

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

EC

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.*5. Lease Serial No.
NMLC069513A

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.

PLU PHANTOM BANKS 1 FED 1H

2. Name of Operator

CHESAPEAKE OPERATING, INC.

Contact: LINDA GOOD

E-Mail: linda.good@chk.com

9. API Well No.

30-015-37030

3a. Address

P.O. BOX 18496
OKLAHOMA CITY, OK 73154-0496

3b. Phone No. (include area code)

Ph: 405-935-4275

10. Field and Pool, or Exploratory
WILDCAT

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 1 T26S R30E SWSE 400FSL 1980FEL

11. County or Parish, and State

EDDY COUNTY, NM

RECEIVED

JUL 1 2010

OCD-ARTESIA

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

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice☐ Acidize☐ Alter Casing☐ Casing Repair☐ Change Plans☐ Convert to Injection☐ Deepen☐ Fracture Treat☐ New Construction☐ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☐ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☒ Other

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.)

OTHER: BUILD FRESH WATER FRAC PIT

CHESAPEAKE, RESPECTFULLY, REQUESTS QUICK APPROVAL TO BUILD A FRAC PIT JUST TO THE WEST OF THE WELL PAD. THIS FRAC PIT WILL BE USED TO SERVE THE SURROUNDING POKER LAKE WELLS. A TEMPORARY 8" ALUMINUM PIPE WILL BE LAID TO THE PLU PHANTOM BANKS 1 FEDERAL 1H.

AN ARCH SURVEY WILL BE DONE BY BOONE ARCHEOLOGICAL SERVICES AND WILL BE DELIVERED TO THE BLM.

ATTAHMENT: FRAC PIT PLAT & FRESH WATER RESERVOIR DIAGRAM

(CHK PN 623057)

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #86984 verified by the BLM Well Information System
For CHESAPEAKE OPERATING, INC., sent to the Carlsbad

Name (Printed/Typed) LINDA GOOD

Title SR. REGULATORY COMPLIANCE SPEC

Signature (Electronic Submission)

Date 05/26/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

/s/ Don Peterson

Date

FIELD MANAGER

JUN 28 2010
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

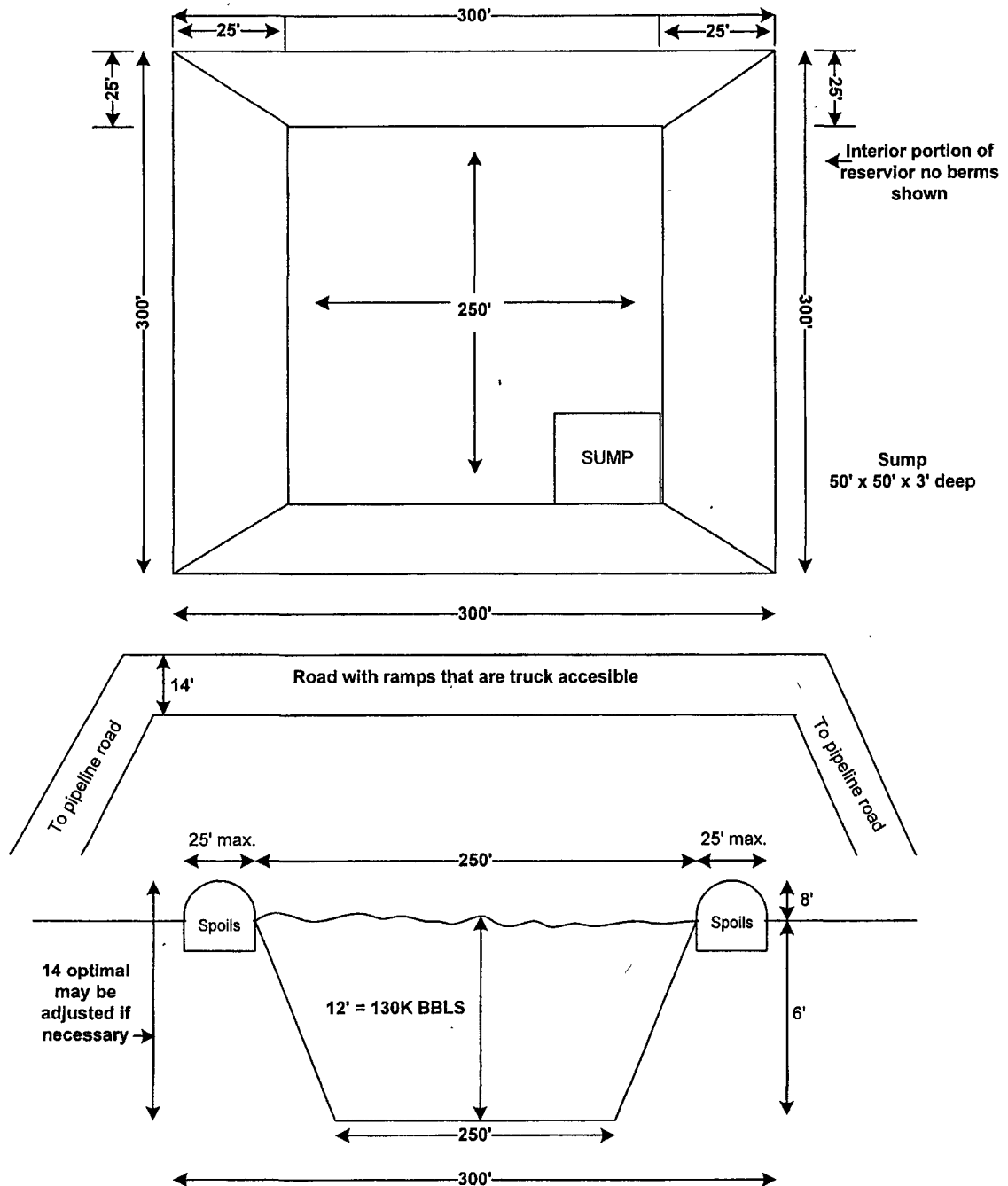
CARLSBAD FIELD OFFICE

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.

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

CHESAPEAKE OPERATING, INC.

Fresh Water Reservoir



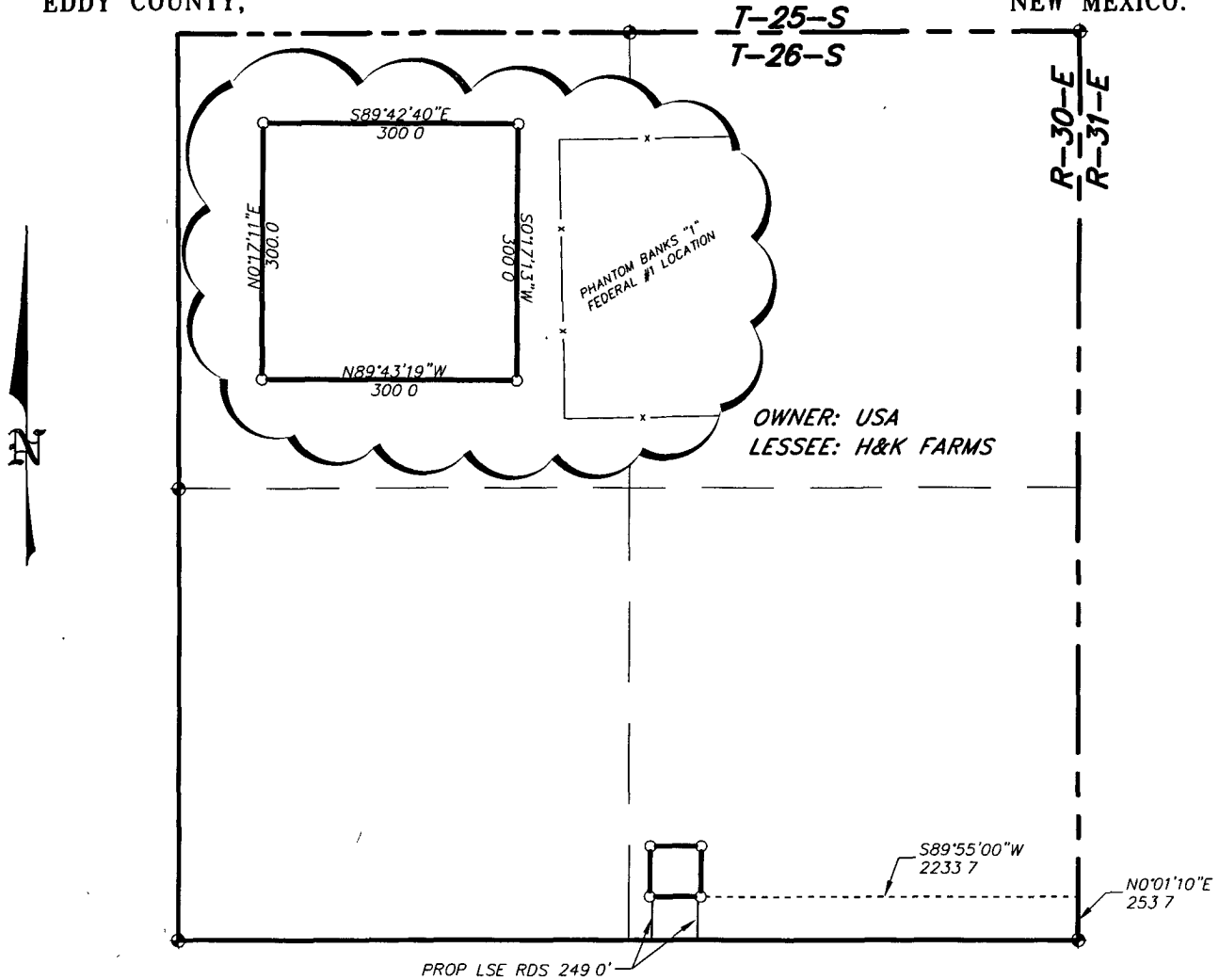
Spoil piles= 3 sides will normally be narrow and the fourth side will include the road and access to the sump

