

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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.
NMNM64504

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side.8. Well Name and No.
LOTOS 11-F FEDERAL 29. API Well No.
30-015-2882110. Field and Pool, or Exploratory
INGLE WELLS11. County or Parish, and State
EDDY COUNTY, NM

1. Type of Well

☐ Oil Well ☐ Gas Well ☒ Other: UNKNOWN OTH2. Name of Operator
CHESAPEAKE OPERATING, INC. Contact: LINDA GOOD
E-Mail: linda.good@chk.com3a. Address
P.O. BOX 18496
OKLAHOMA CITY, OK 73154-04963b. Phone No. (include area code)
Ph: 405-935-42754. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 11 T24S R31E SENE 1780FNL 660FEL

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice☐ Acidize☐ Alter Casing☐ Casing Repair☐ Change Plans☐ Convert to Injection☐ Deepen☐ Fracture Treat☐ New Construction☐ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☐ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☒ Other

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 shall 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 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.)

ATTENTION: PAUL SWARTZ

THIS IS A NOTICE OF INTENT FOR APPROVAL BY THE BLM AND NMOCD A PLAN OF CORRECTION AND THE ANTICIPATED DATE OF REPAIR.

ATTACHED IS THE SIGNED WRITTEN ORDER, MEMO WITH THE PLAN OF ACTION, FACILITY DIAGRAM AND LISTS OF SOURCE WELLS SERVED BY THE FACILITY.

A SUBSEQUENT SUNDRY NOTICE WILL BE FILED WHEN THE REPAIRS ARE COMPLETE AND THE BLM WITNESSES THE MECHANICAL INTEGRITY TEST CHART.

Accepted for record

NMOCD *PS*
2/16/11

RECEIVED

FEB 15 2011

NMOCD ARTESIA

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

Electronic Submission #100380 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 01/12/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By *J.D. W. Littlejohn*

Title LPE7

Date 2/3/11

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 CPO

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 **

Additional data for EC transaction #100380 that would not fit on the form

32. Additional remarks, continued

(CHK PN 890471)



Chesapeake Operating, Inc.
BLM Memorandum

TO : Bureau of Land Management
ATTN : Paul Swartz
CC : Jeff Finnell, Curtis Blake, Linda Good
FROM: Sam Frydenlund, COI Operations Engineer
DATE : January 11, 2011
RE : Notice of Written Order for
Lease: NM64504, Lotos-002, T24S, R31E

On 12/15/2010 COI received a notice of written order on the subject location. Per your request all unused electrical power and poles were disposed off on Jan 2, 2011. The flowline tied into the north production casing vent connection was removed and disposed off. This line was not in use and served no use.

An updated facility diagram with source wells and volumes have been attached. A total produced and injected volume from 12-16-10 thru 1-8-11 is attached. Total injected volume over this time frame was 42,428 BBLS. The total produced volume was 44,491 BBLS. The difference is volumes in due to the fact that COI does truck some water out of this site.

Pressure gauges were installed on the tubing and tubing-casing annulus on 12/23/2010. A manual choke is installed at the CTB to ensure that our pressure does not exceed 912psig. COI has ordered automated chokes to control injection pressure but will not have in operation until March 15th. Until that time we will monitor injection pressure and manually open the choke to ensure that injection pressure does not exceed 912psig.

At this time we plan on shooting a monthly fluid level to verify fluid level in the tubing-casing annulus. Vessel designs are currently being designed by our engineering staff and will be proposed to the BLM prior to the submittal of the final sundry form.

The tubing in this well is 2 7/8" J-55 fiberglass lined tubing w/ a packer set depth of 4,530'.

RECEIVED

890471

Number 1012PS31W

DEC 17 2010

Page of

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NOTICE OF WRITTEN ORDER

☒ Certified Mail - Return
Receipt Requested
7009141000021827594

IDENTIFICATION	
IID	
Lease	NMNM64504
CA	
Unit	
PA	

Bureau of Land Management Office CARLSBAD FIELD OFFICE				Operator CHESAPEAKE OPERATING INC			
Address 620 E GREENE STREET CARLSBAD NM 88220				Address PO BOX 18496 OKLAHOMA CITY OK 73154-0496			
Telephone 575-234-5931				Attention			
Inspector SWARTZ				Attn Addr			
Site Name LOTOS 11-F FED	Well or Facility 2	1/4 1/4 Section SENE 11	Township 24S	Range 31E	Meridian NMP	County EDDY	State NM
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State

The following condition(s) were found by Bureau of Land Management Inspectors on the date and at the site(s) listed above.

