

DATE IN 4/17/06 SUSPENSE 5/9/06 5/24/06 ENGINEER WILL JONES LOGGED IN 4/18/06 TYPE SWD APP NO. PTDS0610829672  
 ABOVE THIS LINE FOR DIVISION USE ONLY 1031

*Received Lost info & NOTICE TO POTASH Lease*

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR
- [D] Other: Specify \_\_\_\_\_

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or  Does Not Apply

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate and complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name \_\_\_\_\_ Signature \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

**APPLICATION FOR AUTHORIZATION TO INJECT**

I. PURPOSE : \_\_\_\_\_ Secondary Recovery \_\_\_\_\_ Pressure Maintenance \_\_\_\_\_  Disposal \_\_\_\_\_ Storage  
Application qualifies for administrative approval? \_\_\_\_\_  Yes \_\_\_\_\_ No

II. OPERATOR: Chesapeake Operating Inc.

ADDRESS : P. O. Box 11050 Midland TX 79702-8050

CONTACT PARTY : Brenda Coffman PHONE : (432)687-2992

III. WELL DATA: Complete the data required on the reverse side of this form for each well processed for injection.  
Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? \_\_\_\_\_ Yes \_\_\_\_\_  No  
If yes, give the Division order number authorizing the project \_\_\_\_\_

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

\*VIII. Attach appropriate geological data on the injection zone including appropriate lithologic detail, geological name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

\*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted.)

\*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.

XIII. Applicants must complete the 'Proof of Notice' section on the reverse side of this form.

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: Brenda Coffman TITLE: Regulatory Analyst

SIGNATURE:  DATE: 03/03/2006

E-MAIL ADDRESS: bcoffman@chkenergy.com

\* If the information required under Sections VI, VII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstance of the earlier submittal: \_\_\_\_\_

2006 APR 17 PM 1 04

INJECTION WELL DATA SHEET

OPERATOR: Chesapeake Operating, Inc.

WELL NAME & NUMBER: Smith 4 Federal 2 SWD (proposed)

WELL LOCATION: 990' FNL & 395' FEL  
FOOTAGE LOCATION      UNIT LETTER      SECTION      TOWNSHIP      RANGE

WELLBORE SCHEMATIC

WELL CONSTRUCTION DATA

Surface Casing

SEE ATTACHED

Hole Size: 12 1/4      Casing Size: 8 5/8  
Cemented with: 800 sx. or \_\_\_\_\_ ft<sup>3</sup>  
Top of Cement: 0      Method Determined: Circ.

Intermediate Casing

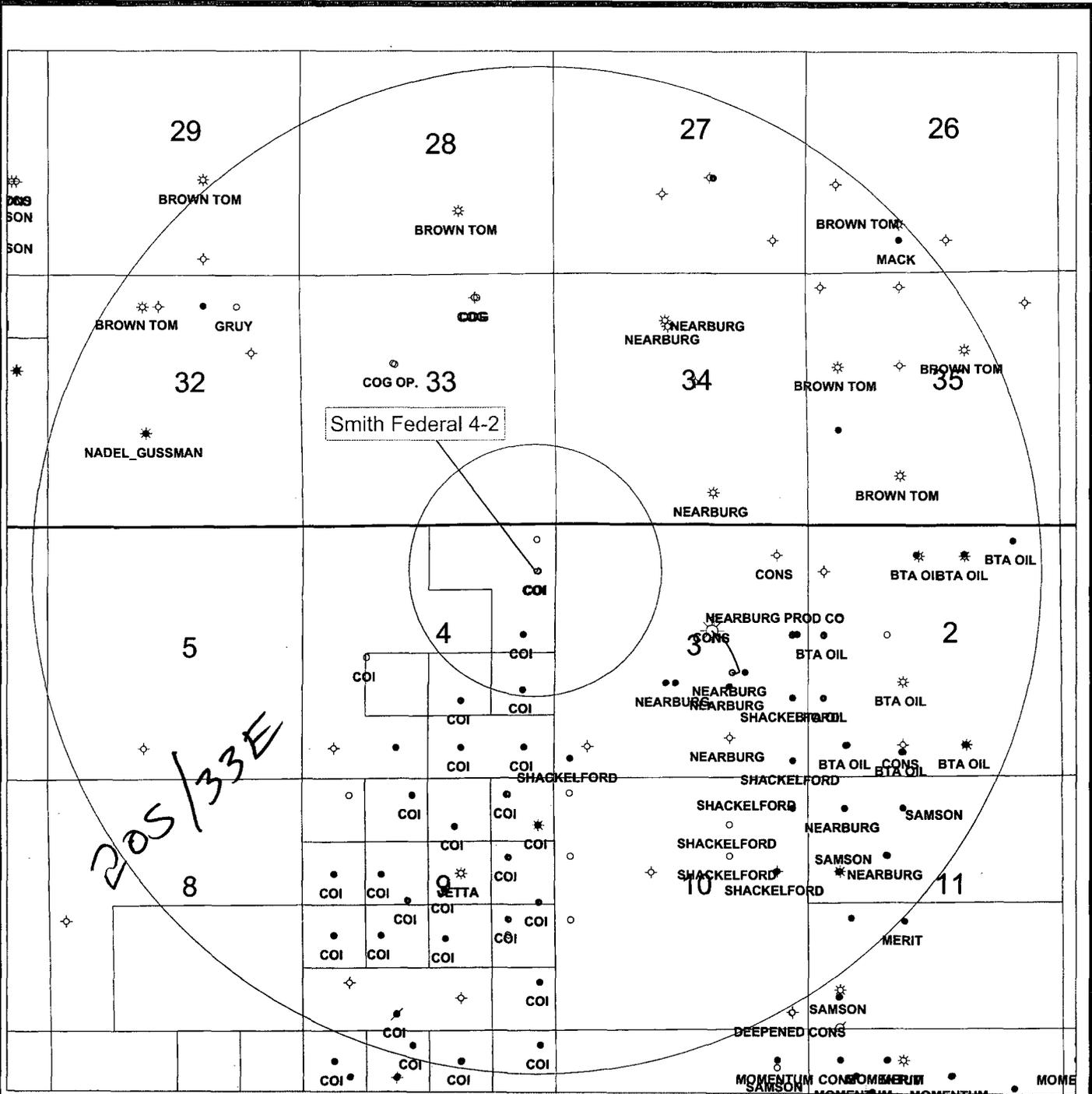
Hole Size: \_\_\_\_\_      Casing Size: \_\_\_\_\_  
Cemented with: \_\_\_\_\_ sx. or \_\_\_\_\_ ft<sup>3</sup>  
Top of Cement: \_\_\_\_\_      Method Determined: \_\_\_\_\_