Bottom slope= make sure the bottom always slopes to the sump

All measurements are approximate

Top soil= Will be stock piled separately. Silt fence divider will be installed.

SECTION 1, TOWNSHIP 26 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



LEGAL DESCRIPTION

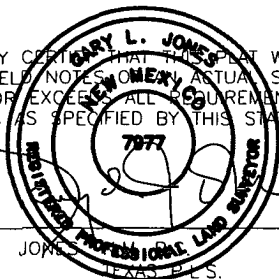
A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 1, TOWNSHIP 26 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY

SECTION 12 = 498.0 FEET = 30.18 RODS = 0.09 MILES = 0.34 ACRES

A TRACT OF LAND LOCATED IN SECTION 1, TOWNSHIP 26 SOUTH, RANGE 30 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS

BEGINNING AT A POINT WHICH LIES N.00°01'10\"E, 253.7 FEET AND S.89°55'00\"W, 2233.7 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION 1, THENCE N.89°43'19\"W, 300.0 FEET; THENCE N.00°17'11\"E, 300.0 FEET, THENCE S.89°42'40\"E, 300.0 FEET, THENCE S.00°17'13\"W, 300.0 FEET TO THE POINT OF BEGINNING. SAID TRACT OF LAND BEING 90000.00 SQUARE FEET OR 2.06 ACRES, MORE OR LESS

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES, AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.



GARY L. JONES No. 7977
L.L.S. No. 5074

1000 0 1000 2000 FEET

CHESAPEAKE OPERATING CO.

