

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator
Chesapeake Operating Inc.

Fax (432) 687-4112

3a. Address
P.O. Box 11050 Midland TX 79702-80503b. Phone No. (include area code)
(432) 687-29924. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1950 FNL, 1980 FEL, Unit G, Sec 12, T21S, R27E

RECEIVED

MAR 23 2006

OCD-ARTESIA

5. Lease Serial No.

NM-17095

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Government D #11

9. API Well No.
30-015-2534710. Field and Pool, or Exploratory Area
Fenton, Delaware11. County or Parish, State
Eddy, 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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input checked="" 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 recomplete 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 recompletion 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.)

Chesapeake, respectfully, request permission to plug & abandon this well per the attached procedure.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Shay Stricklin

Title Production/Regulatory Asst.

Signature

Date 3/15/2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

DAVID E. GLASS

PETROLEUM ENGINEER

Date

MAR 21 2006

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)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

**Government D #11
Plug and Abandonment Procedure
3-9-2006
Eddy County, New Mexico**

1. Notify the BLM and/or NMOCDC 24 hrs in advance prior to commencing plug and abandonment operations.
2. MIRU Well Service Unit. ND wellhead. NU BOP. Bail 2 - 3' sxs of cement on the CIBP at 2900' (35' minimum on plug). TIH w/ 2 3/8" tubing to PBTD ~2865'. Circulate 5 1/2" casing with salt gel mud containing 9.5 pound brine and 25 lbs of gel per barrel.
3. Spot a 100' Class "C" Neat cmt plug from 2500-2400' (7-5/8" shoe). Shut in for 4 hrs and tag top of cement. Spot additional cement if needed.
4. Spot a 100' Class "C" Neat cmt plug from ~2260-2160' (5-1/2" liner top). Shut in for 4 hrs and tag top of cement. Spot additional cement if needed.
5. Spot a 100' Class "C" Neat cmt plug from 1500-1400' (10-3/4" shoe). Shut in for 4 hrs and tag top of cement. Spot additional cement if needed.
6. Spot a 100' Class "C" Neat cmt plug from 1200-1100' (7-5/8" liner top). Shut in for 4 hrs and tag top of cement. Spot additional cement if needed.
7. Spot a 100' Class "C" Neat cmt plug from 550-450' (13-3/8" shoe). Shut in for 4 hrs and tag top of cement. Spot additional cement if needed.
8. Spot 60' Class "C" Neat cmt plug from 63-3'.
9. ND BOP. Cut off 13 - 3/8" and 10-3/4" casings 3' below Ground Level.
10. Weld on an ID plate. RD and release Well Service Unit. Restore location.

