

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

EC

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.

RECEIVED

JUL 30 2010

NMOCD ARTESIA

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well ☒ Oil Well ☐ Gas Well ☐ Other	5. Lease Serial No. NMLC070175A
2. Name of Operator CHESAPEAKE OPERATING, INC. Contact: LINDA GOOD E-Mail: linda.good@chk.com	6. If Indian, Allottee or Tribe Name
3a. Address P.O. BOX 18496 OKLAHOMA CITY, OK 73154-0496	7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) Ph: 405-935-4275	8. Well Name and No. PLU PIERCE CANYON 12 FED 1H
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 12 T24S R29E SESE 250FSL 217FEL	9. API Well No. 30-015-37518
	10. Field and Pool, or Exploratory WILDCAT
	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			
☐ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☒ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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.)

OTHER: FRAC PIT BUILT AND TEMPORARY WATER LINE.

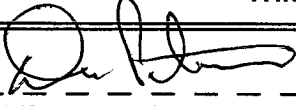
5/21/2010 TEMPORARY WATER LINE REMOVED GOING FROM THE FRAC PIT TO PLU PIERCE CANYON 12 FED 1H WELL LOCATION.

(CHK PN 630487)

OK J Fast 7-27-10

14. I hereby certify that the foregoing is true and correct. Electronic Submission #86946 verified by the BLM Well Information System For CHESAPEAKE OPERATING, INC., sent to the Carlsbad	
Name (Printed/Typed) LINDA GOOD	Title SR. REGULATORY COMPLIANCE SPEC
Signature (Electronic Submission)	Date 05/25/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By 	FIELD MANAGER	Date 7/28/10
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 CARLSBAD FIELD 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.

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **



BLM LEASE NUMBER NMLC70175A
COMPANY NAME Chesapeake Operating Inc.
ASSOCIATED WELL NO. & NAME PLU Pierce Canyon 12 Fed. 1H

FRAC POND CONDITIONS OF APPROVAL

A copy of the Sundry Notice and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to see a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following conditions of approval to the satisfaction of the Authorized Officer:

1. The BLM shall administer compliance and monitor construction of the frac pond. Notify Jim Amos (575-234-5909) at least 3 working days prior to commencing construction of the frac pond.
2. The operator shall stockpile the topsoil in a low profile manner in order to prevent wind/water erosion of the topsoil. The topsoil to be stripped is approximately 6 inches in depth. The topsoil shall not be used for constructing the berms of the frac pond and will be used for final reclamation.
3. The Holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this permit.
4. The Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated.
5. The frac pond will only be authorized to contain freshwater and testing of water quality is required during the life of the frac pond. The Authorized Officer may ask the operator to sample water quality of the frac pond at any time during the life of the frac pond. If at any time the water in the frac pond becomes polluted with salts or other contaminants, use of the frac pond will cease and desist, and all liquids will be removed from the frac pond and disposed of properly. Reclamation efforts will then commence. Otherwise, reclamation efforts will commence immediately after the frac pond is no longer needed for the purpose of completing the wells. If, during any phase of the construction, operation, maintenance, or termination of the frac pond, any pollutant should be released from the contaminated frac pond, the control and total removal, disposal, and cleaning up of such pollutant, wherever found, shall be the responsibility of holder, regardless of fault. Upon failure of holder to control, dispose of, or clean up such discharge, or to repair all damages resulting therefrom, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve holder of any responsibility as provided herein.
5. All construction and maintenance activity should be confined to the authorized area to avoid excess disturbance.
6. If other wells, not mentioned in the current Sundry Notice, need to be serviced by the frac pond, a separate Sundry Notice needs to be submitted to the appropriate BLM office.

7. Mineral materials extracted during construction of the frac pond shall not be used for surfacing the well pad or access road or other facilities. All mineral material extracted shall only be used for constructing the frac pond or stored adjacent to the frac pond.

8. The frac pond will be lined. The frac pond shall be constructed so that upon completion of drilling operations the plastic lining will be removed.

9. The frac pond shall be fenced on all sides.

10. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

11. Seeding is required and will be done according to the attached seeding requirements, using the following seed mix.

☐ seed mixture 1	☐ seed mixture 3
☒ seed mixture 2	☐ seed mixture 4

12. 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.

13. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

14. Any cultural and/or paleontological resources (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

15. The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

16. When the frac pond is no longer stimulating wells, reclamation shall commence. The plastic liner shall be removed before any earthwork begins. Any associated pipelines shall be removed as well. All disturbed areas and erosion caused by the frac pond, pipelines or other infrastructure will be reclaimed. Earthwork for final reclamation must be completed within three (3) months of final well completion. The frac pond location must be reclaimed to a satisfactory revegetated,

safe, and stable condition. After all disturbed areas have been satisfactorily prepared; these areas need to be revegetated with the seed mixture provided. Seeding may need to be repeated until revegetation is successful. Operators shall contact a BLM surface protection specialist prior to surface reclamation operations for site specific objectives (Jim Amos: 575-234-5909).

17. Special Stipulations:

BLM SERIAL #: NMLC70175A
COMPANY REFERENCE: Chesapeake Operating Inc.
WELL # & NAME: PLU Pierce Canyon 12 Federal #1H

Seed Mixture 2, for Sandy Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law (s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

<u>Species</u>	<u>lb/acre</u>
Sand dropseed (<i>Sporobolus cryptandrus</i>)	1.0
Sand love grass (<i>Eragrostis trichodes</i>)	1.0
Plains bristlegrass (<i>Setaria macrostachya</i>)	2.0

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed