

STATE OF LOUISIANA
OFFICE OF CONSERVATION
BATON ROUGE, LOUISIANA

December 29, 2010

ORDER NO. 270-MM-59

Order concerning the creation of three (3) additional drilling and production units for the **Haynesville Zone, Reservoir A**, and the redefinition of the **Haynesville Zone, Reservoir A**, as to such additional units in the **GREENWOOD-WASKOM FIELD**, Caddo 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. 10-1101** in Baton Rouge, Louisiana, on **November 30, 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 Greenwood-Waskom Field, was previously defined in Office of Conservation Order No. 270-MM, effective June 19, 2007, and is hereby redefined INsofar AND ONLY INsofar as HA RA SU90, HA RA SU91, and HA RA SU94 are concerned, as being that gas and condensate bearing zone encountered between the depths of 9,828 feet and 11,145 feet (electrical log measurements) in the Encore Operating Louisiana, LLC (formerly Greystone Oil & Gas, LLP) - Querbes No. 2 Well located in Section 29, Township 16 North, Range 16 West, Caddo Parish, Louisiana.

FINDINGS

The Commissioner of Conservation finds as follows:

1. That Office of Conservation Order No. 270-MM, effective June 19, 2007, as amended and supplemented by the 270-MM Series of Orders, established rules and regulations and created a pattern of drilling and production units for the exploration for and production of gas and condensate from the Haynesville Zone, Reservoir A, in the Greenwood-Waskom Field, Caddo Parish, 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 Greenwood-Waskom Field, Caddo Parish, Louisiana, INsofar AND ONLY INsofar as HA RA SU90, HA RA SU91, and HA RA SU94 are concerned, as set forth above under the section of this Order entitled "DEFINITION".
3. That the creation of three (3) additional drilling and production units for the exploration for and production of gas and condensate from the Haynesville Zone, Reservoir A, in the Greenwood-Waskom Field, Caddo 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 additional units designated HA RA SU90, HA RA SU91, and HA RA SU94, as shown on the plats labeled, "Chesapeake Energy - Exhibit Nos. 3 and 4 for Docket No. 10-1101", copies of which are attached hereto, are reasonable and should be adopted; that each of said units encompasses the maximum area which may be efficiently and economically drained by one well, and that creation of said units 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 units 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 units 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. 270-MM, effective June 19, 2007, as amended and supplemented by the 270-MM Series of Orders, and all applicable Statewide Orders should be extended to the additional units created herein.

ORDER

NOW, THEREFORE, IT IS ORDERED THAT:

1. The Haynesville Zone, Reservoir A, in the Greenwood-Waskom Field, Caddo Parish, Louisiana, is hereby redefined in accordance with the DEFINITION hereof, INSOFAR AND ONLY INSOFAR as to the additional units created herein.

2. The units designated HA RA SU90, HA RA SU91, and HA RA SU94, as shown on the plats labeled, "Chesapeake Energy - Exhibit Nos. 3 and 4 for Docket No. 10-1101", copies of which are attached hereto and made a part hereof, be and they are hereby approved and adopted as additional drilling and production units for the exploration for and production of gas and condensate from the Haynesville Zone, Reservoir A, in the Greenwood-Waskom Field, Caddo Parish, Louisiana.

The units have not been surveyed, and when survey plats of the units, showing the exterior limits thereof, the total acreage therein, and the acreage in each separately owned tract have been submitted to and accepted by the Commissioner of Conservation or any member of his staff, insofar as they show the exterior limits of the units, said plats shall be substituted for the above exhibits and made a part of this Order by reference. In the event of conflicting claims of ownership of acreage in the units, such acreage may be so identified on the survey plats. 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 units.

The survey plats 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 units, as surveyed, may differ from those lines as shown on the attached plats 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 units 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 each such tract bears to the entire surface area of the unit in which it is situated. Also, all operations on and production from the units shall be considered operations on and production from each of the separately owned tracts within said units 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 units 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. 270-MM, effective June 19, 2007, as amended and supplemented by the 270-MM Series of Orders, and all applicable Statewide Orders shall apply to the additional units created herein.