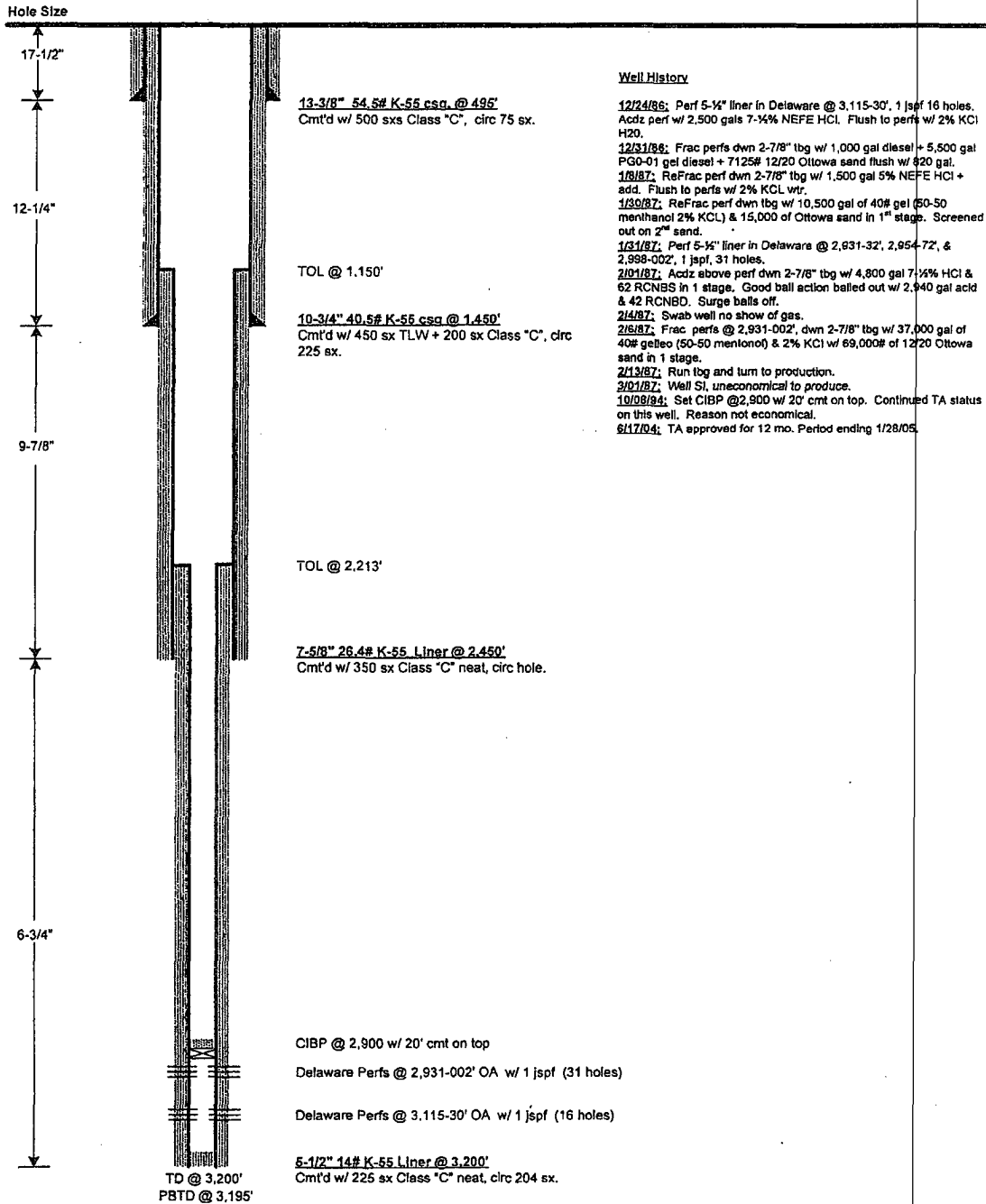
CURRENT WELLBORE SCHEMATIC

CHESAPEAKE OPERATING INC.

WELL : GOVERNMENT D #11
LOCATION : 1,950' FNL & 1,980' FEL, SEC. 12, T21S, R27E
COUNTY : EDDY STATE : NM
FIELD : FENTON-DELAWAREN
ELEVATION : 3,194' GL 3,207' KB



API #: 30-015-25347
SPUD DATE: 5/18/86
COMPL. DATE: 2/12/87
CHK # 890970



PREPARED BY: Renee Thomas

DATE: 3/15/05

UPDATED BY: _____

DATE: _____

Government D #11
EDDY CO. NEW MEXICO
PROPOSED PLUG & ABANDONMENT

DISCUSSION

An AFE in the amount of \$61,750 (COI net \$61,750) is attached to P & A the subject well. There are no known commercial zones remaining within this wellbore worthy of testing.

The Government Lease was acquired from Permian Resources in 2004. The #11 well was in a TA status prior to the acquisition. The BLM has advised Chesapeake to workover or plug this well.

The subject well was drilled and completed as a Delaware test in late 1986. All productive horizons within the Delaware were tested during completion. The well was shut in 1987 following completion operations having made no commercial production. There are no reserves booked to this well.

Chesapeake Operating has a 100.00% WI with 82.50% NRI.

WELL DATA

See Attached Schematic

PROCEDURE

See Attached Procedure

APPROVALS

SR VP - Production

Jeff A. Fisher

Land Manager

Kevin Pfister

Geologic Manager

C. Mike Brown

District Manager

Jarvis Hensley

 3/9/06

Asset Manager

Andrew J. McCalmont

CHESAPEAKE OPERATING, INC.

AUTHORIZATION FOR EXPENDITURE

Project Area: New Mexico West
Well Name: Government O 11
Operator: Chesapeake Operating, Inc.
AFE #: 800600
Spacing Unit: Section 12-21S-27E

County, State: Eddy, New Mexico
Date: 3/9/06
Total Depth: 3,200'
Formation: Delaware
Property #: 890970

PLUG TO ABANDON

CODE	INTANGIBLE COSTS	WORK DESCRIPTION	ESTIMATED COSTS
233400	Location:	Roads, Location, Pits	\$0.00
233401		Damages	\$0.00
233402		Governmental Filings	\$0.00
233403		Title/Curative	\$0.00
233405		Reclamation	\$15,000.00
233414		Contract Labor	\$5,000.00
233416		Supplies and Utilities	\$2,500.00
233419		Drilling Fluids, Mud, Chem.	\$4,000.00
233427		Fishing	\$0.00
233428		Downhole Rental Equipment	\$4,000.00
233430	Completion:	Completion Unit	\$16,000.00
233431		Cased Hole Services/Perforating	\$0.00
233437	General:	Surface Equipment Rental	\$3,500.00
233438		Transportation	\$2,000.00
233440		Frac Fluid Hauloff	\$0.00
233442		Blowout/Emergencies	\$0.00
233443		Company Supervisor/Engineering	\$5,000.00
233439		Technical Labor	\$0.00
233435		Direct Labor	\$750.00
233444		Consultants	\$0.00
233446		Company Overhead	\$0.00
233447		Insurance	\$0.00
233449		Major Construction Overhead	\$0.00
233450		Plug to Abandon	\$0.00
		Contingency	\$4,000.00
TOTAL	INTANGIBLES	Total Intangible Costs	\$61,750.00
CODE	TANGIBLE COSTS	WORK DESCRIPTION	
230108	Tubulars:	Conductor:	\$0.00
230100		Surface Casing:	\$0.00
230101		Intermediate Casing:	\$0.00
230102		Production Casing:	\$0.00
230103		Drilling Liner:	\$0.00
230109		Production Liner:	\$0.00
230104		Float Equipment	\$0.00
230105		Tubing:	\$0.00
230106		Wellhead Equipment	\$0.00
230107		Downhole Equipment	\$0.00
230111	Lease Equipment:	Artificial Lift Pumping Unit	\$0.00
230113		Production Equipment	\$0.00
230115		Compressor/Compression	\$0.00
230116		Pipeline Equipment	\$0.00
230120		Non-Controllable Equipment	\$0.00
		Contingency	\$0.00
TOTAL	TANGIBLES	Total Tangible Costs	\$0.00
		Total Costs	\$61,750.00

Prepared by: Andrew McCalmont

Approved by: _____

OPERATOR'S APPROVAL: _____ DATE: _____
Operations/Geology

OPERATOR'S APPROVAL: _____ DATE: _____
Land/Accounting

NON-OPERATOR'S APPROVAL: _____ DATE: _____

The costs on this AFE are estimates only and may not be construed as ceilings on any specific item or the total cost of the project. In executing this AFE, the participant agrees to pay its proportionate share of actual costs incurred, including legal, curative, regulatory, brokerage and well costs under the terms of the applicable joint operating agreement, regulatory order or other agreement covering this well. The operator may contract with an affiliated entity to drill the well at prevailing rates in the area. Participant shall be covered by and billed proportionately for Operator's well control and general liability insurance unless the participant provides operator a certificate evidencing its own insurance in amounts acceptable to the operator by the date of spud.