

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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.

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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		NOV 05 2007	5. Lease Serial No. NMLC029392B
2. Name of Operator CHESAPEAKE OPERATING, INC.		Contact: LINDA GOOD E-Mail: lgood@chkenenergy.com	6. If Indian, Allottee or Tribe Name
3a. Address PO 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 T18S R31E SWNE 1980FNL 1980FEL		OCD-ARTESIA 147/179	8. Well Name and No. GREENWOOD PRE-GRAYBURG 24 300060
			9. API Well No. 30-015-35176-00-X1
			10. Field and Pool, or Exploratory SHUGART 56400
			11. County or Parish, and State EDDY COUNTY, NM

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

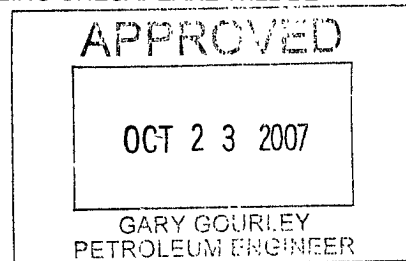
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> 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 Change to Original PD
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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.)

CHESAPEAKE, RESPECTFULLY, REQUEST PERMISSION TO EXTEND THE GREENWOOD PRE-GRAYBURG UNIT 24 FOR ONE YEAR, GIVING IT AN EXPIRATION DATE OF OCTOBER 9, 2008. DUE TO RIG SCHEDULING CHESAPEAKE WILL BE UNABLE TO DRILL THIS WELL BEFORE OCTOBER 9, 2007.

(CHK PN 611972)

APPROVED FOR 12 MONTH PERIOD
ENDING 10/4/08



14 I hereby certify that the foregoing is true and correct.	
Electronic Submission #56466 verified by the BLM Well Information System For CHESAPEAKE OPERATING, INC., sent to the Carlsbad Committed to AFMSS for processing by KURT SIMMONS on 09/27/2007 (07KMS1046SE)	
Name (Printed/Typed) LINDA GOOD	Title FEDERAL REGULATORY ANALYST
Signature (Electronic Submission)	Date 09/24/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>/s/ Don Peterson</u>	Title <u>FIELD MANAGER</u>	Date <u>OCT 31 2007</u>
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 <u>CARLSBAD FIELD OFFICE</u>		

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 ****

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Chesapeake Operating, Inc
LEASE NO.:	NMLC – 029392 B
WELL NAME & NO.:	24 – Greenwood Pre-Grayburg
SURFACE HOLE FOOTAGE:	1980' FNL & 1980' FEL
BOTTOM HOLE FOOTAGE:	' F L & ' F L
LOCATION:	Section 27, T. 18 S., R 31 E., NMPM
COUNTY:	Eddy County, New Mexico

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 2 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(505) 361-2822

1. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated 500 feet prior to drilling into the **Queen** formation. **Hydrogen Sulfide has been reported in Sections 29 and 30 measuring 200-2000 ppm in the gas stream and 20-2600 ppm in STVs.**
2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
3. When floor controls are required, (3M or Greater) controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

B. CASING

1. The **13-3/8 inch** surface casing shall be set a **minimum of 25 feet into the Rustler Anhydrite at approximately 650 feet** and cemented to the surface. **Fresh water mud to be used until surface casing is set.**
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 - b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement).
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial action will be done prior to drilling out that string.
2. The minimum required fill of cement behind the **8-5/8 inch** intermediate casing is:
☒ Cement to surface. If cement does not circulate see B.1.a-d above.
This casing should be set in the Seven Rivers Anhydrite.

**Possible lost circulation in the Grayburg and San Andres formations.
Possible water flows in the Salado Group and the Premier member of the Grayburg formation.**

3. The minimum required fill of cement behind the **5-1/2 inch** production casing is:
☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.
4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. The appropriate BLM office shall be notified a minimum of 2 hours in advance for a representative to witness the tests.
 - a. The tests shall be done by an independent service company.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
 - d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.
 - e. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation **if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days**. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

D. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented.

Engineer on call phone (after hours): Carlsbad: (505) 706-2779

WWI 102907