Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
OCD Hobbs
OCT 19 2010
HOBBSOCD

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

EC

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.

5. Lease Serial No.
NMNM96244

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.
LIVESTOCK FEDERAL 9 2

2. Name of Operator
CHESAPEAKE OPERATING, INC.
Contact: LINDA GOOD
E-Mail: linda.good@chk.com

9. API Well No.
30-025-36583

3a. Address
P.O. BOX 18496
OKLAHOMA CITY, OK 73154-0496

3b. Phone No. (include area code)
Ph: 405-935-4275

10. Field and Pool, or Exploratory
BOOTLEG RIDGE

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 9 T22S R33E SWNE 1450FNL 1950FEL

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			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☒ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 recomplete 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 recompletion 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 & ABANDONED THIS WELL PER THE FOLLOWING PROCEDURE:

1. Notify the BLM 24 hours in advance prior to commencing plug and abandonment operations.
2. Hold PJSA meeting prior to beginning work each morning and as required for specific operations.
3. Prep location. Check anchors and clean area for workover.
4. Rack and tally 478 joints of 2-7/8", 6.5#, N-80 workstring.

SEE ATTACHED FOR CONDITIONS OF APPROVAL

RECLAMATION PROCEDURE ATTACHED

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #94731 verified by the BLM Well Information System
For CHESAPEAKE OPERATING, INC., sent to the Hobbs

Name *(Printed/Typed)* LINDA GOOD — Title SR. REGULATORY COMPLIANCE SPEC

Signature (Electronic Submission) — Date 10/13/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By — Title — Date

APPROVED
OCT 15 2010
/s/ Dustin Winkler
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

(CHK PN 819494)

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. EG 10-19-10 — Office

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.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

Additional data for EC transaction #94731 that would not fit on the form

32. Additional remarks, continued

5. MIRU workover rig. ND WH. NU and test 10k BOP.

6. RU Wireline and RIH w/ gauge ring and junk basket to 14,320'. POH.

7. Load well with plugging mud and pressure up to 500# and test for leak-off.

8. Spot a 240' cement plug @ 12,170'. PUH, WOC and tag plug. (Top of Wolfcamp @ 12,032' and 7" Casing Shoe @ 12,120')

9. Spot a 187' cement plug @ 11,916'. PUH, WOC and tag plug. (Top of Liner @ 11,866')

10. Spot a 100' (25 sx minimum) cement plug @ 9,930'. PUH, WOC and tag plug. (Cannot be more than 3,000' between plugs).

11. Spot a 100' (25 sx minimum) cement plug @ 8,776' (Top of Bone Springs @ 8,776')

12. Spot a 100' (25 sxs minimum) cement plug @ 7,056'. PUH, WOC and tag plug. (DV Tool @ 7,006')

13. Spot a 100' (25 sxs minimum) cement plug @ 4,805'. PUH, WOC and tag plug. (Top of Delaware @ 4,805')

14. Spot a 100' (25 sxs minimum) cement plug @ 4,695'. PUH, WOC and tag plug. (9-5/8" Casing Shoe @ 4,645')

15. Spot a 100' (25 sxs minimum) cement plug @ 2,300'. PUH, WOC and tag plug. (No more than 3,000' between plugs).

16. Perforate casing w/4 squeeze holes @ 1,182' and squeeze a 100' (25 sxs minimum) cement plug inside and out. WOC and tag plug. (13-3/8" Casing Shoe @ 1,132')

17. Perforate casing w/4 squeeze holes @ 85' and squeeze a cement plug inside and out. Circulate to surface. Top off casing. POH.

