

DATE IN 4/10/08	SUSPENSE	ENGINEER W Jones	LOGGED IN 4/10/08	TYPE CTB PLC	APP NO. PKUR08/0151163
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☒ CTB ☒ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[A] ☒ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☒ Notification and/or Concurrent Approval by BLM or SLO
 U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Brenda Coffman Brenda Coffman Dr Regulatory Compliance 4-8-08
 Print or Type Name Signature Title Date

brenda.coffman@chk.com
 e-mail Address

RECEIVED
 2008 APR 10 PM 1 22



Regulatory Department

April 08, 2008

New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM
Attn: Mr. Mark E. Fesmire, P.E., Division Director

RE: Application for Surface Commingle: Keller 34 State # 3 Gathering System

Keller 34 State # 3, Bell Lake; Delaware, East Oil Pool, API # 30-025-37730,
Prop. Code-35344
Keller 27 Federal # 1, Bell Lake; Delaware, East Oil Pool, API # 30-025-37905,
NMLC-071949
Papagayo Federal # 1, Bell Lake; Delaware, East Oil Pool, API # 30-025-32543,
NMLC-071949

Dear Mr. Fesmire,

To arrange for the marketing of low volume gas produced from these primarily oil producing wells, Chesapeake Operating, Inc. (Chesapeake) plans to surface commingle gas production from the above noted wells.

Chesapeake hereby request approval to surface commingle the production from three existing wells located within a proposed commingling area comprising the SW/4 of Section 27, and the SW/NW of Section 34, all in Township 23 South, Range 34 East, NMPM, Lea County, New Mexico.

All three wells are to be surface commingled in the Bell Lake; Delaware, East Oil Pool (96322). Chesapeake has provided a copy of this application to working interest and royalty owners pursuant to Division Rule No. 19.15.5.303(B) (4) (d).

Please, find a copy of New Mexico Oil Conservation Division's (NMOCD's) form C-107-B along with attachments.

Gas production from the individual wells will be kept separate by use of an allocation meter at each well site prior to commingling at the sales meter.

Please find the following attachments for your review of the application:

- Attachment I are the (3) proposed wells to be surface commingled. This attachment shows the API #, well name, ULSR, legal location, current pool, lease number and acreage dedication for each well.
- Attachment II (a). with lease name and producing pool, provides production information for a 30 day period for each well along with cumulative production. II(b) provides well test production & II (c) is a gas allocation report.
- Attachments III (a-e) are the schematic diagrams.

(cont.)

Chesapeake Energy Corporation

P.O. Box 18496 • Oklahoma City, OK 73154-0496 • 6100 N. Western Avenue • Oklahoma City, OK 73118
405.848.8000 • fax 405.879.7908

Please note that the schematic diagram for the Keller 34 State # 3 shows the associated pipelines from each well coming into the facility.

In addition, the Bonanza wells do not produce enough gas to sell at this time and oil production is not tied to the Keller 34 State # 3 battery.

- Attachment IV is a map that identifies all the leases within the proposed commingled area.
- Attachments VI (a-c) are gas analysis for each well.
- Attachments VII (combined) is a sundry notice and application notice to the BLM, application notices to working interest, royalty owners and the State Land Office.

If you have any questions, please feel free to call me at (817) 556-5825, ext. 2805.

Yours truly,

A handwritten signature in black ink that reads "Brenda Coffman". The signature is fluid and cursive, with the first name "Brenda" being larger and more prominent than the last name "Coffman".

Brenda Coffman
Senior Regulatory Compliance Specialist
Chesapeake Operating, Inc.
Phone: 817-556-5825
Fax: (817) 645-1821
E-mail: brenda.coffman@chkenenergy.com

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION

1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Chesapeake Operating, Inc.
OPERATOR ADDRESS: P.O. Box 18496 Oklahoma City, OK 73154-0496
APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingling)

LEASE TYPE: ☐ Fee ☒ State ☐ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☐ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? ☐ Yes ☒ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.
(4) Measurement type: ☐ Metering ☐ Other (Specify)
(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code. Bell Lake, Delaware, East Oil Pool (96322)
(2) Is all production from same source of supply? ☒ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No
(4) Measurement type: ☒ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Brenda Coffman

TITLE: As Regulatory Compliance

DATE: 4-8-02

TYPE OR PRINT NAME: Brenda Coffman

TELEPHONE NO.: 817 556-5825

E-MAIL ADDRESS: brenda.coffman@chk.com

x2805

**Chesapeake, Operating, Inc.
Keller 34 State # 3 Battery**

<u>API #</u>	<u>Well Name</u>	<u>ULSTR</u>	<u>Legal Location</u>	<u>Current Pool</u>	<u>Lease Number</u>	<u>Dedicated Acreage</u>
30-025-37730	Keller 34 State # 3	E-34-23S-34E	1730' FNL & 660' FWL	Bell Lake;Delware, East Oil (96332)	NMLC 35344	SW/4 of NW/4
30-025-37905	Keller 27 Federal # 1	L-27-23S-34E	1767' FSL & 660' FWL	Bell Lake;Delware, East Oil (96332)	NMLC 017949	NW/4 of SW/4
30-025-32543	Pagagayo Federal # 1	M-27-23S-34E	660' FSL & 660' FWL	Bell Lake;Delware, East Oil (96332)	NMLC 071949	SW/4 of SW/4

Attachment I

Chesapeake, Operating, Inc.

Keller 34 #3 BATTERY

<u>Lease Name & Number</u>	<u>Producing Pool</u>	<u>Production for 2/25/08-3/25/08</u>	<u>Cumulative Production to Date</u>
Keller 34 State # 3	Bell Lake, Delaware, East Oil (96332)	249 BO; 1005 MCF & 980 BW	19,662 BO; 27,179 MCF & 56,042 BW
Keller 27 Federal # 1	Bell Lake, Delaware, East Oil (96332)	571 BO; 195 MCF, 2560 BW	11,056 BO; 4,030 MCF & 65,784 BW
Pagagayo Federal # 1	Bell Lake, Delaware, East Oil (96332)	393 BO; 289 MCF & 2445 BW	11,560 BO; 4,118 MCF & 59,134 BW

Papagayo Fed 1
Property # 890714

API# 30-025-32543-00-00
Formation: Delaware

Well Class: Oil
Field/Pool: Bell Lake;
Delaware;East-96322

Test Date	BOPD	BWPD	MCFPD	Tbg Press	Csg Press	GOR	Observed Gravity	Avg. Prod. 03/08
02/28/08	14	22	12	250	46	857	38.6	12.66