REF. FRAC TANK & ROAD FOR THE PHANTOM BANKS "1" FED #1H

A TRACT OF LAND AND ACCESS ROAD

LOCATED ON USA LAND IN

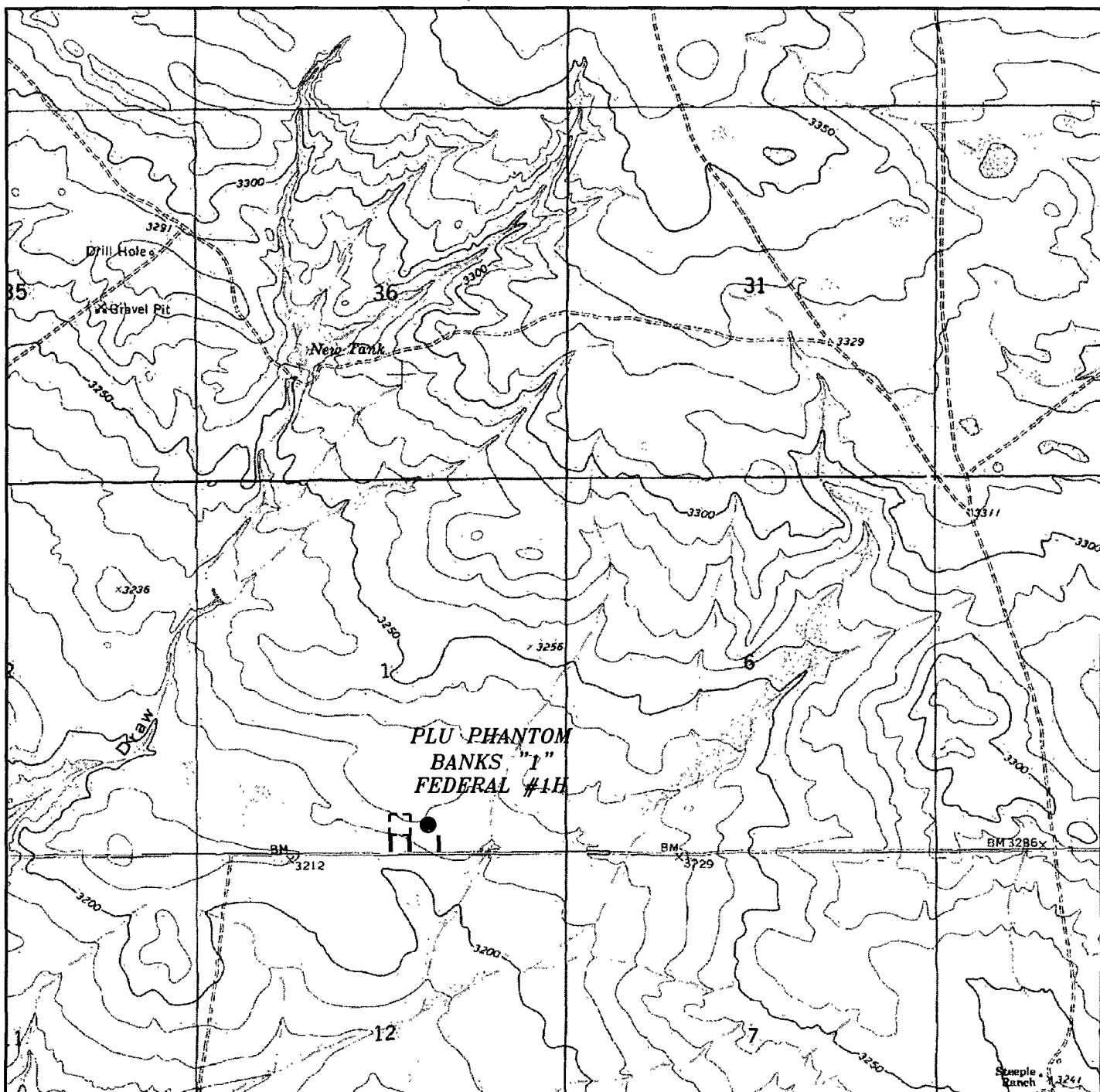
SECTION 1, TOWNSHIP 26 SOUTH, RANGE 30 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 22857 Drawn By: J. M. SMALL

Date: 05-27-2010 Disk: JMS 22857

Survey Date: 05-26-2010 Sheet 1 of 1 Sheets



FRAC TANK & ACCESS ROAD FOR THE PHANTOM BANKS "1" FED #1H
 Section 1, Township 26 South, Range 30 East,
 N.M.P.M., Eddy County, New Mexico.

basin
surveys
 focused on excellence
 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

W.O. Number. 22857

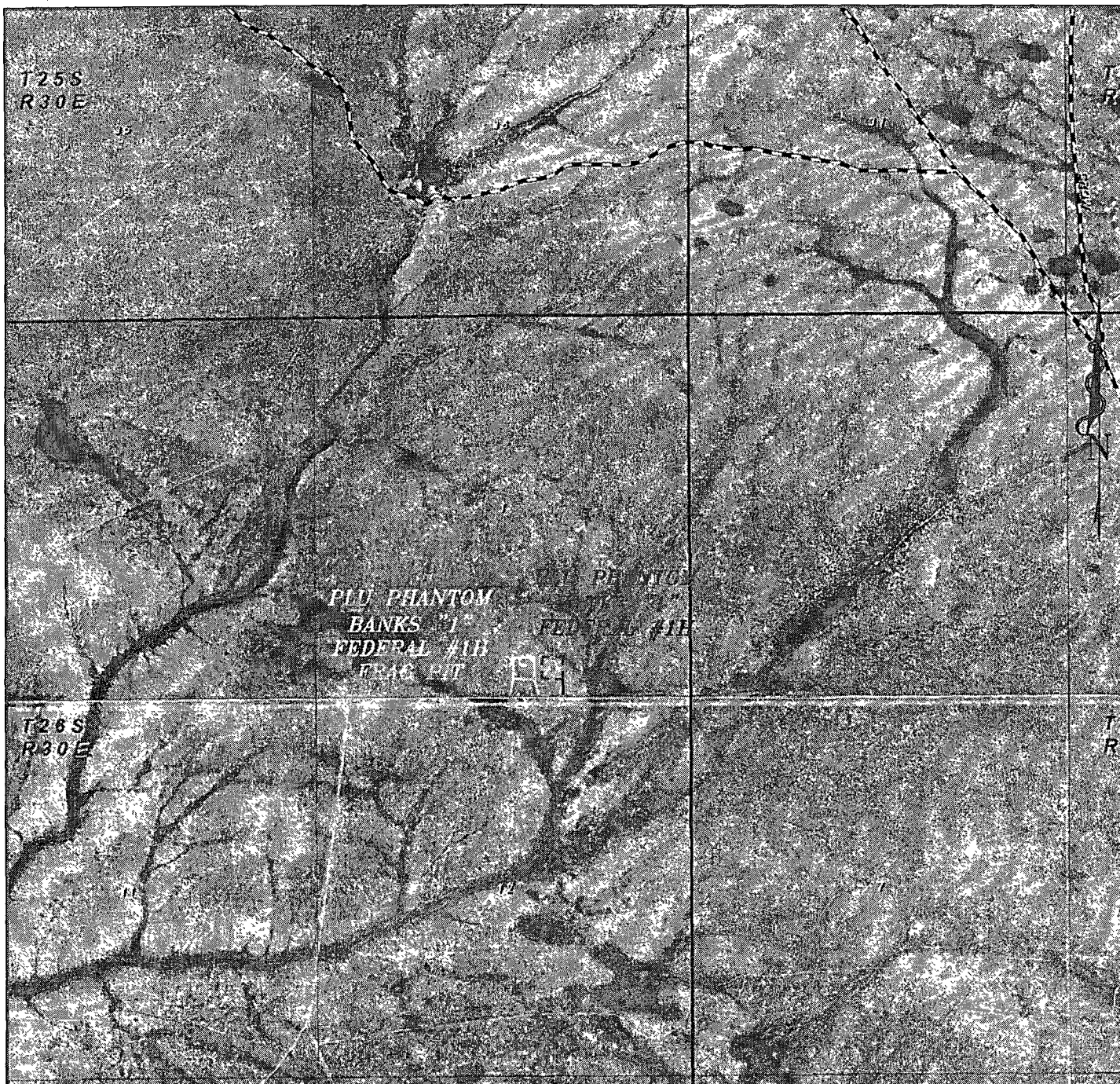
Survey Date. 05-26-2010

Scale: 1" = 2000'

Date 05-27-2010

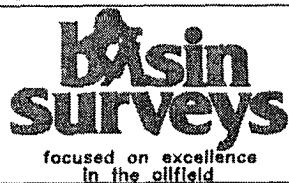


CHESAPEAKE
OPERATING CO.



