

June 19, 2008

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

87505

RECEIVED

OCT 13 2009

HOBSOCD

CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-025-04878

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
Shell State

8. Well Number 1

9. OGRID Number 147179

10. Pool name or Wildcat
Jalmat (Tansill-Yates-Seven Rivers)

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 18496
Oklahoma City, OK 73154-0496

4. Well Location

Unit Letter N : 660' feet from the South line and 2310' feet from the West line
Section 32 Township 21S Range 36E NMPM County Lea11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3613' GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☒
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐OTHER ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS ☐ P AND A ☐
CASING/CEMENT JOB ☐OTHER ☐

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.

Please find the following information in plans to plug and abandon this well:

Plug and Abandonment Procedure, Actual and Proposed Well Bore Diagram and NMOCD's C-144 (CLEZ) Pit Permit.

The Oil Conservation Division **Must be notified**
24 hours prior to the beginning of plugging operations

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Bryan Arrant TITLE Senior Regulatory Compl Sp. DATE 10/12/2009Type or print name Bryan Arrant E-mail address: bryan.arrant@chk.com PHONE: (405)935-3782

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE OCT 14 2009

Conditions of Approval (if any):



**Shell State #1 (CHK)
Plug and Abandonment
Lea County, NM**

Current Wellbore Information

TD: 3,905' PBD: 3,173'

Casing	OD	Weight	Grade	Depth Set	TOC
Surface	8-5/8"	28#	NA	300'	Surface
Production	5-1/2"	14#	NA	3,900'	2,710'

Perfs	Top Perf	Bottom Perf	Status
Yates-Seven Rivers	3,268'	3,693'	Not Producing
Yates-Seven Rivers	3,812'	3,886'	Not Producing

OIH	Size	Location
CIBP	5-1/2"	3,173'
CIBP /w cement on top	5"	3,790'

Formation Tops	Location
Top of Salt	1,572'
Bottom of Salt	3,086'
Top of Yates	3,219'
Top of Seven Rivers	3,453'
Top of Queen	3,852'

GL: 3,613' KB: 6' KB Height: 3,619'

Procedure

1. Notify the NM OCD 24 hours in advance prior to commencing plug and abandonment operations.
2. Hold Tailgate Safety meeting prior to beginning work each morning and as required for specific operations.
3. Rack and tally 106 joints of 2-7/8" N-80 workstring.
4. Prepare location. Test anchors.
5. MIRU PU. NDWH. NU BOP.
6. Load well with plugging mud and pressure up to 500# and test for leak-off.
7. RIH w/ tubing to 3,086' and spot a 100' cement plug. Pull up hole, wait 4 hours and tag plug. (Bottom of salt @ 3,086')
8. Perforate casing w/ 4 squeeze holes @ 1,572' and squeeze a 100' cement plug inside and out. Pull up hole, wait 4 hours and tag plug. (Top of salt @ 1,572')
9. Perforate casing w/ 4 squeeze holes @ 350' and squeeze a 100' cement plug inside and out. Pull up hole, wait 4 hours and tag plug. (Casing shoe @ 300')
10. Perforate casing w/ 4 squeeze holes @ 66' and squeeze a 66' cement plug to surface inside and out. POH w/ tubing. Top off casing.
11. RDMO. Install dry hole marker and cut off dead man. Restore location.

Contacts

Production Foreman

Greg Skiles

Office: 575-391-1462

Cell: 575-631-1663

Asset Manager

Kim Henderson

Office: 405-935-8583

Cell: 405-312-1840



Proposal - Workover

SHELL STATE 1 (CHK)

Field: JALMAT (TANSILL-YATES-SEVEN RIVERS)
County: LEA
State: NEW MEXICO
Location: SEC 32, 21S-36E, 660 FSL & 2310 FWL
Elevation: GL 3,613.00 KB 3,619.00
KB Height: 6.00

Spud Date: 5/21/1958
Initial Compl. Date:
API #: 3002504878
CHK Property #: 891051
1st Prod Date: 1/31/1970
PBTD: Original Hole - 3173.0
TD: 3,905.0

