

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.***SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

|                                                                                                                                  |                                                      |
|----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| 1. Type of Well<br><input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | 8. Well Name and No.<br>PAPAGAYO FEDERAL 1           |
| 2. Name of Operator<br>CHESAPEAKE OPERATING INC                                                                                  | 9. API Well No.<br>30-025-32543-00-S1                |
| 3a. Address<br>P O BOX 18496<br>OKLAHOMA CITY, OK 73154-0496                                                                     | 10. Field and Pool, or Exploratory<br>ANTELOPE RIDGE |
| 3b. Phone No. (include area code)<br>Ph: 405-767-4275                                                                            | 11. County or Parish, and State<br>LEA COUNTY, NM    |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)<br>Sec 27 T23S R34E SWSW 660FSL 660FWL                    |                                                      |

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

| TYPE OF SUBMISSION                                    | TYPE OF ACTION                                                |
|-------------------------------------------------------|---------------------------------------------------------------|
| <input type="checkbox"/> Notice of Intent             | <input type="checkbox"/> Acidize                              |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Deepen                               |
| <input type="checkbox"/> Final Abandonment Notice     | <input type="checkbox"/> Fracture Treat                       |
|                                                       | <input type="checkbox"/> Production (Start/Resume)            |
|                                                       | <input type="checkbox"/> Reclamation                          |
|                                                       | <input type="checkbox"/> Recombine                            |
|                                                       | <input type="checkbox"/> Temporarily Abandon                  |
|                                                       | <input type="checkbox"/> Water Shut-Off                       |
|                                                       | <input type="checkbox"/> Well Integrity                       |
|                                                       | <input checked="" type="checkbox"/> Other Surface Commingling |
|                                                       | <input type="checkbox"/> Change Plans                         |
|                                                       | <input type="checkbox"/> Plug and Abandon                     |
|                                                       | <input type="checkbox"/> Plug Back                            |
|                                                       | <input type="checkbox"/> Water Disposal                       |
|                                                       | <input type="checkbox"/> Convert to Injection                 |

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.)

THIS WELL HAS BEEN SURFACE COMMINGLING SINCE DECEMBER 2006.

ALLOCATION FOR EACH WELL IS MEASURED ON LEASE AT EACH LOCATION.

ATTACHED IS THE APPROVED SURFACE COMMINGLING ORDER.

WELLS UNDER LEASE #NMLC071949:

PAPAGAYO FEDERAL 1

KELLER 27 FEDERAL 1 - 30-025-37905 - SEC 27-T23S-R34E - 1767 FSL &amp; 600 FWL, NWSW.

(CHK PN 890714 &amp; 819029)

**RECEIVED**

JAN 21 2009

**HOBBSOCD**

CTB-588

|                                                                                                                                                                                                              |                                   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| 14. I hereby certify that the foregoing is true and correct.                                                                                                                                                 |                                   |
| Electronic Submission #65733 verified by the BLM Well Information System<br>For CHESAPEAKE OPERATING INC, sent to the Hobbs<br>Committed to AFMSS for processing by KURT SIMMONS on 12/18/2008 (09KMS0278SE) |                                   |
| Name (Printed/Typed) LINDA GOOD                                                                                                                                                                              | Title REGULATORY COMPLIANCE SPEC. |
| Signature (Electronic Submission)                                                                                                                                                                            | Date 12/18/2008                   |

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

|                                                                                                                                                                                                                                                          |                      |                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-----------------|
| Approved By JAMES A AMOS                                                                                                                                                                                                                                 | Title SUPERVISOR EPS | Date 01/19/2009 |
| 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 Hobbs         |                 |

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.

**\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\***



# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**  
Governor

Joanna Prukop  
Cabinet Secretary  
Reese Fullerton  
Deputy Cabinet Secretary

RECEIVED

MAY 12 2008

MAILROOM 3

Mark Fesmire  
Division Director  
Oil Conservation Division



Surface Commingling Order CTB-588

May 08, 2008

Chesapeake Energy Corporation  
P.O. Box 18496  
Oklahoma City, Oklahoma 73154-0496

Attention: Brenda Coffman

Chesapeake Energy Corporation is hereby authorized to surface commingle gas production from the Bell Lake; Delaware, East Oil Pool (96332) from the following leases.

Lease: Keller 34 (**State Lease No. NMLC 35344**)  
Well: Keller 34 State Well No.3 (**API No. 30-37730**) Unit E, Section 34

Lease: **Keller 27 (Federal Lease No. NMLC 017949)**  
Well: Keller 27 Federal Well No. 1 (**API No. 30-025-37905**) Unit L, Section 27

Lease: Papagayo (**Federal Lease No. NMLC 071949**)  
Well: Papagayo Federal Well No. 1 (**API No. 30-025-32543**) Unit M; Section 27

**All in Township 23 South, Range 34 East, NMPM, Lea County, New Mexico**

Commingled gas production from the wells detailed above shall be measured and sold at the Keller 34 State Well No. 3 Central Delivery Point (CDP), located in Section 34, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico..

Gas production from all the wells shall be measured continuously with calibrated allocation meters installed in the wells prior to commingling with gas from other wells. Any liquid hydrocarbons produced from the wells shall **NOT** be commingled.

The allocation and the Central Delivery Point meters shall be calibrated semi-annually. Since all the three wells have allocation meters, the production assigned to each well

Oil Conservation Division \* 1220 South St. Francis Drive  
\* Santa Fe, New Mexico 87505

\* Phone: (505) 476-3440 \* Fax (505) 476-3462\* <http://www.emnrd.state.nm.us>



May 8, 2008

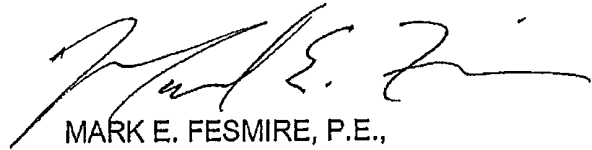
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shall be the integrated volume from the allocation meters adjusted to match the Central Delivery Point meter.

NOTE: This installation shall be installed and operated in accordance with the applicable Division Rules and Regulations. It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the Hobbs district office of the Division prior to implementation of commingling operations.

DONE at Santa Fe, New Mexico, on May 08, 2008.



MARK E. FESMIRE, P.E.,  
Division Director

MEF/re

cc: Oil Conservation Division - Hobbs  
Bureau of Land Management (BLM) - Farmington  
State Land Office Oil and Gas Division, Santa Fe



## Gas Allocation Report

Delivery System **DSBONANAZACD BONANZA FED 1 STRATA CDP DEL SYS**      Production Date **10/31/2007**      MCF Variance **1,016.03**      16.12%  
 Field Office **HOBBS**      MMBTU Variance **1,374.80**      16.06%

| Meter Code           | Meter Name                  | Transporter Code | Transporter Name   | State Volume | MMBTU    | State    | Web/Dry |
|----------------------|-----------------------------|------------------|--------------------|--------------|----------|----------|---------|
| Disposition    TRANS |                             |                  |                    |              |          |          |         |
| 6099515992           | KELLER 34 STATE 1 CDP SALES | 301068CEMI       | SOUTHERN UNION GAS | 5,125.26     | 7,020.34 | 15.03    | DRY     |
|                      |                             |                  |                    | Total:       | 5,125.26 | 7,020.34 |         |
| Disposition    FUEL  |                             |                  |                    |              |          |          |         |
| FM890732             | BONANZA FEDERAL 1 FUEL      |                  |                    | 30.23        | 31.00    | 15.03    | DRY     |
| FM890686.2           | CIGUENA STATE 2 FUEL USE    |                  |                    | 129.66       | 133.00   | 15.03    | DRY     |
|                      |                             |                  |                    | Total:       | 159.91   | 164.00   |         |
|                      |                             |                  |                    | Total:       | 5,285.16 | 7,184.34 |         |

