KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well

For KCC Use: 11-22-04

Effective Date: ____________________________

District #: __________________________________

SGA? Yes No

Expected Spud Date: 11/15/04

OPERATOR: License # 32334

Name: Chesapeake Operating, Inc.

Address: P.O. Box 18496

City/State/Zip: Oklahoma City, OK 73154-0496

Contact Person: Jim Cowens, Barbara Bale

Phone: (405) 848-8000

CONTRACTOR: License # Will Advise on ACO-1

__ Oil __ Gas __ GW __ Seismic __ Other

Well Drilled For:

Well Class: __ Oil __ Enl Rec __ X Infield __ Mud Rotary

Type of Equipment:

X Gas __ Storage __ Pool Ext __ Air Rotary

X GW __ Disposal __ Wildcat __ Cable

X Seismic __ # of Holes __ Other

If OW/O: old well information as follows:

Operator:

Well Name:

Original Completion Date: Original Total Depth:

Directional, Deviated or Horizontal wellbore? Yes No

If Yes, true vertical depth:

Bottom Hole Location:

KCC DKT:

Propered & Spaced Hugoton/Parana

See Attached Panaram Cylcing Reg.

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 52-501.

It is agreed that the following minimum requirements will be met:

1. Notify the appropriate district office prior to spudding of well;

2. A copy of the approved notice of intent to drill shall be posted on each drilling rig;

3. The minimum amount of surface pipe as specified below shall be set by circulating cement to the top; in all cases surface pipe shall be set through all unconsolidated materials plus a minimum of 20 feet into the underlying formation.

4. If the well is a dry hole, an agreement between the operator and the district office on plug length and placement is necessary prior to plugging;

5. The appropriate district office will be notified before well is either plugged or production casing is cemented in;

6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within 120 days of spud date.

Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133891-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall be plugged. In all cases, NOTIFY district office prior to any cementing.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Date: 11/10/04 Signature of Operator or Agent: Barbara J. Bale

Title: Regulatory Analyst

Remember to:

- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plat according to field proration orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed;
- Obtain written approval before disposing or injecting salt water.
- If this permit has expired (See: authorized expiration date) please check the box below and return to the address below.

Abbreviations:

Well Not Drilled - Permit Expired

Date: 18-31-04

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field, complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells and within 1 mile of the boundaries of the proposed acreage attribution unit for gas wells and within 1/2 mile of the boundaries of the proposed acreage attribution unit for oil wells.

API No. 15: ____________________________
Operator: Chesapeake Operating, Inc.
Lease: Foster
Well Number: 3-18
Field: Voorhees
Location of Well: County: Stevens
Location: 1650 feet from N / X S Line of Section
Location: 1650 feet from E / X W Line of Section
Sec. __________ Twp. __________ S. R. __________
Is Section: □ Regular or □ Irregular

If Section is Irregular, locate well from nearest corner boundary.
Section corner used: □ NE □ NW □ SE □ SW

PLAT
(Show location of the well and shade attributable acreage for prorated or spaced wells.)
(Show footage to the nearest lease or unit boundary line.)

NOTE: In all cases locate the spot of the proposed drilling location.

In plotting the proposed location of the well, you must show:
1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the section's south / north and east / west.
3. The distance to the nearest lease or unit boundary line.
4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (C0-7 for oil wells; CG-8 for gas wells).
NOTICE TO OPERATORS DRILLING IN THE PANOMA-
COUNCIL GROVE GAS POOL SPACED AREA

The enclosed intent is located within the Panoma-Council Grove gas pool space area. In May 1978, Panoma-Council Grove Proration Order (as amended), Docket No. 60,024-C (C-7058) under FINDINGS OF FACT AND LAW on page 31, the following language is stated that:

“The Commission finds that in order to prevent waste and protect correlative rights, the following stated rules pertaining to wells already completed, in the process of being drilled or for future wells to be drilled in the Panoma Council Grove Gas Pool Spaced area, and for wells producing from the Council Grove Formation outside of the Panoma Council Grove Gas Pool Spaced area within the Hugoton Gas Field, should be adopted.”

1. “No dual completions between the Chase (Hugoton) and Council Grove Formations will be permitted for future wells drilled.”

2. “Casing shall not be set above the top of the Council Grove Formation for a Council Grove producing well.”

3. “The production casing of all new Council Grove wells should be cemented with a calculated volume of cement sufficient to encase the casing from the bottom of the casing to a point 500 feet above the Chase Formation.”

4. “The casing shall be encased in cement in the interval between the base of the Council Grove and the top of the Chase Formation on all wells, irrespective of depth, completed below the Council Grove Formation, if they are located within the space area.”

5. “The cement coverage heretofore required shall be confirmed by the running of a recognized survey, such as a temperature survey or cement bond log.”

A copy of this survey and the cement tickets(s) showing that all cement work has been completed, must be filed with the ACO-1 Completion Report within 120 days from the wells “spud date.”

Failure to comply with these provisions may cause the well to be shut-in until compliance has been achieved.

If you have any questions, please feel free to contact the Conservation Division’s Production Department at (316) 337-6200.