PLU PHANTOM BANKS "1" FEDERAL #1H FRAC PIT

Section 1, Township 26 South, Range 30 East,
N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

W.O. Number: KJG - 20709

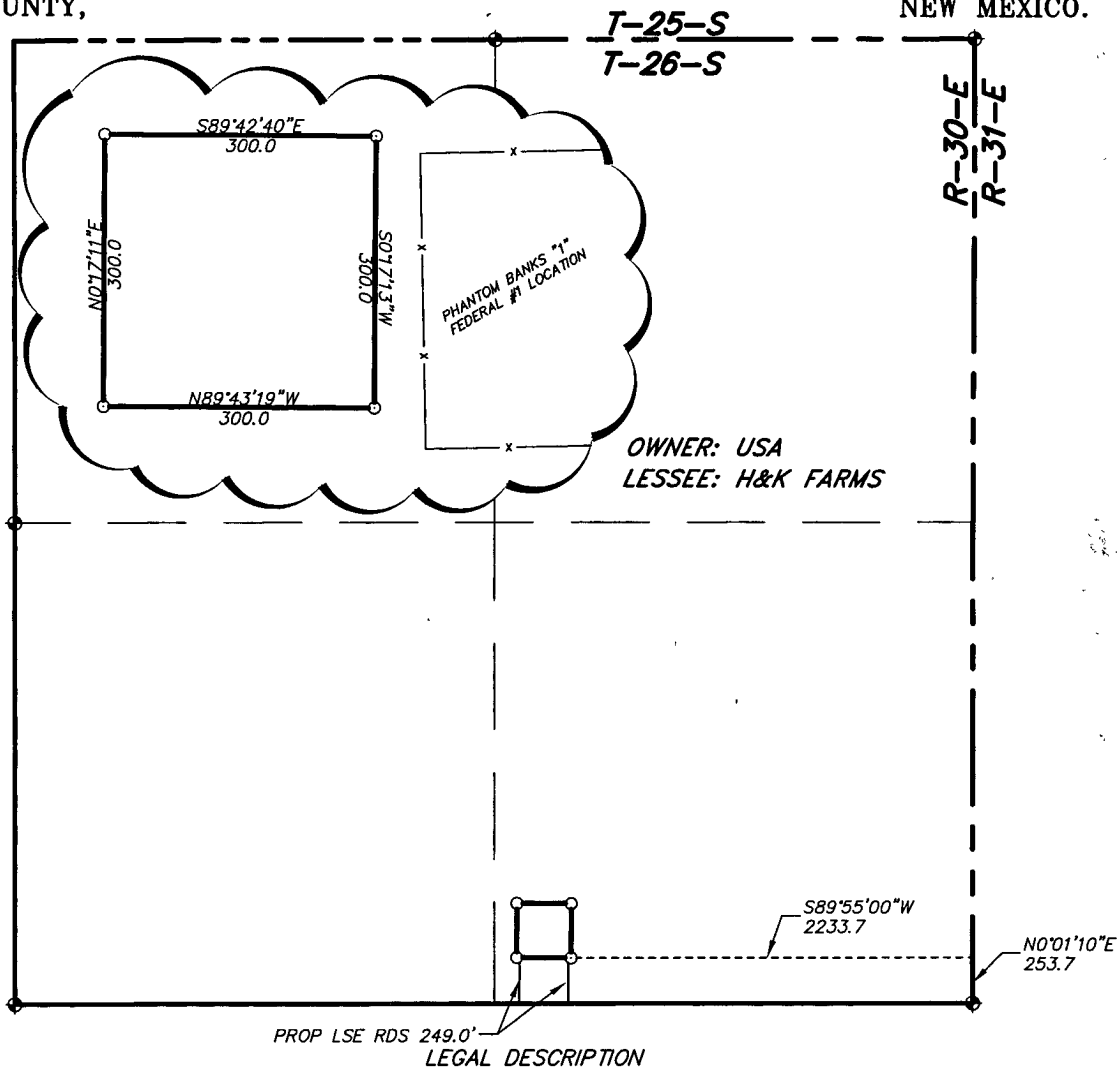
Survey Date: 10-18-2008

Scale: 1" = 2000'

Date: 10-20-2008

CHESAPEAKE
OPERATING
CO.

SECTION 1, TOWNSHIP 26 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



PROP LSE RDS 249.0'
LEGAL DESCRIPTION

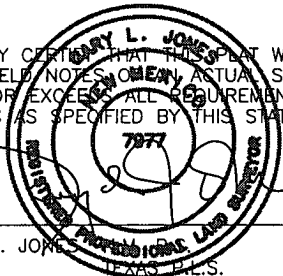
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GARY L. JONES No. 7977
TEXAS P.L.S. No. 5074

1000 0 1000 2000 FEET

CHESAPEAKE OPERATING CO.

