

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007**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.

JUL - 2007

OCD-ARTESIA

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| SUBMIT IN TRIPLICATE – Other instructions on page 2. | | 7. If Unit of CA/Agreement, Name and/or No. NMNM 88499X (UNIT NUMBER) |
| 1 Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 8 Well Name and No. BENSON SHUGART WFU 1 |
| 2. Name of Operator CHESAPEAKE OPERATING, INC. | ATTN: LINDA GOOD | 9 API Well No 30-015-20589 |
| 3a Address P O BOX 18496 OKLAHOMA CITY, OK 73154-0496 | 3b. Phone No (include area code) 405-767-4275 | 10 Field and Pool or Exploratory Area SHUGART |
| 4 Location of Well (Footage, Sec., T, R, M., or Survey Description) 660' FNL & 1650' FEL, NWNE, SECTION 26-18S-30E | | 11. Country or Parish, State EDDY CO., NM |

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

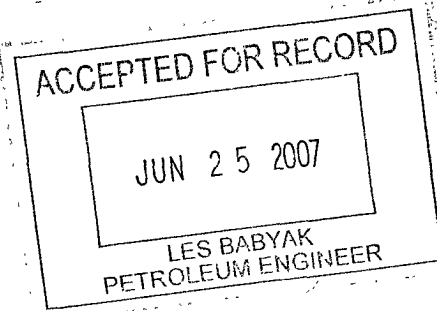
| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|--|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input checked="" type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input checked="" 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 checked="" type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other Perf, acid and frac |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | Grayburg |
| | <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 must 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 must be filed once testing has been completed Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection)

5/31/2007 RIH, perforate Grayburg @ 3396' - 3402' w/2 JSPF, 12 total shots.

6/02/2007 Acidize and sand frac Grayburg w/1000 gal 15% NeFe HCL, 12,075 gal Delta Frac 140 x-linked gel w/28,300# 16/30 Brown sand, 10,000# sand w/Expedite, flush w/879 gal linear gel.

(CHK PN 890864)



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| 14 I hereby certify that the foregoing is true and correct Name (Printed/Typed) LINDA GOOD | Title FEDERAL REGULATORY ANALYST |
| Signature <i>Linda Good</i> | Date 06/12/2007 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|--------|------|
| Approved by | Title | Date |
| 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 | |

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

(Instructions on page 2)