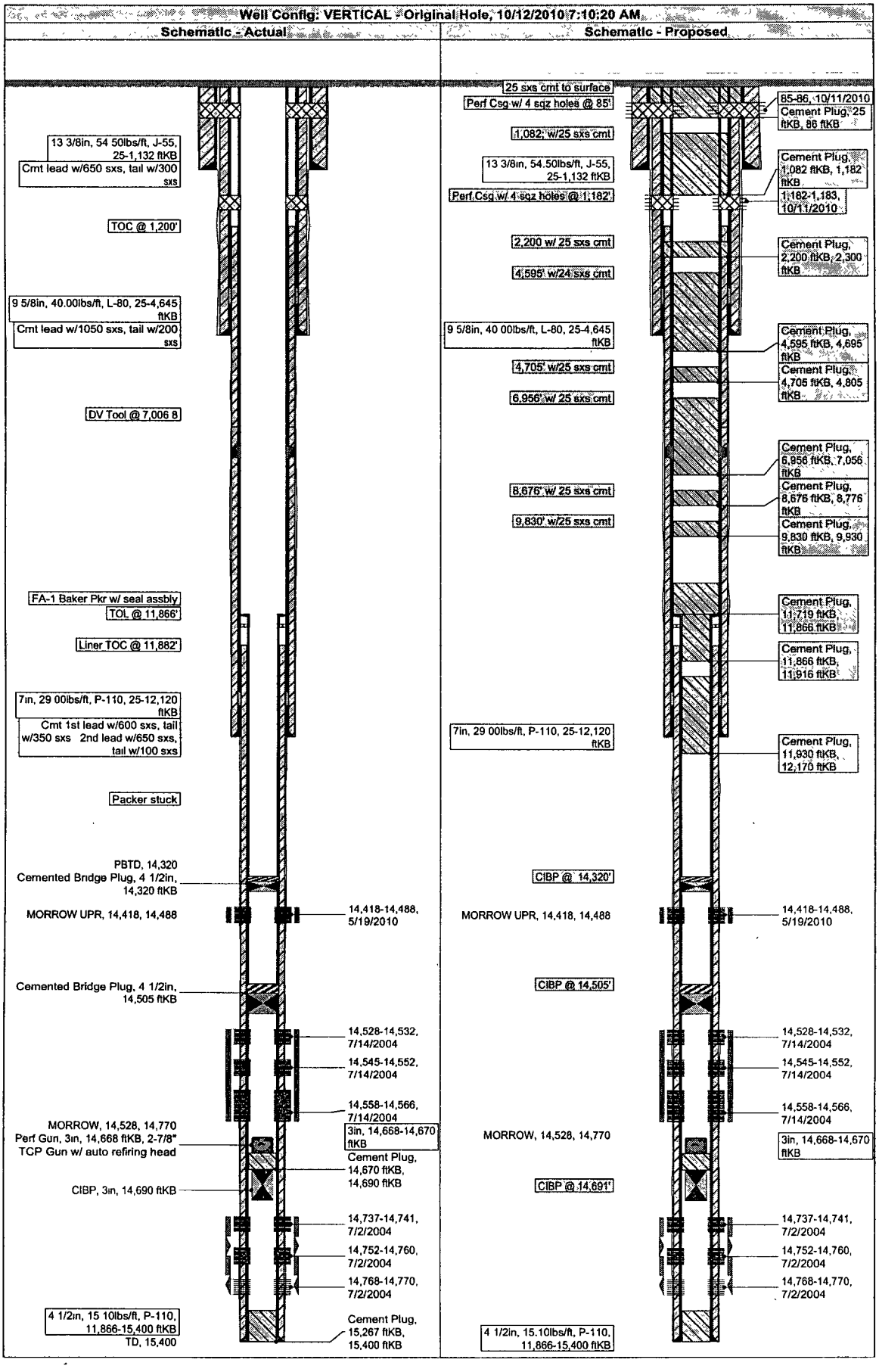
18. RDMO. Install dry hole marker and cut off dead man. Restore location.

WELLBORE SCHEMATIC AND PROCEDURE ATTACHED.

(CHK PN 819494)

Proposal Schematic

LIVESTOCK FEDERAL 2-9



Report Printed: 10/12/2010

Chesapeake ENERGY

Livestock Federal #2-9
Plug and Abandonment
Lea County, NM

Current Wellbore Information

TD: 15,400' **PBTD:** 14,320'

Casing Data

Casing	OD	Weight	Grade	Depth Set	TOC
Surface	13-3/8"	54.5#	J-55	1,132'	Surface
Intermediate	9-5/8"	40#	L-80	4,645'	Surface
Production	7"	29#	P-110	12,120'	1,200'
Liner	4-1/2"	15.1#	P-110	11,866'	11,882'

Pressure and Dimensional Data

Size	Weight	Grade	Drift	Collapse	Burst	80% Burst
13-3/8"	13-3/8"	54.5#	J-55	1,130	2,730	2,184
9-5/8"	9-5/8"	40#	L-80	3,090	5,750	4,600
7"	7"	29#	P-110	8,510	11,220	8,976
4-1/2"	4-1/2"	15.1#	P-110	14,320	14,420	11,536

Existing Perforations

Perfs	Top Perf	Bottom Perf	Status	SPF
Morrow	14,418'	14,488'	Abandoned	2
Morrow	14,528'	14,532'	Abandoned	4
Morrow	14,545'	14,552'	Abandoned	4
Morrow	14,558'	14,566'	Abandoned	4
Morrow	14,737'	14,741'	Abandoned	4
Morrow	14,752'	14,760'	Abandoned	4
Morrow	14,768'	14,770'	Abandoned	4

Other In Hole

OIH	Size	Location
DV Tool	7"	7,006'
CIBP w/ cement on top	4-1/2"	14,320'
CIBP w/ cement on top	4-1/2"	14,505'
Perf Gun	2-7/8"	14,668'
CIBP	4-1/2"	14,690'

Formation Tops

Formation	Location
Rustler	1,223'
Delaware	4,805'
Delaware Lm	4,805'
Delaware Sd	4,944'
Bone Spring	8,776'
1st Sand	9,987'
2nd Carb	10,230'
2nd Sand	10,610'
3rd Carb	11,060'
3rd Sand	11,715'
Wolfcamp	12,032'
Strawn	13,539'
Atoka	13,724'
Morrow	14,280'

GL: 3,619' **KB:** 25' **KB Height:** 3,644'

Procedure

1. Notify the BLM 24 hours in advance prior to commencing plug and abandonment operations.
2. Hold PJSA meeting prior to beginning work each morning and as required for specific operations.
3. Prep location. Check anchors and clean area for workover.
4. Rack and tally 478 joints of 2-7/8", 6.5#, N-80 workstring.
5. MIRU workover rig. ND WH. NU and test 10k BOP.
6. RU Wireline and RIH w/ gauge ring and junk basket to 14,320'. POH.
7. Load well with plugging mud and pressure up to 500# and test for leak-off.
8. Spot a 240' cement plug @ 12,170'. PUH, WOC and tag plug. (Top of Wolfcamp @ 12,032' and 7" Casing Shoe @ 12,120')
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16. Perforate casing w/ 4 squeeze holes @ 1,182' and squeeze a 100' (25 sxs minimum) cement plug inside and out. WOC and tag plug. (13-3/8" Casing Shoe @ 1,132')
17. Perforate casing w/ 4 squeeze holes @ 85' and squeeze a cement plug inside and out. Circulate to surface. Top off casing. POH.
18. 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

Chesapeake Operating Inc.
NM-96244: Livestock Federal 9 #2
API: 30-025-36583
Lea County, New Mexico

RE: Plugging and Abandonment Requirements, Conditions of Approval

1. OK
2. OK
3. OK
4. OK
5. OK
6. OK
7. OK
8. Tag at 11930' or shallower – Otherwise OK (Casing shoe – Wolfcamp)
9. Plug to be a minimum 220'. Tag at 11696' or shallower – Otherwise OK (Liner top)
10. Plug to be a minimum 200' – Otherwise OK (Spacer)
11. Move: Spot plug at 8826'. Minimum 190' plug – Otherwise OK (Bone Spring)
12. Minimum 170' plug. Tag at 6886' or shallower – Otherwise OK (DV Tool)
13. Because of proximity, and minimum lengths, combine steps 13 and 14. Spot a 210' plug from 4855'-4645'. WOC and tag at 4645' or shallower (Delaware – BOS – Casing shoe)
14. Removed: Covered in previous step.
15. Minimum length of 120' – Otherwise OK (Spacer)