6. When there is obtained additional geological, engineering or other appropriate information which would indicate a required change or revision in the unit boundaries as adopted herein, or which should 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 November 30, 2010.

OFFICE OF CONSERVATION
OF THE STATE OF LOUISIANA

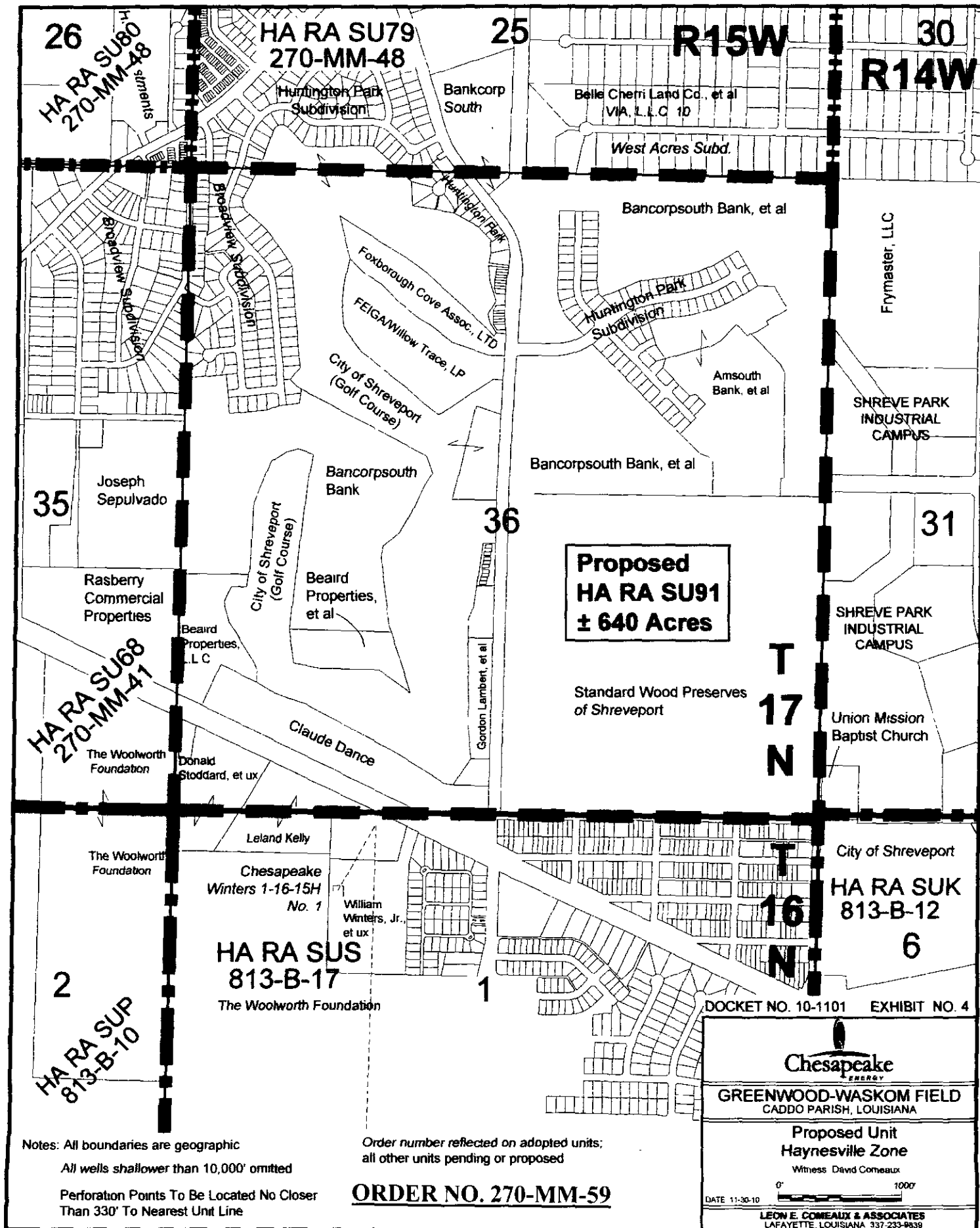


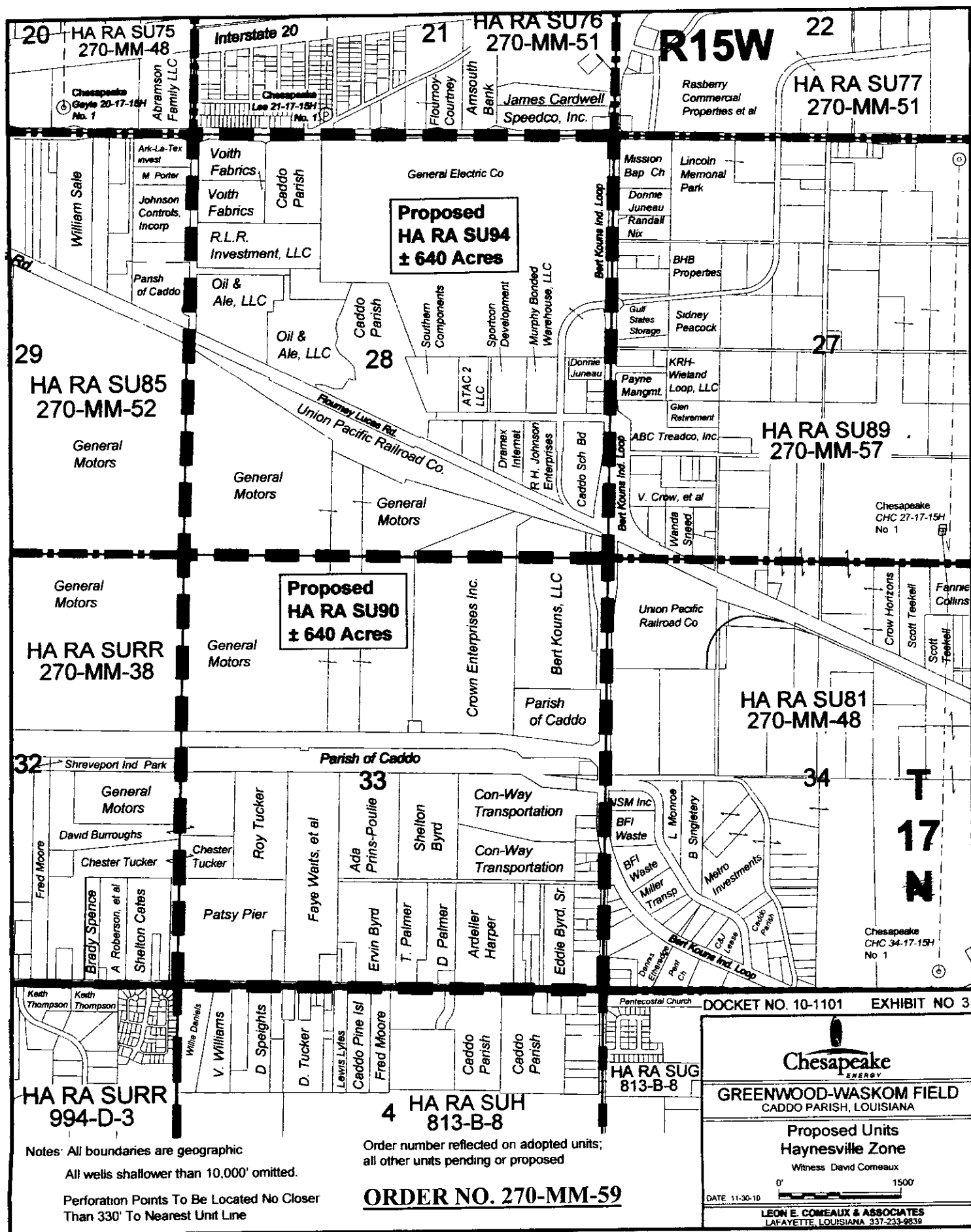
JAMES H. WELSH
COMMISSIONER OF CONSERVATION

ELP 

Chesapeake Energy
Exhibit Nos. 3 and 4 for Docket No. 10-1101
Attached

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Notes: All boundaries are geographic
All wells shallower than 10,000' omitted.

Perforation Points To Be Located No Closer
Than 330' To Nearest Unit Line

Order number reflected on adopted units;
all other units pending or proposed

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