

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

OCD-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.

SUBMIT IN TRIPLICATE – Other instructions on page 2		7. If Unit of CA/Agreement, Name and/or No.
1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	8. Well Name and No. FEDERAL USA L 3	
2. Name of Operator CHESAPEAKE OPERATING, INC. / ATTN: LINDA GOOD	9. API Well No. 30-025-30685 /	
3a. Address P O BOX 18496 OKLAHOMA CITY, OK 73154-0496	3b. Phone No. (include area code) 405-767-4275	10. Field and Pool or Exploratory Area TONTON /
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1980' FNL & 1675' FEL, SEC 14, T19S, R33E Unit 6		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 checked="" type="checkbox"/> Plug and Abandon	<input 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, respectfully, requests verbal approval to plug this well per the following P&A Procedure.

Ensure that all proper paperwork has been obtained and notify New Mexico Oil Conservation Division 24 hours prior to beginning operations.
Hold safety meetings each morning prior to starting work as well as prior to any major operation to ensure that all parties involved are aware of all potential dangers.

1. Prepare location. MIRU workover rig and reverse unit. Unload, rack and tally 2-3/8" work string.
2. PU and TIH with 2-3/8" tubing to PBTD (3,615') and tag to verify. Circulate hole with salt gel mud containing 9.5 pound brine and 12.5 lbs of gel per barrel.
3. PUH with 2-3/8" tubing to 1,557' and spot 25 sx plug with bottom at 1,557'. PUH to WOC. Tag plug to verify.
4. PUH and spot 10 sx cement plug at surface.
5. ND BOP. Cut off casing 3' below ground level. Install dry hole marker.
6. RDMO workover rig and reverse unit. Restore location.

File all appropriate paperwork with the New Mexico Oil Conservation Division has been filed so that the well is properly abandoned.

Please find the attached procedure and wellbore schematic.

(CHK PN 890906)

***SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) LINDA GOOD	Title REGULATORY COMPLIANCE SPECIALIST
Signature <i>Linda Good</i>	Date 08/08/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE		APPROVED
Approved by <i>[Signature]</i>	Title	Date AUG 10 2008
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	JAMES A. AMOS SUPERVISOR-EPS

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)



**Federal USA L 3
P&A Procedure
Lea County, New Mexico**

Well Information

Location: 1,980' FNL & 1,650' FEL Sec. 14-T19S-R33E
 CHK Prop Num: 890906
 API Num: 3002530685
 PBSD/TD: 3,615' / 4,450'

Casing and Tubular Data:

STRING	OD (in)	WEIGHT (lb/ft)	GRADE	ID (in)	DRIFT (in)	BURST (psi)	DEPTH (ft)	TOC
Surface	8.625	24	J-55	8.097	7.972	2,950	1,507'	Surf
Production	5.500	15.5	J-55	4.950	4.825	4,810	4,450'	Surf
Tubing	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Perforation Data:

FORMATION	TOP	BOTTOM	HEIGHT	SHOT DENSITY	HOLES	PHASING	COMMENTS
Seven Rivers	3,701'	3,718'	17'				Plugged
Seven Rivers	3,820'	3,856'	36'				Plugged

Well was TA'd and tubing was pulled in September 2002 in preparation to P&A. For further detail, please see attached wellbore schematic.

Procedure

Ensure that all proper paperwork has been obtained and notify New Mexico Oil Conservation Division 24 hours prior to beginning operations.

Hold safety meetings each morning prior to starting work as well as prior to any major operation to ensure that all parties involved are aware of all potential dangers.

1. Prepare location. MIRU workover rig and reverse unit. Unload, rack and tally 2-3/8" work string.
2. PU and TIH with 2-3/8" tubing to PBSD (3,615') and tag to verify. Circulate hole with salt gel mud containing 9.5 pound brine and 12.5 lbs of gel per barrel.
3. PUH with 2-3/8" tubing to 1,557' and spot 25 sx plug with bottom at 1,557'. PUH to WOC. Tag plug to verify.

4. PUH and spot 10 sx cement plug at surface.
5. ND BOP. Cut off casing 3' below ground level. Install dry hole marker.
6. RDMO workover rig and reverse unit. Restore location.

File all appropriate paperwork with the New Mexico Oil Conservation Division has been filed so that the well is properly abandoned.

Contact Information

Workover Superintendent:	Lynard Barerra	Office 575-391-1462 Cell 575-631-4942
Production Superintendent:	Curtis Blake	Office 575-391-1462 Cell 575-631-9936
Production Foreman:	Ralph Skinner	Office 575-391-1462 Cell 575-441-4921
Asset Manager:	Kim Henderson	Office 405-879-8583 Cell 405-312-1840