Production Casing

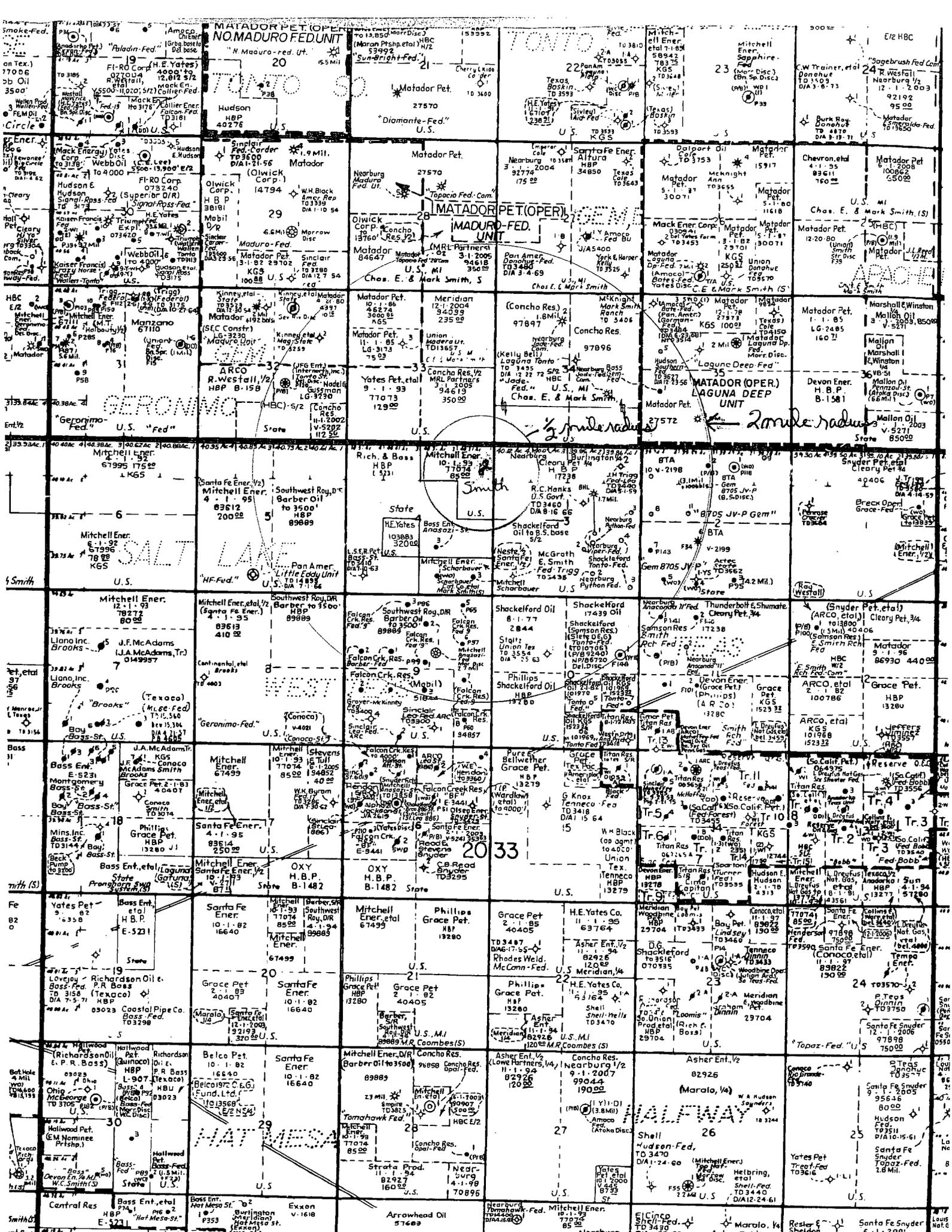
Hole Size: 7 7/8      Casing Size: 5 1/2  
Cemented with: 800 sx. or \_\_\_\_\_ ft<sup>3</sup>  
Top of Cement: 0      Method Determined: Circ.

