

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFORM APPROVED  
OMB NO. 1004-0135  
Expires: July 31, 2010

RM

**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. Multiple--See Attached
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 OKLAHOMA CITY, OK 73154-0496	3b. Phone No. (include area code) Ph: 405-935-4275	7. If Unit or CA/Agreement, Name and/or No. Multiple--See Attached
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Multiple--See Attached		8. Well Name and No. Multiple--See Attached
		9. API Well No. Multiple--See Attached
		10. Field and Pool, or Exploratory Multiple--See Attached
		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 Surface Commingl
	<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 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/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 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.)

Chesapeake, respectfully, requests permission to surface commingle per the following:

We plan to remove the Tank battery on the PLU Ross Ranch 31 Fed 1H and run a flow line to the PLU Ross Ranch 6 Fed 1H. We plan to move the tanks from the PLU Ross Ranch 31 Fed 1H to the PLU Pierce Canyon 12 Fed 1H (When the well is drilled). The heater treater and separator will be moved to the PLU Ross Ranch 6 Federal 1H.

We are also requesting permission to combine, store and measure production off-lease for the PLU Ross Ranch 31 Fed 1H. A ROW is being obtained since we will be crossing lease lines.

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

PLU Ross Ranch 31 Fed 1H 30-015-36775 Sec. 31, T25S, R30E SWSE 350 FSL 2290 FEL NMNM 102033

**SUBJECT TO LIKE  
APPROVAL BY STATE**

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #80642 verified by the BLM Well Information System For CHESAPEAKE OPERATING, INC., sent to the Carlsbad Committed to AFMSS for processing by CHERYLE RYAN on 01/27/2010 (10CMR0224SE)	
Name (Printed/Typed) LINDA GOOD	Title SR. REGULATORY COMPLIANCE SPEC
Signature (Electronic Submission)	Date 01/26/2010

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By <u>DUNCAN WHITLOCK</u>	Title <u>LEAD PETROLEUM ENGINEERING TECH</u>	Date <u>02/19/2010</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</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 \*\***SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

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**Additional data for EC transaction #80642 that would not fit on the form**

**5. Lease Serial No., continued**

NMNM102033  
NMNM102035

**Wells/Facilities, continued**

Agreement	Lease	Well/Fac Name, Number	API Number	Location
NMNM102035	NMNM102035	PLU ROSS RANCH 6 FEDERAL	180-015-36883-00-S1	Sec 6 T26S R30E SWSE 350FSL 1880FEL 32.06534 N Lat, 103.91811 W Lon
NMNM102033	NMNM102033	PLU ROSS RANCH 31 FEDERAL	180-015-36775-00-S1	Sec 31 T25S R30E SWSE 350FSL 2290FEL

**10. Field and Pool, continued**

WILDCAT

**32. Additional remarks, continued**

PLU Ross Ranch 6 Fed 1H 30-015-36883 Sec. 6 T26S. R30E SWSE  
350 FSL 1880 FEL NMNM 102035

Please find the attached documents pertaining to the surface commingling guidelines:

- 2-Map showing the lease numbers and location of leases & wells. (Attached)
- 3-Schematic Diagram (Attached)
- 4-Estimated Monthly Production (Attached)
- 5-Details of proposed method for measuring and allocating production: Each well will have its own test separator measuring oil, gas and water everyday from each well meter. Both meters will be located at the PLU Ross Ranch 6 Fed 1H location.
- 6-All interest owners have been notified.
- 7-Federal or Indian royalties will not be reduced because the ownership of both wells is exactly the same. Commingling both wells into the same tank battery will extend the economic life of both wells by reducing operating expense.
- 8-Combining these 2 tank batteries should result in the savings of 10,000/month in operating expenses. This reduction will allow the wells to produce for a longer time and result in an increase in the total ultimate production from each well.

(CHK PN 624821 & 624838)

# SHAMROCK GAS ANALYSIS

LABORATORY REFERENCE NUMBER : B12104

CHESAPEAKE

ID: 9021550544  
AREA: HOBBS  
METER: PLU ROSS RANCH 6 FED 1H  
LEASE: PLU ROSS RANCH 6 FED 1H  
OPERATOR: CHESAPEAKE  
STATION: 9021550544  
SAMPLE DATE: 10/28/2009  
SAMPLE OF: GAS

LINE PRESSURE: 86 PSI  
LINE TEMPERATURE: 75 F  
CYLINDER NUMBER: 7594  
EFFECTIVE DATE: 11/1/2009  
SAMPLED BY: KELLY DOBBS  
ANALYZED BY: BRENNAN  
ANALYZED DATE: 11/11/2009  
SAMPLE TYPE: SPOT

*Extraction  
C9net-  
11-17-09  
KD*

For: CHESAPEAKE OPERATING  
Attn:  
P.O. BOX 548806  
OKLAHOMA CITY, OK 73154

Physical Properties per GPA 2145-09

Split Ratio = Hexane 0.272, Heptane 0.136, Octane 0.045

Calculations per GPA 2172-09

Note: Zero = Less than detection limit

	<u>MOL%</u>	<u>GPM @ 14.73</u>
HYDROGEN SULFIDE	0.000	0.000
NITROGEN	2.321	0.255
CARBON DIOXIDE	11.134	1.900
METHANE	70.155	11.890
ETHANE	9.047	2.419
PROPANE	4.475	1.233
ISOBUTANE	0.504	0.165
N-BUTANE	1.257	0.396
IOPENTANE	0.312	0.114
N-PENTANE	0.342	0.124
HEXANES PLUS	0.453	0.198
	100.000	18.694

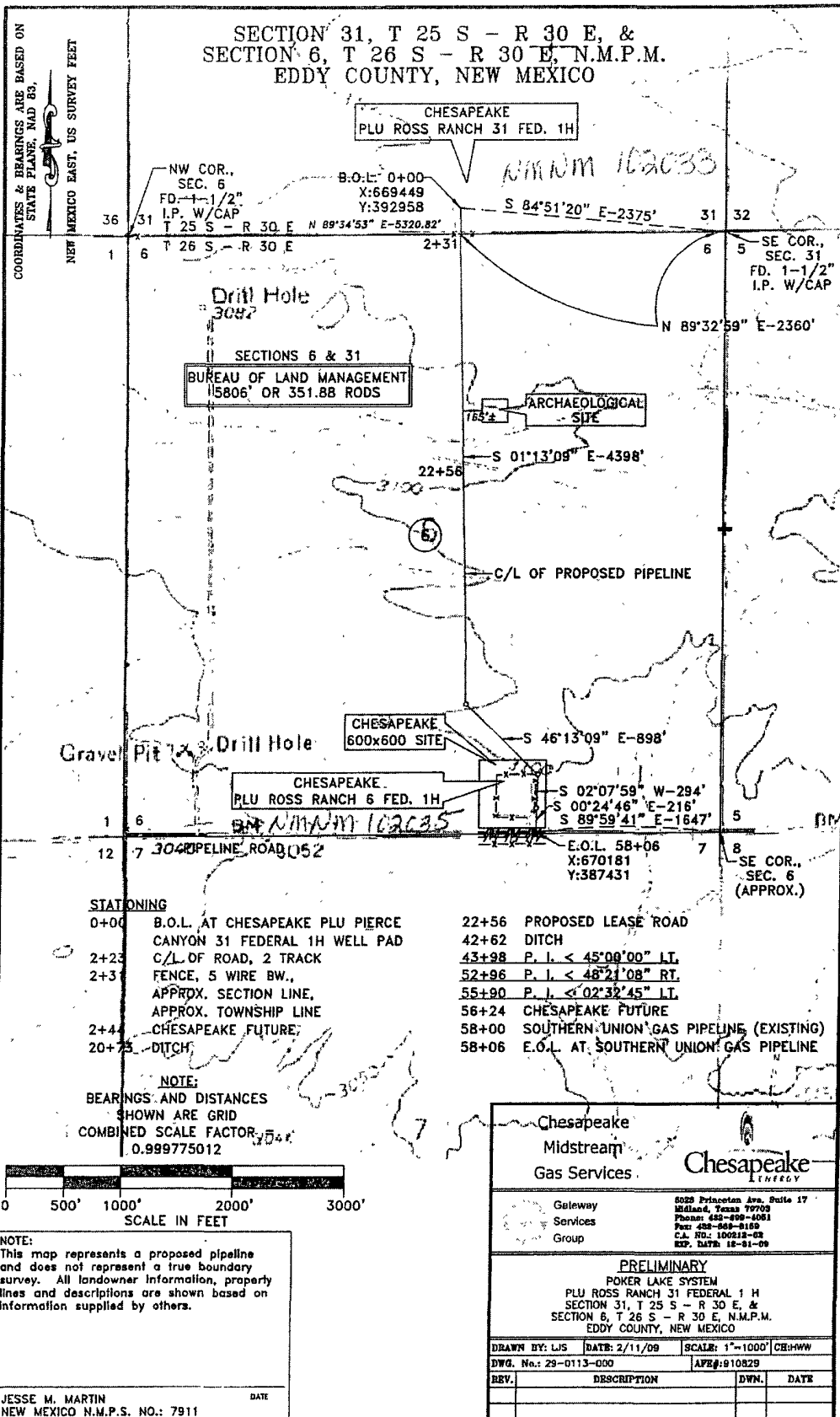
BTU	Vol. IDEAL Gas Fuel	Vol. Real Gas Fuel	PREVIOUS BTU	10/8/2009	Vol. IDEAL Gas Fuel	Vol. Real Gas Fuel
BTU @ 14.73 PSIA ( DRY )	1090.6	1094.5	BTU @ 14.73 PSIA ( DRY )		1093.8	1097.7
BTU @ 14.73 PSIA ( SAT. )	1071.6	1075.5	BTU @ 14.73 PSIA ( SAT. )		1074.8	1078.6
Specific Gravity	0.8085	0.8111				
Compressibility ( Z )	0.9964					

## Gasoline Content ( Gallons Per Thousand - GPM )

Ethane & Heavier	4.649
Propane & Heavier	2.230
Butane & Heavier	0.997
Pentane & Heavier	0.436
Total 26 psi Reid V.P. Gasoline GPM	0.657

Remarks: FIELD H2S: 1.0 PPM FIELD CO2: 9.0%  
Remarks:

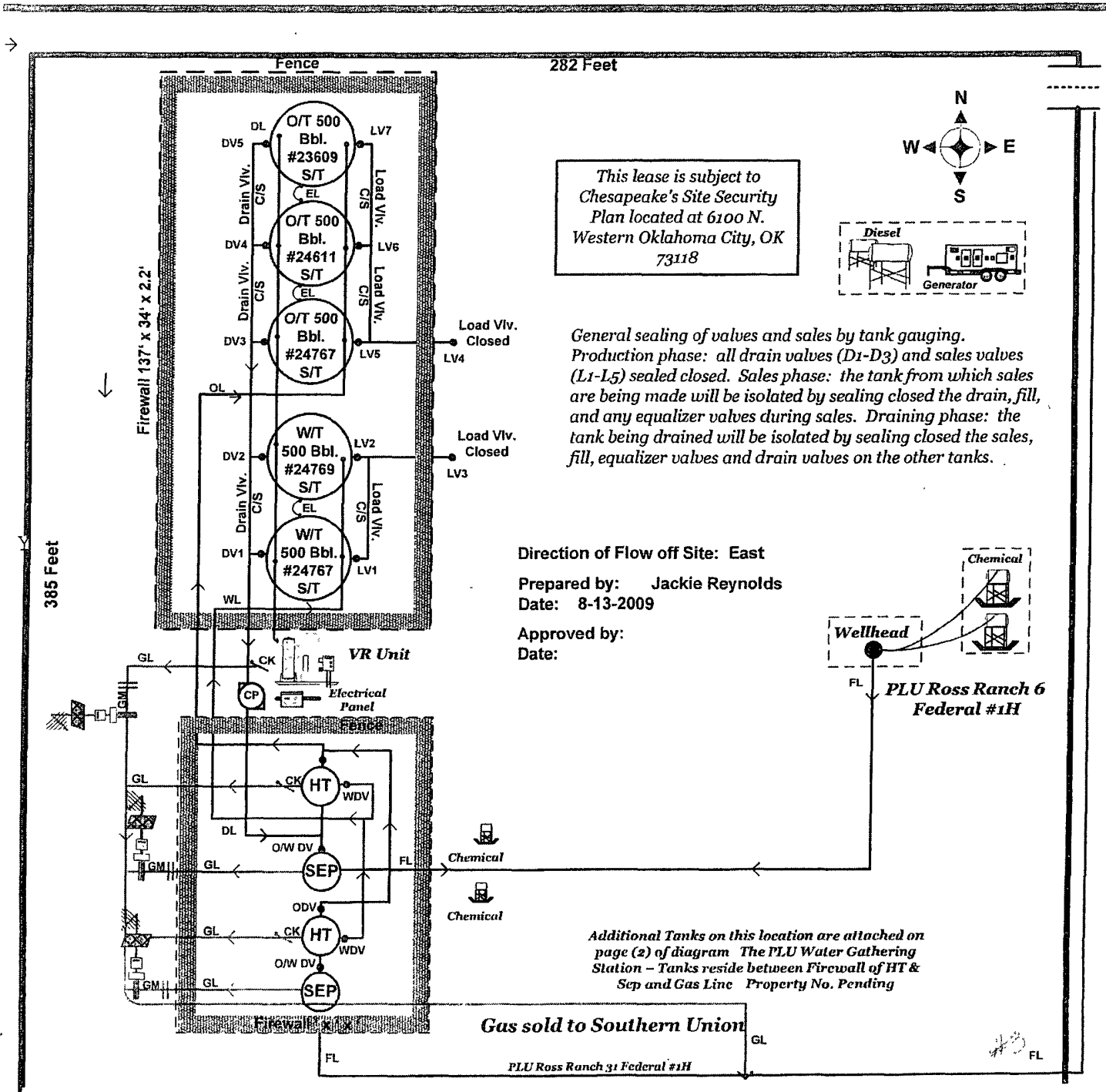
SECTION 31, T 25 S - R 30 E, &  
SECTION 6, T 26 S - R 30 E, N.M.P.M.  
EDDY COUNTY, NEW MEXICO



# CHESAPEAKE OPERATING, INC.

CHK Name & Number: PLU ROSS RANCH 6 FED 1H  
 API Number: 30-015-36883 624821  
 County: EDDY  
 State: NM  
 Field: WILDCAT  
 Qtr Qtr Calls: SW SE  
 Sec/Twnshp/Rng: 6-26S-30E  
 Number of Acres: 962.350

Regulatory Agency: BLM  
 Lease Sign Type: APD WELL  
 CA#: 100% BLM LEASE  
 APD Lease #: NMNM 102035  
 Federal/Indian: FEDERAL  
 Last Violation: UNKNOWN  
 District: PERMIAN  
 Field Office: HOBBS



Chesapeake Operating, Inc. (Operator's Name) is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following formation(s) and well(s):

Federal Lease No. NMNM 102033

<u>Well Name</u>	<u>API No.</u>	<u>Loc: ¼ ¼ Sec.Twp.Rng.</u>	<u>Formation</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
PLU Ross Ranch 31 Fed 1H	3001536775	SWSE, Sec. 31, T25S, R30E	Bone Spring	28	49./@60*	186	1080

With hydrocarbon production from:

Federal Lease No. NMNM 102035

<u>Well Name</u>	<u>API No.</u>	<u>Loc: ¼ ¼ Sec.Twp.Rng.</u>	<u>Formation</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>	<u>BTU</u>
PLU Ross Ranch 6 Fed 1H	3001536883	SWSE, Sec. 6, T26S, R30E	Bone Spring	33	49./@60*	1100	1090

Lea/Eddy (circle one),

The storage and measuring facility  
New Mexico. BLM will be notified LC Ross  
Details of the proposed method for

#4

# CHESAPEAKE OPERATING, INC.

Check Name & Number: PLU ROSS RANCH 31 FED 1H  
 AP Number: 30-015-36775 624838  
 County: EDDY  
 State: NM  
 Field: CORRAL CANYON  
 Qtr Calls: SWSE  
 Sec/Twnshp/Rng: 31-25S-30E  
 Number of Acres: 160

Regulatory Agency: BLM  
 Lease Sign Type: APD WELL  
 CA#: 100% BLM LEASE  
 APD Lease #: NMNM103033  
 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-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.**