Date	Time (24-hour clock)	Corrective Action to be Completed by	Date Corrected	Authority Reference
12/15/2010		01/15/2011		43 CFR 3162.7-5(d) and Onshore Order III.1.1, 43 CFR 3161.2, 43 CFR 3162.1(a), 43 CFR 3162.4-2, 43 CFR 3162.5-1, 2, & 3, 43 CFR 3162.6, 43 CFR

Remarks:
Your federal property Lease: NM64504, Lotos - 002, T24S-R31E, Sec 11, 1780FNL & 660FEL, Eddy
County, New Mexico has been the subject of a well/facility status inspection.

Refer to this written order as: 1012PS31W

Remove and properly dispose of off lease, the unused electric power equipment and pole installation
that ends near the location.

Explain the intended use for the flowline tied into the north production casing vent connection.
(Remarks continued on following page(s).)

When the Written Order is complied with, sign this notice and return to above address.

Company Representative Title Sr Reg. Compliance Specialist Signature Rinda Good Date 1/12/2011
Company Comments See attached memo. Subsequent Sundry will be filed when this is completed.

Warning

The Authorized Officer has authority to issue a Written Order in accordance with 43 CFR 3161.2. Written Order correction and reporting time frames begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each stipulation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management Office at the address shown above. If you do not comply as noted above under "Corrective Action to be Completed By", you shall be issued an Incident of Noncompliance (INC) in accordance with 43 CFR 3163.1(a). Failure to comply with the INC may result in assessments as outlined in 43 CFR 3163.1 and may also incur civil penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time frame for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits false, inaccurate, or misleading reports, notices, affidavits, records, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

Review and Appeal Rights

A person contesting a decision shall request a State Director review of the Written Order. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer Paul R Swartz Date 12/15/2010 Time

FOR OFFICE USE ONLY

Number 51 Date Type of Inspection WK #80

BLM Remarks, continued

Enclose an updated facility site security diagram. Enter on the diagram or attach a list of the source well(s) served by the facility and indicate (for each well) the product (oil and/or gas and/or water) processed by this facility.

Documentation of the maximum tubing injection pressure allowed by NMOCD shows a limit of 914psig. Compliance with this injection pressure is required. The onsite display of real time tubing pressure was 940psig on 12/03/2010. After correcting, submit a subsequent report (Sundry Form 3160-5) describing installed automation equipment that will prevent reoccurrence of this violation. Also report other unexplained significant variations of rate or pressure.

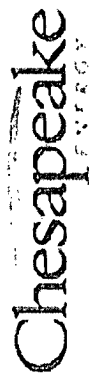
Display tubing-casing annular pressure onsite. A guage that will display the tubing pressure at 25 to 85 percent of maximum gauge pressure is acceptable. Maintain the annulus full of packer fluid and be able to verify that fluid level at any time. Report any communication with injection pressure or significant (5bbl) loss of packer fluid. Should a tubing/casing annulus failure be detected, cease injection and reduce the annular pressure to 0psig. Notify Paul R. Swartz at 575.200.7902 within 24 hours. If there is no response, notify the BLM on call drilling phone, 575.361.2822. Also submit to this office on a notice of intent (Sundry Form 3160-5) for approval by BLM and NMOCD a plan of correction and the anticipated date of repair. After the repairs submit a subsequent report (Sundry Form 3160-5) describing the repair(s) and an BLM witnessed Mechanical Integrity Test chart. Include the date(s) of the well work, the tubing equipment used, and packer setting depth.

