

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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JUL 01 2013
NMOC D ARTESIA

FORM APPROVED
OMB NO. 1004-0135
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.
NMNM111960

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.
LOTOS 14 FEDERAL 1

2. Name of Operator
CHESAPEAKE OPERATING, INC. Contact: CAROL ADLER
E-Mail: carol.adler@chk.com

9. API Well No.
30-015-36069

3a. Address
P.O. BOX 18496
OKLAHOMA CITY, OK 73154-0496

3b. Phone No. (include area code)
Ph: 817-556-5825

10. Field and Pool, or Exploratory
POKER LAKE

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 14 T24S R31E Mer NMP SWNW 2310FNL 990FWL

11. County or Parish, and State
EDDY COUNTY, 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 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 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.)

CONFIDENTIAL

CHESAPEAKE RESPECTFULLY SUBMITS THE PLUG AND ABANDON PROCEDURE FOR THE REFERENCED WELL:

LOTOS 14 FEDERAL 1

PLEASE SEE ATTACHED

EDDY COUNTY, NEW MEXICO

CHK PN 615816

Additional plugs: Perf. @ 1150', SQZ ent to 853'. WOC Tag. Perf @ 60', SQZ ent. to Surf.

RECLAMATION PROCEDURE
ATTACHED

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Ground Level Dry Hole Marker Reg.

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

Electronic Submission #209634 verified by the BLM Well Information System
For CHESAPEAKE OPERATING, INC., sent to the Carlsbad
Committed to AFMSS for processing by KURT SIMMONS on 06/06/2013 ()

Name (Printed/Typed) CAROL ADLER Title REGULATORY ANALYST II
Signature (Electronic Submission) Date 06/05/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By *James C. Ames* Title *SEAS* Date *6-17-13*

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 *CPD*

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.

4/16/2013

Lotos 14 Federal 1

Fish ESP/Cable & prep for P&A

This procedure is meant to be followed. It is up to the WSM, Remedial Engineer and Production Engineer to make the decisions necessary to do SAFELY what is best for the well. In the extent that this procedure does not reflect actual operations, please contact RE, PE and Superintendent for MOC

** Caliper elevators and tubular EACH DAY prior to handling tubing/tools. Note in JSA when and what items are callipered within the task step that includes that work.

Preface

Attempted to pull failed ESP on 1/19/2012. Pulled 9 joints of tubing with ESP/Tubing dragging +/- 20,000 lbs. over string weight. Became stuck with no movement up or down. Freepoint operations indicated tubing was 60% stuck at 2,970'. Chemical cut tubing at 2,910' Pulled out of hole with 50 joints tubing with 20' cut piece on joint 51 and cable. Entire length of cable back spooled into the wellbore. Ran in hole with screw grab. Found top of cable at 4,387' indicating ESP and remaining tubing had fallen back to bottom. Multiple attempts with spears, screw grabs and washpipe/shoes were made to fish the +/- 2,910' of cable with very limited success. A total of 51' of cable have been recovered to date. Reports show the current top of fish at 4,457'. Reports also show significant amounts of iron sulfide were circulated out of the well at 4,450'. Drilling mud was reported to have been observed running over the casing while tripping in on the next trip in the hole after circulating the iron sulfide out.

- 1 Move in and rig up pulling unit and related equipment.
- 2 Open well, check pressures. Kill well as required.
- 3 Nipple down wellhead.
- 4 Nipple up 7 1/16" 5,000 psi BOP with 2 7/8" pipe rams over blind rams.

5 Pick up 5 ½" test packer on 1 joint 2 7/8" tubing. Pressure test BOP to 500 psi low, 1,000 psi high.

6 Release and pull out of hole with packer.

Note: Previous fishing operations more than likely caused the cable to be wadded up and compacted on top of the tubing fish. The optimum process to fish the cable would be to get the cable somewhat stretched out and/or un-wadded such that conventional cable spears and screw grabs can **be used to remove dropped cable. The referenced BHA's are suggested methods only, subject to change dependent upon actual well conditions.**

7 Make up and run in hole with the following BHA:

- A. 4 1/2" OD screw grab with sharp bottom point.
- B. 3 ¾" Bumper Sub
- C. 3 ¾" Hydraulic Jars
- D. 2 ea. 3 ½" OD Drill Collars
- E. 2 3/8" IF Pin X 2 7/8" EUE Box
- F. 2 7/8" 6.5# L-80 Workstring

8 Run in hole and tag top of fish at +/-4,457'

9 Work screw grab into top of cable by bumping down and placing +/- 2,000 ft/lbs of torque in tubing. Continue working torque and bumping **down until a sufficient "bite" is achieved and cable wad** can be pulled loose and normal cable fishing operations with wire spear resumed. If unable to get cable stretched out, proceed with step 10.

