

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

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
NMNM24683 ✓

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 ☐ Other8 Well Name and No
MERCHANT 8 FEDERAL 1 ✓

2 Name of Operator

✓ CHESAPEAKE OPERATING, INC.

Contact LINDA GOOD

E-Mail: linda.good@chc.com

9 API Well No

30-025-36318 ✓

3a Address

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

3b Phone No. (include area code)

Ph: 405-935-4275

10 Field and Pool, or Exploratory
DAGGER LAKE Delaware

4 Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 8 T22S R33E Mer NMP SESW 880FSL 1760FWL

FEB 13 2012

11. County or Parish, and State

LEA COUNTY, NM ✓

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

RECEIVED

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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	✓ <input checked="" 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.)

12/21/2011 BLED DOWN CASING. ND WELLHEAD. NU SPOOL. RIH W/6.059 OD GAUGE RING TO 1400'. UNABLE TO GET ANY DEEPER. POOH. GAUGE RING & JUNK BASKET HAD PARAFFIN & PIECES OF RUBBER. RIH W/7" BAKER TSM RBP (5.900 OD). PLUG SAT DOWN AT 1362'. UNABLE TO GET DEEPER. POOH. ND SPOOL. NU WELLHEAD. SHUT WELL IN. RD WIRELINE. SDFN. 12-22-23-24-25-26-27-28-2011 SHUT DOWN FOR HOLIDAYS & WAITING ON RIG

12/29/2011 BLED DOWN CASING. ND WELLHEAD. NU SPOOL AND BOP. RECEIVED 279 JTS 2-7/8 N-80 TUBING VIA EL FARMER. SIH W/6" BIT & 7" CASING SCRAPER ON 60 JTS 2-7/8 WORKSTRING. BOTTOM OF BIT @ 1913'. CLOSED PIPE RAMS. SDFN. 12-30-31-2011 & 1-1-2-2012 SHUT DOWN FOR HOLIDAYS

1/3/2012 TIH WITH 6" BIT & 7" CASING SCRAPER TO 8,740' POOH W/6" BIT SCRAPER & 2-7/8" WORKSTRING. CLOSED BOP RAMS - SDFN.

After 6-1-2012 the well must be online
or plans to P & A must be submitted.

TA Expires 6/1/2012

ALSO
SEE NOI COAs ADW

LAST Prod 3/2010

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

Electronic Submission #128918 verified by the BLM Well Information System
For CHESAPEAKE OPERATING, INC., sent to the Hobbs

Name (Printed/Typed) LINDA GOOD

Title SR. REGULATORY COMPLIANCE SPEC

Signature (Electronic Submission)

Date 01/23/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>J. D. W. Hittler</u>	Title <u>LPE7</u>	Date <u>2/9/12</u>
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 <u>CFO</u>	

