

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTRECEIVED
JUN 02 2009
HOBBSOCDFORM 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 <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM04229C
2. Name of Operator CHESAPEAKE OPERATING INC. Contact: LINDA GOOD E-Mail: linda.good@chk.com		6. If Indian, Allottee or Tribe Name
3a. Address P O BOX 18496 OKLAHOMA CITY, OK 73154-0496	3b. Phone No (include area code) Ph: 405-935-4275	7. If Unit or CA/Agreement, Name and/or No. NMNM70979C
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 5 T21S R32E SWNE 1800FNL 1650FEL		8. Well Name and No LEU 07
		9. API Well No. 30-025-32602-00-S1
		10. Field and Pool, or Exploratory HAT MESA ; Delaware
		11. County or Parish, and State LEA COUNTY, NM

12. CHECK 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 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.)

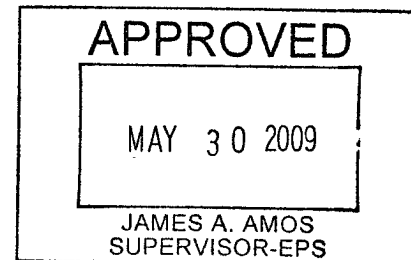
CHESAPEAKE, RESPECTFULLY, REQUESTS, PERMISSION, TO PLUG THIS WELL PER THE FOLLOWING P&A PROCEDURE.

Current Wellbore Information

CASING OD WEIGHT GRADE DEPTH TOC
SET
SURFACE 11 3/4" 42# H-40 1,405' SURFACE
INTERMEDIATE 8 5/8" 32# WC-50 3,200' SURFACE
PRODUCTION 5 1/2" 15.5# K-55 8,400' 2,900'

PERFS TOP PERF BOTTOM PERF STATUS
DELAWARE 7,122' 7,136' PRODUCING

* See Attached
Changes
R-III-P
Polash



14. I hereby certify that the foregoing is true and correct. Electronic Submission #70167 verified by the BLM Well Information System For CHESAPEAKE OPERATING INC, sent to the Hobbs Committed to AFMSS for processing by KURT SIMMONS on 05/26/2009 (09KMS0781SE)	
Name (Printed/Typed) LINDA GOOD	Title SR. REGULATORY COMPLIANCE SPEC
Signature (Electronic Submission)	Date 05/21/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By (BLM Approver Not Specified)	Title DISTRICT 1 SUPERVISOR	Date 05/30/2009
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.

Additional data for EC transaction #70167 that would not fit on the form

32. Additional remarks, continued

DELAWARE 8,062' 8,072' SI
DELAWARE 8,264' 8,270' SI

GL: 3,561' KB: 3,571' KB Height: 10'

PROCEDURE:

1. TEST ANCHORS
2. MIRU PULLING UNIT. NDWH NUBOP.
3. RIH W/4.825" GAUGE RING AND JUNK BASKET TO 7,075'. POOH.
4. RIH W/CIBP. SET AT 7,075'. DUMP BAIL 35' CMT ON TOP. POOH.
5. Fill 5 1/2" CASING WITH SALT GEL MUD CONTAINING 9.5 POUND BRING AND 12.5 LBS OF GEL PER BARREL.
6. RIH W/TBG. SPOT 100' CMT INSIDE CSG @ +/-6,059' (DV TOOL). WOC. ESTIMATED TOC @ 5,959'. TAG PLUG TO VERIFY.
- * 7. PUH TO 3,250' (50' BELOW 8 5/8" CSG SHOE). SPOT 170' PLUG INSIDE CASING. ESTIMATED TOC @ +/-3,083'. WOC. TAG PLUG TO VERIFY. THIS PLUG WILL ALSO COVER THE BASE OF THE SALT (3,133')
8. PERFORATE 5 1/2" CSG AT 1,533' (50' TOP OF SALT) AND THEN SQUEEZE WITH CEMENT TO HAVE 180' OUTSIDE CSG. SPOT AN ADDITIONAL 180' CMT INSIDE CSG. ESTIMATED TOC @ 1,355'. WOC. TAG PLUG TO VERIFY. THIS PLUG WILL ALSO COVER THE 11 3/4" CSG SHOE (1405')
9. PERFORATE 5 1/2" CSG @ 60'. CIRCULATE CMT TO SURFACE.
10. ND BOP. CUT OFF 5 1/2", 8 5/8" & 11-3/4" CASINGS 3' BELOW GROUND LEVEL.
11. WELD ON AN ID PLATE. RD ABD RELEASE WELL SERVICE UNIT. RESTORE LOCATION.

