

CHESAPEAKE OPERATING, INC.
AUTHORIZATION FOR EXPENDITURE

201407017

CBS
10/9/14

Field:	Kingfisher	Date:	8/25/2014
Well Name:	Anderson 21-18-6 3H	Vertical Depth:	6,469
Operator:	Chesapeake Operating, INC.	Vertical Section:	4,664
AFE #:	176601	Total Depth:	11,000
Legal Description:	Section 21-18N-6W	Formation:	Oswego
County, State	Kingfisher, Oklahoma	Property:	653378

CODE	INTANGIBLE COSTS	WORK DESCRIPTION	DRILLING	PRODUCER
233480	Location:	Continmnt/Liners/Trenching	25,000.00	25,000.00
233400		Lse Roads, Location, Pits	150,000.00	170,000.00
233401		Damages/Row	35,000.00	35,000.00
233402		Governmental Filings	5,000.00	5,000.00
233405		Reclamation	40,000.00	40,000.00
233441	Drilling:	Flow Crew & Equipment	0.00	6,000.00
233454		Operations Support Center	3,900.00	3,900.00
233461		Contract Labor-EHS	25,000.00	29,500.00
233462		Contract Labor-Camp Services	7,500.00	7,500.00
233464		Contract Labor-BOP/Wellhead Services	25,000.00	27,500.00
233465		Contract Labor-Operational Services	30,000.00	140,000.00
233467		Contract Labor-Casing Handling Services	95,000.00	95,000.00
233468		Contract Labor-Transportation	30,000.00	51,500.00
233470		Install Cond/Ms/Rat	25,000.00	25,000.00
233474		8-9 5/8" Cement	15,000.00	15,000.00
233475		7-7 3/4" Cement	15,000.00	15,000.00
233409		Fuel	122,000.00	122,000.00
233410		Drilling Contractor	532,000.00	532,000.00
233411		Directional Services	111,000.00	111,000.00
233413		Rig Mob/Demobilization	180,000.00	180,000.00
233415		Bits	57,500.00	57,500.00
233416		Supplies & Utilities	11,000.00	12,000.00
233418		Mud Logging	3,000.00	3,000.00
233419		Drilling/Completion Fluids, Mud, Chem	60,000.00	70,000.00
233421		Drill String Inspection	5,500.00	5,500.00
233423		Open Hole Logging	9,000.00	9,000.00
233428		Downhole Rental Equipment	47,000.00	64,000.00
233430	Completion:	Workover/Completion Unit	0.00	21,000.00
233434		Formation Treatment	0.00	756,300.00
233481	General:	Surface Rental-EHS	9,100.00	27,600.00
233482		Surface Rental-Camp Equipment	27,100.00	36,100.00
233484		Surface Rental-BOP/Wellhead	34,300.00	59,800.00
233485		Surface Rental-Operational Equipment	53,500.00	83,000.00
233486		Surface Rental-Electronics &	26,000.00	26,000.00
233487		Surface Rental-Fluid Management	34,300.00	54,800.00
233488		Surface Rental-Rig Power Supply	7,200.00	7,200.00
233403		Title Opinions	10,000.00	10,000.00
233438		Tubular Hauling/Inspection	23,000.00	26,500.00
233440		Flowback Hauloff	0.00	8,000.00
233443		Supervision	9,000.00	22,000.00
233439		Technical Labor	8,000.00	16,000.00
233435		Direct Labor	8,000.00	20,000.00
233444		Consultants	79,000.00	69,000.00
233446		Company Overhead	14,000.00	20,000.00
233447		Insurance	6,000.00	6,000.00
233448		10 % Contingency	198,290.00	254,990.00
TOTAL INTANGIBLES			2,211,190.00	3,401,190.00

TANGIBLE COSTS				
230174	Tubulars:	8-9 5/8" Casing	9-5/8" 950'	26,000.00
230175		7-7 3/4" Casing/Liner	7" 6,969'	208,000.00
230176		3 1/2-5 1/2" Casing/Liner	4-1/2" 4,231'	37,000.00
230104		Float Equipment		9,000.00
230105		Tubing	3-1/2" 5,000'	0.00
230140	Lease Equipment:	Prod Equip-Tank		34,000.00
230141		Prod Equip-Vessels		42,000.00
230143		Prod Equip-Electrical		70,000.00
230401		Other Telemetry Equipment		0.00
230106		Wellhead Equipment		90,000.00
230107		Downhole Equipment		22,000.00
230113		Production Equipment		150,000.00
233448		10 % Contingency		0.00
TOTAL TANGIBLES			497,200.00	1,018,800.00
TOTAL COSTS			2,708,390.00	4,419,990.00

Prepared By: Tasle Rogers

Prepared By: Cody Schmidt

Approved By: Yong Cho

Operator's Approval:

Operations

Date: 8/27/2014

Non-Operator's Approval:

Date:

OCT 13 2014



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 the Joint Account at a rate not to exceed average commercial rates currently prevailing in the immediate area. The operator may contract 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.