

STATE OF LOUISIANA
OFFICE OF CONSERVATION
BATON ROUGE, LOUISIANA

June 7, 2010

ORDER NO. 191-H-104

Order concerning the creation of one (1) additional drilling and production unit for the **Haynesville Zone, Reservoir A**, and the redefinition of the **Haynesville Zone, Reservoir A**, as to such additional unit, in the **CASPIANA FIELD**, DeSoto Parish, Louisiana

Pursuant to power delegated under the laws of the State of Louisiana, and particularly Title 30 of the Louisiana Revised Statutes of 1950, and after a public hearing held under **Docket No. 10-502** in Baton Rouge, Louisiana, on **May 4, 2010**, upon the application of **CHESAPEAKE OPERATING, INC.**, following legal publication of notice and notice in accordance with the rules prescribed by the Commissioner of Conservation, the following Order is issued and promulgated by the Commissioner of Conservation as being reasonably necessary to conserve the natural resources of the State, to prevent waste as defined by law, to avoid the drilling of unnecessary wells, and otherwise to carry out the provisions of the laws of this State

DEFINITION

The Haynesville Zone, Reservoir A, in the Caspiana Field, was initially defined in Office of Conservation Order No 191-H, effective August 28, 2007, and is hereby redefined INSOFAR AND ONLY AS HA RA SU156 is concerned, as being that gas and condensate bearing zone encountered between the depths of 10,055 feet and 11,487 feet (electrical log measurements) in the Chesapeake Operating, Inc - SRLT 29 No 1 Well, located in Section 29, Township 16 North, Range 15 West, Caddo Parish, Louisiana

FINDINGS

The Commissioner of Conservation finds as follows

1 That Office of Conservation Order No 191-H, effective August 28, 2007, as amended and supplemented by the 191-H Series of Orders, established rules and regulations and created drilling and production units for the exploration for and production of gas and condensate from the Haynesville Zone, Reservoir A, in the Caspiana Field, Caddo, DeSoto and Red River Parishes, Louisiana

2 That the available geological, engineering or other appropriate information indicates that it would be reasonable and in the interest of conservation to redefine the Haynesville Zone, Reservoir A, in the Caspiana Field, DeSoto Parish, Louisiana, INSOFAR AND ONLY INSOFAR as HA RA SU156 is concerned, as set forth in the DEFINITION section of this Order

3 That the creation of one (1) additional drilling and production unit for the exploration for and production of gas and condensate from the Haynesville Zone, Reservoir A, in the Caspiana Field, DeSoto Parish, Louisiana, is necessary to insure orderly development, to prevent waste, and to avoid the drilling of unnecessary wells

4 That the available geological, engineering or other appropriate information indicates that the unit designated HA RA SU156, as more particularly shown on the plat labeled, "Chesapeake Operating, Inc - Exhibit No 1 for Docket No 10-502", a copy of which is attached

hereto, is reasonable and should be adopted, that said unit encompasses the maximum area which may be efficiently and economically drained by one well, and that creation of such unit should reasonably assure to each separate tract included therein an opportunity to recover its just and equitable share of the contents of the reservoir

5 That the separately owned tracts, mineral leases, and other property interests within the additional unit created herein should be force pooled and integrated with each separate tract sharing in unit production on a surface acreage basis of participation

6 That with respect to horizontal wells drilled to the Haynesville Zone, Reservoir A, within or to serve the unit created herein, where the horizontal portion of the well is cased and cemented back above the top of the Haynesville Zone, Reservoir A, the distance to any unit boundary and any offset well(s) should be calculated based on the distance to the nearest perforation in the well, and not based on the penetration point or terminus

7 That except to the extent contrary herewith, the provisions of Office of Conservation Order No 191-H, effective August 28, 2007, as amended and supplemented by the 191-H Series of Orders, and all applicable Statewide Orders, should be extended to the additional unit created herein

ORDER

NOW, THEREFORE, IT IS ORDERED THAT

1 The Haynesville Zone, Reservoir A, in the Caspiana Field, DeSoto Parish, Louisiana, is hereby redefined in accordance with the DEFINITION Section hereof, INSO FAR AND ONLY INSO FAR as to the additional unit created by this Order

2 The unit designated HA RA SU156, as more particularly shown on the plat labeled, "Chesapeake Operating, Inc - Exhibit No 1 for Docket No 10-502", a copy of which is attached hereto and made a part hereof, be and it is hereby approved and adopted as an additional drilling and production unit for the exploration for and production of gas and condensate from the Haynesville Zone, Reservoir A, in the Caspiana Field, DeSoto Parish, Louisiana

The unit has not been surveyed, and when a survey plat of the unit, showing the exterior limits thereof, the total acreage therein, and the acreage in each separately owned tract, has been submitted to and accepted by the Commissioner of Conservation or any member of his staff, insofar as it shows the exterior limits of the unit, said plat shall be substituted for the above exhibit and made a part of this Order by reference. In the event of conflicting claims of ownership of acreage in the unit, such acreage may be so identified on the survey plat. Such identification of acreage subject to conflicting claims shall not be construed as an acknowledgment of the validity of any such claims, and shall not affect any other acreage in the separately owned tracts in the unit

The survey plat shall be prepared in accordance with the requirements for unit plats and survey plats adopted by the Commissioner of Conservation. It is recognized that the exterior boundary lines of the unit, as surveyed, may differ from those lines as shown on the attached plat because of the requirement that by survey the geologically significant wells be correctly located with respect to each other and to the unit boundary lines that they control

3 The separately owned tracts, mineral leases, and other property interests within the additional unit created herein are hereby pooled, consolidated, and integrated in accordance with Section 10, Title 30 of the Louisiana Revised Statutes of 1950, with each tract sharing in unit production in the proportion that the surface area of such tract bears to the entire surface area of the unit. Also, all operations on and production from the unit shall be considered operations on and production from each of the separate tracts within such unit and under the terms of each of the mineral leases affecting said tracts


4 With respect to horizontal wells drilled to the Haynesville Zone, Reservoir A, within or to serve the unit created herein, where the horizontal portion of the well is cased and cemented back above the top of the Haynesville Zone, Reservoir A, the distance to any unit boundary and any offset well(s) shall be calculated based on the distance to the nearest perforation in the well, and not based on the penetration point or terminus

5 Except to the extent contrary herewith, the provisions of Office of Conservation Order No. 191-H, effective August 28, 2007, as amended and supplemented by the 191-H Series of Orders, and all applicable Statewide Orders, shall apply to the additional unit created herein

6 When there is obtained additional geological, engineering or other appropriate information which would indicate a required change or revision of the unit boundaries as adopted herein, or which would indicate a required change or revision of other provisions of this Order, the party or parties in possession of such additional information shall petition the Commissioner of Conservation for a public hearing for the purpose of considering appropriate changes

This Order shall be effective on and after May 4, 2010

OFFICE OF CONSERVATION
OF THE STATE OF LOUISIANA



JAMES H WELSH
COMMISSIONER OF CONSERVATION

MSK 

Chesapeake Operating, Inc
Exhibit No 1 for Docket No 10-502
Attached

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