NOTICE OF INTENT TO DRILL

Must be approved by KCC 30 days prior to commencing well

Date: February 25, 2005

OPERATOR: Chesapeake Operating, Inc.
Address: P.O. Box 18596
City: Oklahoma City, OK 73159-0590
Contact Person: Jim Cawiezal, Barbara Bale
Phone: (405) 884-8000

CONTRACTOR: Will advise on ACO-1

WELL: South Winter 1
Operator: Chesapeake Operating, Inc.
Statistical: 32334 (G-20 C)

WELL DATA:
Type of Well: Gas
Location: ( )
Depth: 860 feet

ONW: old well summary is as follows:

Injection Limit: 660
Water Level: 700
Surface Pipe: 1750

For KCC Use ONLY:
API # 15 187.2 2186.00.00
Minimum surface pipe required 77.90 feet as of
Approved by: P. Cawiezal
(Signature of Operator or Agent)
This authorization expires: 8/20/05
Spud date: 2/27/05

Mail to: KCC - Conservation Division, 130 S. Market - Room 2018, Wichita, Kansas 67202

Affidavit

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.C.A. 55, et. seq.

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

Date: 02/16/05
Signature of Operator or Agent: Barbara J. Bale
Title: Regulatory Analyst

Remember to:
- File Drilling Application (Form COP-5) with intent to DEE.
- File Complete form ACO-1 within 120 days of spud date.
- File a Berea preparation plow according to field prepared mission.
- Notify appropriate district office 48 hours prior to re-entry or re-entry.
- Submit drilling report (CP-4) after plugging is completed.
- Obtain written approval before disposing or injecting well water.
- If the permit has expired, (See submitted expiration date) please check the box below and return in the address below.

By Signature of Operator or Agent
Date: 2/27/05

KANSAS CORPORATION COMMISSION
Oil & Gas Conservation Division

FEB 17 2005
CONSERVATION DIVISION, KS
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 all wells.

API No. 15-

Operator: Chesapeake Operating, Inc.

Lease: Stevens

Well Number: 4-18

Field: Torbees

Number of Acres attributable to well: 640

County: Stevens

Location of Well: Line of Section

640 feet from SW / S

Line of Section

Sec. 18

Twp. 34

S. R. 36

W. E. 3 West

If Section is Regular, 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 in 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. (CG-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 ticket(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.

Conservation Division, Finney State Office Building, 130 S. Market, Room 1078, Wichita, KS 67202-3802
Voice 316.337.6200 fax 316.337.6211 www.occ.state.ks.us