Keller 27 Fed #1
Property #819029

API#30-025-37905-00-00
Formation: Delaware

Well Class: Oil
Field/Pool: Bell Lake;
Delaware;East-96322

Test Date	BOPD	BWPD	MCFPD	Tbg Press	Csg Press	GOR	Observed Gravity	Avg. Prod. 03/08
02/28/08	17	97	10	250	30	588	37.0	19.691

Keller 34 State #3
Property #819027

API#30-025-37730-00-00
Formation: Delaware

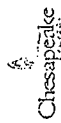
Well Class: Oil
Field/Pool: Bell Lake;
Delaware;East-96322

Test Date	BOPD	BWPD	MCFPD	Tbg Press	Csg Press	GOR	Observed Gravity	Avg. Prod. 03/08
02/28/08	9	49	35	350	50	3889	38.2	8.827

Attachment II (b)

Attachment II (c)

Gas Allocation Report



Delivery System DSBONANAZACD BONANZA FED 1 STRATA COP DEL SYS Production Date 10/31/2007 MCF Variance 1,016.03 16.12%
Field Office HOBBS MMBTU Variance 1,374.80 16.05%

Meter Code	Meter Name	Transporter Code	Transporter Name	State Volume	MMBTU	State	Wet/Dry
Disposition	TRANS						
6099515992	KELLER 34 STATE 1 CDP SALES	301068CEM	SOUTHERN UNION GAS	5,125.26	7,020.34	15.03	DRY
				Total:	5,125.26		7,020.34
Disposition	FUEL						
FM890732	BONANZA FEDERAL 1 FUEL			30.23	31.00	15.03	DRY
FM890886	2 CIGUENA STATE 2 FUEL USE			129.68	133.00	15.03	DRY
				Total:	159.91		164.00
				Total:	5,285.16		7,184.34

Zone Code	Zone Name	Days	Theo MCF	Theo MMBTU	BTU Factor	Flow PB	Fuel MCF	Fuel MMBTU	Fuel PB	Sales MCF	Sales MMBTU	Sales PB
890732.01	BONANZA FEDERAL 1	29	30.23	31.00	1.0000	15.03	30.23	31.00	15.03	0.00	0.00	15.03
890733.01	BONANZA FEDERAL 3	31	0.00	0.00	0.0000	15.03	0.00	0.00	0.00	0.00	0.00	15.03
890886.01	CIGUENA STATE 1	31	145.67	205.63	1.3634	15.03	0.00	0.00	0.00	174.23	249.11	15.03
890687.01	CIGUENA STATE 2	24	129.68	133.00	1.0000	15.03	129.68	133.00	15.03	0.00	0.00	15.03
610210.01	KELLER 22 FED 1	0	0.00	0.00	0.0000	15.03	0.00	0.00	0.00	0.00	0.00	15.03
619029.01	KELLER 27 FED 1	31	479.61	701.98	1.4271	15.03	0.00	0.00	0.00	418.08	612.22	15.03
610216.01	KELLER 27 FED 2	0	0.00	0.00	0.0000	15.03	0.00	0.00	0.00	0.00	0.00	15.03
619025.01	KELLER 33 STATE 2	26	750.17	1,017.42	1.3050	15.03	0.00	0.00	0.00	619.30	829.27	15.03
619025.01	KELLER 34 STATE 1	30	1,122.40	1,502.22	1.3050	15.03	0.00	0.00	0.00	914.39	1,224.42	15.03
619026.01	KELLER 34 STATE 2	24	959.44	1,284.12	1.3050	15.03	0.00	0.00	0.00	791.65	1,045.57	15.03
619027.01	KELLER 34 STATE 3	31	1,971.94	2,639.26	1.3050	15.03	0.00	0.00	0.00	1,606.51	2,151.19	15.03
690714.01	PAPAGAYO FEDERAL	31	328.59	476.75	1.4147	15.03	0.00	0.00	0.00	286.43	415.78	15.03
890734.01	PRONGHORN STATE	30	372.47	563.79	1.4759	15.03	0.00	0.00	0.00	324.57	491.58	15.03
		Total:	6,301.20	8,559.14			159.91	164.00		5,125.26	7,020.34	

Delivery System = DSBONANAZACD
BONANZA FED 1 STRATA COP DEL SYS
Production Date Between: 10/01/2007
12:00:00AM AND 10/31/2007 11:59:00PM
Min Well Count = 0
Minimum % Variance = 0

Printed: 2/20/2008 9:24:07 AM

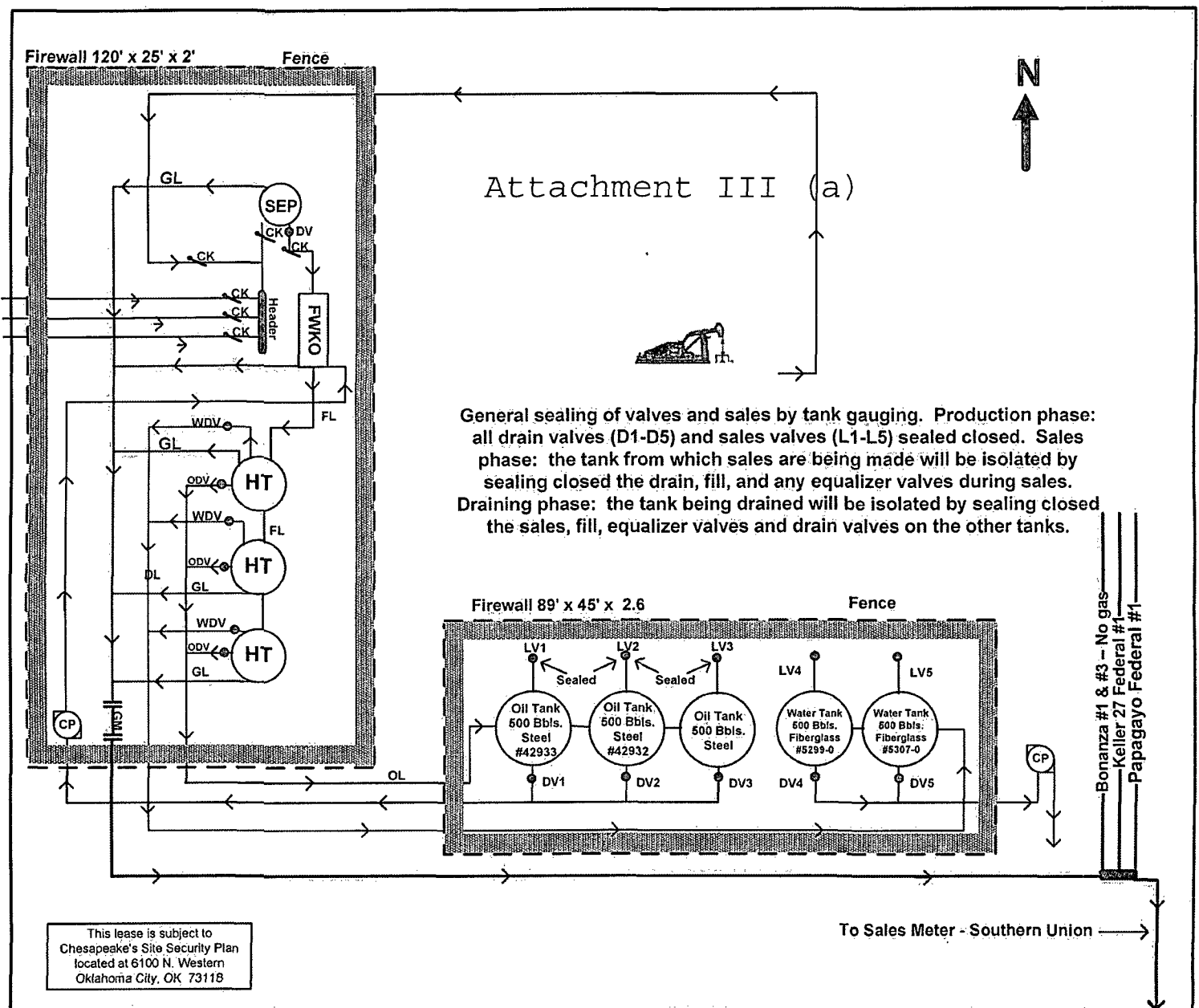
Page 1

ElRpt0001000432

CHESAPEAKE OPERATING, INC.

CHK Name & Number: KELLER 34 STATE 3 819027
 API Number: 30-025-37730
 County: LEA
 State: NM
 Field: BELL LAKE
 Qtr Qtr Calls: SWNW
 Sec/Twnshp/Rng: 34-23S-34E
 Number of Acres: 40

Regulatory Agency: STATE
 Lease Sign Type: NON-APD WELL
 CA#: NA
 APD Lease #: STATE
 Federal/Indian: STATE
 Last Violation: UNKNOWN
 District: PERMIAN NORTH
 Field Office: HOBBS



Direction of Flow off Site: SW

Prepared by: Jackie Reynolds
 Date: 3-24-2008

Approved by:
 Date:

RECEIVED

2008 APR 16 PM 1 46

PATRICK H. LYONS
COMMISSIONER



State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

April 14, 2008

Chesapeake Energy
P. O. Box 18496
Oklahoma City, OK 73118

Attention: Ms. Brenda Coffman

Re: Surface Commingling
Keller 34 State #3 Gathering System
Bell Lake, Delaware, East Oil Pool (96322
API # 30-025-37730, 30-025-37905, 30-025-32543
Lea County, New Mexico

Dear Ms. Coffman:

We have received your letter of April 8, 2008 requesting our approval for surface commingling of the gas production from the above captioned wells at the Keller 34 State #3 Gathering system located in the SW/4NW/4 34-23S-34E.

It is our understanding that the gas production from the individual wells will be kept separate by use of an allocation meter at each well site prior to commingling at the sales meter.

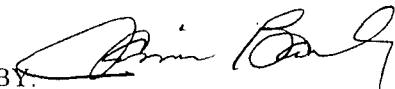
Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Your \$30.00 dollar filing fee has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director
Oil, Gas and Minerals Division
PL/JB/pm

pc: Reader File,

OCD Attention: Mr. Ed Martin

BLM-Roswell Attn: Mr. John Simitz

-State Land Office Beneficiaries -

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually Handicapped • NM State Hospital • New Mexico State University • Northern NM Community College • Penitentiary of New Mexico • Public Buildings at Capital • State Park Commission • University of New Mexico • UNM Saline Lands • Water Reservoirs • Western New Mexico University

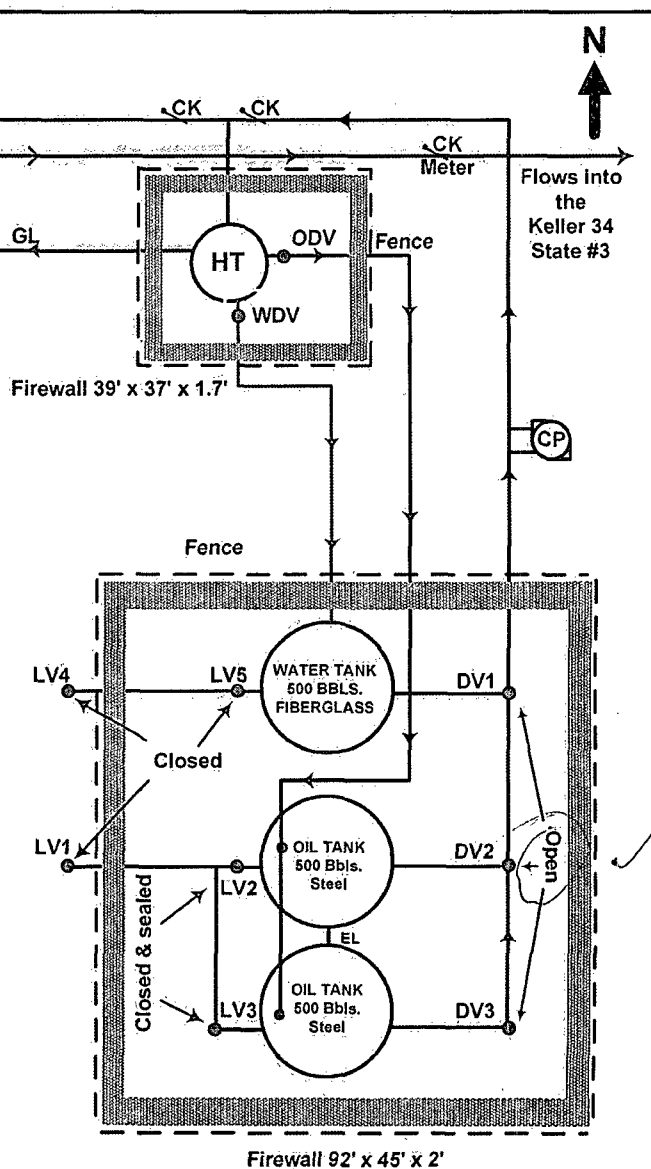
CHESAPEAKE OPERATING, INC.

CHK Name & Number: PAPAGAYO FEDERAL 1 890714
 API Number: 30-025-32543
 County: LEA
 State: NM
 Field: BELL LAKE EAST
 Qtr Qtr Calls: SWSW
 Sec/Twnshp/Rng: 27-23S-34E
 Number of Acres: 600

Regulatory Agency: BLM
 Lease Sign Type: APD WELL
 CA#: 100% BLM LEASE
 APD Lease #: NMLC 71949
 Federal/Indian: FEDERAL
 Last Violation: UNKNOWN
 District: PERMIAN NORTH
 Field Office: HOBBS

Attachment III (b)

General sealing of valves and sales by tank gauging. Production phase: all drain valves (D1-D3) and sales valves (L1-L5) sealed closed. Sales phase: the tank from which sales are being made will be isolated by sealing closed the drain, fill, and any equalizer valves during sales. Draining phase: the tank being drained will be isolated by sealing closed the sales, fill, equalizer valves and drain valves on the other tanks.



Direction of Flow off Site: SW

This lease is subject to
 Chesapeake's Site Security Plan
 located at 6100 N. Western
 Oklahoma City, OK 73118

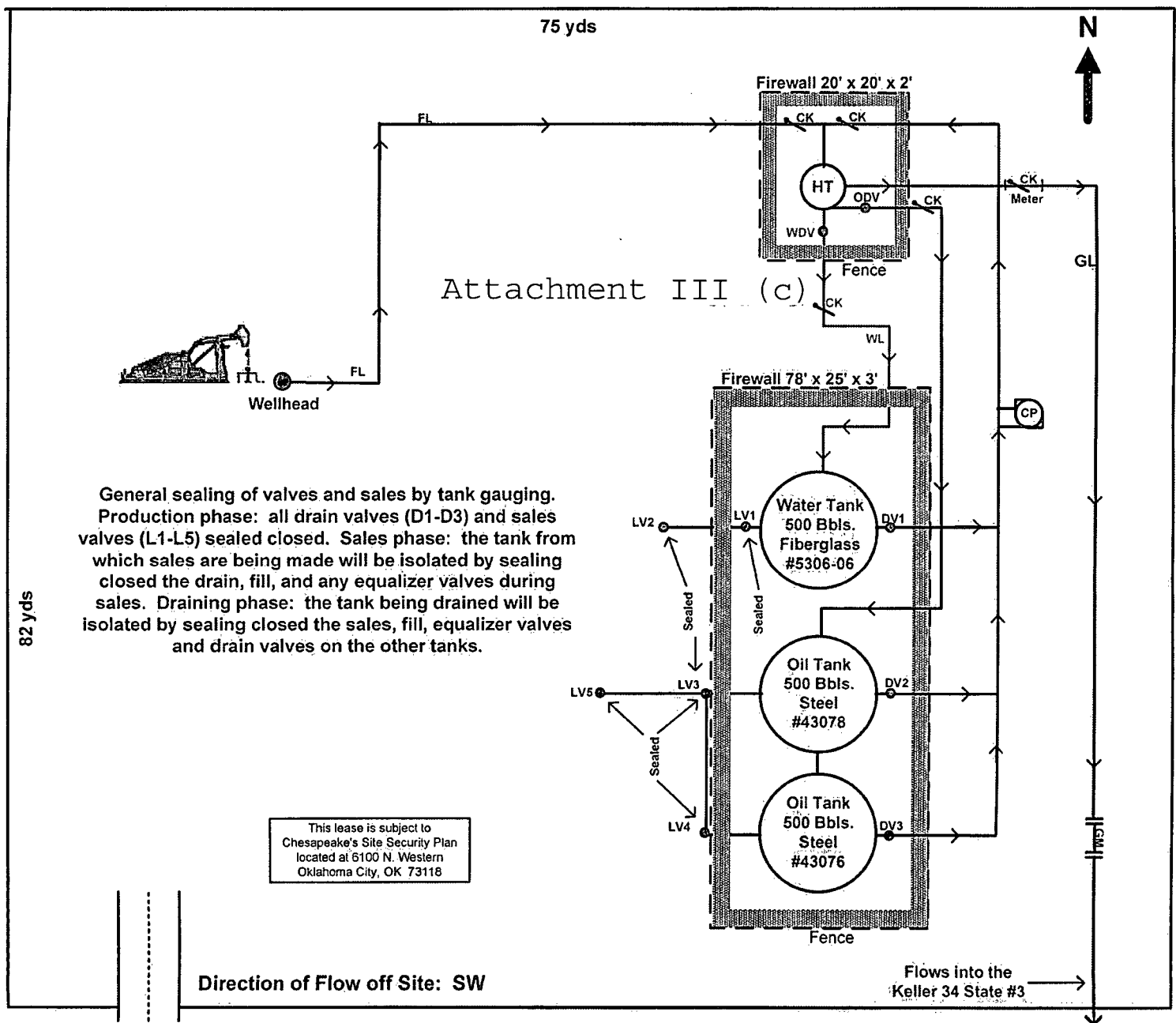
Prepared by: Jackie Reynolds
 Date: 2-12-2008

Approved by:
 Date:

CHESAPEAKE OPERATING, INC.

CHK Name & Number: KELLER 27 FEDERAL 1 819029
API Number: 30-025-37905
County: LEA
State: NM
Field: BELL LAKE
Qtr Qtr Calls: NWSW
Sec/Twnshp/Rng: 27-23S-34E
Number of Acres: 40

Regulatory Agency:	BLM
Lease Sign Type:	APD WELL
CA#	100% BLM LEASE
APD Lease #:	NMLC-071949
Federal/Indian:	FEDERAL
Last Violation:	NONE
District:	PERMIAN NORTH
Field Office:	HOBBS



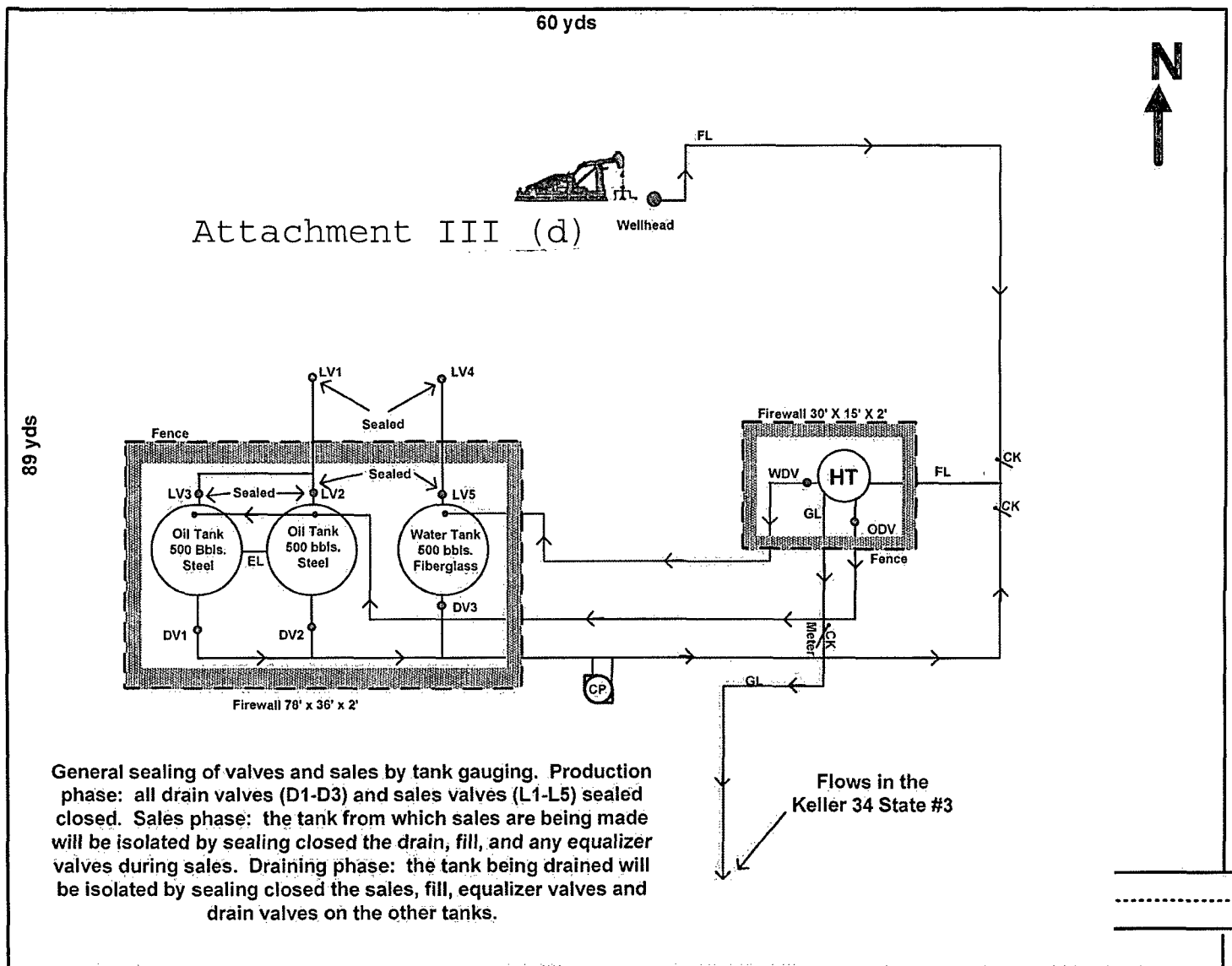
Prepared by: Jackie Reynolds
Date: 3-26-2008

Approved by:
Date:

CHESAPEAKE OPERATING, INC.

CHK Name & Number:	BONANZA FEDERAL 1	890732
API number:	30-025-33808	
County:	LEA	
State:	NM	
Field:	BELL LAKE EAST	
Qtr Qtr Calls:	NE SE	
Sec/Twnshp/Rng:	28-23S-34E	
Number of Acres:	40	

Regulatory Agency:	BLM
Lease Sign Type:	FEDERAL
CA#:	100% BLM LEASE
APD Lease #:	NMLC 67715
Federal/Indian:	FEDERAL
Last Violation:	UNKNOWN
District:	PERMIAN NORTH
Field Office:	HOBBS



Direction of Flow off Site: S

This lease is subject to
Chesapeake's Site Security Plan
located at 6100 N. Western
Oklahoma City, OK 73118

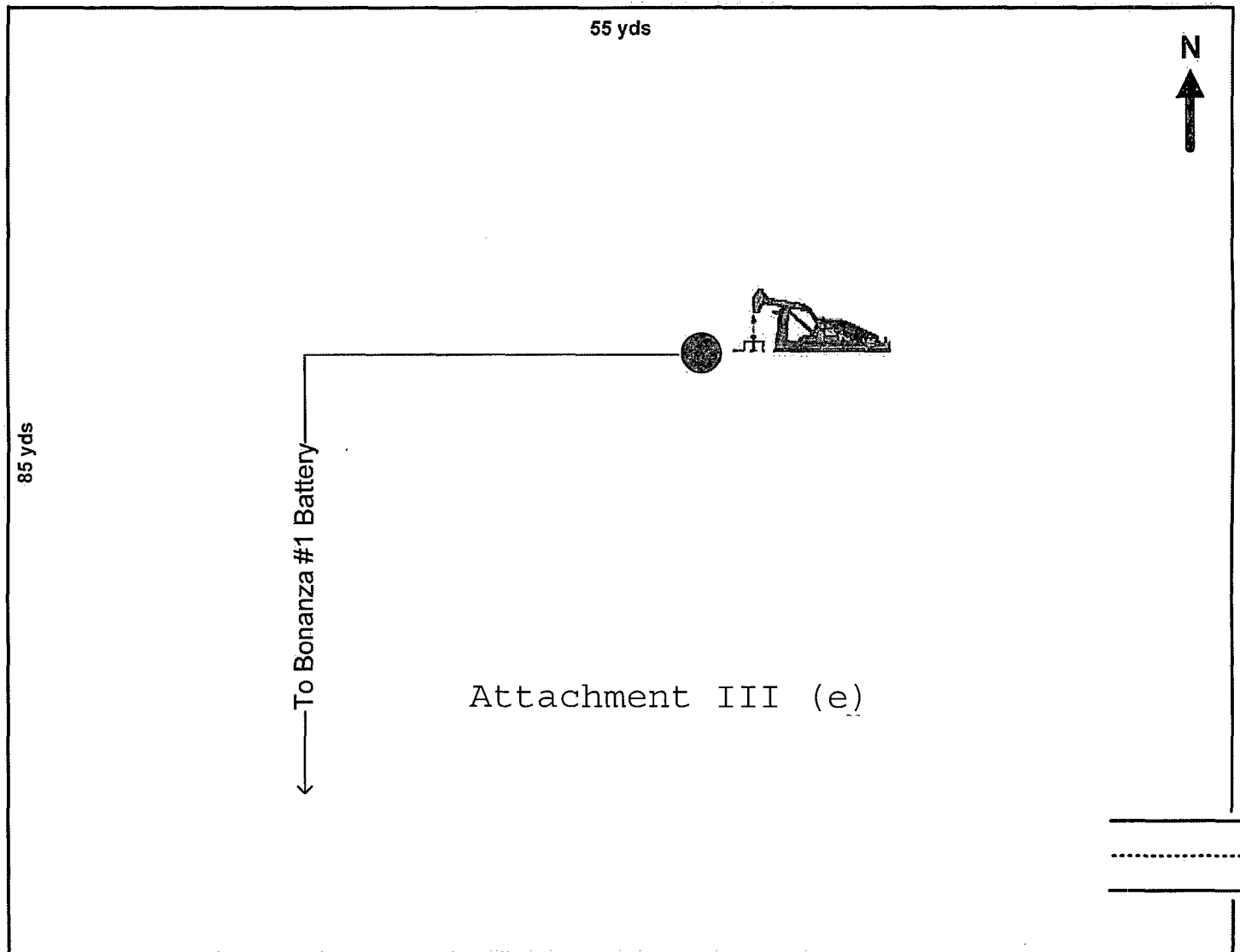
Prepared by: Jackie Reynolds
Date: 3-26-2008

Approved by:
Date:

CHESAPEAKE OPERATING, INC.

CHK Name & Number: BONANZA FEDERAL 3 890733
API number: 30-025-34338
County: LEA
State: NM
Field: BELL LAKE EAST
Qtr Qtr Calls: SE SE
Sec/Twnshp/Rng: 28-23S-34E
Number of Acres: 40

Regulatory Agency: BLM
Lease Sign Type: NON-APD WELL
CA#: 100% BLM LEASE
APD Lease #: NMLC 67715
Federal/Indian: FEDERAL
Last Violation: UNKNOWN
District: PERMIAN NORTH
Field Office: HOBBS



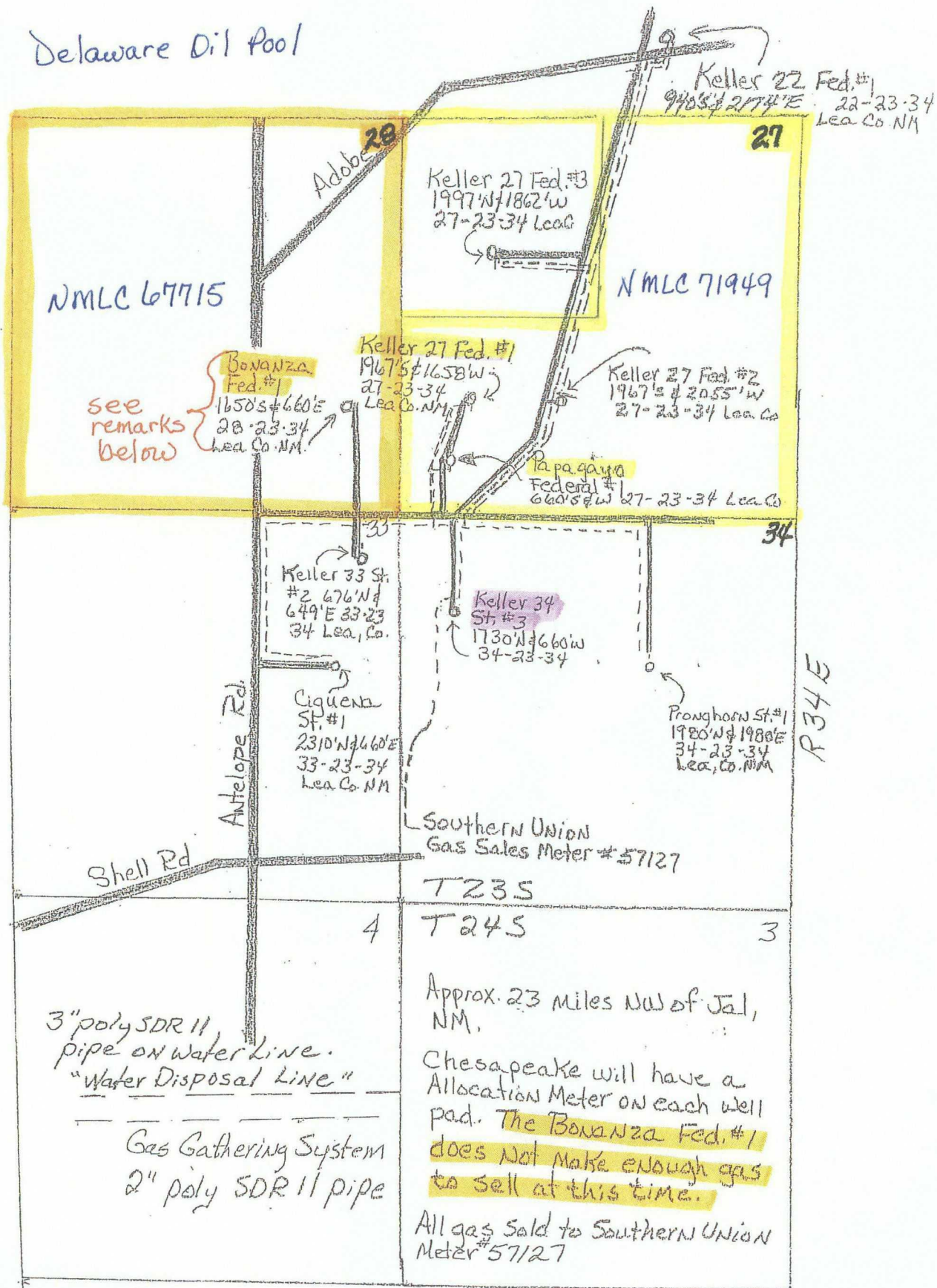
Direction of Flow off Site: SW

This lease is subject to
Chesapeake's Site Security Plan
located at 6100 N. Western
Oklahoma City, OK 73118

Prepared by: Jackie Reynolds
Date: 3-26-2008

Approved by:
Date:

Delaware Oil Pool





Laboratory Services, Inc.
2609 West Marland
Hobbs, New Mexico 88240

Telephone: (505) 397-3713

FOR: Chesapeake Energy
Attention: Steve Steadham
P. O. Box 190
Hobbs, New Mexico 88241

SAMPLE: Sta. #6021116581
IDENTIFICATION Keller 27 Fed. #1
COMPANY: Chesapeake Energy
LEASE:
PLANT:

SAMPLE DATA: DATE SAMPLED 11/6/07 11:44 am
ANALYSIS DATE: 11/7/07
PRESSURE - PSIG 22
SAMPLE TEMP. °F 64
ATMOS. TEMP. °F 60

GAS (XX) LIQUID ()
SAMPLED BY: Tim Henley
ANALYSIS BY: Vickie Sullivan

REMARKS: H2S = 0

COMPONENT ANALYSIS

COMPONENT	MOL PERCENT	GPM
Hydrogen Sulfide (H2S)	0.000	
Nitrogen (N2)	15.147	
Carbon Dioxide (CO2)	0.050	
Methane (C1)	59.688	
Ethane (C2)	10.329	2.756
Propane (C3)	7.757	2.132
I-Butane (IC4)	1.137	0.371
N-Butane (NC4)	2.686	0.845
I-Pentane (IC5)	0.936	0.342
N-Pentane (NC5)	0.789	0.285
Hexane Plus (C6+)	1.481	0.643
	100.000	7.374
BTU/CU.FT. - DRY	1245	MOLECULAR WT. 25.2017
AT 14.650 DRY	1241	
AT 14.650 WET	1219	
AT 14.73 DRY	1248	
AT 14.73 WET	1226	
SPECIFIC GRAVITY -		
CALCULATED	0.867	
MEASURED		

Attachment V (a)



Laboratory Services, Inc.

2609 West Marland
Hobbs, New Mexico 88240

Telephone: (505) 397-3713

FOR: Chesapeake Energy
Attention: Steve Steadham
P.O. Box 190
Hobbs, New Mexico 88241

SAMPLE: Sta. # 6021416086
IDENTIFICATION Papagayo Fed. #1
COMPANY: Chesapeake Energy
LEASE:
PLANT:

SAMPLE DATA: DATE SAMPLED: 2/16/07
ANALYSIS DATE: 2/23/07
PRESSURE - PSIA 29.5
SAMPLE TEMP. °F 80.1
ATMOS. TEMP. °F

GAS (XX) LIQUID ()
SAMPLED BY: Lemmons
ANALYSIS BY: Vicki McDaniel

REMARKS: H2S = 0

COMPONENT ANALYSIS

COMPONENT	MOL PERCENT	GPM
Hydrogen Sulfide (H2S)	0.000	
Nitrogen (N2)	7.390	
Carbon Dioxide (CO2)	0.040	
Methane (C1)	60.227	
Ethane (C2)	13.436	3.585
Propane (C3)	10.461	2.876
I-Butane (IC4)	1.516	0.495
N-Butane (NC4)	3.592	1.130
I-Pentane (IC5)	1.014	0.370
N-Pentane (NC5)	0.845	0.305
Hexane Plus (C6+)	1.479	0.642
	100.000	9.403

BTU/CU.FT. - DRY 1421
AT 14.650 DRY 1416
AT 14.650 WET 1391
AT 14.73 DRY 1424
AT 14.73 WET 1399

MOLECULAR WT. 26.0794

SPECIFIC GRAVITY -
CALCULATED 0.897
MEASURED

Attachment V (b)



Laboratory Services, Inc.

2609 West Marland
Hobbs, New Mexico 88240

Telephone: (505) 397-3713

FOR: Chesapeake Energy
Attention: Steve Steadham
P. O. Box 190
Hobbs, New Mexico 88241

SAMPLE: Sta. #6021116566
IDENTIFICATION Keller 33-34 Battery
COMPANY: Chesapeake Energy
LEASE:
PLANT:

SAMPLE DATA: DATE SAMPLED 11/6/07 12:41 pm
ANALYSIS DATE: 11/7/07
PRESSURE - PSIG 23
SAMPLE TEMP. °F
ATMOS. TEMP. °F 62

GAS (XX) LIQUID ()
SAMPLED BY: Tim Henley
ANALYSIS BY: Vicki McDaniel

REMARKS: H2S = 0

COMPONENT ANALYSIS

COMPONENT	MOL PERCENT	GPM
Hydrogen Sulfide (H2S)	0.000	
Nitrogen (N2)	6.637	
Carbon Dioxide (CO2)	0.050	
Methane (C1)	65.758	
Ethane (C2)	12.500	3.335
Propane (C3)	8.225	2.261
I-Butane (IC4)	1.118	0.365
N-Butane (NC4)	2.711	0.853
I-Pentane (IC5)	0.913	0.333
N-Pentane (NC5)	0.729	0.263
Hexane Plus (C6+)	1.359	0.590
	100.000	8.000
BTU/CU.FT. - DRY	1348	MOLECULAR WT. 24.4816
AT 14.650 DRY	1343	
AT 14.650 WET	1320	
AT 14.73 DRY	1351	
AT 14.73 WET	1327	
SPECIFIC GRAVITY - CALCULATED	0.842	
MEASURED		

Attachments VI

Sundry and application notice to BLM, notices to WI, Royalty Owners and
SLO

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMLC071949
2. Name of Operator CHESAPEAKE OPERATING, INC. Contact: LINDA GOOD E-Mail: linda.good@chk.com		6. If Indian, Allottee or Tribe Name
3a. Address P.O. BOX 18496 OKLAHOMA CITY, OK 73154-0496	3b. Phone No. (include area code) Ph: 405.767.4275	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 27 T23S R34E SWSW 660FSL 660FWL		8. Well Name and No. PAPAGAYO FEDERAL 1
		9. API Well No. 30-025-32543
		10. Field and Pool, or Exploratory ANTELOPE RIDGE
		11. County or Parish, and State LEA CO. COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Off-Lease Measuremen t
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> 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 recomple 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.)

NOTICE OF INTENT/SUBSEQUENT REPORT:

CHESAPEAKE, RESPECTFULLY, REQUEST PERMISSION TO SURFACE COMMINGLE THE FOLLOWING WELLS: PAPAGAYO FED 1 AND KELLER 27 FED 1 TO THE KELLER 34 STATE 3 METER.

STATE SURFACE COMMINGLING APPLICATION IS BEING PROCESSED.

WELLS UNDER LEASE NMLC071949:
PAPAGAYO FEDERAL 1 (SEE INFORMATION ABOVE)
KELLER 27 FEDERAL 1 - 30-025-37905, SEC 27, T23S, R34E, 1767' FSL & 660' FWL, NWSW.

