

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NMOCD

FORM APPROVED
OMB NO. 1004-0135
Expires: November 30, 2000**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 type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMNM29234 | |
| 2. Name of Operator CHESAPEAKE OPERATING, INC. | | 6. If Indian, Allottee or Tribe Name | |
| 3a. Address OKLAHOMA CITY, OK 73154-0496 | | 7. If Unit or CA/Agreement, Name and/or No. | |
| 3b. Phone No. (include area code) Ph: 405.767.4275 Fx: 405.879.9583 | | 8. Well Name and No. LOTOS 10 FED 1 | |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 10 T24S R31E SWNE 1980FNL 1980FEL | | 9. API Well No. 30-015-28572-00-S1 | |
| | | 10. Field and Pool, or Exploratory S SAND DUNES | |
| | | 11. County or Parish, and State EDDY COUNTY, NM | |

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|-------------------------------------------------------|-----------------------------------------------|-------------------------------------------|----------------------------------------------------|-------------------------------------------|
| <input 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 checked="" 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 | Site Facility Diagram/Security Plan |
| | <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 recompleat 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/BLA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat 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.)

Attached is the site facility for Lotos 10 Federal 1.

(CHK PN 890468)

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| 14. I hereby certify that the foregoing is true and correct. Electronic Submission #51145 verified by the BLM Well Information System For CHESAPEAKE OPERATING, INC., sent to the Carlsbad Committed to AFMSS for processing by LINDA ASKWIG on 11/22/2004 (05LA0124SE) | |
| Name (Printed/Typed) LINDA GOOD | Title AUTHORIZED REPRESENTATIVE |
| Signature (Electronic Submission) | Date 11/22/2004 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-----------------|
| Approved By ACCEPTED | ALEXIS C SWOBODA Title PETROLEUM ENGINEER | Date 11/22/2004 |
| 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 Carlsbad | | |

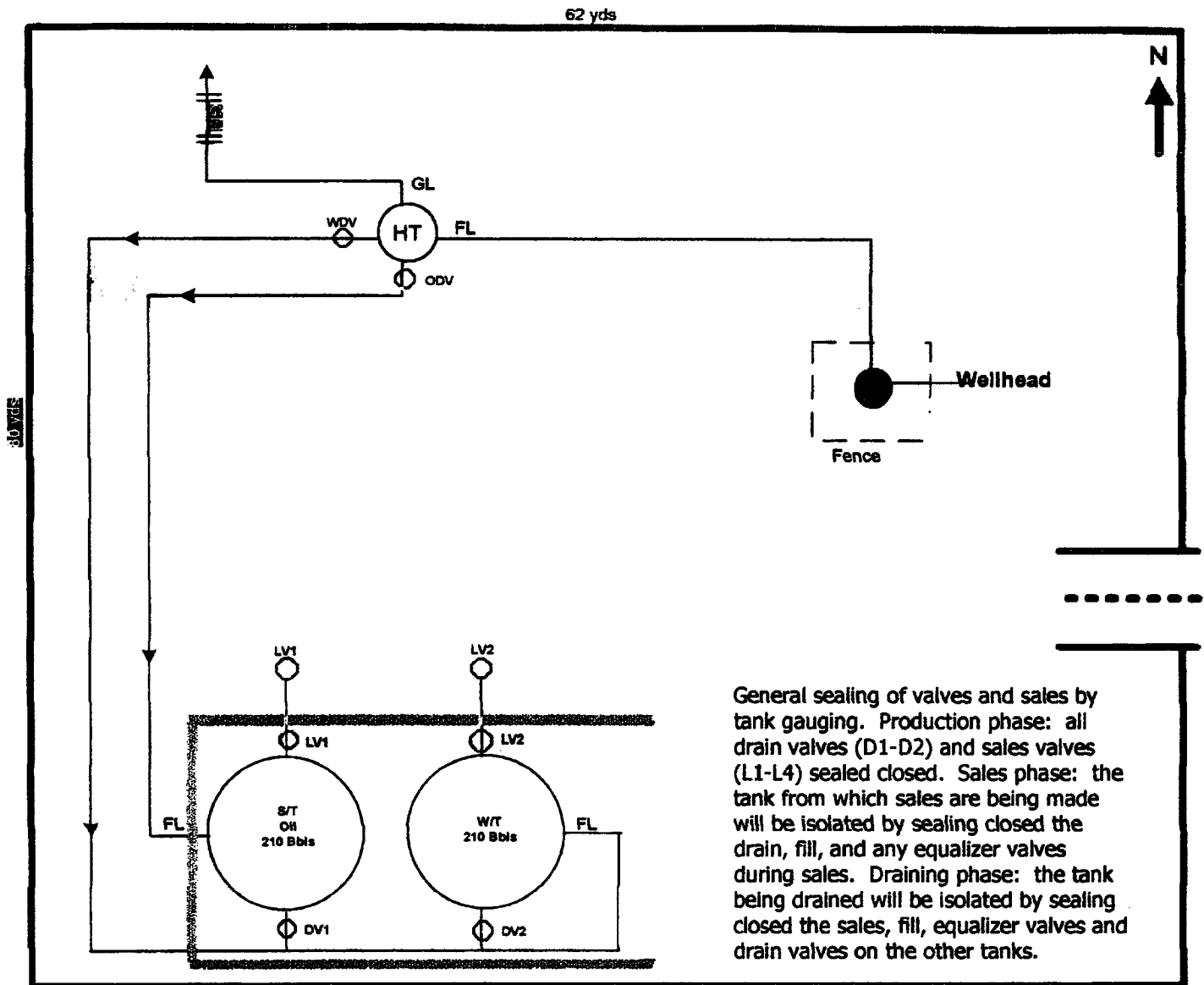
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

CHESAPEAKE OPERATING, INC.

CHK Name & Number: LOTOS 10 FEDERAL 1 890468
 API number: 30-015-28572
 County: EDDY
 State: NM
 Field: COTTON DRAW SW
 Qtr Qtr Calls: C SW NE
 Sec/Twnshp/Rng: 10-24S-31E
 Number of Acres: 320

Regulatory Agency: BLM
 Lease Sign Type: FEDERAL
 CA#: 100% BLM LEASE
 APD Lease #: NMNM 29234
 Federal/Indian: FEDERAL
 Last Violation: UNKNOWN
 District: PERMIAN
 Field Office: Hobbs



General sealing of valves and sales by tank gauging. Production phase: all drain valves (D1-D2) and sales valves (L1-L4) 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.

LOTOS 10 FEDERAL 1_890468

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: DEBBIE HERNANDEZ

Approved by: