Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
May 27, 2004

WELL API NO. 30-025-37130

5. Indicate Type of Lease STATE [X] FEE [ ]

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name
South Chavlea Unit

1. Type of Well: Oil Well [ ] Gas Well [X] Other

8. Well Number 001

2. Name of Operator
Chesapeake Operating Inc.

9. OGRID Number 147179

3. Address of Operator P.O. Box 11050
Midland, TX 79702-8050

10. Pool name or Wildcat
Caprock; Morrow, West (Gas) 73780

4. Well Location
Unit Letter M : 660 feet from the South line and 660 feet from the West line
Section 19 Township 12S Range 32E NMPM County Lea

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
4399 GR

Pit or Below-grade Tank Application [ ] or Closure [ ]

Pit type _____ **Depth to Groundwater** _____ **Distance from nearest fresh water well** _____ **Distance from nearest surface water** _____

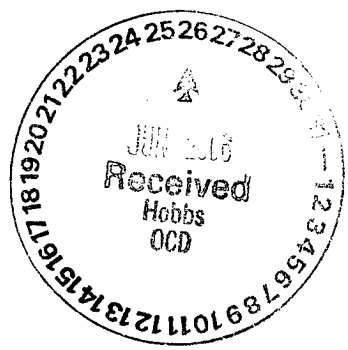
Pit Liner Thickness: _____ **mil** **Below-Grade Tank: Volume** _____ **bbls; Construction Material** _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	[ ]	PLUG AND ABANDON	[ ]	REMEDIAL WORK	[ ]	ALTERING CASING	[ ]
TEMPORARILY ABANDON	[ ]	CHANGE PLANS	[ ]	COMMENCE DRILLING OPNS.	[ ]	P AND A	[ ]
PULL OR ALTER CASING	[ ]	MULTIPLE COMPL	[ ]	CASING/CEMENT JOB	[ ]		
OTHER:Add Additional Morrow Perfs			[X]	OTHER:			[ ]

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Chesapeake, respectfully, request permission to add additional Morrow perfs to this well per the attached procedure.



I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines [ ], a general permit [ ] or an (attached) alternative OCD-approved plan [X].**

SIGNATURE _____ TITLE Regulatory Assistant DATE 06/20/2006

Type or print name Shay Stricklin E-mail address: sstricklin@chkenergy.com Telephone No. (432)687-2992

For State Use Only

APPROVED BY: _____ TITLE PETROLEUM ENGINEER DATE JUL 05 2006

Conditions of Approval (if any):

South Chavlea Unit #1
Lea County, New Mexico

June 19, 2006

GENERAL INFORMATION

Location: 660' FSL & 660' FWL, S19 – T12S – R32E
API No.: 30-025-37130

WELL INFORMATION

String OD	Weight & Grade	Depth	ID	Drift	Burst	TOC
13-3/8"	48# H40 STC	0' – 390'	12.715"	12.559"	1730	0'
8-5/8"	36# J55 LTC	0' - 3597'	7.825"	7.700"	4460	0'
5-1/2"	17# L80 LTC	0' - 11306'	4.892"	4.767"	7740	0'

Morrow Sand perfs: 11059 – 70'
Proposed Upper Morrow perfs: 10830 – 35' & 10840 – 42'.

TD/PBTD: 11320'/ 11080'

PROCEDURE

1. MIRU Slickline Service Unit. Catch and remove plunger. RU lubricator. Fish bumper spring assembly. Set a plug in the XN nipple at 11006' KB to kill well. Blow down tubing and verify well is dead.

2. MIRU Service Rig and requisite equipment. NU BOP.

3. Release from on/off tool. Circulate well clean with 7% KCL. POOH with 2-7/8" P-110 tubing.

4. MIRU Wireline Service Unit and 5K lubricator. Perforate the Upper Morrow via casing gun with 4 SPF, 90 degree phasing, 23 gram charge, .37" holes from 10840 – 42' (9 holes) and 10830 – 35' (21 holes). Correlate to OH Density/Neutron log dated 10/31/05.

5. RIH w/ 5-1/2" treating packer on 2-7/8" tubing as follows: Re-entry guide, 4' sub, 'XN' nipple, 10' sub, Arrow Set packer, on/off tool w/ 'X' profile nipple. Space out with the EOT at 10842'.

6. RU Acid Service Company. Spot 200 gal of 7-1/2% HCL Acid containing 200 gpt methanol, 4 gpt of iron control, 1 gpt each of corrosion inhibitor, surface tension reducer, and non-emulsifier. Pull packer to ~ 10780'. Reverse circulate excess acid into tubing, set packer. Pressure test annulus to 1000#.

7. ND BOP. NU tree. Pressure annulus to 1000 psi. Displace spot acid, establish rate of 3 to 4 BPM w/ 7% KCL. (Keep KCL water usage to a minimum). Acidize w/ 1000 gal of 7-1/2% HCL. Acid to contain 200 gpt of methanol, 4 gpt of iron control, 1 gpt each of corrosion inhibitor, surface tension reducer, and non-emulsifier. Displace w/ 7% KCL. Do not over-displace. Do not over flush. Pump at 3 to 4 BPM max. Note rates and pressures. Note ISIP. Max pressure 4000#.

8. Swab/flow test zone.

9. As well performance and engineering analyses dictate, prep to frac. (If a frac is not needed, put well on line to test zone). Soft kill well with 7% KCL. POOH with tubing and packer. RIH with RBP and set at 11000'. Release from RBP and spot 3 sx of 20/40 Brady sand on RBP. POOH. RIH with treating packer, SN, and tubing. Set packer at 10780'. Pressure test annulus to 1000#.

10. MIRU frac crew. Pressure test lines. Pressure annulus to 1000#. Pump foam pad establishing rates approaching 15 BPM per frac schedule. Anticipated treating pressures ~ 9500#. Frac the Morrow with 35,000 gal of foam and 35,000 pounds of 18/40 mesh Versaprop. Ramp sand from 1/4 to 3#/gal at tail-in per schedule. Maximum pressure 12000#.

11. Flow back to clean up and test well. Test well to sales line as frac cleans up. RDMO PU.

12. Based upon well performance, commingling procedure will be provided under a separate cover.