

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM9545
2. Name of Operator CHESAPEAKE OPERATING, INC.		6. If Indian, Allottee or Tribe Name
3a. Address OKLAHOMA CITY, OK 73154-0496		7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) Ph: 405.767.4275 Fx: 405.879.9583		8. Well Name and No. FEDERAL AA 2
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 17 T22S R26E SENW 1961FNL 2113FWL		9. API Well No. 30-015-32575-00-S1
10. Field and Pool, or Exploratory HAPPY VALLEY		11. County or Parish, and State EDDY COUNTY, NM

RECEIVED
AUG 19 2004
OCD-ARTERIA

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 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.)

Attached is the site facility diagram for the Federal AA 2.

(PN 890437)

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #34694 verified by the BLM Well Information System For CHESAPEAKE OPERATING, INC., sent to the Carlsbad Committed to AFMSS for processing by ARMANDO LOPEZ on 08/17/2004 (04AL0330SE)	
Name (Printed/Typed) LINDA GOOD	Title AUTHORIZED REPRESENTATIVE
Signature (Electronic Submission)	Date 08/17/2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By ACCEPTED	LES BABYAK PETROLEUM ENGINEER	Date 08/17/2004
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 Carlsbad

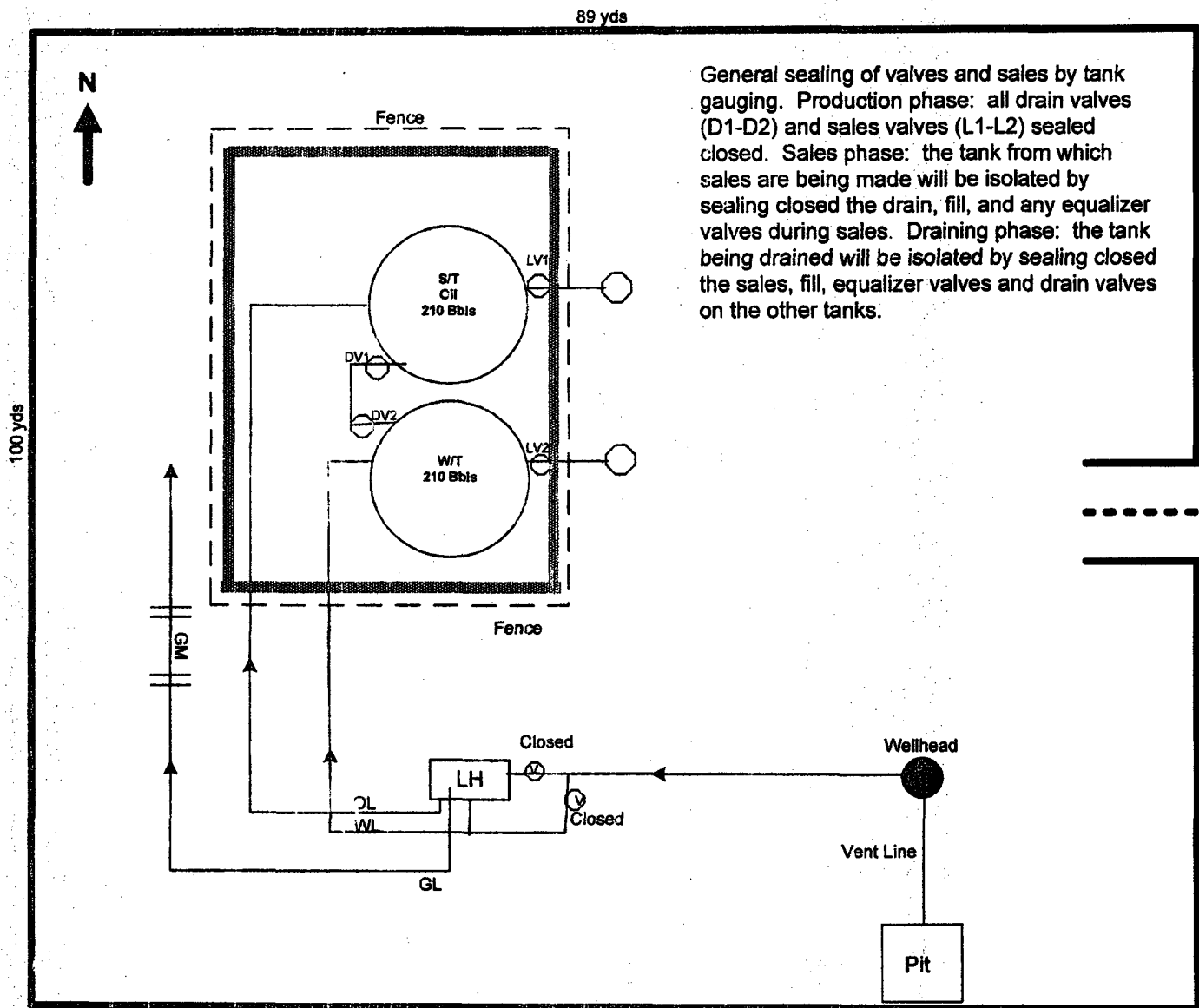
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

CHESAPEAKE OPERATING, INC.

CHK Name & Number: FEDERAL AA 2
 API number: 30-015-32575
 County: EDDY
 State: NM
 Field: HAPPY VALLEY
 Qtr Qtr Calls: SW SW
 Sec/Twnshp/Rng: 17-22S-26E
 Number of Acres: 320

890437

Regulatory Agency: BLM
 Lease Sign Type: FEDERAL
 CA#: 100% BLM LEASE
 APD Lease #: NMNM 9545
 Federal/Indian: FEDERAL
 Last Violation: UNKNOWN
 District: PERMIAN
 Field Office: HOBBS



FEDERAL AA NO 2_890437

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: 7-16-04

Approved by:
 Date: