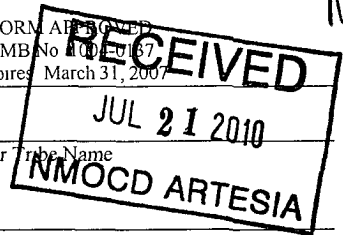


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.FORM APPROVED
OMB No. 4010-0167
Expires March 31, 20075. Lease Serial No
NMNMO2862

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
CHESAPEAKE OPERATING, INC.

ATTN: LINDA GOOD

3a. Address
P O BOX 18496
OKLAHOMA CITY, OK 73154-04963b. Phone No. (include area code)
405-935-4275

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

8. Well Name and No
PLU BIG SINKS 22 FEDERAL 1H9. API Well No.
30-015-3783810. Field and Pool or Exploratory Area
WILDCAT

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

SL 130 FSL 400 FEL, SESE, 22-24S-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 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 Surface Disturbance
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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.)

Chesapeake, respectfully, requests authorization for existing conditions of location per Notice of Incidents of Noncompliance issued by Jim Amos with the BLM.

Please find the attached signed INC.

(CHK PN 631298)

** At Completion, area out of compliance will be down sized to approved disturbance. Slope to be reduced to a 3:1 of Run*

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

Name (Printed/Typed)
LINDA GOOD

Title SENIOR REGULATORY COMPLIANCE SPECIALIST

Signature

Linda Good

Date

7/9/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

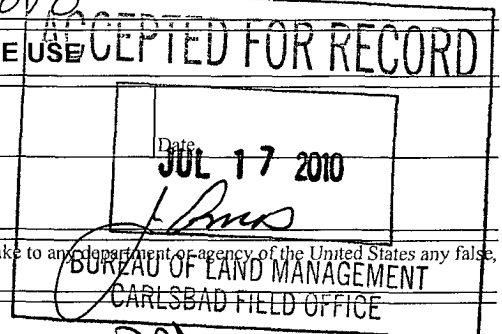
Title

Office

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.

Title 18 USC Section 1001 and Title 43 USC 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)



BLM Copy **RECEIVED**

Number 10JA105A

Page of

☒ Certified Mail - Return
Receipt Requested
70083230000209873369☐ Hand Delivered Received
byUNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NOTICE OF INCIDENTS OF NONCOMPLIANCE

Identification
IID
Lease NMNM02862
CA
Unit
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 575-234-5909	Attention
Inspector AMOS	Attn Addr

Site Name PLU BIG SINKS 22 FEDERAL	Well or Facility 1H	1/4 1/4 Section SESE 22	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
06/12/2010	10:30	43 CFR 3162.1 a, APD, COA, 3163.1 b.2	MAJOR
Corrective Action To Be Completed By	Date Corrected	Assessment for Noncompliance	Assessment Reference
07/12/2010		\$5000.00	43 CFR 3163.1(b)

Remarks

Construction of location was not as approved. The location was permitted for 330' x 275' well pad, and was to be limited 150' to the south. The location was built 332' X 290', and was built 165' to the south. This created unauthorized surface disturbance prior to drilling. \$500 per day not to exceed \$5000. The BLM was notified of construction start 5/8/10 with the start to be on 5/10/10. (Remarks continued on following page(s).)

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

Company Representative Title Sr Reg Compliance Specialist Signature Linda Good Date 7/9/2010
Company Comments Request authorization for existing conditions of location on attached Sundry Notice.

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 Lands 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 <u>James R. Brown</u>		Date <u>6-12-10</u>	Time <u>10:30</u>
FOR OFFICE USE ONLY			
Number <u>53</u>	Date	Assessment <u>\$5000.00</u>	Penalty
Type of Inspection <u>ES</u>			Termination

BLM Remarks, continued

The violation was found on 6/7/10, greater than 10 days, assessment limited to \$5000.00. Submit Sundry Notice (Form 3160-5, 1 original and 4 copies) requesting authorization for existing conditions.