Referenced Authority Regulation(s): 43 CFR 3162.7-5(d) and Onshore Order III.I.1, 43 CFR 3161.2, 43 CFR 3162.1(a), 43 CFR 3162.4-2, 43 CFR 3162.5-1, 2, & 3, 43 CFR 3162.6, 43 CFR 3163.1.(a).(3). For regulation lookup quotes, or to secure necessary BLM forms go to:
http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html

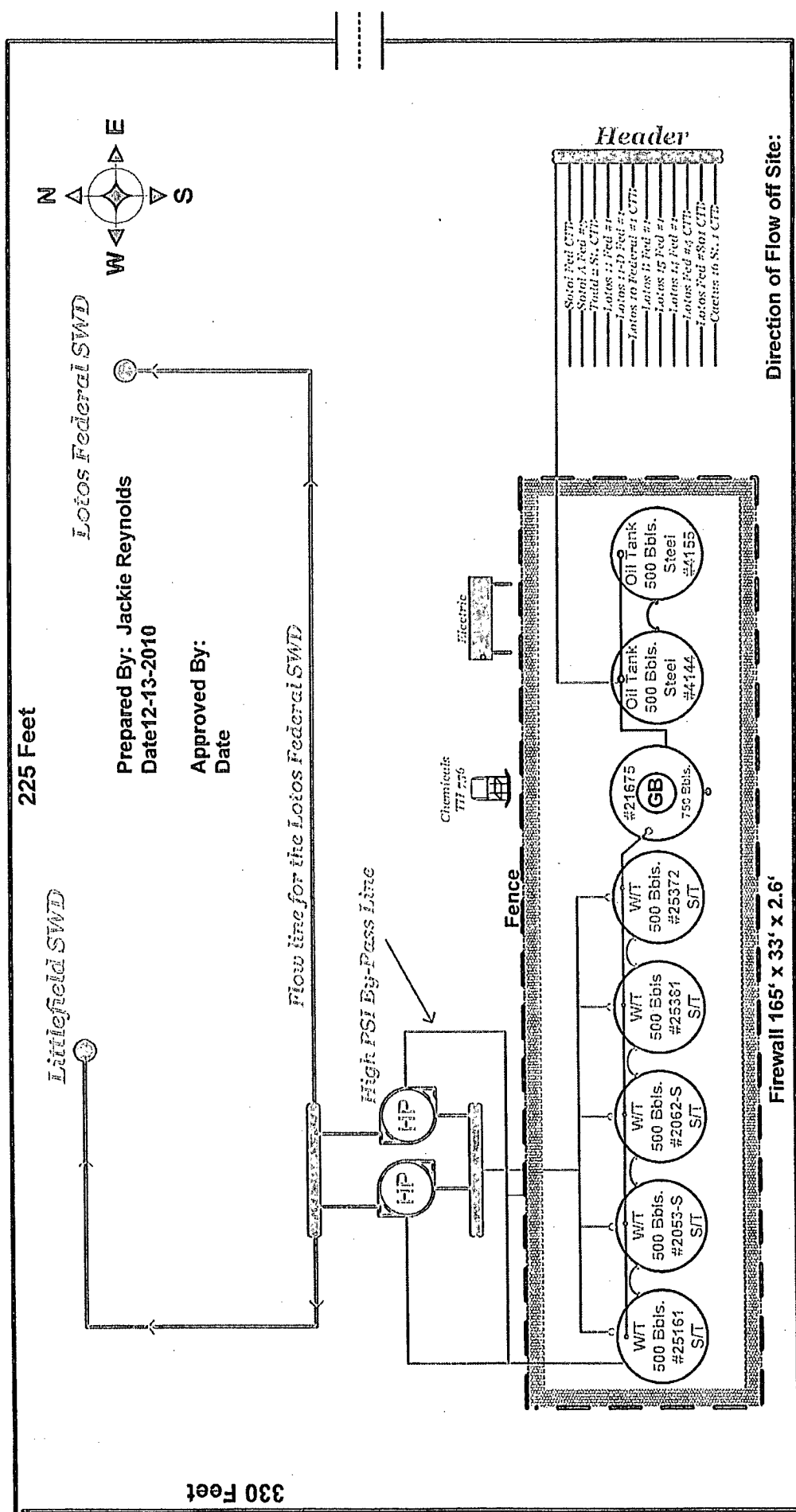
After compliance sign and return this notice.
Mail on or before January 15, 2011 to this address: Bureau of Land Management
Carlsbad Field Office, Attn: Paul R. Swartz
620 East Greene Street
Carlsbad, New Mexico 88220

CHESAPEAKE OPERATING, INC.