10 Pull out of hole with workstring and screw grab BHA

11 Make up and run in hole with the following BHA:

- A. 4 ¾" skirted mill tooth bit (Junk Mill or Shoe are acceptable alternatives.)
- B. 2 7/8" regular box X 2 3/8" IF box Bit sub
- C. 8 ea. 3 ½" OD drill collars

G. 2 3/8" IF Pin X 2 7/8" EUE Box

D. 2 7/8" 6.5# L-80 Workstring.

12 Tag up on top of cable. Drill on ESP cable until cable wad starts moving down hole. Once cable has been pushed down hole +/- 10 to 20', circulate clean. If unable to drill through cable wad, consider replacing bit with either a bladed 4 3/4" junk mill or a 4 1/2" X 4 3/4" Smooth OD X 3 3/4" Rough ID shoe and extension.

13 Pull out of hole with tubing and bit BHA.

14 Pick up and run in hole with screw grab BHA same as in step 7. Repeat steps 8 & 9 to get cable pulled free.

15 Continue fishing cable until cable has been removed down to 4,603'.

16 Pull out of hole with workstring.

17 PU/TIH w/ 5-1/2" pkr to 4,590'. Set pkr and attempt to establish injection rate. If successful, RU cementing company and squeeze 100 sx of cement below pkr. If unable to establish an injection rate, spot a cement plug from 4,603' - 4,275'.

18 Shut-in the well. RD surface lines. WOC. Leave SITP on tubing overnight.

19 TIH with work string and tag top of cement.

20 Pull out of hole laying down workstring and pkr.

21 Nipple down BOP equipment.

22 Nipple up wellhead flange.

23 Rig down pulling unit & equipment. Turn well over to P&A group.

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

Permanent Abandonment of Federal Wells
Conditions of Approval

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within ninety (90) days from the approval date of this Notice of Intent to Abandon.

If you are unable to plug the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged. Failure to do so will result in enforcement action.

The rig used for the plugging procedure cannot be released and moved off without the prior approval of the authorized officer. Failure to do so may result in enforcement action.

2. **Notification:** Contact the appropriate BLM office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, call 575-627-0272; Eddy County, call 575-361-2822; Lea County, call 575-393-3612.

3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of brine water. Minimum nine (9) pounds per gallon.

5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.

In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient. **Before pumping or bailing cement on top of CIBP, tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary.**

Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.

6. Dry Hole Marker: All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). **The BLM is to be notified a minimum of 4 hours prior to the wellhead being cut off to verify that cement is to surface in the casing and all annuluses. Wellhead cut off shall commence within ten (10) calendar days of the well being plugged. If the cut off cannot be done by the 10th day, the BLM is to be contacted with justification to receive an extension for completing the cut off.**

The well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement, unless otherwise noted in COA (requirements will be attached). The following information shall be permanently inscribed on the dry hole marker: well name and number, name of the operator, lease serial number, surveyed location (quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer such as metes and bounds).

7. Subsequent Plugging Reporting: Within 30 days after plugging work is completed, file one original and three copies of the Subsequent Report of Abandonment, Form 3160-5 to BLM. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date well was plugged.**

8. Trash: All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

Following the submission and approval of the Subsequent Report of Abandonment, surface restoration will be required. See attached reclamation procedure.

J. Amos 3/6/11

Requirements for ground level dry hole markers

Well Identification Markers

Conditions of Approval (COA)

The BLM Carlsbad Field Office (CFO) Conditions of Approval (COA) Requires that ground level dry hole markers be placed on well within the Lesser Prairie Chicken habitat area. The dry hole markers will be to the following specifications. The operator will construct the markers as follows:

1. An 8 inch X 8 inch steel plate 1/8 to 3/16 of an inch thick is to be placed on the old dry hole marker stand pipe 2 inches from ground level, in the Lesser Prairie Chicken habitat area.
2. Steel plate may be welded or bolted approximately 2 inches from ground level on the stand pipes. If plates are bolted to the stand pipe, the person installing the plate will be required to weld a pipe collar on the plate and place a minimum of two set screws/bolt on each collar. Aluminum data plates may be bolted with minimum ¼ inch bolt and locking nuts or self tapping fine threaded screws. A minimum of one in each corner is to be installed on each plate.
3. An 8 inch x 8 inch aluminum plate, which is 12 gauge or .080 sign material (1/8 inch aluminum plate may be used in place of the .080 plate) with the required information for that well stamped or engraved in a minimum 3/8 inch tall letter or number.
4. The following information will be stamped or engraved on the 8 inch X 8 inch aluminum plate in the following order.
 - a. First row: Operators name
 - b. Second row: Well name and number
 - c. Third row: Legal location to include ¼ ¼, Section, Township, and range. If the legal location cannot be placed on one row it can be split into two rows with the ¼ ¼ (example: 1980 FNL 1980 FWL) being on the top row.
 - d. Fourth row: Lease Number and API number.
 - i. Example marker plate: (attached)

NMOCD Order No. R-12965 also required the operator to notify NMOCD when this type of dry hole marker is used. This can be done on the subsequent report of abandonment which is submitted to the BLM after the well is plugged. State that a ground level dry hole marker was installed as required in the COA's from the BLM.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene St.
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm



In Reply Refer To: 1310

Reclamation Objectives and Procedures

Reclamation Objective: Oil and gas development is one of many uses of the public lands and resources. While development may have a short- or long-term effect on the land, successful reclamation can ensure the effect is not permanent. During the life of the development, all disturbed areas not needed for active support of production operations should undergo "interim" reclamation in order to minimize the environmental impacts of development on other resources and uses. At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land and water are restored.