REF: FRAC TANK & ROAD FOR THE PHANTOM BANKS "1" FED #1H

A TRACT OF LAND AND ACCESS ROAD

LOCATED ON USA LAND IN

SECTION 1, TOWNSHIP 26 SOUTH, RANGE 30 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 22857

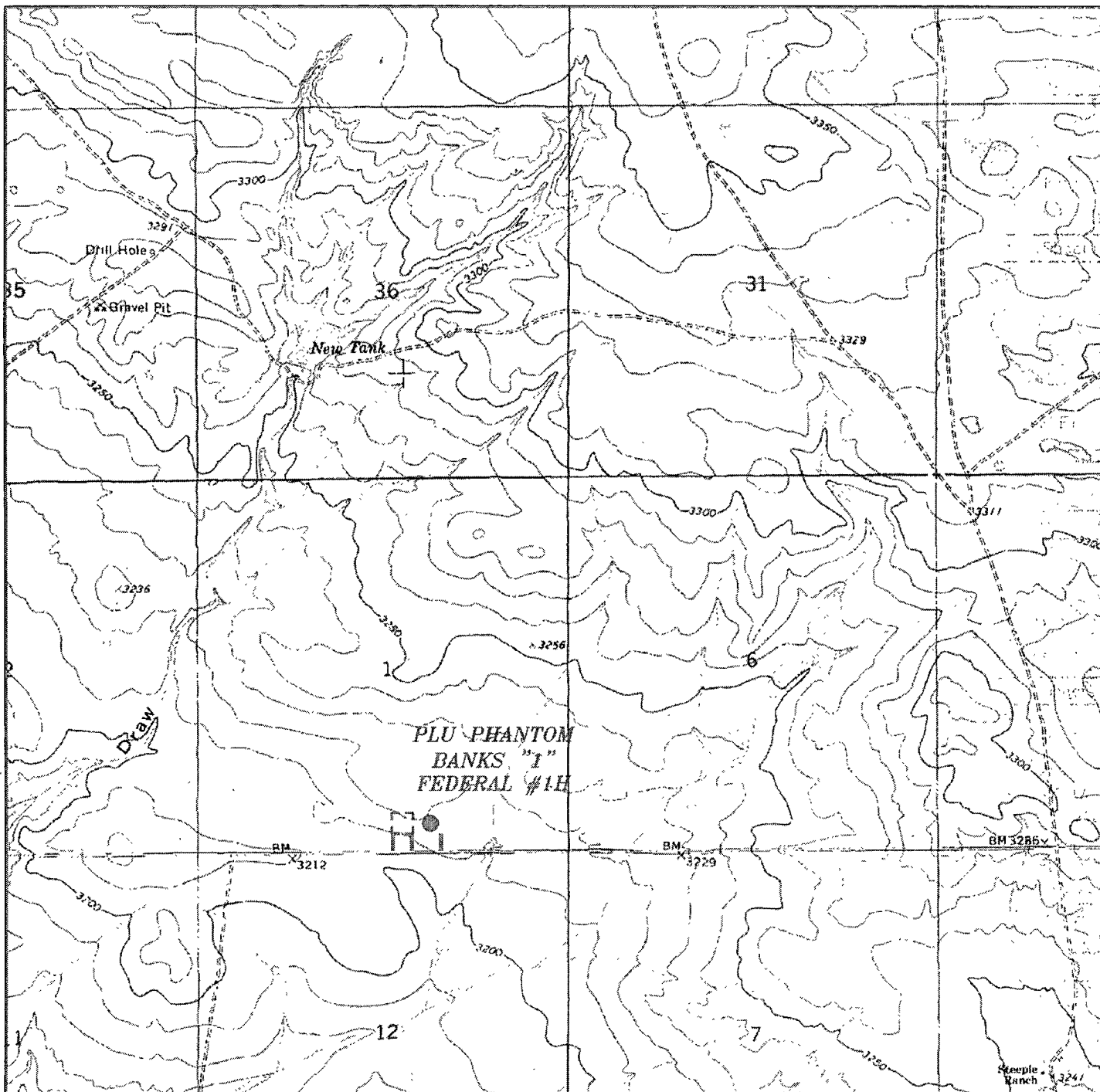
Drawn By: J. M. SMALL

Date: 05-27-2010

Disk: JMS 22857

Survey Date: 05-26-2010

Sheet 1 of 1 Sheets



FRAC TANK & ACCESS ROAD FOR THE PHANTOM BANKS "1" FED #1H
 Section 1, Township 26 South, Range 30 East,
 N.M.P.M., Eddy County, New Mexico.