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 ****

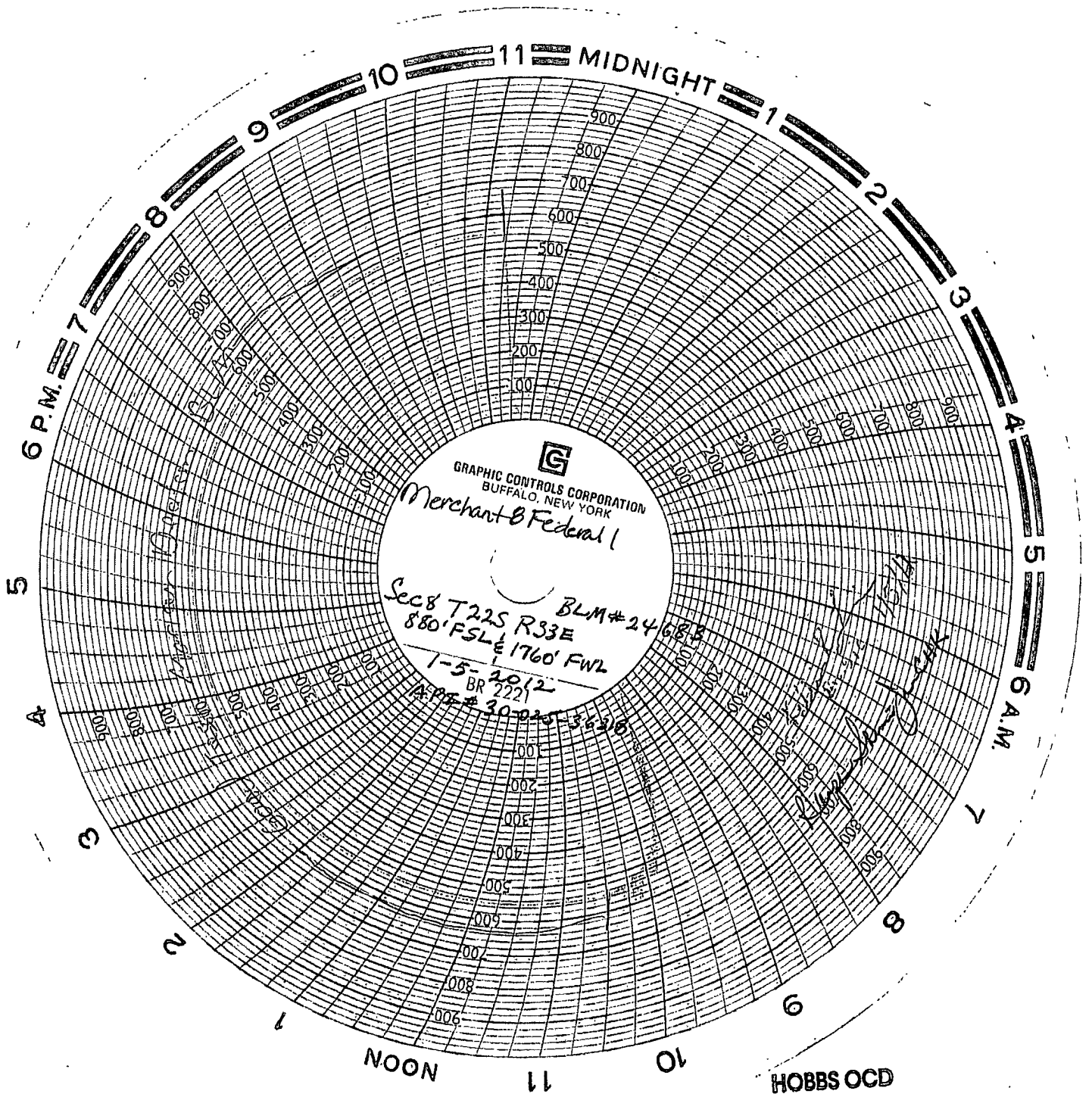
Additional data for EC transaction #128918 that would not fit on the form

32. Additional remarks, continued

1/4/2012 RBIH TESTING @ 6,000# ABOVE THE SLIPS - RAN IN WITH XN NIPPLE - 6' TBG SUB 7" BAKER HORNET PACKER - ON-OFF TOOL (2.225 ID PROFILE) ON 2-7/8 N-80 WORKSTRING - R/D TESTERS - SET PACKER AT 8,530' - LOAD BACKSIDE & PERFORMED PRE-TEST TO 500# - OK - N/D BOP - N/U WELLHEAD & SDFN.

1/5/2012 RIGGED UP PUMP TRUCK & PRESSURED UP BETWEEN CASING AND TUBING TO 500# - CONDUCTED MIT ON CASING FOR 30 MINUTES. HELD OK (TEST WITNESSED BY BLM INSPECTOR, MARLAN DEATEN) RDSU & PUMP TRUCK - FINAL REPORT.

(CHK PN 819462)



HOBBS OCD

FEB 13 2012

RECEIVED

CURRENT WELLBORE SCHEMATIC

WELL: MERCHANT 8 FEDERAL 1
FIELD: SAPPHIRE PROSPECT
COUNTY: LEA STATE: NEW MEXICO
LOCATION: 880.0 FSL & 1,760.0 FWL SEC 8, 022S, 033E
ELEVATION: 3,571.0 GR -- 3,594.0 RKB
TD: 15,400.0 PBD: Original Hole - 11665.0

STATUS: PRODUCING

PROP #: 819462
API: 3002536318
SPUD DATE: 8/25/2003
RIG RELEASE: 10/28/2003
FIRST SALES: 12/23/2003
WELLBORE TYPE: VERTICAL