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

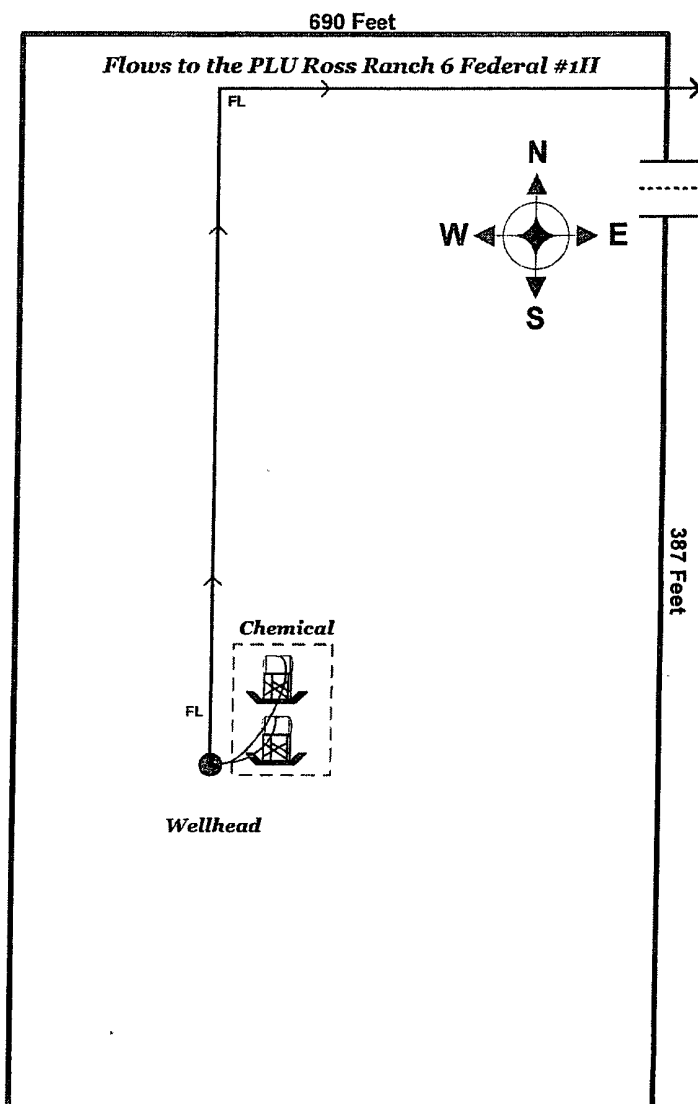
Direction of Flow off Site: North

Prepared by: Jackie Reynolds

Date: 8/3/2009

Approved by:

Date:





***PLU Water Gathering Station – Resides on the same well Pad as the  
PLU Ross Ranch 6 Federal 1H***

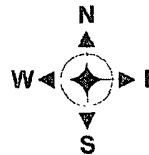
***Wells flowing in the Gathering Station:***

***PLU Pierce Canyon 17 Federal 1H  
PLU Pierce Canyon 28 Federal 1H  
PLU Pierce Canyon 32 Federal 1H  
PLU Ross Ranch 31 Federal 1H  
PLU Ross Ranch 6 Federal 1H***

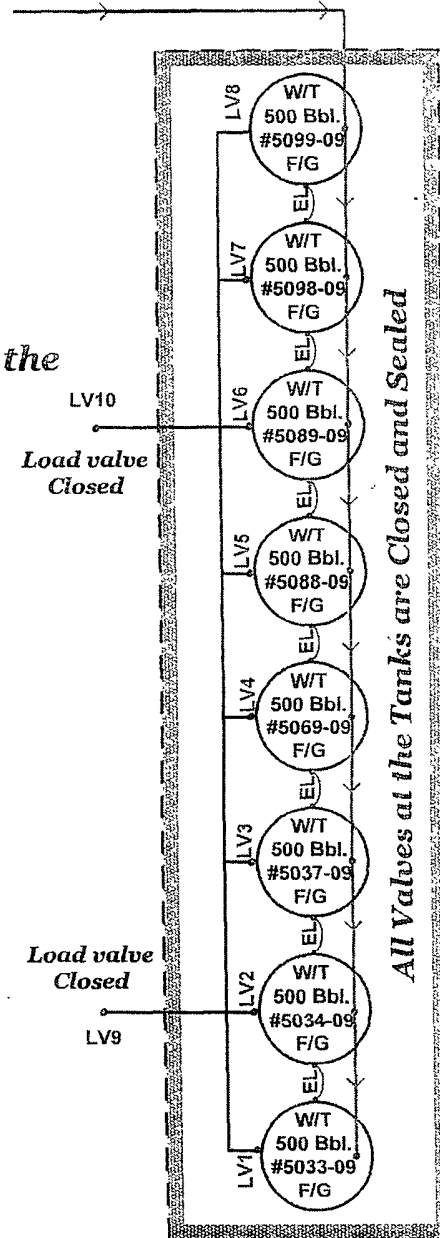
***This lease is subject to  
Chesapeake's Site Security  
Plan located at 6100 N.  
Western Oklahoma City, OK  
73118***

***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.***

282 Feet



385 Feet



Direction of Flow off Site: East

Prepared by: Jackie Reynolds  
Date: 8-13-2009

Approved by:  
Date:



PLU Ross Ranch 6 Fed. #1H and PLU Ross Ranch 31 Fed. #1H

Chesapeake Operating, Inc.

February 19, 2010

Condition of Approval  
Commingle on and off lease

1. This approval is subject to like approval by the New Mexico Oil Conservation Division.
2. This agency shall be notified of any spill or discharge as required by NTL-3A.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
5. Approval for combining production from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
6. All above ground structures on the lease shall be painted Shale Green (5Y 4/2), or as per approved APD stipulations. This is to be done within 90 days, if you have not already done so.
7. Gas measurement for allocation must be measured as per Onshore Order #5 for sales meters.
8. All gas and oil subject to royalty shall be measured as per federal regulations and shall be reported to MMS as required. All gas which is vented, flared or used on lease shall be reported as per NTL-4A to MMS. All gas which is vented or flared shall be subject to royalty, unless prior approval was given by the authorized officer.
9. Submit Plans for removal of old flow lines and Removal of old tank battery.
10. Submit Plans for interim reclamation of existing facilities