

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

Energy, Minerals and Natural Resources

June 19, 2008

RECEIVED

NOV 02 2009

HOBBSDO

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-025-38171

5. Indicate Type of Lease

STATE ☒FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

Shell 26 State

8. Well Number

3

9. OGRID Number

147179

10. Pool name or Wildcat

Cuerno Largo; Upper Pennsylvanian

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 G : 2130' feet from the North line and 1980' feet from the East line
Section 26 Township 10S Range 32E NMPM County Lea11. Elevation (Show whether DR, RKB, RT, GR, etc.)
4114' 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 order to plug and abandon this well:

Plug and abandonment procedure, actual and proposed well bore diagram, 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

TITLE Senior Regulatory Compl. Sp.

DATE 10/30/2009

Type or print name Bryan Arrant

E-mail address: bryan.arrant@chk.com

PHONE: (405)935-3782

For State Use Only

APPROVED BY

TITLE Compliance Officer

DATE 11/4/2009

Conditions of Approval (if any):

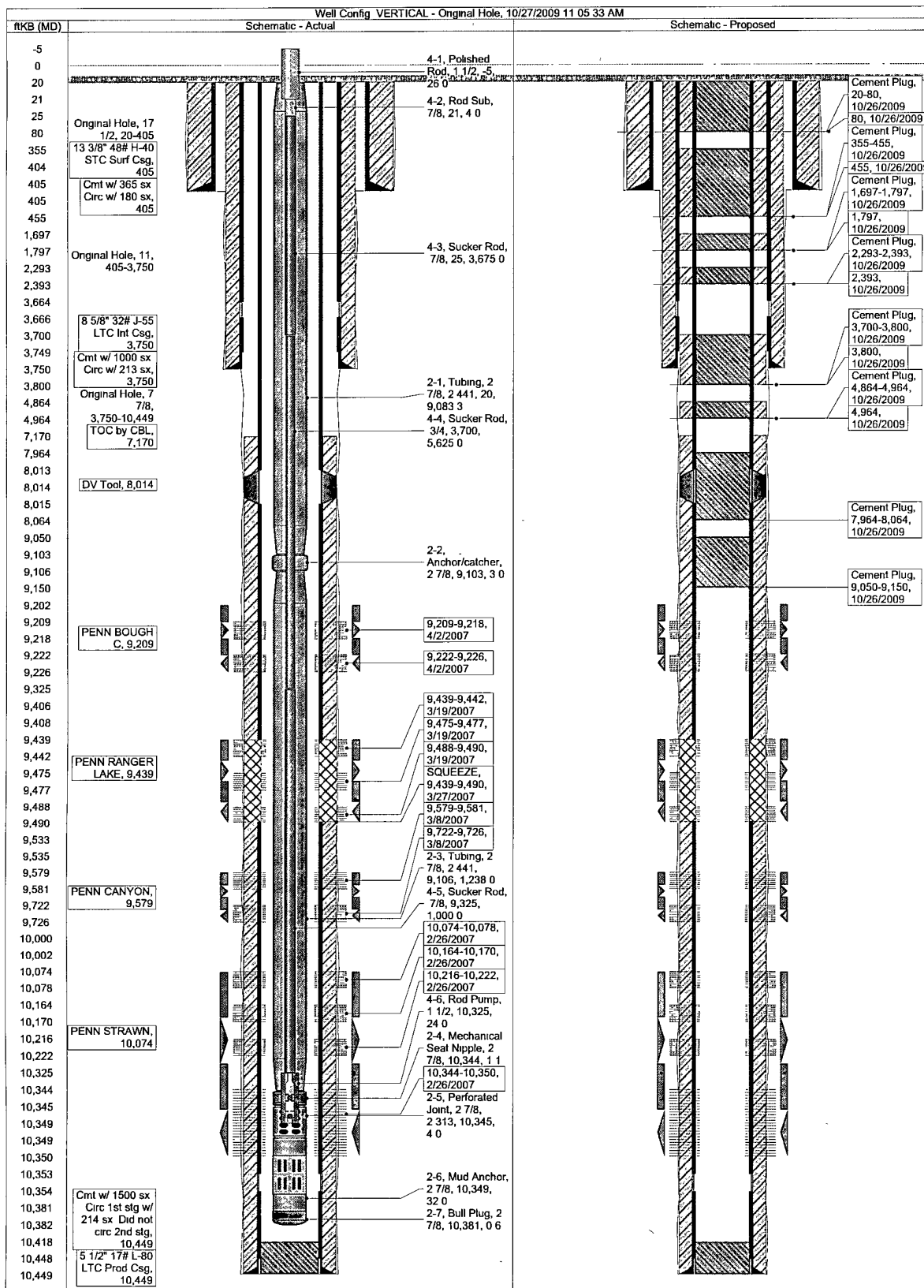


Proposal - Workover

SHELL 26 STATE 3

Field: LEA
County: NEW MEXICO
Location: SEC 26, 10S-32E, 2130 FNL & 1980 FEL
Elevation: GL 4,314.00 KB 4,334.00
KB Height: 20.00

Spud Date: 12/23/2006
Initial Compl. Date: API #: 3002538171
CHK Property #: 613229
1st Prod Date: 4/20/2007
PBDT: Original Hole - 10418.0
TD: 10,449.0





**Shell 26 State #3
Plug and Abandonment
Lea County, NM**

Current Wellbore Information

TD: 10,449' PBD: 10,418'

Casing	OD	Weight	Grade	Depth Set	TOC
Surface	13-3/8"	48#	H-40	405'	Surface
Intermediate	8-5/8"	32#	J-55	3,750'	Surface
Production	5-1/2"	17#	L-80	10,449'	7,170'

Perfs	Top Perf	Bottom Perf	Status
Penn Bough C	9,209'	9,226'	Open