15a. Perf and attempt to squeeze a plug from 1400'-1290' (approx 35sx). WOC and tag at 1290' or shallower. If injection rate cannot be established, spot 170' (approx 30sx) of cement 50' below perfs (TOS)

16. Minimum 110' in length (approx 35sx). Tag at 1072' or shallower – Otherwise OK (Casing shoe)
17. OK (Surface)
18. Verify that all annuluses have cement to surface and fill in as required. Ground level dry hole marker shall be used in the area; Requirements attached – Otherwise OK
19. Submit a subsequent report to the BLM.

H_2S monitoring equipment shall be on location.

See attached standard COAs.

DHW 101510

Requirements for ground level dry hole markers
Well Identification Markers
Conditions of Approval (COA)

The BLM Carlsbad Field Office (CFO) Conditions of Approval (COA) Requires that ground level dry hole markers be placed on well within the Lesser Prairie Chicken habitat area. The dry hole markers will be to the following specifications. The operator will construct the markers as follows:

1. An 8 inch X 8 inch steel plate 1/8 to 3/16 of an inch thick is to be placed on the old dry hole marker stand pipe 2 inches from ground level, in the Lesser Prairie Chicken habitat area.

2. Steel plate may be welded or bolted approximately 2 inches from ground level on the stand pipes. If plates are bolted to the stand pipe, the person installing the plate will be required to weld a pipe collar on the plate and place a minimum of two set screws/bolt on each collar. Aluminum data plates may be bolted with minimum ¼ inch bolt and locking nuts or self tapping fine threaded screws. A minimum of one in each corner is to be installed on each plate.

3. An 8 inch x 8 inch aluminum plate, which is 12 gauge or .080 sign material (1/8 inch aluminum plate may be used in place of the .080 plate) with the required information for that well stamped or engraved in a minimum 3/8 inch tall letter or number.

4. The following information will be stamped or engraved on the 8 inch X 8 inch aluminum plate in the following order.

    a. First row: Operators name
    b. Second row: Well name and number
    c. Third row: Legal location to include ¼ ¼, Section, Township, and range. If the legal location cannot be placed on one row it can be split into two rows with the ¼ ¼ (example: 1980 FNL 1980 FWL) being on the top row.
    d. Fourth row: Lease Number and API number.
        i. Example marker plate: (attached)

NMOCD Order No. R-12965 also required the operator to notify NMOCD when this type of dry hole marker is used. This can be done on the subsequent report of abandonment which is submitted to the BLM after the well is plugged. State that a ground level dry hole marker was installed as required in the COA's from the BLM.

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.

The rig used for the plugging procedure cannot be released and moved off without the prior approval of the authorized officer. Failure to do so may 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 BOP must be installed and maintained as per API and manufacturer recommendations. 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 **brine** 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. Any plug that requires a tag will have a minimum WOC time of 4 hours.

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 BLM is to be notified when the wellhead is cut off to verify that cement is to surface in the casing and all annuluses.** 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 will be required. See attached reclamation procedure.

DHW 112309

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

TAKE PRIDE® IN AMERICA

In Reply Refer To: 1310

Reclamation Objectives and 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)

Terry Gregston
Environmental Protection Specialist
575-234-5958

Bobby Ballard
Environmental Protection Specialist
575-234-2230

Randy Rust
Natural Resource Specialist
575-234-5943

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

Cody Layton
Natural Resource Specialist
575-234-5959

Trishia Bad Bear
Natural Resource Specialist
575-393-3612

Todd Suter
Surface Protection Specialist
575-234-5987

Doug Hoag
Civil Engineering Technician
575-234-5979

Tanner Nygren
Natural Resource Specialist
575-234-5975

John Fast
Natural Resource Specialist
575-2345996