

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

*Oil Cons. NM DIV-Dist. 2
311 W. Main Avenue
Artesia, NM 88210*

5. Lease Serial No.
NMNM14294

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
PZ FEDERAL 2

2. Name of Operator
CHESAPEAKE OPERATING INC
Contact: LINDA GOOD
E-Mail: LGOOD@CHKENERGY.COM

9. API Well No.
30-005-61398-00-S1

3a. Address
P O BOX 18496
OKLAHOMA CITY, OK 73154-0496

3b. Phone No. (include area code)
Ph: 405.767.4275
RECEIVED

10. Field and Pool, or Exploratory
PECOS SLOPE

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 7 T9S R26E NWNE 660FNL 1980FEL

DEC 13 2004
OOB-ARTESIA

11. County or Parish, and State
CHAVES 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 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.)

Attached is the site facility for PZ Federal 2.

(CHK PN 890080)

14. I hereby certify that the foregoing is true and correct.
**Electronic Submission #51708 verified by the BLM Well Information System
For CHESAPEAKE OPERATING INC, sent to the Roswell
Committed to AFMSS for processing by LINDA ASKWIG on 12/09/2004 (05LA0073SE)**

Name (Printed/Typed) LINDA GOOD Title PERMITTING AGENT

Signature (Electronic Submission) Date 12/09/2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By **ACCEPTED** ARMANDO A LOPEZ
Title PETROLEUM ENGINEER Date 12/09/2004

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.

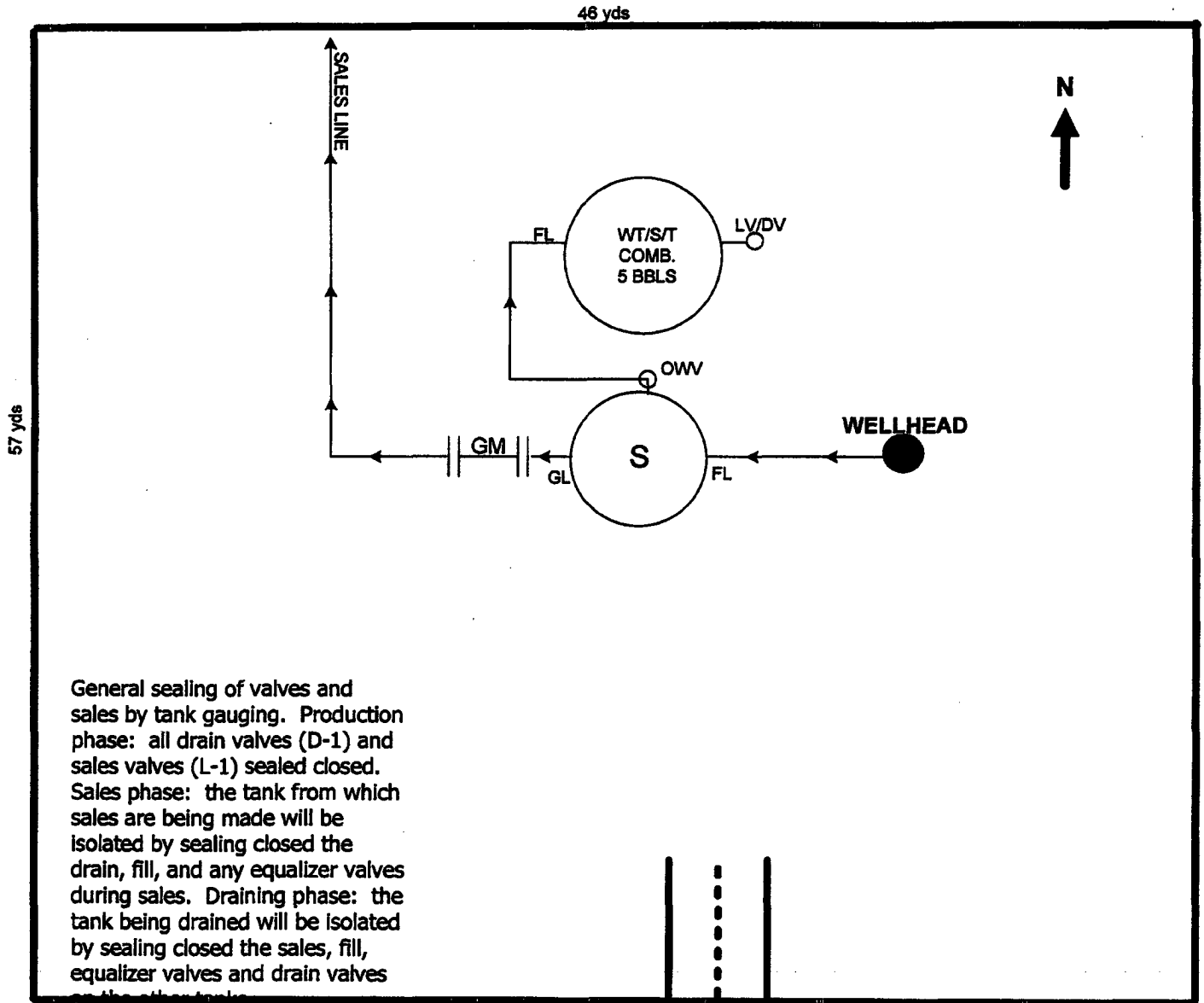
Office Roswell

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.

CHESAPEAKE OPERATING, INC.

CHK Name & Number: PZ FEDERAL 2 890080
API number: 30-005-61398
County: CHAVES
State: NM
Field: PECOS SLOPE
Qtr Qtr Calls: C NW NE
Sec/Twnshp/Rng: 7-9S-26E
Number of Acres: 160

Regulatory Agency: BLM
Lease Sign Type: FEDERAL
CA#: 100% BLM LEASE
APD Lease #: NMNM 14294
Federal/Indian: FEDERAL
Last Violation: NONE
District: PERMIAN
Field Office: Hobbs



General sealing of valves and sales by tank gauging. Production phase: all drain valves (D-1) and sales valves (L-1) 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.

PZ FEDERAL 2_890080

Direction of Flow off Site: N

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

Prepared by: WALTER SIMES
Date: 8-20-04

Approved by:
Date: