

CHESAPEAKE OPERATING, INC.
AUTHORIZATION FOR EXPENDITURE

Field: Kingfisher
Well Name: Morris 31-18-6 1H
Operator: Chesapeake Energy
AFE #: 1000782
Legal Desc: 31-18N-6W
County, State: Kingfisher, OK

Date: 8/10/2016
Vertical Depth: 6,575
Vertical Section: 4,800
Total Depth: 11,375
Formation: Oswego
Property: 657792

Code / Work Description	PreDrill	Drilling	Completion	TIL	TOTAL
8100400 INT - LSE ROADS, LOCATION, PITS	96,000.00	-	-	-	96,000.00
8100401 INT - DAMAGES/ROW	-	-	-	-	-
8100402 INT - GOVERNMENTAL FILINGS	3,000.00	-	-	-	3,000.00
8100403 INT - TITLE OPINIONS	26,000.00	-	-	-	26,000.00
8100405 INT - RECLAMATION	-	60,000.00	12,000.00	-	72,000.00
8100409 INT - FUEL/RIG POWER	-	17,000.00	-	-	17,000.00
8100410 INT - DRILLING CONTRACTOR	-	244,999.97	-	-	244,999.97
8100411 INT - DIRECTIONAL SERVICES	-	124,000.00	-	-	124,000.00
8100413 INT - RIG MOBILIZATION/DEMOBILIZATION	-	150,000.00	-	-	150,000.00
8100415 INT - BITS	-	57,500.00	-	-	57,500.00
8100416 INT - SUPPLIES & UTILITIES	-	5,500.00	-	-	5,500.00
8100418 INT - MUD LOGGING	-	4,000.00	-	-	4,000.00
8100419 INT - DRILLING/COMPLETION FLUIDS, MUD, C	-	70,000.00	-	-	70,000.00
8100423 INT - OPEN HOLE LOGGING	-	-	-	-	-
8100428 INT - DOWNHOLE RENTAL EQUIP	-	30,000.00	-	-	30,000.00
8100430 INT - WORKOVER/COMPLETION UNIT	-	-	10,000.00	-	10,000.00
8100431 INT - CASED HOLE SVC/PERF	-	-	77,500.00	-	77,500.00
8100432 INT - WATER FACILITY WATER PURCH	-	-	-	-	-
8100434 INT - FORMATION TREATMENT	-	-	431,000.00	-	431,000.00
8100436 INT - COIL TUBING UNIT	-	-	-	-	-
8100438 INT - TUBULAR HAULING/INSPECTION	-	6,500.00	-	-	6,500.00
8100439 INT - TECHNICAL LABOR	-	6,099.98	-	-	6,099.98
8100440 INT - FLOWBACK HAULOFF	-	-	3,000.00	18,000.00	21,000.00
8100441 INT - FLOW CREW & EQUIPMENT	-	-	4,800.00	21,000.00	25,800.00
8100443 INT - SUPERVISION	-	3,999.98	-	-	3,999.98
8100444 INT - CONSULTANTS	-	34,000.05	13,500.00	-	47,500.05
8100445 INT - SIM-OPS	-	-	-	-	-
8100446 INT - OVERHEAD	-	9,999.99	-	-	9,999.99
8100447 INT - INSURANCE	-	10,000.00	-	-	10,000.00
8100448 INT - CONTINGENCIES	-	-	-	-	-
8100461 INT - CNTRCT LABOR - EHS	1,750.00	-	6,500.00	-	8,250.00
8100462 INT - CNTRCT LABOR - CAMP SERVICES	-	5,500.00	7,000.00	-	12,500.00
8100464 INT - CNTRCT LABOR - BOP/WLLHD SVC	-	17,000.00	24,500.00	-	41,500.00
8100465 INT - CNTRCT LABOR - OPER SERVICES	-	21,200.00	15,000.00	12,890.00	49,090.00
8100467 INT - CNTRCT LABOR - PIPE HAND SVC	-	41,000.00	-	-	41,000.00
8100468 INT - CNTRCT LABOR - TRANSPORT	-	10,000.00	-	1,630.00	11,630.00
8100470 INT - INSTALL COND/MS/RAT	-	-	-	-	-
8100471 INT - CEMENT	-	42,000.00	-	-	42,000.00
8100481 INT - SURF RENTAL - EHS	25,000.00	3,675.00	3,500.00	4,000.00	36,175.00
8100482 INT - SURF RENTAL - CAMP EQUIPMENT	-	10,500.00	7,000.00	-	17,500.00
