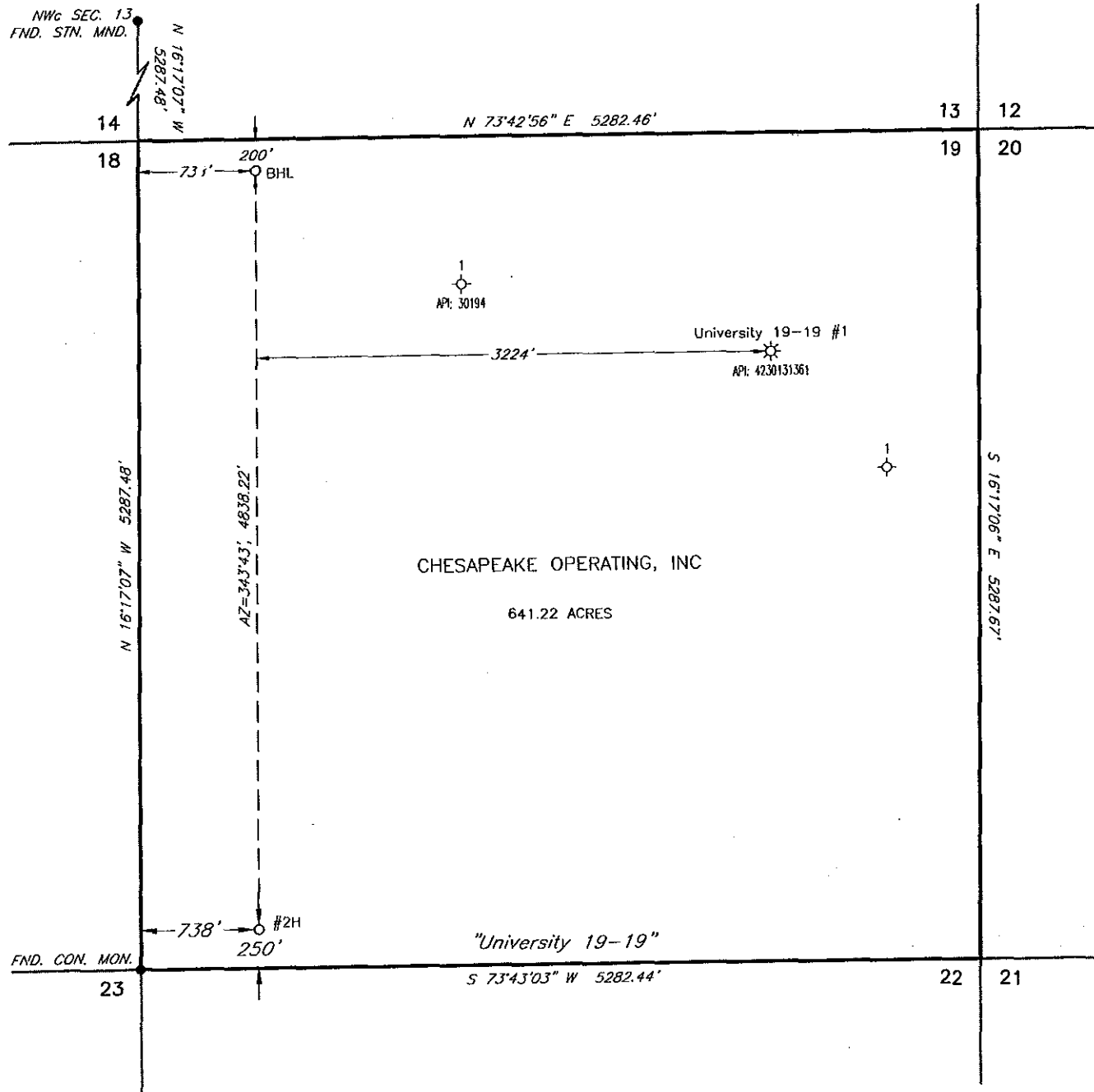
All Coordinates are in NAD 27 TX-C Zone unless otherwise noted.

LEGEND:

—X— Fence
—E— Powerline
—W— Water Line
—\\— Pipeline
===== Lease Road

ORIGINAL DOC. SIZE: 8.5"x14"

SCALE: 1" = 1000'
DATE: DECEMBER 27, 2011
COGO: 627-71298_NAD27
LO_UNIVERSITY_19_19_2H
INV. #: 176685
DRAWN BY: BSK



**NOTE: Wells spotted from information provided by Chesapeake Operating, Inc and the Texas Railroad Commission.