

COPY

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED OMB No 1004-0137 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 page 2.

1 Type of Well (Oil Well checked), 2 Name of Operator (CHESAPEAKE OPERATING, INC), 3a Address (OKLAHOMA CITY, OK 73154), 3b Phone No (405-935-2411), 5 Lease Serial No (STATE), 6 If Indian, Allottee or Tribe Name, 7 If Unit of CA/Agreement, Name and/or No (CA NMNM120260), 8 Well Name and No (BEGGS 21 STATE COM 1), 9 API Well No (30-015-35708), 10 Field and Pool or Exploratory Area (WATERHOLE CORRAL), 11 Country or Parish, State (EDDY, NM)

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

Table with columns TYPE OF SUBMISSION and TYPE OF ACTION. Includes checkboxes for Notice of Intent, Subsequent Report, Final Abandonment Notice, and various actions like Acidize, Deepen, Fracture Treat, etc.

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 recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones...

CHESAPEAKE RESPECTFULLY REQUESTS PERMISSION TO DO OFF LEASE MEASUREMENT FOR THE BEGGS 21 STATE COM 1 WELL.

ATTACHED IS A MAP SHOWING THE LEASE NUMBERS AND COMMUNITIZED AREA.

SITE FACILITY DIAGRAMS ARE ALSO ATTACHED.

THE AGAVE METER NUMBER IS 10526.

(CHK PN 615341)

SEE ATTACHED FOR CONDITIONS OF APPROVAL

RECEIVED OCT 05 2011 NMOCD ARTESIA

APPROVED OCT 1 2011 /s/ JD Whitlock Jr BUREAU OF LAND MANAGEMENT CARLSBAD FIELD OFFICE

14 I hereby certify that the foregoing is true and correct Name (Printed/Typed) Lyndee Songer Title REGULATORY COMPLIANCE ANALYST Date 09/23/2011

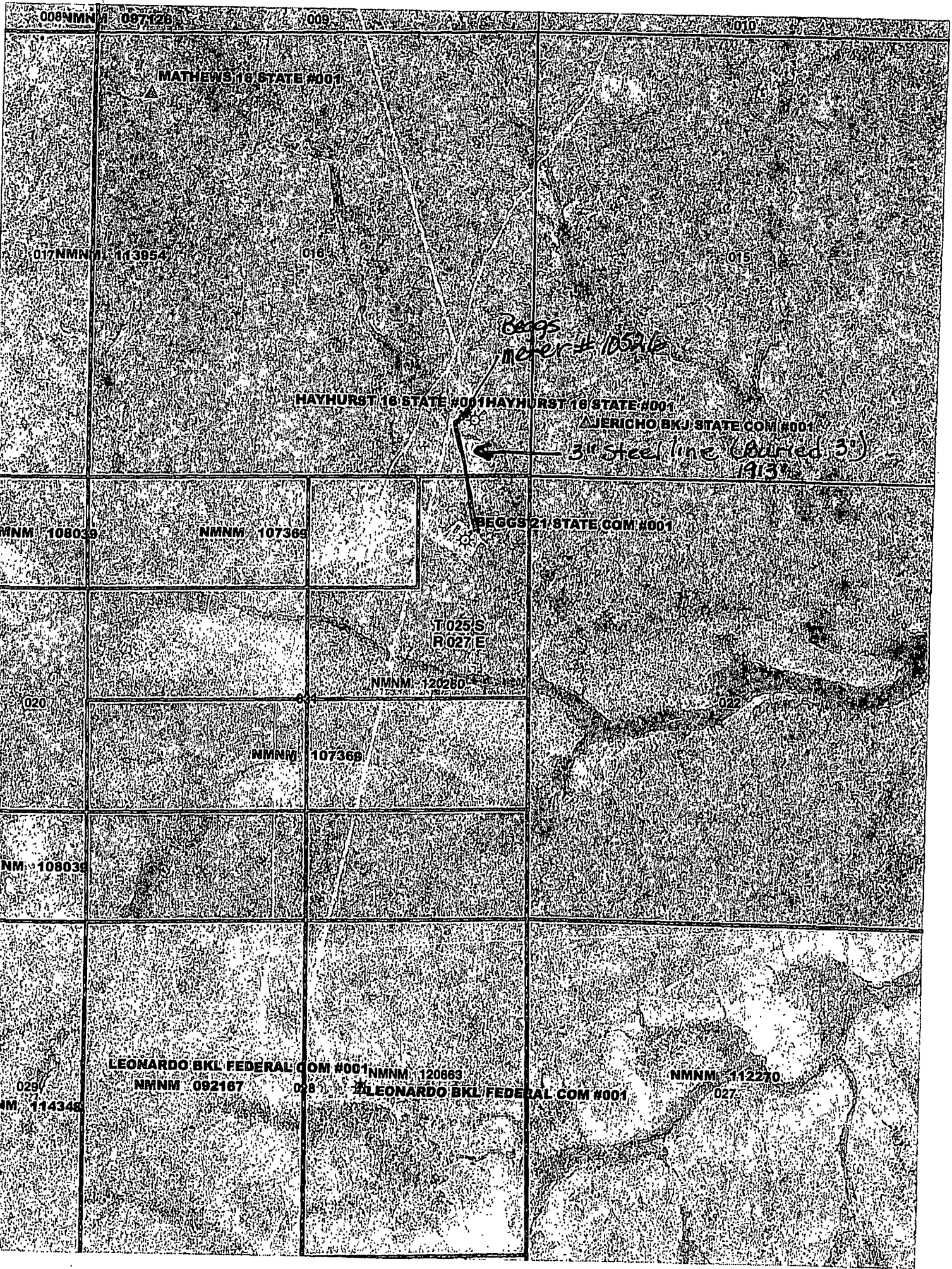
THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by, Title, Date, 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 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)

Accepted for record NMOCD



008NMN

097125

009

010

MATHEWS 16 STATE #001

017NMN 113954

016

015

*BEGGS never # 105216*

HAYHURST 16 STATE #001 HAYHURST 16 STATE #001

JERICO BKJ STATE COM #001

*← 3" steel line (buried 3') 1937*

NMN 108039

NMNM 107369

BEGGS 21 STATE COM #001

T025S  
R027E

NMNM 120260

020

022

NMNM 107369

NMN 108039

LEONARDO BKL FEDERAL COM #001 NMNM 120863

NMNM 092167

028

LEONARDO BKL FEDERAL COM #001

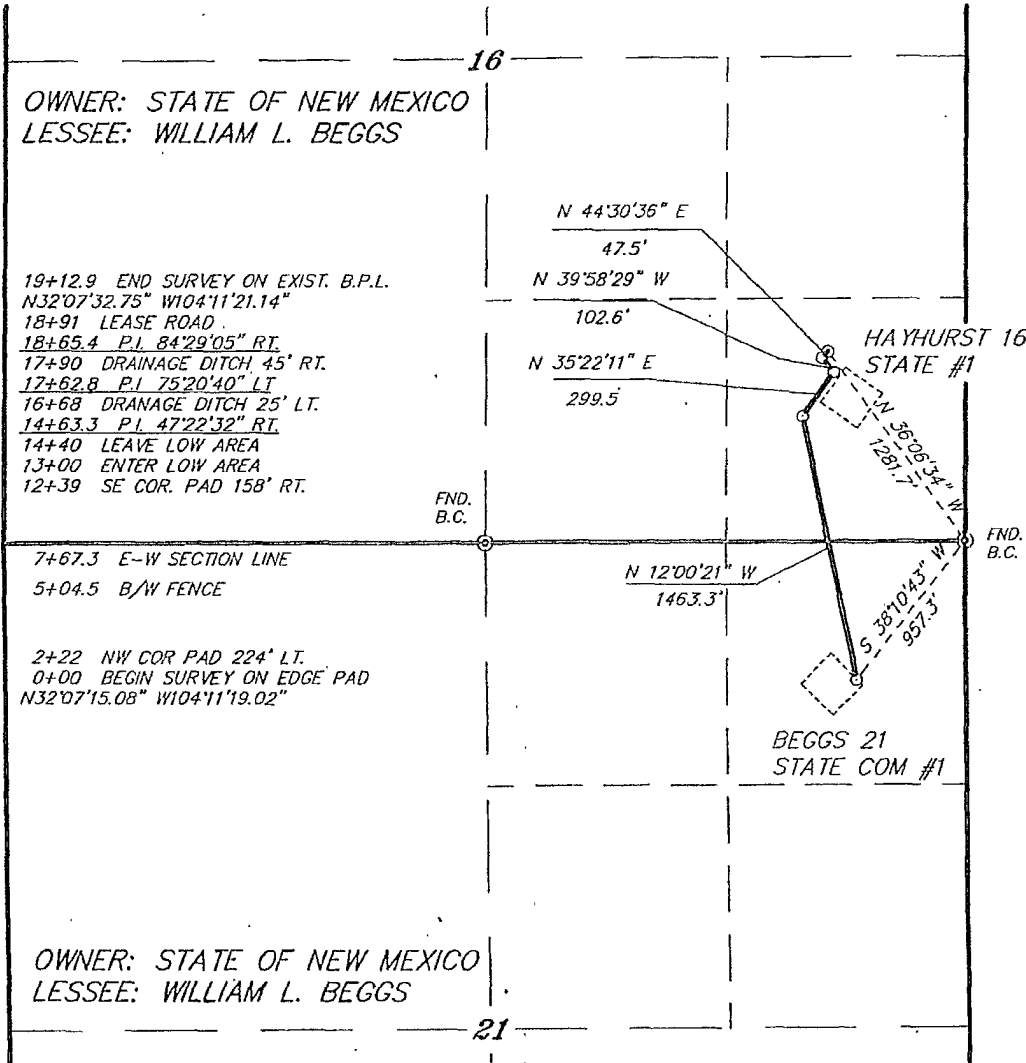
NMNM 112270

027

029

NMN 114348

SECTIONS 16&21, TOWNSHIP 25 SOUTH, RANGE 27 EAST, N.M.P.M.,  
 EDDY COUNTY, NEW MEXICO.



OWNER: STATE OF NEW MEXICO  
 LESSEE: WILLIAM L. BEGGS

LEGAL DESCRIPTION

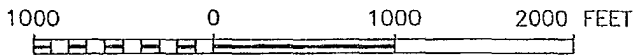
A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTIONS 16&21, TOWNSHIP 25 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY.