(CHK PN 891309)

Chesapeake Operating, Inc.
NMNM04229C: Little Eddy Unit 7
1800' FNL & 1650' FEL, Sec. 5, T21S-R32E
Lea County, New Mexico

RE: Plugging and Abandonment Requirements, Condition of Approval

1. OK.
2. OK.
3. OK.
4. OK.
5. OK.
6. 25 sack minimum plug.
7. Well is located inside the R111P Potash, which requires a solid plug in and out of all casings thru the salt section. This will require either, spotting a plug from 3250'-2900', perforating @ 2900' and circulating cement in and out of the 5-1/2" casing from 2900'-1332'. WOC and tag. Then continue with step 9. Perforating the 5-1/2" casing @ 60' and circulating to surface.

Option 2: Would be to, cut and pull casing @ 2900'. Then RIH to 3250' and spot cement from 3250'-1332' (may need to stage). WOC and tag. Then spot the surface plug from 60' to surface.

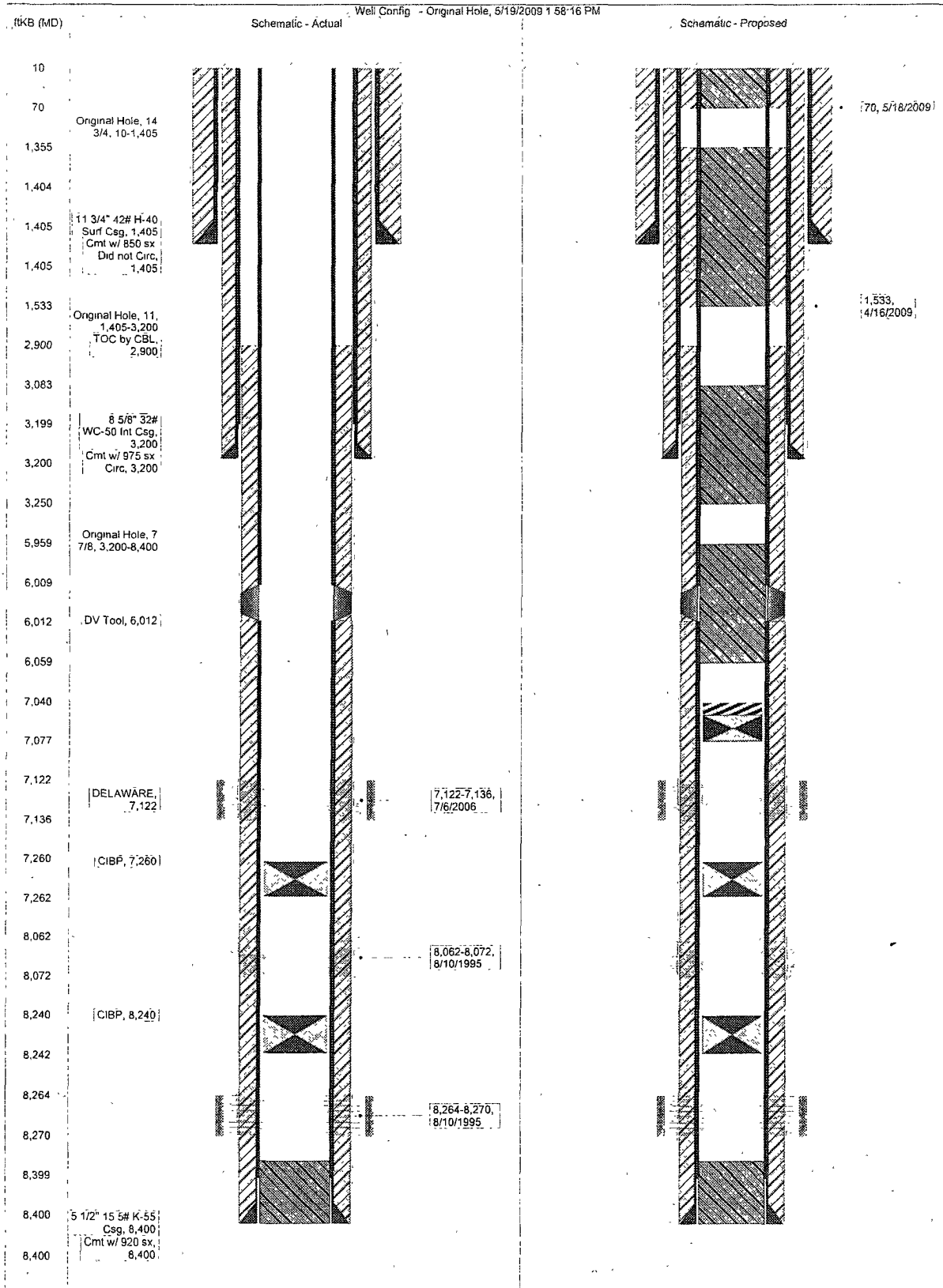
If you have any questions, please contact James A. Amos @ 575-234-5909.

