N.M. Oil Cons. DIV-Dist. 2

Form 3160-5 (April 2004)

1301 W. Grand Avenue

FORM APPROVED **UNITED STATES** DEPARTMENT OF THE INTERIORSIA, NIM 88210 OM B No. 1004-0137 Expires: March 31, 2007 BUREAU OF LAND MANAGEMENT 5. Lease Serial No. NMNM8431 SUNDRY NOTICES AND REPORTS ON WELLS 6. If Indian, Allottee or Tribe Name Do not use this form for proposals to drill or to re-enter an 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 Well Öil Well Gas Well Other 8. Well Name and No. PENJACK FEDERAL 7 2. Name of Operator CHESAPEAKE OPERATING, INC. ATTN: LINDA GOOD API Well No. 30-005-62611 3a. Address 3b. Phone No. (include area code) 405-767-4275 P.O. BOX 18496, OKLAHOMA CITY, OK 73154-0496 10. Field and Pool, or Exploratory Area RECEIVED PECOS SLOPE 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 11. County or Parish, State DEC 1 2 2005 1980 FSL 660 FEL NESE SEC 7-10S-26E CHAVES COUNTY, NM MERTAN-UUU 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 SITE FACILITY Casing Repair New Construction Recomplete ✓ Subsequent Report DIAGRAM Change Plans Plug and Abandon Temporarily 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.) PLEASE FIND THE ATTACHED REVISED SITE FACILITY FOR PENJACK FEDERAL 7. BLM NATIONWIDE BOND #NM2634. (CHK PN 890073) 14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) LINDA GOOD Title PERMITTING AGENT 11/15/2005 Signature Date THIS SPACE FOR FEDERAL OR STATE OFFICE USE Date Approved by Title 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 Office which would entitle the applicant to conduct operations thereon

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: PENJACK FEDERAL 7

API number:

30-005-62611

County:

CHAVES

State: Field:

NM

Otr Otr Calls:

PECOS SLOPE

Sec/Twnshp/Rng:

C NE SE 7-10S-26E

Number of Acres:

320

890073

Regulatory Agency:

Lease Sign Type:

CA#:

BLM -**FEDERAL** 100% BLM LEASE

APD Lease #:

NMNM 8431 **FEDERAL**

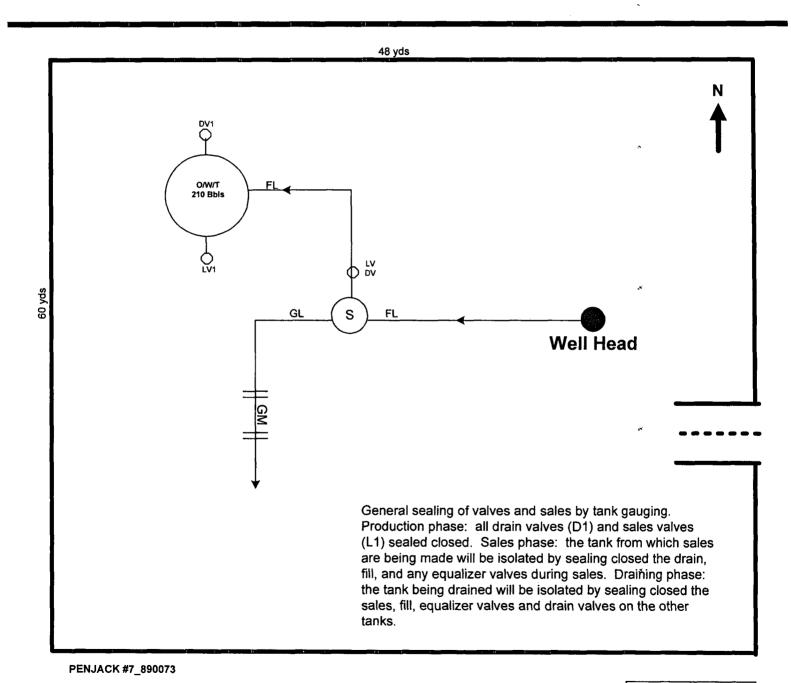
Federal/Indian: Last Violation:

District:

NONE **PERMIAN**

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: DEBBIE HERNANDEZ

Date: 8-13-04

Approved by: Date: