

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order IPI-425
September 24, 2012

Ms. Brenda Coffman
Chesapeake Operating, Inc.
PO Box 18496
Oklahoma City, OK 73154-0496

RE: Injection Pressure Increase

Disposal Permit: SWD-1073 Pool: SWD; Bell Canyon-Cherry Canyon
Lotos 11 Federal Well No. 2 API 30-015-28821
Unit H, Sec 11, T24S, R31E, NMPM, Eddy County, New Mexico

Dear Ms. Coffman:

Reference is made to your request on behalf of Chesapeake Operating, Inc. (OGRID 147179) received by the Division on September 13, 2012, to increase the maximum allowed surface tubing pressure on the above named well.

This well was permitted by the Division for water disposal into the Bell Canyon and Cherry Canyon members of the Delaware Mountain Group by Division administrative permit SWD-1073 approved February 10, 2007. That permit allowed disposal from 4570 feet to 5632 feet with a maximum disposal tubing pressure of 914 psi.

It is our understanding that this well will not take a sufficient volume of fluid at the current pressure limit and a higher pressure limit is needed. It is also understood that an increase will not result in the fracturing of the formation and confining strata.

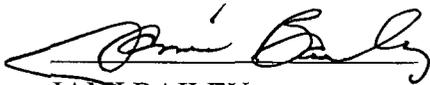
Based on a step rate test for this well run August 24, 2012, you are hereby authorized to inject at the following maximum surface tubing pressure:

Lotos 11 Federal Well No. 2 API 30-015-28821 1225 psi

This approval is based on the provision that the tubing size, packer setting depth and completion interval for this well does not change. Any future requested pressure increase will require resubmission of additional data and a new step-rate test. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well. This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 19.15.5.9 NMAC.

The Division Director may rescind this permitted injection pressure increase if it becomes apparent that the injected fluid is not being confined to the permitted disposal interval or is endangering any fresh water aquifer.

Sincerely,



JAMI BAILEY
Director

JB/wvjj

cc: Oil Conservation Division – Artesia
Files: SWD-1073 and 30-015-28821