See attached standard COAs.
See attached Reclamation Procedures

4/23/09

Field: HAT MESA (DELAWARE)
County: LEA
State: NEW MEXICO
Location: SEC 5, 21S-32E, 1799 FNL & 1650 FEL
Elevation: GL 3,561.00 KB 3,571.00
KB Height: 10.00

Spud Date: 6/11/1995
Initial Compl. Date:
API #: 3002532602
CHK Property #: 891309
1st Prod Date: 8/7/2006
PBDT: Original Hole - 7260.0
TD: 8,400.0



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 prior to 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



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene St
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm



In Reply Refer To 1310

Reclamation (Interim/Final) Procedures

Reclamation Objective: Oil and gas development is one of many uses of the public lands and resources. While development may have a short- or long-term effect on the land, successful reclamation can ensure the effect is not permanent. During the life of the development, all disturbed areas not needed for active support of production operations should undergo "interim" reclamation in order to minimize the environmental impacts of development on other resources and uses. At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land and water are restored.

The long-term objective of final reclamation is to set the course for eventual ecosystem restoration, including the restoration of the natural vegetation community, hydrology, and wildlife habitats. In most cases this means returning the land to a condition approximating or equal to that which existed prior to the disturbance. The final goal of reclamation is to restore the character of the land and water to its pre-disturbance condition. The operator is generally not responsible for achieving full ecological restoration of the site. Instead, the operator must achieve the short-term stability, visual, hydrological, and productivity objectives of the surface management agency and take steps necessary to ensure that long-term objectives will be reached through natural processes.

To achieve these objectives, remove any and all contaminants, scrap/trash, equipment, pipelines and powerlines. Strip and remove caliche, contour the location to blend with the surrounding landscape, re-distribute the native soils, provide erosion control as needed, rip and seed as specified in the original APD COA. This will apply to well pads, facilities, and access roads. Barricade access road at the starting point. If reserve pits have not reclaimed due to salts or other contaminants, submit a plan for approval, as to how you propose to provide adequate restoration of the pit area.

1. The Application for Permit to Drill or Reenter (APD, Form 3160-3), Surface Use Plan of Operations must include adequate measures for stabilization and reclamation of disturbed lands. Oil and Gas operators must plan for reclamation, both interim and final, up front in the APD process as per Onshore Oil and Gas Order No. 1.
2. For wells and/or access roads not having an approved plan, or an inadequate plan for surface reclamation (either interim or final reclamation), the operator must submit a proposal describing the procedures for reclamation. For interim reclamation, the appropriate time for submittal would be when filing the Well Completion or Recompletion Report and Log (Form 3160-4). For final reclamation, the appropriate time for submittal would be when filing the Notice of Intent, or the Subsequent Report of Abandonment, Sundry Notices and Reports on Wells (Form 3160-5). Interim reclamation is to be completed within 6 months of well completion, and final reclamation is to be completed within 6 months of well abandonment.
3. The operator must file a Subsequent Report Plug and Abandonment (Form 3160-5) following the plugging of a well.
4. Previous instruction had you waiting for a BLM specialist to inspect the location and provide you with reclamation requirements. If you have an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with reclamation as per approved APD. If you have issues or concerns, contact a BLM specialist to assist you. It would be in your interest to have a BLM specialist look at the location and access road prior to the removal of reclamation

- equipment to ensure that it meets BLM objectives. Upon conclusion submit a Form 3160-5, Subsequent Report of Reclamation. This will prompt a specialist to inspect the location to verify work was completed as per approved plans.
5. The approved Subsequent Report of Reclamation will be your notice that the native soils, contour and seedbed have been reestablished. If the BLM objectives have not been met the operator will be notified and corrective actions may be required.
 6. It is the responsibility of the operator to monitor these locations and/or access roads until such time as the operator feels that the BLM objective has been met. If after two growing seasons the location and/or access roads are not showing the potential for successful revegetation, additional actions may be needed. When you feel the BLM objectives have been met submit a Final Abandonment Notice (FAN), Form 3160-5, stating that all reclamation requirements have been achieved and the location and/or access road is ready for a final abandonment inspection.
 7. At this time the BLM specialist will inspect the location and/or access road. If the native soils and contour have been restored, and the revegetation is successful, the FAN will be approved, releasing the operator of any further liability of the location and/or access road. If the location and/or access road have not achieved the objective, you will be notified as to additional work needed or additional time being needed to achieve the objective.

If there are any questions, please feel free to contact any of the following specialists:

Jim Amos
Supervisory Environmental Protection Specialist
575-234-5909, 575-361-2648 (Cell)

Cody Layton
Natural Resource Specialist
575-234-5959

Terry Gregston
Environmental Protection Specialist
575-234-5958

Trishia Bad Bear
Natural Resource Specialist
575-393-3612

Bobby Ballard
Environmental Protection Specialist
575-234-2230

Todd Suter
Surface Protection Specialist
575-234-5987

Randy Rust
Environmental Protection Specialist
575-234-5943

Doug Hoag
Civil Engineering Technician
575-234-5979

Linda Denniston
Environmental Protection Specialist
575-234-5974

Jennifer Van Curen
Environmental Protection Specialist
575-234-5905

Justin Frye
Environmental Protection Specialist
575-234-5922