

Submit 3 Copies To Appropriate District Office

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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

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

WELL API NO.	30-025-37730
5. Indicate Type of Lease	STATE <input checked="" type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.	
7. Lease Name or Unit Agreement Name	Keller 34 State
8. Well Number	3
9. OGRID Number	147179
10. Pool name or Wildcat	Bell Lake; Delaware, East 96322

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well 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 E : 1730 feet from the North line and 660 feet from the West line
Section 34 Township 23S Range 34E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3475 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
- TEMPORARILY ABANDON
- PULL OR ALTER CASING
- OTHER:
- PLUG AND ABANDON
- CHANGE PLANS
- MULTIPLE COMPL

SUBSEQUENT REPORT OF:

- REMEDIAL WORK
- COMMENCE DRILLING OPNS.
- CASING/CEMENT JOB
- OTHER: Completion
- ALTERING CASING
- P AND A

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.

Per attached wellbore schematic.



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 09/11/2006

Type or print name Brenda Coffman
For State Use Only

E-mail address: bcoffman@chkenergy.com Telephone No. (432)687-2992
OCD DISTRICT SUPERVISOR/GENERAL MANAGER

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

OCT 23 2006

CURRENT WELLBORE SCHEMATIC

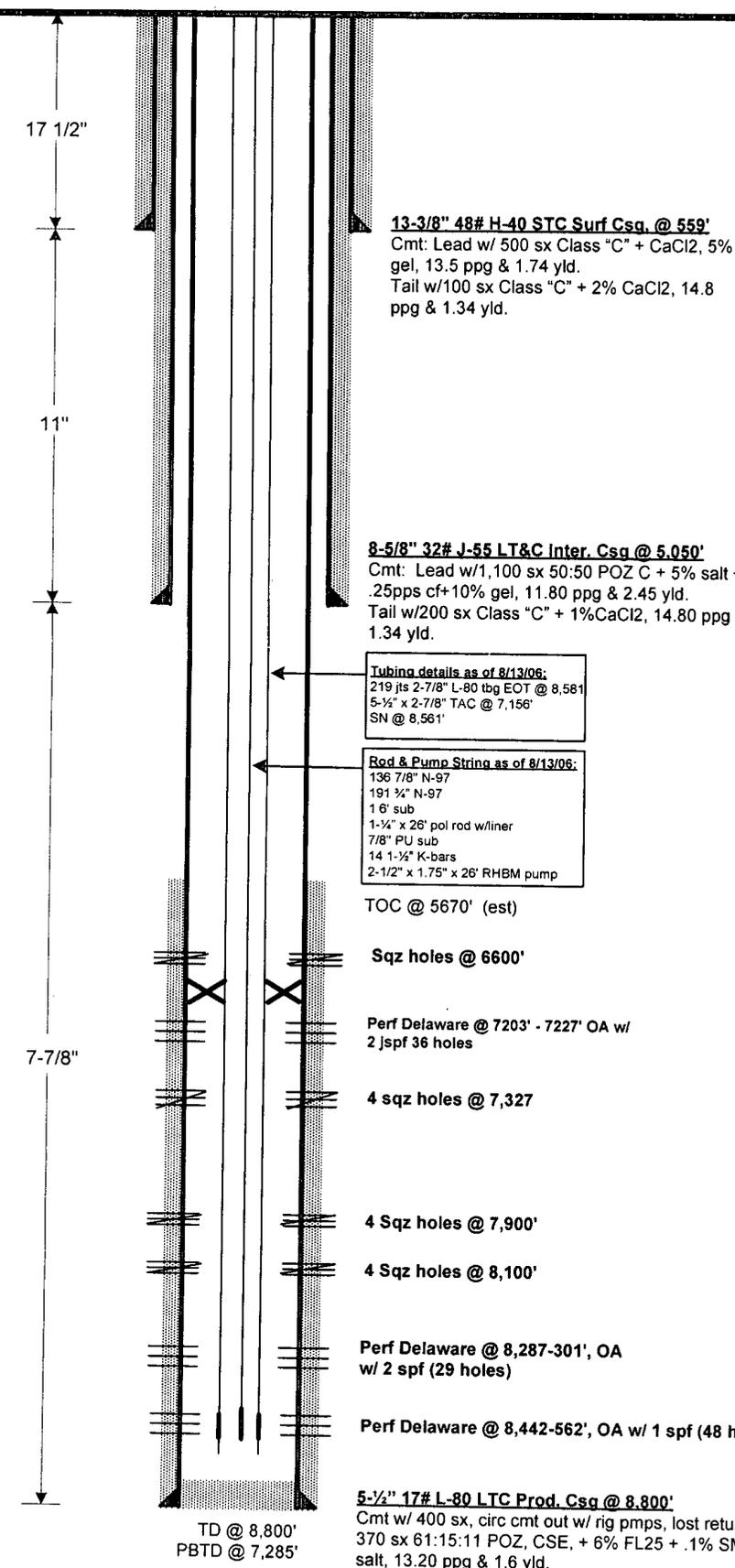
CHESAPEAKE OPERATING, INC



WELL : KELLER 34 STATE #3
FIELD : PALOMA BLANCO PROSPECT
COUNTY : LEA STATE : NM
LOCATION : 1,730' FNL & 660' FWL, SEC. 34-23S-34E
ELEVATION : GL 3,475' KB 3,493'

