

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.

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. NMNM02862
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. NMNM71016X
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 28 T24S R30E SESE 350FSL 850FEL		8. Well Name and No. PLU PIERCE CANYON 28 FEDERAL
		9. API Well No. 30-015-36830-00-X1
		10. Field and Pool, or Exploratory WILDCAT
		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
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Change to Original
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	PD

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 zone. 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.)

PLEASE FIND THE ATTACHED FINAL RIG PLAT FOR THE LATSHAW RIG #6. BOP & CHOKE MANIFOLD WILL REMAIN THE SAME AS IN THE DRILLING PLAN OF THE ORIGINAL APD.

(CHK PN 624840)
DENIED

Built prior to Approval and Larger Than Requested. Submit new Sundry w/updated Location size + Reclamation plan as per Attached notice of Incidents of Noncompliance w/Assessment.

14. I hereby certify that the foregoing is true and correct. Electronic Submission #68731 verified by the BLM Well Information System For CHESAPEAKE OPERATING, INC., sent to the Carlsbad Committed to AFMSS for processing by KURT SIMMONS on 04/07/2009 (09KMS1129SE)	
Name (Printed/Typed) LINDA GOOD	Title SR. REGULATORY COMPLIANCE SPEC
Signature (Electronic Submission)	Date 04/06/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By DENIED	DUNCAN WHITLOCK Title LEAD PETROLEUM ENGINEERING TECH	Date 04/22/2009
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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

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UNITED STATES
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NOTICE OF INCIDENTS OF NONCOMPLIANCE

☐ Certified Mail - Return
Receipt Requested☒ Hand Delivered Received
by *Bud* 4/22/09

Identification
IID 891000303X
Lease NMNM02862
CA
Unit NMNM71016X
PA

Bureau of Land Management Office CARLSBAD FIELD OFFICE					Operator CHESAPEAKE OPERATING, INC.			
Address 620 E GREENE STREET CARLSBAD NM 88220					Address P O BOX 18496 OKLAHOMA CITY OK 73154-0496			
Telephone 575-234-5926					Attention			
Inspector WHITLOCK					Attn Addr			
Site Name PLU PIERCE CANYON 28 FEDERAL	Well or Facility 1H	1/4 1/4 Section SESE 28	Township 24S	Range 30E	Meridian NMP	County EDDY	State NM	
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State	

THE FOLLOWING VIOLATION WAS FOUND BY BUREAU OF LAND MANAGEMENT INSPECTORS ON THE DATE AND AT THE SITE LISTED ABOVE

Date	Time (24 - hour clock)	Violation	Gravity of Violation
04/21/2009	07:00	43CFR3162.1(a)/43CFR3163.1(b)(2)	MAJOR
Corrective Action To Be Completed By	Date Corrected	Assessment for Noncompliance	Assessment Reference
04/22/2009		\$5000.00	43 CFR 3163.1(b)

Remarks

FAILURE TO OBTAIN PRIOR APPROVAL TO EXPAND THE DRILLING PAD CAUSING SURFACE DISTURBANCE BEYOND THE ALLOWED SURFACE DISTURBANCE AUTHORIZED IN THE APD. CHESAPEAKE WAS GIVEN NOTICE ON 4/21/09 THAT THEY HAD NOT BUILT THE LOCATION FOR THE PLU PIERCE CANYON 28 FEDERAL 1H AS APPROVED IN THE APD. THE CONDITIONS OF APPROVAL IN THE APD REQUIRED CHESAPEAKE TO ORIENT THE V-DOOR SOUTHEAST, (Remarks continued on following page(s).)

When violation is corrected, sign this notice and return to above address.

Company Representative Title _____ Signature _____ Date _____

Company Comments _____

WARNING

Incidents of Noncompliance correction and reporting timeframes begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above. Please note that you already may have been assessed for noncompliance (see amount under "Assessment for Noncompliance"). If you do not comply as noted above under "Corrective Action To Be Completed By" you may incur an additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits, false, inaccurate, or misleading reports, notices, affidavits, record, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

REVIEW AND APPEAL RIGHTS

A person contesting a violation shall request a State Director review of the Incidents of Noncompliance. This request must be filed within 20 working days of receipt of the Incidents of Noncompliance with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer *J. D. Whitlock* Date 4/22/09 Time 0900

FOR OFFICE USE ONLY

Number 7D	Date	Assessment \$5000.00	Penalty	Termination
Type of Inspection SD				

BLM Remarks, continued

RESTRICTED THE PAD 80' NORTH AND TO AVOID BUILDING OVER A DRAINAGE. THESE REQUIREMENTS WERE NOT COMPLIED WITH CHESAPEAKE IS BEING ASSESSED AT \$500.00 PER DAY FOR EACH DAY THAT THE VIOLATION EXISTED INCLUDING DAYS THE VIOLATION EXISTED PRIOR TO DISCOVERY, NOT TO EXCEED \$5000.00 . THE ASSESSMENT IS CAPPED AT \$5000.00 DUE TO THE FACT THAT THE UNAUTHORIZED SURFACE DISTURBANCE BEING DONE OVER 10 DAY PRIOR TO DISCOVERY.

WITHIN 6 MONTH OF WELL COMPLETION THE LOCATION WILL UNDERGO INTERIM RECLAMATION (SEE ATTACHED). THIS WILL INVOLVE RECLAMATION OF ALL AREAS NOT NEEDED FOR PRODUCTION. SUBMIT A PLAN FOR INTERIM RECLAMATION. THIS PLAN SHOULD INCLUDE CLUSTERING FACILITIES TO ALLOW FOR THE MAXIMUM INTERIM RECLAMATION. AS FOR THE DRAINAGE, YOU MUST INSTALL A CULVERT IN THE ORIGINAL DRAINAGE THAT WILL ALLOW MAXIMUM FLOWS. CONSTRUCTION SHOULD PROVIDE ADEQUATE EROSION CONTROL AND THE REVEGETATION OF ALL AREAS UNDER INTERIM RECLAMATION. SEED MIXTURE #2 SHOULD BE USED FOR SEEDING. NOTE: INTERIM RECLAMATION IS TO BE DESIGNED BASED ON THE APPROVED PAD DEMINIONS.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene St.
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm



In Reply Refer To: 1310

Interim Reclamation Procedures

Reclamation Objective: Oil and gas development is one of many uses of the public lands and resources. While development may have a short- or long-term effect on the land, successful reclamation can ensure the effect is not permanent. During the life of the development, all disturbed areas not needed for active support of production operations should undergo "interim" reclamation in order to minimize the environmental impacts of development on other resources and uses.

Interim reclamation consists of minimizing the footprint of disturbance by reclaiming all portions of the well site not needed for production operations. The portions of the cleared well site not needed for operational and safety purposes are recontoured to a final or intermediate contour that blends with the surrounding topography as much as possible. Sufficient level area remains for setup of a workover rig and to park equipment. Topsoil is respread over areas not needed for all-weather operations. Production facilities should be clustered to maximize the opportunity for interim reclamation. In order to inspect and operate the well or complete workover operations, it may be necessary to drive, park, and operate on restored, interim vegetation within the previously disturbed area. This is generally acceptable provided damage is repaired and reclaimed following use.

To reduce final reclamation costs; maintain healthy, biologically active topsoil; and to minimize habitat, visual, and forage loss during the life of the well, all salvaged topsoil should be spread over the area of interim reclamation, rather than stockpiled.

1. The Application for Permit to Drill or Reenter (APD, Form 3160-3), Surface Use Plan of Operations must include adequate measures for stabilization and reclamation of disturbed lands. Oil and Gas operators must plan for reclamation, both interim and final, up front in the APD process as per Onshore Oil and Gas Order No. 1.
2. For wells and/or access roads not having an approved plan, or an inadequate plan for surface reclamation (either interim or final reclamation), the operator must submit a proposal describing the procedures for reclamation. For interim reclamation, the appropriate time for submittal would be when filing the Well Completion or Recompletion Report and Log (Form 3160-4). Interim reclamation is to be completed within 6 months of well completion.
3. If you have an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with interim reclamation as per approved APD or Sundry Notice. If you have issues or concerns, contact a BLM specialist to assist you. It would be in your interest to have a BLM specialist look at the location and access road prior to the removal of reclamation equipment to ensure that it meets BLM objectives. Upon conclusion submit a Form 3160-5, Subsequent Report of Reclamation. This will prompt a specialist to inspect the location to verify work was completed as per approved plans.
4. The approved Subsequent Report of Reclamation will be your notice that the native soils, contour and seedbed have been reestablished. If the BLM objectives have not been met the operator will be notified and corrective actions may be required.
5. It is the responsibility of the operator to monitor these locations and/or access roads until such time as the operator feels that the BLM objective has been met.

If there are any questions, please feel free to contact any of the following specialists:

Jim Amos
Supervisory Environmental Protection Specialist
575-234-5909, 575-361-2648 (Cell)

Cody Layton
Natural Resource Specialist
575-234-5959

Terry Gregston
Environmental Protection Specialist
575-234-5958

Trishia Bad Bear
Natural Resource Specialist
575-393-3612

Bobby Ballard
Environmental Protection Specialist
575-234-2230

Todd Suter
Surface Protection Specialist
575-234-5987

Randy Rust
Environmental Protection Specialist
575-234-5943

Doug Hoag
Civil Engineering Technician
575-234-5979

Linda Denniston
Environmental Protection Specialist
575-234-5974

Jennifer Van Curen
Environmental Protection Specialist
575-234-5905

Justin Frye
Environmental Protection Specialist
575-234-5922