Form 3160-5 (April 2004)

## UNITED STATES DEPARTMENT OF THE INTERIOR

FORM APPROVED OM B No. 1004-0137 Expires: March 31, 2007

BUREAU OF LAND MANAGEMENT 5. Lease Serial No. NM-863757 SUNDRY NOTICES AND REPORTS ON 6. If Indian, Allottee or Tribe Name Do not use this form for proposals to drill or to abandoned well. Use Form 3160 - 3 (APD) for such proposals. 7. If Unit or CA/Agreement, Name and/or No. SUBMIT IN TRIPLICATE- Other instructions on reverse side 1. Type of We Well Gas Well Other 8. Well Name and No. Lotos C Federal 907 2. Name of Operator CHESAPEAKE OPERATING, INC. ATTN: LINDA GOOD API Well No. 30-015-34945 3b. Phone No. (include area code) 3a Address 405-767-4275 P. O. BOX 18496, OKLAHOMA CITY, OK 73154-0496 10. Field and Pool, or Exploratory Area Cotton Draw 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 11. County or Parish, State 410 FNL & 1651 FEL, NWNE, 9-24S-31E Eddy County, New Mexico 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF ACTION TYPE OF SUBMISSION Acidize Production (Start/Resume) Water Shut-Off Deepen Notice of Intent Alter Casing Reclamation Well Integrity Fracture Treat Other Frac Delaware Casing Repair New Construction Recomplete ✓ Subsequent Report Change Plans Temporarily Abandon Plug and Abandon Final Abandonment Notice Convert to Injection Plug Back Water Disposal 13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.) 8/22/2006 MIRU BJ Services, frac Delaware w/19,000 gal Medallion 3000 pad, 26,750 gal 30# Linear w/76,000# 20/40 White sd, 4000 gal w/20,643# 20/40 Super LC, flush w/182 bbl 2% KCL, RDMO BJ. GUEPTED FOR RECORD (CHK PN 610633) AUG 28 2006 GARY GOURLEY 14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) LINDA GOOD Title PERMITTING AGENT Signature 08/22/2006 Date THIS SPACE FOR FEDERAL OR STATE OFFICE USE Title Date Approved by Conditions of approval, if any, are attached. Approval of this notice does not warrant or Accepted for record - NMOCD certify that the applicant holds legal or equitable title to those rights in the subject lease

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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which would entitle the applicant to conduct operations thereon.