| Zone Code | Zone Name         | Days | Theo MCF | Theo MMBTU | BTU Factor | Flow PB | Fuel MCF | Fuel MMBTU | Fuel PB | Sales MCF | Sales MMBTU | Sales PB |
|-----------|-------------------|------|----------|------------|------------|---------|----------|------------|---------|-----------|-------------|----------|
| 890732.01 | BONANZA FEDERAL 1 | 29   | 30.23    | 31.00      | 1.0000     | 15.03   | 30.23    | 31.00      | 15.03   | 0.00      | 0.00        | 15.03    |
| 890733.01 | BONANZA FEDERAL 3 | 31   | 0.00     | 0.00       | 0.0000     | 15.03   | 0.00     | 0.00       | 0.00    | 0.00      | 0.00        | 15.03    |
| 890686.01 | CIGUENA STATE 1   | 31   | 146.57   | 205.60     | 1.3934     | 15.03   | 0.00     | 0.00       | 0.00    | 174.23    | 249.11      | 15.03    |
| 890687.01 | CIGUENA STATE 2   | 24   | 129.68   | 133.00     | 1.0000     | 15.03   | 129.68   | 133.00     | 15.03   | 0.00      | 0.00        | 15.03    |
| 610210.01 | KELLER 22 FED 1   | 0    | 0.00     | 0.00       | 0.0000     | 15.03   | 0.00     | 0.00       | 0.00    | 0.00      | 0.00        | 15.03    |
| 819029.01 | KELLER 27 FED 1   | 31   | 479.61   | 701.98     | 1.4271     | 15.03   | 0.00     | 0.00       | 0.00    | 418.06    | 612.22      | 15.03    |
| 610218.01 | KELLER 27 FED 2   | 0    | 0.00     | 0.00       | 0.0000     | 15.03   | 0.00     | 0.00       | 0.00    | 0.00      | 0.00        | 15.03    |
| 819026.01 | KELLER 33 STATE 2 | 26   | 780.17   | 1,017.42   | 1.3050     | 15.03   | 0.00     | 0.00       | 0.00    | 619.30    | 829.27      | 15.03    |
| 819025.01 | KELLER 34 STATE 1 | 30   | 1,122.40 | 1,502.22   | 1.3050     | 15.03   | 0.00     | 0.00       | 0.00    | 914.39    | 1,224.42    | 15.03    |
| 819028.01 | KELLER 34 STATE 2 | 24   | 959.44   | 1,284.12   | 1.3050     | 15.03   | 0.00     | 0.00       | 0.00    | 791.65    | 1,045.67    | 15.03    |
| 819027.01 | KELLER 34 STATE 3 | 31   | 1,971.94 | 2,639.26   | 1.3050     | 15.03   | 0.00     | 0.00       | 0.00    | 1,606.91  | 2,151.19    | 15.03    |
| 890714.01 | PAPAGAYO FEDERAL  | 31   | 328.59   | 476.75     | 1.4147     | 15.03   | 0.00     | 0.00       | 0.00    | 286.43    | 415.78      | 15.03    |
| 890734.01 | PRONGHORN STATE   | 30   | 372.47   | 563.79     | 1.4759     | 15.03   | 0.00     | 0.00       | 0.00    | 324.67    | 491.68      | 15.03    |
| Total:    |                   |      | 6,301.20 | 8,559.14   |            |         | 159.91   | 164.00     |         | 5,125.26  | 7,020.34    |          |

Delivery System = DSBONANAZACD  
 BONANZA FED 1 STRATA CDP DEL SYS  
 Production Date Between 10/01/2007  
 12:00:00AM AND 10/31/2007 11:59:00PM  
 Min Well Count = 0  
 Minimum % Variance = 0

Printed: 2/20/2008 9:24:07 AM

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Repeal this statement for tax purposes. Duplicates will not be furnished.