

District I 1625 N. French Dr., Hobbs, NM 88240
District II 1301 W. Grand Ave., Artesia, NM 88210
District III 1000 Rio Brazos Rd., Aztec, NM 87410
District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

WELL API NO. 30-015-32559
5. Indicate Type of Lease STATE [X] FEE [ ]
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name State "IE" Com
8. Well Number 3
9. OGRID Number 147179
10. Pool name or Wildcat Happy Valley;Morrow Gas

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR TO PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)
1. Type of Well: Oil Well [ ] Gas Well [X] Other
2. Name of Operator Chesapeake Operating Inc.
3. Address of Operator P. O. Box 11050 Midland, TX 79702-8050

4. Well Location Unit Letter D : 829 feet from the North line and 363 feet from the West line Section 16 Township 22S Range 26E NMPM County Eddy

11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3542 GR

Pit or Below-grade Tank Application [ ] or Closure [ ]
Pit type Depth to Groundwater Distance from nearest fresh water well Distance from nearest surface water
Pit Liner Thickness: mil Below-Grade Tank: Volume bbls; Construction Material

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK [ ] PLUG AND ABANDON [ ] TEMPORARILY ABANDON [ ] CHANGE PLANS [ ] PULL OR ALTER CASING [ ] MULTIPLE COMPL [ ] OTHER: [ ]
SUBSEQUENT REPORT OF: REMEDIAL WORK [X] ALTERING CASING [ ] COMMENCE DRILLING OPNS. [ ] P AND A [ ] CASING/CEMENT JOB [ ] OTHER: [ ]

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

WORK PERFORMED BY CONCHO RESOURCES, INC. IN OCT. 2003 - NOT REPORTED.
10-27-03 MIRU JSI WL Co. Perf 1/ft -0 deg. phase @ 9310' - 9314' (5 holes) & 9230' - 9260' (31 holes) Swab.
10-28-03 MIRU tree saver & BJ Services. Acidize 9230' - 9260' & 9310' - 9314' w/5000 gals 15% NeFe HCl @ 6.1 BPM avg & 3100#. Slight ball action. Swab.
10-31-03 0 BO, 0 MCF & 0 BW.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines [ ], a general permit [ ] or an (attached) alternative OCD-approved plan [ ].

SIGNATURE Brenda Coffman TITLE Regulatory Analyst DATE 05/31/2006

Type or print name Brenda Coffman E-mail address: bcoffman@chkenergy.com Telephone No. (432)687-2992
For State Use Only

APPROVED BY: TITLE DATE
Conditions of Approval (if any):