

CD 201602094

**CHESAPEAKE OPERATING, INC.**  
AUTHORIZATION FOR EXPENDITURE

Field: Kingfisher  
Well Name: Hill 2-18-6 1H  
Operator: Chesapeake Operating, LLC  
AFE #:   
Legal Desc: Section 2-18N-6W  
County, State: Kingfisher, Oklahoma

Date: 1/26/2016  
Vertical Depth: 6,275  
Vertical Section: 4,800  
Total Depth: 11,075  
Formation: Oswego  
Property: 656956

Code	Work Description	PreDrill	Drilling	Completion	TIL	TOTAL
233400	INT-Lee Roads, Location, Pits	135,000.00	0.00	20,000.00	3,000.00	158,000.00
233401	INT-Damages/Row	25,000.00	0.00	0.00	0.00	25,000.00
233402	INT-Governmental Filings	4,000.00	0.00	0.00	0.00	4,000.00
233403	INT-Title Opinions	5,000.00	0.00	0.00	0.00	5,000.00
233405	INT-Reclamation	0.00	60,000.00	0.00	0.00	60,000.00
233409	INT-Fuel	0.00	24,000.00	0.00	0.00	24,000.00
233410	INT-Drilling Contractor -- 15 days @ \$27,500 per day	0.00	413,000.00	0.00	0.00	413,000.00
233411	INT-Directional Services	0.00	145,000.00	0.00	0.00	145,000.00
233413	INT-Rig Mob/Demobilization	0.00	150,000.00	0.00	0.00	150,000.00
233415	INT-Bits	0.00	57,500.00	0.00	0.00	57,500.00
233416	INT-Supplies & Utilities	0.00	5,500.00	1,000.00	1,000.00	7,500.00
233418	INT-Mud Logging	0.00	8,000.00	0.00	0.00	8,000.00
233419	INT-Drilling/Completion Fluids, Mud, Chem	0.00	70,000.00	5,000.00	0.00	75,000.00
233428	INT-Downhole Rental Equipment	0.00	45,000.00	0.00	0.00	45,000.00
233430	INT-Workover/Completion Unit	0.00	0.00	12,000.00	0.00	12,000.00
233434	INT-Formation Treatment	0.00	0.00	330,000.00	0.00	330,000.00
233435	INT-Direct Labor	0.00	5,000.00	5,000.00	0.00	10,000.00
233438	INT-Tubular Hauling/Inspection	0.00	6,500.00	10,000.00	0.00	16,500.00
233439	INT-Technical Labor	0.00	8,000.00	5,000.00	0.00	13,000.00
233440	INT-Flowback Hauloff	0.00	0.00	0.00	8,000.00	8,000.00
233441	INT-Flow Crew & Equipment	0.00	0.00	0.00	6,000.00	6,000.00
233443	INT-Supervision	0.00	0.00	3,000.00	0.00	3,000.00
233444	INT-Consultants	0.00	48,000.00	15,000.00	0.00	63,000.00
233446	INT-Overhead	0.00	9,000.00	15,000.00	0.00	24,000.00
233447	INT-Insurance	0.00	9,000.00	0.00	0.00	9,000.00
233448	Contingencies -- 5%	5,975.00	63,766.00	26,800.00	0.00	96,541.00
233454	INT-Operations Support Center	0.00	1,700.00	0.00	0.00	1,700.00
233461	INT-Contract Labor-EHS	0.00	0.00	1,500.00	0.00	1,500.00
233462	INT-Contract Labor-Camp Services	0.00	5,500.00	0.00	0.00	5,500.00
233464	INT-Contract Labor-BOP/Wellhead Services	0.00	17,000.00	5,000.00	0.00	22,000.00
233465	INT-Contract Labor-Operational Services	0.00	23,000.00	20,000.00	0.00	43,000.00
233467	INT-Contract Labor-Pipe Handling Services	0.00	41,000.00	6,000.00	0.00	47,000.00
233468	INT-Contract Labor-Transportation	0.00	10,000.00	3,000.00	10,000.00	23,000.00
233470	INT-Install Cond/Ms/Rat	18,000.00	0.00	0.00	0.00	18,000.00
233474	INT-8-9 5/8" Cement	0.00	15,000.00	0.00	0.00	15,000.00
233475	INT-7-7 3/4" Cement	0.00	12,000.00	0.00	0.00	12,000.00
233481	INT-Surface Rental-EHS	0.00	5,250.00	20,000.00	0.00	25,250.00
233482	INT-Surface Rental-Camp Equipment	0.00	15,000.00	10,000.00	0.00	25,000.00
233484	INT-Surface Rental-BOP/Wellhead/Well Control	0.00	12,000.00	15,000.00	0.00	27,000.00
233485	INT-Surface Rental-Operational Equipment	0.00	12,000.00	3,000.00	0.00	15,000.00
233486	INT-Surface Rental-Electronics & Communication	0.00	16,125.00	1,000.00	0.00	17,125.00
233487	INT-Surface Rental-Fluid Management Equipment	0.00	26,250.00	30,000.00	0.00	56,250.00
Total Intangibles:		192,975.00	1,339,091.00	562,300.00	28,000.00	2,122,366.00
230104	TAN-Ficat Equipment	0.00	8,000.00	0.00	0.00	8,000.00
230105	TAN-Tubing -- 2-7/8" 5,000'	0.00	0.00	35,000.00	0.00	35,000.00
230106	TAN-Wellhead Equipment	0.00	22,300.00	10,000.00	0.00	32,300.00
230107	TAN-Downhole Equipment	0.00	140,000.00	2,000.00	0.00	142,000.00
230113	TAN-Production Equipment	0.00	0.00	0.00	160,000.00	160,000.00
230117	TAN-ESP	0.00	0.00	0.00	250,000.00	250,000.00
230140	TAN-Production Equipment-Tanks	0.00	0.00	0.00	82,000.00	82,000.00
230141	TAN-Production Equipment-Vessels	0.00	0.00	0.00	70,000.00	70,000.00
230143	TAN-Production Equipment-Electrical Infrastructure	0.00	0.00	0.00	90,000.00	90,000.00
230174	TAN-8-9 5/8" Casing -- 9-5/8" 1,300'	0.00	38,000.00	0.00	0.00	38,000.00
230175	TAN-7-7 3/4" Casing/Liner -- 7" 6,575'	0.00	163,000.00	0.00	0.00	163,000.00
230176	TAN-3 1/2-5 1/2" Casing/Liner -- 4-1/2" 4,675'	0.00	51,000.00	0.00	0.00	51,000.00
230401	TAN-Telemetry Equipment	0.00	0.00	0.00	80,000.00	80,000.00
233448	Contingencies -- 5%	0.00	21,115.00	0.00	0.00	21,115.00
Total Tangibles:		0.00	443,415.00	47,000.00	732,000.00	1,222,415.00
<b>TOTAL COSTS</b>		<b>192,975.00</b>	<b>1,782,506.00</b>	<b>609,300.00</b>	<b>760,000.00</b>	<b>3,344,781.00</b>

Prepared By: James Bland

Prepared By: Keeley Bergman

Approved By: Jason Stidham

Non-Operator's Approval:

Date:



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.

JUN 21 2016