API #: 30-025-37730
SPUD DATE: 3/14/06
RIG REL. DATE: 3/31/06
FIRST SALES: 6/18/06
CHK PROP #: 819027

HOLE SIZE



WELL HISTORY

COMPLETION:
5/2006: RIH w/ 2-7/8" tbg to tag PBTB @ 8,704', acdz pickle tbg w/ 3 bbls 15% HCL, displace hole w/ 200 bbls 2% KCL. **Perf Delaware @ 8,442-448, 463-469, 473-486, 532-539 547-555, 560-562'**, w/ 1 spf 48 holes. **Acadz spot 200 gals 7.5% NeFe acid @ 8,562'**, rev acid into tbg w/ 7 bbls 2% KCL, predd 1000#, OK, pmp into broke @ 1284# @ 1 BPM, acdz w/ 1,300 gals 7.5% NeFe, drop 75 balls, 5 BPM @ 1500#, ball out w/ 7 bbls flush left @ 4,000#, surge balls, finish flush. **Frac Delaware 8,442-562'**, w/ 20 bbls, pmp 10,000 gals pad of Medallion 3000, 29,000 gals sand laden containing 66,000 bbls 16/30 sand, stage from 1/4 ppg, 1#, 2#, 3#, & 4 ppg, 3,000 gals containing 15,000# 16/30 Siberprop @ 5 ppg, flush w/ 8,160 gals 2% KCL wtr. P 24 hrs 0 BO, 280 BW, 18 MCFG, FTP 250#, FCP 30#. **Set CBP @ 8,390'**. **Perf Delaware @ 8,287-301'**, w/ 2 spf, 29 holes. Spot 200 gals 7.5% NeFe acid @ 8,301', rev 7 bbls press 1000#, OK, pmp broke @ 1442#. **Acadz @ 4.2 BPM @ 2322#**, drop 35 balls, flush w/ 49bbls 2% KCL, good ball action up to 4300#. **Frac Delaware w/ 2,000 gals 30# linear gel prepad, 8,000 gals Medallion 3000 pad, 14,550 gals 30# linear gel containing 37,420# 16/30 Whites sand @ .25 ppg, ramp 1 ppg-5 ppg, 2,100 gals linear gel containing 10,260# 16/30 Super LC @ 5 ppg, flush w/ 2,016 gals slick water. Set CBP @ 8,210'. Perf 4 sqz holes @ 8,100'. Perf 4 holes @ 7,900'. RIH w/ 5-1/2" cmt retainer @ 8,070'**, pmp 20 bbls 2% KCL @ 2 BPM @ 350#. Sting out of cmt retainer, rev 68 bbls 2% KCL. Pmp dwn tbg, sting into cmt retainer, establish rate of 2 BPM @ 350# & pmp 55 sx Class "C", displace w/ 2% KCL. **Set CBP @ 7,430' & perf 4 sqz holes @ 7,327'**. **6/2006: DO CBP @ 7,430'**. Drill out 119' cmt & stringers to cmt retainer @ 8,070', circ clean. **DO CIBP @ 8,230'** in 5 hrs, circ clean. **CBL ran TOC @ 6,800'. DO CBP @ 8,390'** in .5 hrs, RIH w/ tbg to 8,340', tag fill clean out 64' fill to 8,404' drill out CBP in 5 hrs. RIH w/ tbg, tag fill & clean out fill, circ clean. Run tbging & rods and turn over to prod. 24 hrs 0 BO, 318 BW & 0 MCF, FTP 350#, FCP 0#. POOH w/ rods & tbg. **CBP @ 7,285'**. Sqz holes @ 6,600' load tbg w/ 3 bbls KCL, held 15 min w/ no leak off, sqz holes leaking. CBP holding. CR @ 6541'. Pmp 20 bbls 2% through CR. Tst csg to 1500#, tst tbg to 2000#, held. Pressured cst to 1000#, est rate into sqz holes @ 6600', 2.7 BPM @ 1075', mix and pmp 150 sx Prem Plus "C" + additives, 14.8 ppg, 1.33 yield, tail w/ 50 sx Prem Plus "C" + additive, 14.8 ppg, 1.33 yield, total slurry vol 48 bbls. **7/2006: TOC @ 6533'. DO cmt & CR to 6550' then soft cmt to 6565', circ bottoms up. Tag cmt @ 6565'. DO cmt to sqz holes @ 6600', DO. RIH to CBP @ 7285'. Circ w/ 155 bbls 2% KCL. Perf Delaware @ 7203'-7213', 7220' - 7227' w/ 2 spf, 36 holes. Acadz w/ 1500 gal 7/5% HCL w/ 45 - 1/3" ball sealers. Frac w/ 2000 gal 30# linear gel pre pad, 8,000 gal Medallion 3000 pad, 16,450 gals 30# linear gel w/ 35,320# 16/30 white sd. EST TOC @ 5670' w/ CBL. **8/03/06: P: 20 BO 253 BW 20 MCFG FTP 350# FCP 35#.** **8/18/06: DO CBP in 3 hrs, circ hole clean. Re-run rods & tbg. 24 hrs Prod, 80 BO, 284 BW, 49 MCFG, FTP 350#, FCP 20#.****

PREPARED BY: Renee Thomas
UPDATED BY:

DATE: 3/31/06 - 6/10/06
DATE: AJM