

District I  
1625 N. I  
District II  
1301 W. Grand Avenue, Artesia, NM 88240  
District III  
1000 Rio Brazos Road, Aztec, NM 87412  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

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State of New Mexico  
Energy Minerals and Natural Resources  
Department  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-144 CLEZ  
July 21, 2008

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOCD District Office.

**Closed-Loop System Permit or Closure Plan Application**

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action:  Permit  Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit in Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1. Operator: Chesapeake Operating, Inc. OGRID #: 147179

Address: P.O. Box 18496 Oklahoma City, OK 73154-0496

Facility or well name: Federal 24 # 4

API Number: 30-025-34104 OCD Permit Number: PI-01957

U/L or Qtr/Qtr P Section 24 Township 20 South Range 38 East County: Lea

Center of Proposed Design: Latitude 32.552450 Longitude -103.09527 NAD:  1927  1983

Surface Owner:  Federal  State  Private  Tribal Trust or Indian Allotment

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2.  **Closed-loop System:** Subsection H of 19.15.17.11 NMAC

Operation:  Drilling a new well  Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent)  P&A

Above Ground Steel Tanks or  Haul-off Bins

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3. **Signs:** Subsection C of 19.15.17.11 NMAC

12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers

Signed in compliance with 19.15.3.103 NMAC

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4. **Closed-loop Systems Permit Application Attachment Checklist:** Subsection B of 19.15.17.9 NMAC

Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC

Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC

Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

Previously Approved Design (attach copy of design) API Number: \_\_\_\_\_

Previously Approved Operating and Maintenance Plan API Number: \_\_\_\_\_

5. **Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:** (19.15.17.13.D NMAC)

Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.

Disposal Facility Name: Controlled Recovery, Inc. Disposal Facility Permit Number: NM-01-0006

Disposal Facility Name: Sundance Disposal Disposal Facility Permit Number: NM-01-0003

Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?

Yes (If yes, please provide the information below)  No

Required for impacted areas which will not be used for future service and operations:

Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC

Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC

Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

6. **Operator Application Certification:**

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): Bryan Arrant Title: Senior Regulatory Compl. Sp.

Signature: [Signature] Date: 03/22/2010

e-mail address: bryan.arrant@chk.com Telephone: (405)935-3782

7. **OCD Approval:**  Permit Application (including closure plan)  Closure Plan (only)

**OCD Representative Signature:** [Signature] **Approval Date:** 4-19-10

**Title:** Staff Member **OCD Permit Number:** PI-01957

8. **Closure Report (required within 60 days of closure completion):** Subsection K of 19.15.17.13 NMAC

*Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.*

**Closure Completion Date:** 6-24-10

9. **Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**

*Instructions: Please identify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.*

**Disposal Facility Name:** Sundance Disposal **Disposal Facility Permit Number:** NM 01-0003

**Disposal Facility Name:** \_\_\_\_\_ **Disposal Facility Permit Number:** \_\_\_\_\_

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

Yes (If yes, please demonstrate compliance to the items below)  No

*Required for impacted areas which will not be used for future service and operations:*

Site Reclamation (Photo Documentation)

Soil Backfilling and Cover Installation

Re-vegetation Application Rates and Seeding Technique

10. **Operator Closure Certification:**

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

**Name (Print):** Pat Richards **Title:** Production Assistant

**Signature:** [Signature] **Date:** 8/25/10

**e-mail address:** pat.richards@chk.com **Telephone:** (575) 391-1462

ECG 11-10-10

**Chesapeake Operating, Inc.'s Closed Loop System  
Federal 24 # 4  
Unit P, Sec. 24, T-20-S R-38-E  
Lea Co., NM  
API #: 30-025-34104**

**Equipment & Design:**

**Chesapeake Operating, Inc. is to use a closed loop system in the plug & abandonment of this well.  
(1) 250bbl "frac" tank"**

**Operations & Maintenance:**

**During each and every tour, the rig's crew will inspect and monitor closely the fluids contained within the steel pits and visually monitor any spill which may occur.**

**Within 48 hours should a spill, release or leak occur, the NMOCD District I office in Hobbs (575-393-6161) will be notified. Please note that notifications may be made earlier to the district office should a greater release occur.**

**Closure:**

**After plug & abandonment operations, fluids will be hauled and disposed to Controlled Recovery, Inc.'s location.**

**The permit number for Controlled Recovery, Inc. is: NM-01-0006**

**The alternative disposal facility will be Sundance Disposal.**

**Their permit # is: NM-01-0003.**

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

**SUNDRY NOTICES AND REPORTS ON WELLS** JUL 21 2010  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*

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5. Lease Serial No.  
NMNM97164

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
FEDERAL 24 04

9. API Well No.  
30-025-34104-00-S4

10. Field and Pool, or Exploratory  
E WARREN; Tubb

11. County or Parish, and State  
LEA COUNTY, NM

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

1. Type of Well  
 Oil Well  Gas Well  Other

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

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

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
Sec 24 T20S R38E SESE 467FSL 660FEL

**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 type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" 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 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.)

6/09/2010 ROAD BASIC PLUGGING UNIT & EQUIPMENT TO LOCATION, PJSA CONDUCTED, RU, SPOT EQUIPMENT, POOH W/RODS & PUMP LAYING DOWN, NDWH, NU BOP, START POOH W/TBG, SDON.

6/10/2010 FINISH POOH W/153 JTS 2 7/8" TBG & 1 2 3/8" MJ, LAYING DOWN, PU RIH W/BASIC 2 3/8" W.S., TAG CIBP @ 5,945', CIRC HOLE W/BRINE & MUD, CSG FAILED TO TEST, SPOT 25 SACKS CMT ON CIBP @ 5,945', WOC, TAG IN AM. SDON.

6/11/2010 RIH TAG @ 5,731', POOH, RIH W/179 JTS 2 3/8" W.S., SPOT 30 SACKS CMT @ 5,640' EST TOC @ 5,461', POOH W/TBG, RIH W/CIBP SET @ 4,276', RD W.L. RIH W/TBG, TAG CIBP @ 4,276', WITNESSED BY PAUL FLOWERS W/BLM, SPOT 25 SACKS CMNT ON CIBP, WOC, SD UNTIL MONDAY.

6/14/2010 RIH TAG TOC @ 4,127', LAY DOWN 43 JTS 2 3/8" W.S., SPOT 30 SACKS CMT ON CIBP, WOC, SD UNTIL MONDAY.

*\* Reclamation Due 12-21-10*

Accepted as to plugging of the well bore.  
Liability under bond is retained until  
Surface restoration is completed.

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #89122 verified by the BLM Well Information System  
For CHESAPEAKE OPERATING INC, sent to the Hobbs  
Committed to AFMSS for processing by KURT SIMMONS on 07/07/2010 (10KMS0634SE)

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

Signature (Electronic Submission) Date 07/07/2010

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

Approved By **ACCEPTED** *EG 7-21-10* Title JAMES A AMOS SUPERVISOR EPS Date 07/18/2010

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 *2010*

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.

*Am*

**Additional data for EC transaction #89122 that would not fit on the form**

**32. Additional remarks, continued**

TAG, BOP IN NEED OF REPAIR, CIRC TBG CLEAN, SDON.

6/15/2010 CHANGE OUT BOP, RU PUMP, DUMP 30 SACKS CMNT, PUH W/TBG, WOC, RIH TAG TOC @ 2,851', WITNESSED BY PAUL FLOWERS W/BLM, DUMP 25 SACKS CMT CAL TOC, 2,701', NOT REQUIRED TO TAG PER BLM, PUH LAY DWN 34 JTS, SPOT 30 SACKS CMT @ 1,891', POOH W/40 JTS, WOC, SDON.

6/16/2010 RIH TAG TOC @ 1,724', POOH W/TBG, SPOT 35 SKS CLASS "C" CMT @ 1,636', WOC, RIH TAG TOC @ 1,481', POOH LAYING DOWN TBG, ND BOP, SPOT 15 SKS CMT FROM 77' TO SURFACE, POOH W/TBG, RD BASIC PLUGGING UNIT AND EQUIPMENT. WAIT ON PLUG MARKER AND RECLAMATION.

6/22/2010. BASIC PLUGGING SUPERVISOR DUB RACKLEY AND BLM FIELD INSPECTOR PAUL FLOWERS ON LOCATION, CUT OFF WELL HEAD, NO CMT PRESENT @ SURFACE BETWEEN 7" & 9 5/8" CSG. MR. FLOWERS PER BLM IS REQUIRING CMT DUMP FROM 19' (TOC ) TO SURFACE BEFORE PLUG MARKER INSTALLED AND FINAL APPROVAL.

6/24/2010. FLAT PLATE PLUG MARKER INSTALLED AS REQUIRED BY BLM. Preparing for clean up and reclamation.

(CHK PN 890129)