8100484 INT - SURF RENTAL - BOP/WLLHD EQ	-	8,400.00	2,000.00	-	10,400.00
8100485 INT - SURF RENTAL - OPER EQUIPMENT	-	8,400.00	40,000.00	-	48,400.00
8100486 INT - SURF RENTAL - ELECT & COMM	-	11,287.50	-	-	11,287.50
8100487 INT - SURF RENTAL - FLUID MGMT EQ	-	18,375.00	35,000.00	4,970.00	58,345.00
8100488 INT - SURF RENTAL - RIG POWR SUPP EQ	-	-	-	-	-
Total Intangibles:	151,750.00	1,030,937.47	692,300.00	62,490.00	1,937,477.47
8400104 TAN - FLOAT EQUIPMENT	-	8,000.00	-	-	8,000.00
8400105 TAN - TUBING	-	-	31,500.00	-	31,500.00
8400106 TAN - WELLHEAD EQUIPMENT	-	13,600.00	24,000.00	-	37,600.00
8400107 TAN - DOWNHOLE EQUIPMENT	-	6,800.00	-	-	6,800.00
8400112 TAN - PUMPING UNIT-DOWNHOLE	-	-	-	-	-
8400117 TAN - ESP	-	-	-	159,000.00	159,000.00
8400142 TAN - GAS LIFT/PLUNGER LIFT	-	-	12,500.00	-	12,500.00
8400171 TAN - CASING	-	261,000.00	-	-	261,000.00
8410111 TAN - PUMPING UNIT-SURFACE	-	-	-	-	-
8410113 TAN - PRODUCTION EQUIPMENT	-	-	-	132,600.00	132,600.00
8410115 TAN - COMPRESSOR/COMPRESSION	-	-	-	-	-
8410118 TAN - PROD EQUIP-METER & EQUIP	-	-	-	26,930.00	26,930.00
8410120 TAN - NON-CONTROLLABLE EQUIP	-	-	-	72,380.00	72,380.00
8410140 TAN - PROD EQUIP-TANKS	-	-	-	61,230.00	61,230.00
8410141 TAN - PROD EQUIP - VESSELS	-	-	-	130,910.00	130,910.00
8410143 TAN - PROD EQUIP - ELECTRICAL	-	-	-	29,240.00	29,240.00
8410401 TAN - OTHER TELEMETRY EQUIP	-	-	-	40,650.00	40,650.00
Total Tangibles:	-	289,400.00	68,000.00	652,940.00	1,010,340.00
TOTAL COSTS	151,750.00	1,320,337.47	760,300.00	715,430.00	2,947,817.47

Purpose of Expenditure and Work Procedure:

201602395

AUG 24 2016

Approved By:

Jason Ashmun



The costs on this AFE are estimates only and may not be construed as ceilings on any specific item or the total cost of the project. Tubing installation approved under the AFE may be delayed up to a year after the well has been completed. In executing this AFE, the Participant agrees to pay its proportionate share of actual costs incurred, including legal, curative, regulatory, brokerage, and well costs under the term of the applicable joint operating agreement, regulatory order or other agreement covering this well, as modified by the following Accounting Procedure Exception: On title examination and regulatory work, operator may use in-house attorneys and support staff and charge Joint Account at a rate not to exceed average commercial rates currently prevailing in the immediate area. The operator may contact with an affiliated entity to drill the well at prevailing rates in the area. Participant shall be covered by and billed proportionately for operator's well control and general liability insurance unless participant provides Operator a certificate evidencing its own insurance in amounts acceptable to the Operator by the date of spud.