BEGINNING AT A POINT WHICH LIES S.38°10'43"W, 957.3 FEET FROM THE NORTHEAST CORNER OF SAID SECTION 21; THENCE N.12°00'21"W, 1463.3 FEET; THENCE N.35°22'11"E, 299.5 FEET; THENCE N.39°58'29"W, 102.6 FEET; THENCE N.44°30'36"E, 47.5 FEET TO THE END OF THIS LINE WHICH LIES N.36°06'34"W, 1281.7 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION 16. SAID STRIP OF LAND BEING 1912.9 FEET OR 115.93 RODS IN LENGTH AND CONTAINING 1.32 ACRES OF LAND MORE OR LESS AND BEING ALLOCATED BY FORTIES AS FOLLOWS.

SEC. 21	NE/4 NE/4	46.50 RODS	0.53 ACRES
SEC. 16	SE/4 SE/4	69.43 RODS	0.79 ACRES
TOTAL		1912.9 FEET = 115.93 RODS	= 1.32 ACRES

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

GARY L. JONES, N.M. P.S., TEXAS P.L.S.



**CHESAPEAKE OPERATING INC.**

REF: PROPOSED PIPELINE FOR THE BEGGS "21" STATE COM. #1

A PIPELINE CROSSING STATE LAND IN  
 SECTIONS 16&21, TOWNSHIP 25 SOUTH, RANGE 27 EAST,  
 N.M.P.M., EDDY COUNTY, NEW MEXICO.

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

W.O. Number: 18590	Drawn By: James Presley	Survey Date: 09/24/07	Sheet 1 of 1 Sheets
Date: 09/26/07	Disk: JLP #1 - CHE18590		