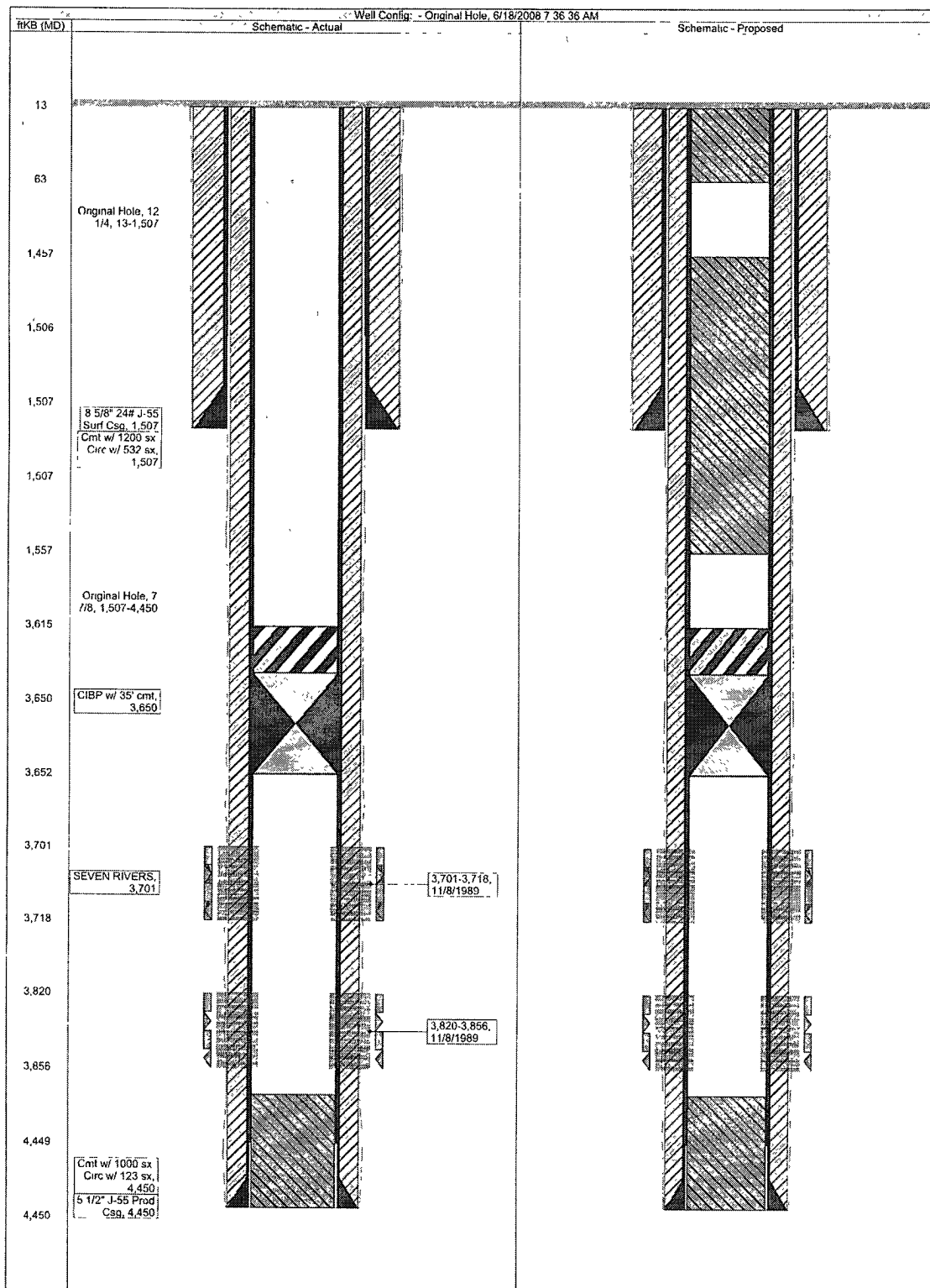
Proposal - Workover

FEDERAL USA L 3

Field: TONTO SEVEN RIVERS
County: LEA
State: NEW MEXICO
Elevation: GL 3,687.00 KB 3,700.00
KB Height: 13.00

Location: SEC 14, 19S-33E, 1980 FNL & 1675 FEL

Spud Date: 10/26/1989
Initial Compl. Date:
API #: 3002530685
CHK Property #: 890906
1st Prod Date:
PSTD: Original Hole - 3615.0
TD: 4,450.0



Chesapeake Operating, Inc.
MNM56749; Federal USA L No. 3
1980 FNL & 1675 FEL Sec. 14, T19S-R33E
Lea County, New Mexico

RE: Plugging and Abandonment Requirements, Conditions of Approval

1. OK as is.
2. OK as is.
- Add. Spot a 25 sx minimum plug @ 3146' (covers Base of Salt). WOC and tag no lower than 3016' (130').
3. Spot a plug @ 1707' (covers Top of Salt and 8-5/8" shoe) with adequate cement to fill 250'. WOC and tag no lower than 1457'.
4. Spot a plug from 60' to surface.
5. OK as is.
6. OK as is

See attached standard COA's.

James A. Amos
505-234-5909

8/10/08

**BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

**Permanent Abandonment of Federal Wells
Conditions of Approval**

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within ninety (90) days from the approval date of this Notice of Intent to Abandon.

If you are unable to plug the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged. Failure to do so will result in enforcement action.

2. **Notification:** Contact the appropriate BLM office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, call 575-627-0272; Eddy County, call 575-361-2822; Lea County, call 575-393-3612.

3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of water. Minimum nine (9) pounds per gallon.

5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. In lieu of a cement plug in a cased hole, a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient.

Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.

6. **Dry Hole Marker:** All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). The well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement. The following information shall be permanently inscribed on the dry hole marker: well name and number, name of the operator, lease serial number, surveyed location (quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer such as metes and bounds).

7. **Subsequent Plugging Reporting:** Within 30 days after plugging work is completed, file one original and five copies of the Subsequent Report of Abandonment, Form 3160-5 to BLM. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date well was plugged.**

8. **Trash:** All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

Following the submission and approval of the Subsequent Report of Abandonment, surface restoration conditions of approval will be developed and furnished to you.