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 in the oilfield

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W.O. Number: 22857

Survey Date: 05-26-2010

Scale: 1" = 2000'

Date: 05-27-2010

CHESAPEAKE
 OPERATING CO.

BLM LEASE NUMBER: NMLC069513A
COMPANY NAME: Chesapeake Operating, Inc.
ASSOCIATED WELL NO. & NAME: PLU Phantom Banks 1 Fed 1H

FRAC POND CONDITIONS OF APPROVAL

A copy of the Sundry Notice and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to see a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following conditions of approval to the satisfaction of the Authorized Officer:

1. The BLM shall administer compliance and monitor construction of the frac pond. Notify Jim Amos (575-234-5909) at least 3 working days prior to commencing construction of the frac pond.
2. The operator shall stockpile the topsoil in a low profile manner in order to prevent wind/water erosion of the topsoil. The topsoil to be stripped is approximately 6 inches in depth. The topsoil shall not be used for constructing the berms of the frac pond and will be used for final reclamation.
3. The Holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this permit.
4. The Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated.
5. The frac pond will only be authorized to contain freshwater and testing of water quality is required during the life of the frac pond. The Authorized Officer may ask the operator to sample water quality of the frac pond at any time during the life of the frac pond. If at any time the water in the frac pond becomes polluted with salts or other contaminants, use of the frac pond will cease and desist, and all liquids will be removed from the frac pond and disposed of properly. Reclamation efforts will then commence. Otherwise, reclamation efforts will commence immediately after the frac pond is no longer needed for the purpose of completing the wells. If, during any phase of the construction, operation, maintenance, or termination of the frac pond, any pollutant should be released from the contaminated frac pond, the control and total removal, disposal, and cleaning up of such pollutant, wherever found, shall be the responsibility of holder, regardless of fault. Upon failure of holder to control, dispose of, or clean up such discharge, or to repair all damages resulting therefrom, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve holder of any responsibility as provided herein.
5. All construction and maintenance activity should be confined to the authorized area to avoid excess disturbance.
6. If other wells, not mentioned in the current Sundry Notice, need to be serviced by the frac pond, a separate Sundry Notice needs to be submitted to the appropriate BLM office.

7. Mineral materials extracted during construction of the frac pond shall not be used for surfacing the well pad or access road or other facilities. All mineral material extracted shall only be used for constructing the frac pond or stored adjacent to the frac pond.

8. The frac pond will be lined. The frac pond shall be constructed so that upon completion of drilling operations the plastic lining will be removed.

9. The frac pond shall be fenced on all sides.

10. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

11. Seeding is required and will be done according to the attached seeding requirements, using the following seed mix.

Seed Mixture for LPC Sand/Shinnery Sites

12. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2.

13. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

14. Any cultural and/or paleontological resources (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

15. The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

16. When the frac pond is no longer stimulating wells, reclamation shall commence. The plastic liner shall be removed before any earthwork begins. Any associated pipelines shall be removed as well. All disturbed areas and erosion caused by the frac pond, pipelines or other infrastructure will be reclaimed. Earthwork for final reclamation must be completed within three (3) months of final well completion. The frac pond location must be reclaimed to a satisfactory revegetated, safe, and stable condition. After all disturbed areas have been satisfactorily prepared; these areas

need to be revegetated with the seed mixture provided. Seeding may need to be repeated until revegetation is successful. Operators shall contact a BLM surface protection specialist prior to surface reclamation operations for site specific objectives (Jim Amos: 575-234-5909).

17. Special Stipulations:

Due to being within the Lesser Prairie Chicken habitat, all construction activities will be restricted to the hours of 9:00 am through 3:00 am for the period of March 1 through June 15. No construction activities will be allowed between 3:00 am and 9:00 am.