



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Director

Oil Conservation Division

*Field Inspection Program
"Preserving the Integrity of Our Environment"*

17-Mar-06

CHESAPEAKE OPERATING, INC.

PO Box 190

HOBBS NM 88241

LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

MM 25 FEDERAL No.012

M-25-9S-25E

30-005-63712-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/17/2006	Routine/Periodic Violations Surface Leaks/Spills	Chris Beadle	Yes	No	4/20/2006	iCLB0607639647

Comments on Inspection: Open pit north of wellhead, liner breached in several places, pit contents have impacted exposed pit walls. Two areas on location have chloride deposits on top of soils; wellhead area and area at tank on western edge of location.

Prior to April 7, 2006, submit a Form C-144 detailing pit closure and remediation. Your closure plan must include that all excavations are to be delineated for any constituents of concern (delineation must determine the vertical and horizontal extent of any impacted areas).

OCD approved remediation must be completed on this location no later than April 30, 2006.

Notify NMOCD District 2 Office 48 hours prior to any remediation work, pit closure activities or prior to taking samples where results of the samples may be submitted to the OCD.

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,



Artesia OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.