Property Name: Littlefield Federal SWD
 Lat.: 32.237290 Long.: -103.745940
 660 FNL & 1980 FEL - Section 11-T24S-R31E
 Eddy County New Mexico



Date: 12-17-2010
 Property Number: 890467



Total of each well from 12-16-10 thru 1-8-11					
	Water	Gas	Oil		
Todd 2 State 1	1099	644	475		
Todd 2 State 10	906	201	138		
Todd 2 State 11	2933	0	0		
Todd 2 State 12	2600	188	73		
Todd 2 State 13	281	352	85		
Todd 2 State 14	2101	362	211		
Todd 2 State 15	0	0	0		
Todd 2 State 2	866	443	128		
Todd 2 State 3	774	496	65		
Todd 2 State 4	1466	265	108		
Todd 2 State 5	2708	61	54		
Todd 2 State 7	936	69	65		
Sotol A Fed 3	375	0	69		
Sotol Fed 3	1008	452	434		
Sotol Fed 5	1113	542	410		
Sotol Fed 6	2265	236	446		
Sotol Fed 7	1008	279	144		
Sotol Fed 9	403	272	60		
Cactus 16 State 2	1200	0	118		
Lotos 10 Fed 6	2981	910	491		
Lotos 10 Fed 1 Bone Springs	0	56	0		
Lotos 10 Fed 1 Brushy	377	56	2		
Lotos 11-D Fed 1	528	1283	131		
Lotos Fed 1	0	277	0		
Lotos B Fed 1	0	0	0		
Lotos 11 Fed 1	245	301	44		
Lotos Fed 801	1403	519	67		
Lotos Fed 802	1670	419	191		
Lotos 8 Fed 803	935	296	225		
Lotos 14 Fed 1	8232	218	236		
Lotos 15 Fed 1	4078	980	702		
Lotos 10 Fed 3	0	0	0	SI for State	
Lotos C 901	0	0	0	SI for State	
Lotos C 903	0	0	0	SI for State	
Lotos C 905	0	0	0	SI for State	
Lotos C 907	0	0	0	SI for State	
Lotos C 911	0	0	0	SI for State	
Lotos C 912	0	0	0	SI for State	
Lotos Fed 4	0	0	0	SI for State	
Lotos Fed A 1	0	0	0	SI for State	
	44491	10177	5172		

Chesapeake Energy - CST Daily Production Report - LOTOS 11 FEDERAL 2 (BELL CANYON/CHE (12/16/2010 - 1/8/2011 | Gross Volumes | Operated Wells | 14.65 Pressure Base)

Date	Water Prod (bbl)	Water Inj (bbl)	Casing (psig)	Tubing (psig)	Line (psig)	Downtime (hrs)	Downtime Reason	Comments	Choke
1/8/2011	0	1,669	0	900	0	0			64
1/7/2011	0	1,600	0	900	0	0			64
1/6/2011	0	1,967	0	900	0	0			64
1/5/2011	0	2,043	0	900	0	0			64
1/4/2011	0	1,473	0	900	0	0			64
1/3/2011	0	1,776	0	900	0	0			64
1/2/2011	0	1,553	0	900	0	0			64
1/1/2011	0	1,841	0	900	0	0			64
12/31/2010	0	1,491	0	900	0	0			64
12/30/2010	0	1,752	0	900	0	0			64
12/29/2010	0	2,033	0	900	0	0			64
12/28/2010	0	1,805	0	900	0	0			64
12/27/2010	0	1,820	0	900	0	0			64
12/26/2010	0	1,664	0	900	0	0			64
12/25/2010	0	1,680	0	900	0	0			64
12/24/2010	0	1,862	0	900	0	0			64
12/23/2010	0	1,570	0	900	0	0			64
12/22/2010	0	1,804	0	900	0	0			64
12/21/2010	0	1,660	0	900	0	0			64
12/20/2010	0	1,788	0	900	0	0			64
12/19/2010	0	1,853	0	900	0	0			64
12/18/2010	0	2,027	0	900	0	0			64
12/17/2010	0	1,662	0	900	0	0			64
12/16/2010	0	2,035	0	900	0	0			64
	0	42,428				0			