

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OOD-HOBBS

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

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.
NMNM-068821

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

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

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.
PALOMA 30 FEDERAL 2

2. Name of Operator
CHESAPEAKE OPERATING, INC.

ATTN: SHARON DRIES

9. API Well No.
30-025-37413

3a. Address
P. O. BOX 18496
OKLAHOMA CITY, OK 73154-0496

3b. Phone No. (include area code)
405-879-7985

10. Field and Pool or Exploratory Area
BELL LAKE

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

2430 FSL & 2420 FEL, NWSE, SECTION 30, T23S, R34E

11. Country or Parish, State
LEA COUNTY, NEW MEXICO

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

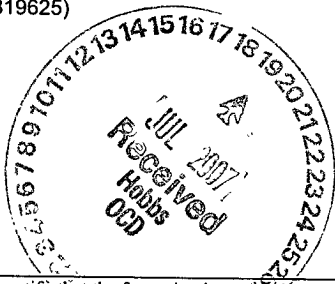
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> 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 recompleate 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 must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

CHESAPEAKE OPERATING, INC. REQUEST PERMISSION TO LAY OUT AND T&A THIS WELL PENDING EVALUATION FOR UP-HOLE POTENTIAL. CHESAPEAKE PLANS TO DO THE FOLLOWING:

1. LAY OUT TUBULARS 2. BAIL 35' OF CEMENT ON THE CIBP AT 13,210'. 3. SET A 4 1/2" CIBP AT 12,510'. BAIL 35' OF CEMENT ON THIS CIBP. 4. LOAD AND TEST PLUG TO 500 PSI. 5. CHART AND PERFORM A WITNESSED MIT. PRESSUE TO 500 PSI FOR 30 MINUTES.

(CHK PN 819625)



*Approved for work and MIT.
Subsequent required for TA approval.*

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

Name (Printed/Typed) SHARON E. DRIES

Title SENIOR REGULATORY COMPLIANCE SPECIALIST

Signature

Sharon E. Dries

Date 06/29/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Office

APPROVED

JUL 16 2007

Date

WESLEY W. INGRAM
PETROLEUM ENGINEER

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.

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.

(Instructions on page 2)

GWV

CURRENT WELLBORE SCHEMATIC

CHESAPEAKE OPERATING INC.

WELL : PALOMA 30 FED #2

FIELD : BELL LAKE (MORROW)

LOCATION : 2,430' FSL & 2,420' FEL, SEC. 30-T23S-R34E

COUNTY : LEA

STATE : NM

ELEVATION : GL - 3,608' RKB - 3,634'



API #: 30-025-37413

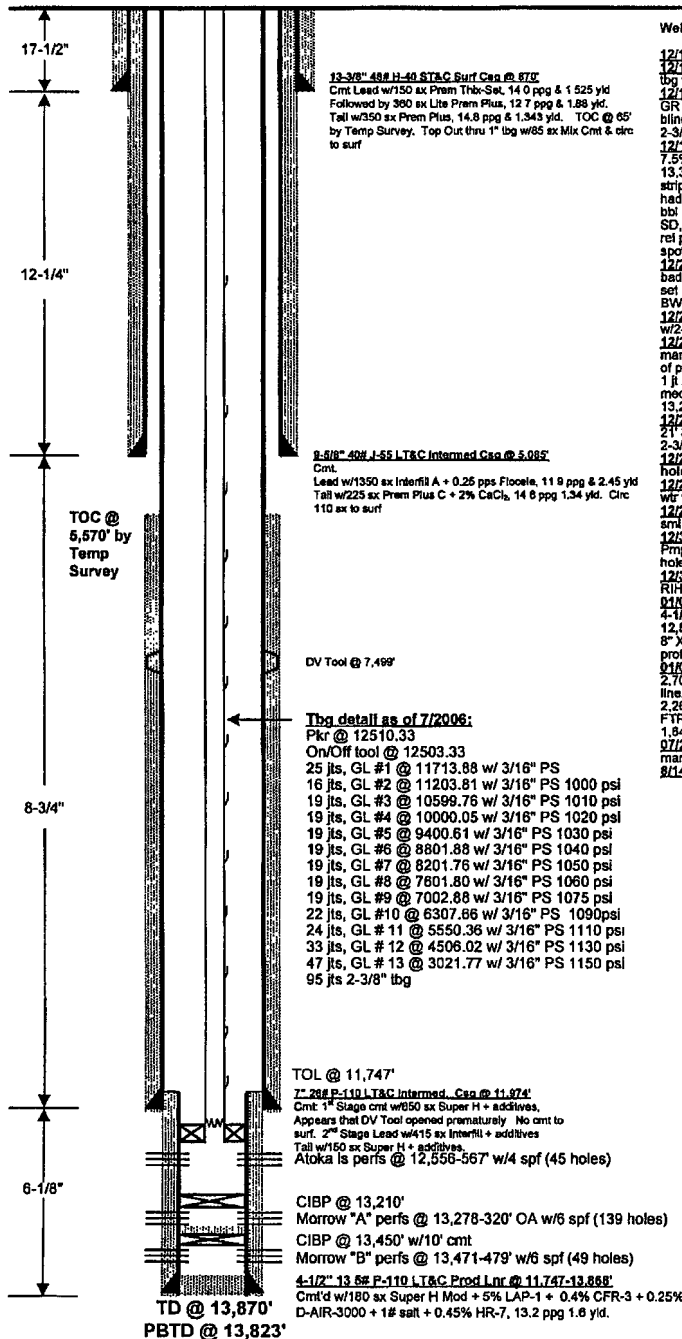
SPUD DATE: 10/17/05

RIG RELEASED: 12/03/2005

FIRST SALES: 01/04/06

CHK PN: 819658

HOLE
SIZE 730



Well History:

12/15/05 RIH w/2-3/8" 4 7# P-110 tbg
12/16/05 Tag @ 13,461' (16' of rat hole). Press csg to 2000#. OK. Pickle tbg w/210 gal 15% HCl acid. Displ hole w/460 bbl 7% KCl.
12/17/05 POOH w/2-3/8" tbg, 6 - 3 1/8" DCs & 3-3/4" bit. RIH w/CBU/CCL/GR log, tag @ 13,620'. Log 13,620' - 11,700'. TOL WLM @ 11,740'. Press blind rams to 2000#. OK. RIH w/2-3/8" x 4-1/2" CST pkr, 2-3/8" SN & 248 Jt 2-3/8" P-110 tbg.
12/18/05 RIH w/180 Jt 2-3/8" P-110 tbg. EOT @ 13,479'. Spot 200 gal 7.5% acid w/additives @ 13,479' w/ 50 bbls 7% KCl. LD 3 Jts, set pkr @ 13,386' w/18 pts, pressure up on backside to 1000#. OK. RIH w/1-11/16" strip guns, perf Morrow "B" 13,471-479" w/6 spf (49 holes). (EM Hobbs had trouble w/Gamma reading then had a miss run, backside 1000#) Pmp 3 bbl 7% KCl. Press built to 8050#, did not break, backside gaining pressure, SD, bleed off oil pressures. Set 24 pts on pkr, attempt to load, circ out tbg, rel pkr, pull 1 Jt 2-3/8" tbg, set pkr, would not load, circ out tbg. Rel pkr, rev spot acid out tbg w/60 bbl 7% KCl.
12/20/05 36 hr SITP 0#, SICP 0#, POOH w/2 3/8" tbg & pkr, piston o-ring bad on pkr. RIH wirebuilt 2-3/8" x 4-1/2" CST pkr & 425 Jt 2-3/8" P-110 tbg, set pkr @ 13,386'. Press backside to 1500#. OK. Swb 3 hr, IFL surf, 36 BW, FFL 8,000', no gas, no fluid entry.
12/21/05 13 hr SITP 0#, RIH w/swab, IFL 8,000'. Load tbg, rel pkr, POOH w/2-3/8" tbg, SN & pkr. Set 4-1/2" CIBP @ 13,460' w/10' cmt.
12/22/05 Set pkr @ 13,174'. Left in hole: Arrowset pkr w/16" of 2-3/8" mandrel (1 13/16" ID) looking up & 3 slip segments laying on top of top cone of pkr @ 13,174'. 1 Jt 2-3/8" P-110 tbg, XN nipple w/1.791" no-go @ 13,212'. 1 Jt 2 3/8" P-110 tbg. 2-3/8" ported debris sub, 1 Jt 2-3/8" P-110 tbg. 2-3/8" mechanical firing device w/auto-release @ 13,276'. 2 - 2 1/2" 3 1/8" TCP guns 13,278' - 13,320'. fish total 147'. 120' rat hole.
12/23 to 12/24/05 catch fish @ 13,174' & pull entire fish OOH. RIH w/2 - 2 1/2" 3 1/8" TCP guns, 2-3/8" mechanical auto release, 1 Jt 2-3/8" P-110 tbg. 2-3/8" ported debris sub, 1 Jt tbg, XN nipple w/1.791" no-go & 1 Jt 2-3/8" tbg.
12/27/05 Perf Morrow "A" 13,278-288", 13,307-320" w/6 spf, 10' - 60 holes, 13' - 79 holes, op to flw 1.5 hr w/st blw gas.
12/28/05 SITP 725#, bleed off/30 sec. IFL surf, swb 39 BW/3 hr. Rec gray wtr white gas, FFL 2,700'.
12/29/05 Flw 2 hrs, 11 BW, RIH w/swab, IFL surf, swab 6.5 hr, 82 BW w/ srl cmt gas during & after run, FFL 3,600'. Swb & Flw 83 BW.
12/30/05 15 hr SITP 1000#, bleed off/10'. IFL surf, swb 27 BW, FFL 3,400'. Pmp 10 BW own tbg to equalize. Rel pkr. LD 1 Jt 2-3/8" tbg & 3 subs, displ hole w/465 bbl 10# brine.
12/31/05 POOH w/tbg, subs, Baker pkr, XN nipple, debris sub & rel tool RIH w/100 Jt 2-3/8" tbg for kill string.
01/04/06 90 hr SITP 500#, SICP 700#. POOH w/100 Jt 2-3/8" tbg. Set 4-1/2" CIBP @ 13,210'. Press up on CIBP to 2000#. OK. Perf Atoka 12,556-12,567" w/4 spf (45 holes). RIH w/2-3/8" collar, 2-3/8" x 4' sub, 1-7/8" XN w/ 1.791", 2-3/8" x 8' sub, 4-1/2" Baker Hornet pkr w/on/off w/1-7/8" profile & 995 Jt 2-3/8" P-110 tbg, set pkr @ 12,445' w/13 pts. Test OK.
01/05/06 13 hr SITP 20#, bleed off, IFL 400'. 3 swb runs, 19 BW, FFL 2,700'. Flwg, flow to frac tank 4 hr on 12/64", flw 26 BW to tank, put well on line. 1st gas sales @ 12:00 Noon MST, 01/04/06, 12/64", FTP 3600#, 2.263 MCFG, static -480#. Turn over to flw tsfr. @ report time on 14/64", FTP 3425#, flow rate 2,500 MCFG, making 2 BOPH, 0 BW, last 17 hr sold 1,841 MCFG, made 32 BC, 0 BW.
07/20/06 POH w/ tbg string. Ran in hole with 395 Jts installing gas lift mandrels.
8/14/06: 24 hrs, 0 BO, 0 BW, 6 MCFG, FTP 1200#, FCP 550#.

PREPARED BY: Linda S. Fries

UPDATED BY: AJM/Lorie Higginbotham

DATE: 12/05/05

DATE: 6/06/06 - 8/7/06

AJM