# Hayhurst 16 State 1

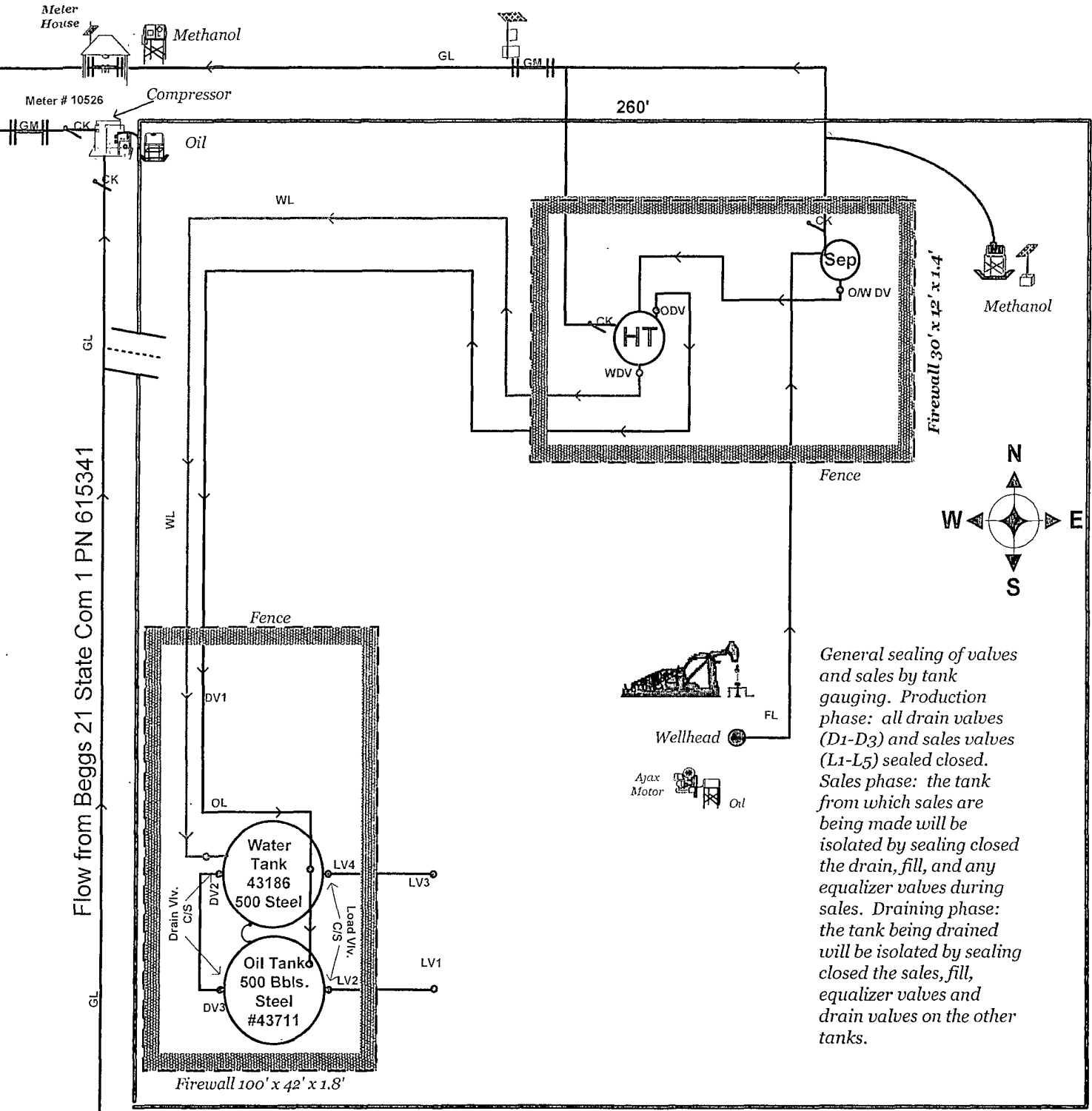
Property Number: 611702 -Pad Site Number 949850

Lat.: 32.12468 Long.: -104.18851

Section 16-25S-27E Eddy County, New Mexico

This lease is subject to Chesapeake's Site Security Plan located at 6100 N. Western Oklahoma City, OK 73118

Gas Sold to Agave Natural Gas



General sealing of valves and sales by tank gauging. Production phase: all drain valves (D1-D3) and sales valves (L1-L5) sealed closed. Sales phase: the tank from which sales are being made will be isolated by sealing closed the drain, fill, and any equalizer valves during sales. Draining phase: the tank being drained will be isolated by sealing closed the sales, fill, equalizer valves and drain valves on the other tanks.

Direction of Flow off Site: Southwest

Adjustments made: Jean Ann Dunn 9/23/2011

Inspected By: Steve Jordan

Firewall 41' x 36' x 1.8'

Date: 9/23/2011

**Bureau of Land Management  
Carlsbad Field Office  
620 East Greene Street  
Carlsbad, New Mexico 88220  
575-234-5972**

**Off-Lease Measurement**

**Conditions of Approval: Chesapeake Operating, Inc.  
Beggs 21 State Com 1**

Approval of off-lease measurement is subject to the following conditions of approval:

1. This agency shall be notified of any change in sales method or location of the Sales point.
2. This agency shall be notified of any spill or discharge as required by NTL-3A. No gas may be vented without proper measurement and prior approval. Any gas vented must be flared.
3. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
4. This approval is subject to like approval by the New Mexico Oil Conservation Division.
5. Additional wells and/or leases require additional approvals.
6. This approval does not constitute right-of-way approval for any off-lease activities. Within 30 days, an application for right-of-way approval must be submitted to the Realty Section if not already done.
7. Approval for off-lease measurement from various sources is a privilege which is granted to lessees for the purpose of aiding conservation and extending the economic life of leases. Applicants should be cognizant that failure to operate in accordance with the provisions outlined in the Authorized Officer's conditions of approval and/or subsequent stipulations or modifications will subject such approval to revocation.
8. 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.