

UNITED STATES ~~CCD-ARTESIA~~  
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.**

5. Lease Serial No.  
NM NM 0558581

6. If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE** – Other instructions on page 2.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator  
Three Rivers Operating Company LLC

3a. Address  
1122 S. Capital of TX Hwy., Suite 325 Austin, TX 78746

3b. Phone No. (include area code)  
512-600-3196

7. If Unit of CA/Agreement, Name and/or No.  
NMNM 72232

8. Well Name and No.  
Arnold Federal COM 1

9. API Well No.  
30-015-23988

10. Field and Pool or Exploratory Area  
Walters Lake

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Sec 34 T17S R30E SWNE 1980 FNL 1980 FEL

11. Country or Parish, State  
Eddy, 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 <u>Change of Operator</u>
	<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.)

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, pursuant to NTL 89-1

Bond Coverage: BLM Bond No. NMB000672  
Surety Bond No. RLB0013149  
Bond Amount: \$25,000.00  
Bond Type: Statewide Bond

Effective Date: April 26, 2010

Change of Operator from Chesapeake Operating Inc. to Three Rivers Operating Company LLC

Owners in this CA/Agreement have been notified of the Change of Operator

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

Accepted for record - NMOCD

*DES*



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

Russell Macaw

Title V. P. of Operations

Signature

*R Macaw*

Date 09/27/2010

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

Title

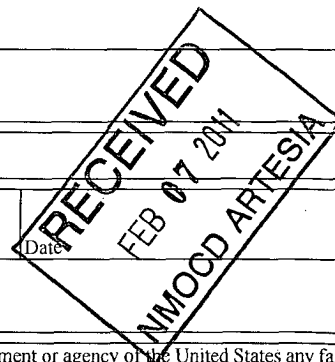
Date

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

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)



## Designation of Successor Operator for Communitization Agreement

Designation of Successor Operator, Communitization Agreement No. NMNM 72232, covering the "UL" Sec. 34, T. 17S, R. 30E, Eddy County, New Mexico.

This indenture, dated as to the 24th day of August, 2010, by and between Chesapeake Operating, Inc., and Three Rivers Operating Company, hereinafter designated as "First Party," and the owners of communitized working interest, hereinafter designated as "Second Parties."

Witneseth: Whereas under the provision of section 17(j) of the Act of February 25, 1920, as amended (74 Stat. 784; 30 U.S.C. 266(j)), and by authority delegated, Chesapeake Operating on the 9th day of April, 2010, approved Communitization Agreement no. NMNM 72232 whereby Three Rivers Operating Company is designated as Operator of the communitized area; and

Whereas the designation of a successor operator is now desired pursuant to section No. 3 of the communitization agreement; and

Whereas the First Party has been and hereby is designated by Second Parties as Operator of the communitized area, and said First Party desires to assume all the rights, duties and obligations of Operator under said communitization;

Now, therefore, in consideration of the premises hereinbefore set forth and the promises hereinafter stated, the First party hereby covenants and agrees to fulfill the duties and assume the obligations of Operator of the communitized area under and pursuant to all the terms of communitization agreement no. NMNM 72232 and the Second Parties covenant and agree that effective as of the date herein specified, and upon receipt of this indenture, properly executed, by the Authorized Officer, the First Party shall be granted the exclusive right and privilege of exercising any and all rights and privileges as Operator, pursuant to the terms and conditions of said communitization agreement, said communitization agreement being hereby incorporated herein by reference and made a part hereof as fully and effectively as though said agreement were expressly set forth in this instrument.

In witness whereof, the parties hereto have executed this instrument as of the date hereinabove set forth.

Dakota Gring  
(Witness) Dakota Gring

Attest:

Anita L Brodrick  
Anita L. Brodrick



Three Rivers Operating Company, LLC  
Russell D. Macaw  
(First Party) Russell D. Macaw  
Vice President - Operations

CHESAPEAKE OPERATING, INC.  
(Second Party)

Douglas J. Jacobson  
Douglas J. Jacobson  
Executive Vice-President

**BUREAU OF LAND MANAGEMENT  
Carlsbad Field Office  
620 East Greene Street  
Carlsbad, New Mexico 88220  
575-234-5972**

**Conditions of Approval**

**Three Rivers Operating Company – Arnold Fed Com #1**

1. Submit plan for approval of well operations within 30 days of this approval to change operator.  
  
43 CFR 3162.3-4 (C) requires that wells incapable of production in paying quantities be promptly plugged and abandoned and requires approval for any well temporarily abandoned for more than 30 days.
2. Tank battery must be bermed/diked (must be able to contain 1 1/2 times the volume of the largest tank).
3. All above ground structures and equipment on the lease shall be painted Shale Green (5Y 4/2). This is to be done within 90 days, if you have not already done so.
4. Submit for approval of water disposal method.
5. Submit updated facility diagrams as per Onshore Order #3
6. This agency shall be notified of any spill or discharge as required by NTL-3A.
7. All outstanding environmental issue must be addressed within 90 days. Contact Jim Amos for inspection and to resolve environmental issues. 575-234-5909