The long-term objective of final reclamation is to set the course for eventual ecosystem restoration, including the restoration of the natural vegetation community, hydrology, and wildlife habitats. In most cases this means returning the land to a condition approximating or equal to that which existed prior to the disturbance. The final goal of reclamation is to restore the character of the land and water to its pre-disturbance condition. The operator is generally not responsible for achieving full ecological restoration of the site. Instead, the operator must achieve the short-term stability, visual, hydrological, and productivity objectives of the surface management agency and take steps necessary to ensure that long-term objectives will be reached through natural processes.

To achieve these objectives, remove any and all contaminants, scrap/trash, equipment, pipelines and powerlines. Strip and remove caliche, contour the location to blend with the surrounding landscape, redistribute the native soils, provide erosion control as needed, rip and seed as specified in the original APD COA. This will apply to well pads, facilities, and access roads. Barricade access road at the starting point. If reserve pits have not reclaimed due to salts or other contaminants, submit a plan for approval, as to how you propose to provide adequate restoration of the pit area.

1. The Application for Permit to Drill or Reenter (APD, Form 3160-3), Surface Use Plan of Operations must include adequate measures for stabilization and reclamation of disturbed lands. Oil and Gas operators must plan for reclamation, both interim and final, up front in the APD process as per Onshore Oil and Gas Order No. 1.
2. For wells and/or access roads not having an approved plan, or an inadequate plan for surface reclamation (either interim or final reclamation), the operator must submit a proposal describing the procedures for reclamation. For interim reclamation, the appropriate time for submittal would be when filing the Well Completion or Recompletion Report and Log (Form 3160-4). For final reclamation, the appropriate time for submittal would be when filing the Notice of Intent, or the Subsequent Report of Abandonment, Sundry Notices and Reports on Wells (Form 3160-5). Interim reclamation is to be completed within 6 months of well completion, and final reclamation is to be completed within 6 months of well abandonment.
3. The operator must file a Subsequent Report Plug and Abandonment (Form 3160-5) following the plugging of a well.
4. Previous instruction had you waiting for a BLM specialist to inspect the location and provide you with reclamation requirements. If you have an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with reclamation as per approved APD. If you have issues or concerns, contact a BLM specialist to assist you. It would be in your interest to have a BLM specialist look at the location and access road prior to the removal of reclamation

equipment to ensure that it meets BLM objectives. Upon conclusion submit a Form 3160-5, Subsequent Report of Reclamation. This will prompt a specialist to inspect the location to verify work was completed as per approved plans.

5. The approved Subsequent Report of Reclamation will be your notice that the native soils, contour and seedbed have been reestablished. If the BLM objectives have not been met the operator will be notified and corrective actions may be required.
6. It is the responsibility of the operator to monitor these locations and/or access roads until such time as the operator feels that the BLM objective has been met. If after two growing seasons the location and/or access roads are not showing the potential for successful revegetation, additional actions may be needed. When you feel the BLM objectives have been met submit a Final Abandonment Notice (FAN), Form 3160-5, stating that all reclamation requirements have been achieved and the location and/or access road is ready for a final abandonment inspection.
7. At this time the BLM specialist will inspect the location and/or access road. If the native soils and contour have been restored, and the revegetation is successful, the FAN will be approved, releasing the operator of any further liability of the location and/or access road. If the location and/or access road have not achieved the objective, you will be notified as to additional work needed or additional time being needed to achieve the objective.

If there are any questions, please feel free to contact any of the following specialists:

Inspection & Enforcement

Jim Amos
Supervisory Environmental Protection Specialist
575-234-5909, 575-361-2648 (Cell)

Mike Burton
Environmental Protection Specialist
575-234-2226

Jeffery Robertson
Natural Resource Specialist
575-234-2230

Jennifer Van Curen
Environmental Protection Specialist
575-234-5905

Doug Hoag
Civil Engineering Technician
575-234-5979

Linda Denniston
Environmental Protection Specialist
575-234-5974

Realty, Compliance

Randy Pair
Environmental Protection Specialist
575-234-6240

Permitting

Cody Layton
Natural Resource Specialist
575-234-5959

Trishia Bad Bear
Natural Resource Specialist
575-393-3612

Todd Suter
Surface Protection Specialist
575-234-5987

Tanner Nygren
Natural Resource Specialist
575-234-5975

Amanda Lynch
Natural Resource Specialist
575-234-5922

Leglon Brumley
Environmental Protection Specialist
575-234-5957