14. I hereby certify that the foregoing is true and correct. Electronic Submission #59297 verified by the BLM Well Information System For CHESAPEAKE OPERATING, INC., sent to the Hobbs	
Name (Printed/Typed) LINDA GOOD	Title REGULATORY COMPLIANCE SPECIALI
Signature (Electronic Submission)	Date 03/27/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____	Title _____	Date _____
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		
Office _____		

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.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

Additional data for EC transaction #59297 that would not fit on the form

32. Additional remarks, continued

KELLER 34 STATE 3 - 30-025-37730, SEC 34, T23S, R34E, 1730' FNL & 660' FWL, SWNW.

THE BONANZA FEDERAL 1 & 3, LEASE NMLC067714 ARE NOT PRODUCING ENOUGH GAS TO SELL OR COMMINGLE AT THIS TIME.

ALL INTEREST OWNERS HAVE BEEN NOTIFIED OF THIS PROPOSAL.

THE GAS PIPELINE COMPANY WILL REMOVE THE METERS FROM THE WELLS MAKING LESS THAN 10 MCFD AND EACH WELL WILL HAVE IT'S OWN CHECK METER. THE KELLER 27 FED 1 AND THE PAPAGAYO FED 1 ARE AT THIS 10 MCFD THRESHOLD AND THEIR GAS RESERVES WOULD BE LOST WITHOUT SURFACE COMMINGLING WITH OTHER PRODUCTIVE WELLS.

ATTACHED ARE THE ANALYSIS FOR PRODUCTION, WELL TEST, SCHEMATIC DIAGRAMS AND MAP.

PLEASE LET ME KNOW IF YOU NEED ANY MORE INFORMATION.

(CHK PN 890714, 819029, 819027)



Regulatory Department

April 08, 2008

Ms. Leslie Bross
TLW Investments, L.L.C.
P.O. Box 54525
Oklahoma City, OK 73154-1525

RE: Application for Surface Commingle: Keller 34 State # 3 Gathering System

Dear Ms. Bross:

To arrange for the marketing of low volume gas produced from these primarily oil producing wells, Chesapeake Operating, Inc. plans to surface commingle gas production from the following wells:

Keller 34 State # 3, Bell Lake; Delaware, East Oil Pool, API # 30-025-37730
Keller 27 Federal #1, Bell Lake; Delaware, East Oil Pool, API # 30-025-37905,
NMLC-071949
Papagayo Federal #1, Bell Lake; Delaware, East Oil Pool, API # 30-025-32543,
NMLC-071949

Please, find a copy of New Mexico Oil Conservation Division's (NMOCD's) form C-107-B along with attachments.

As an interest owner of the wells noted above, you are being provided a copy of this application pursuant to Division Rule No. 19.15.5.303(B) (4) (d).

Gas and oil production from the individual wells will be kept separate by use of an allocation meter at each well site prior to commingling at the sales meter.

Any objection to this application must be filed with within 20 days of receipt to the NMOCD. If you have any questions, please feel free to call me at (405) 879-3782.

Yours truly,

Bryan G. Arrant
Senior Regulatory Compliance Specialist
Enterprise Plaza
Phone: 405-879-3782
Fax: 405-879-7911
E-mail: bryan.arrant@chk.com

Chesapeake Energy Corporation

P.O. Box 18496 • Oklahoma City, OK 73154-0496 • 6100 N. Western Avenue • Oklahoma City, OK 73118
405.848.8000 • fax 405.879.7908



Regulatory Department

April 08, 2008

Mr. George E. Hall
Elliot-Hall Company
2668 Grant Ave., Suite 104
Ogden, UT 84401

RE: Application for Surface Commingle: Keller 34 State # 3 Gathering System

Dear Mr. Hall,

To arrange for the marketing of low volume gas produced from these primarily oil producing wells, Chesapeake Operating, Inc. plans to surface commingle gas production from the following wells:

Keller 34 State # 3, Bell Lake; Delaware, East Oil Pool, API # 30-025-37730
Keller 27 Federal #1, Bell Lake; Delaware, East Oil Pool, API # 30-025-37905,
NMLC-071949
Papagayo Federal #1, Bell Lake; Delaware, East Oil Pool, API # 30-025-32543,
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Any objection to this application must be filed with within 20 days of receipt to the NMOCD.

If you have any questions, please feel free to call me at (405) 879-3782.

Yours truly,

A handwritten signature in cursive script, appearing to read "Bryan G. Arrant".

Bryan G. Arrant
Senior Regulatory Compliance Specialist
Enterprise Plaza
Phone: 405-879-3782
Fax: 405-869-7911
E-mail: bryan.arrant@chk.com

Chesapeake Energy Corporation

P.O. Box 18496 • Oklahoma City, OK 73154-0496 • 6100 N. Western Avenue • Oklahoma City, OK 73118
405.848.8000 • fax 405.879.7908



Regulatory Department

April 08, 2008

Mr. Stephen Elliot
Elliot Industries
500 N. Kentucky Ave.
Roswell, NM 88201

RE: Application for Surface Commingle: Keller 34 State # 3 Gathering System

Dear Mr. Elliot:

To arrange for the marketing of low volume gas produced from these primarily oil producing wells, Chesapeake Operating, Inc. plans to surface commingle gas production from the following wells:

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NMLC-071949
Papagayo Federal #1, Bell Lake; Delaware, East Oil Pool, API # 30-025-32543,
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Any objection to this application must be filed with within 20 days of receipt to the NMOCD.

If you have any questions, please feel free to call me at (405) 879-3782.

Yours truly,

A handwritten signature in cursive script, reading "Bryan G. Arrant".

Bryan G. Arrant
Senior Regulatory Compliance Specialist
Enterprise Plaza
Phone: 405-879-3782
Fax: 405-879-7911
E-mail: bryan.arrant@chk.com

Chesapeake Energy Corporation

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405.848.8000 • fax 405.879.7908



Regulatory Department

April 08, 2008

Ms. Andrea Massengill
Bureau of Land Management
414 W. Taylor
Hobbs, NM 88240

RE: Application for Surface Commingle: Keller 34 State # 3 Gathering System

Dear Ms. Andrea,

To arrange for the marketing of low volume gas produced from these primarily oil producing wells, Chesapeake Operating, Inc. plans to surface commingle gas production from the following wells:

Keller 34 State # 3, Bell Lake; Delaware, East Oil Pool, API # 30-025-37730
Keller 27 Federal #1, Bell Lake; Delaware, East Oil Pool, API # 30-025-37905,
NMLC-071949
Papagayo Federal #1, Bell Lake; Delaware, East Oil Pool, API # 30-025-32543,
NMLC-071949

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If you have any questions, please feel free to call me at (405) 879-3782.

Yours truly,

Bryan G. Arrant
Senior Regulatory Compliance Specialist
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Phone: 405-879-3782
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