Penn Ranger Lake	9,439'	9,490'	Open
Penn Canyon	9,579'	9,726'	Open
Penn Strawn	10,074'	10,350'	Open

OIH	Location
DV Tool	8,014'

Formation Tops	Location
Top of Salt	1,747'
Base of Salt	2,343'
Top of Yates	2,343'
Top of 7 Rivers	2,655'
Top of Grayburg	3,440'
Top of San Andres	3,689'
Top of Glorieta	5,082'
Top of Tubb	6,530'
Top of Abo	7,390'
Top of Wolfcamp	8,547'
Top of Bough C	9,208'

GL: 4,314' KB: 20' KB Height: 4,334'

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 348 joints of 2-7/8" N-80 workstring.
4. Prepare location. Test anchors.
5. MIRU PU. NDWH. POH w/ pump and rods. NU BOP. POH w/ tubing.
6. RIH to 9,150' and spot a 100' cement plug. PUH, WOC and tag plug. (Top of Penn Bough C Perfs @ 9,209')
7. Load well with plugging mud and pressure up to 500# and test for leak-off.
8. RIH to 8,064' and spot a 100' cement plug. PUH, WOC and tag plug POH. (DV Tool @ 8,014')
9. Perforate casing with 4 squeeze holes @ 4,964' and squeeze a 100' cement plug inside

and out. WOC and tag plug (No more than 3000' between plugs)

10. Perforate casing with 4 squeeze holes @ 3,800' and squeeze a 100' cement plug inside and out. WOC and tag plug. (8-5/8" Casing Shoe @ 3,750') -
11. Perforate casing with 4 squeeze holes @ 2,393' and squeeze a 100' cement plug inside and out. WOC and tag plug. (Base of Salt/Top of Yates @ 2,343')
12. Perforate casing with 4 squeeze holes @ ~~1,787~~¹⁴⁹⁷ and squeeze a 100' cement plug inside and out. WOC and tag plug. (Top of Salt @ 1,747')
13. Perforate casing with 4 squeeze holes @ 455' and squeeze a 100' cement plug inside and out. WOC and tag plug. (13-3/8" Casing Shoe @ 405')
14. Perforate casing with 4 squeeze holes @ 80' and squeeze a cement plug to surface inside and out. POH w/ tubing. Top off casing.
15. 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