Total Depth: 3505'  
Injection Interval  
\_\_\_\_\_ feet to \_\_\_\_\_

(Peforated or Open Hole; indicated which)



	<b>CHESAPEAKE OPERATING, INC.</b>
<b>SMITH FEDERAL 4-2 WEST TEAS PROSPECT</b>	
With 1/2 and 2 mile radius shown Lea County, New Mexico	
Date: 3 March, 2006 Scale: 1" = 3000'	<b>Geologist Doug Bellis</b>



**MATADOR PET (OP) NO. MADURO FED UNIT**

**TONTO**

**MATADOR PET (OP) MADURO FED UNIT**

**MATADOR PET (OP) MADURO FED UNIT**

Smoke-Fed. 1700E 7700E 50B Oil 3500

Circle 19 20 21 22 23 24

19 20 21 22 23 24

28 MATADOR PET (OP) MADURO FED UNIT

29 30 31 32 33 34

35 MATADOR (OP) LAGUNA DEEP UNIT

36 37 38 39 40 41

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264 265 266 267 268 269

### III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township, and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and name of the next higher and next lower oil or gas zone in the area of the well, if any.

### XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, NM 87505 within 15 days.

**NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.**

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**NOTICE:** Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

**CHESAPEAKE OPERATING, INC.  
P. O. BOX 11050  
MIDLAND, TEXAS 79702-8050**

**March 3, 2006**

**APPLICATION FOR AUTHORIZATION TO INJECT**

**SMITH 4 FEDERAL 2  
SECTION 4, T20S, R33E  
990' FNL & 395' FEL  
LEA COUNTY, NEW MEXICO**

**FORM C-108**

- V. Attached is a map identifying all wells and leases within two miles of proposed injection well with a one-half mile radius circle drawn around proposed injection well.
- VI. There are no wells of public record within the area of review which penetrate the proposed injection zone.
- VII. Data for the proposed operation is following:
  - 1. The average daily rate of fluids to be injected is 75 BWPD with a maximum of 150 BWPD.
  - 2. The proposed system will be closed.
  - 3. The proposed average injection pressure is 600 psi and the maximum is 1000 psi.
  - 4. Water will be injected from Chesapeake's Smith 4 #1 producing from the Yates formation.
  - 5. Not Applicable.
- VIII. Geological and lithologic detail is attached. There are no known underground sources of drinking water within a one mile radius.
- IX. The well will be acidized with 1,000 gallons of 15% NeFe acid.
- X. Logs have been filed with the OCD in Hobbs.
- XI. No water wells in area.
- XII. Affirmative statement is attached.
- XIII. Certification is attached that surface owner and offset operators have been notified by copy of this application. List of same is attached.

### III. WELL DATA

- A. Well Data Sheet and Wellbore Schematic showing legal location, casing strings, cement used, hole size, and top of cement is attached. Top of cement was determined by cement circulating to surface. Tubing and packer information is included on the schematic.
- B. The water will be injected into the West Teas Yates Seven Rivers, Pool Code 59110. The injection will be into the perforated interval 3215 – 3264.
- C. The well was drilled as an oil well.
- D. The next higher gas/oil zone is Tansill @ 3019 and there is not a lower zone.

IV. PROOF OF NOTICE: a copy of the letter sent to the surface owner and offset operators and the certified mail receipt is attached. Also, attached is a proof of publication from the Hobbs Daily Sun Newspaper.

# CURRENT WELLBORE SCHEMATIC

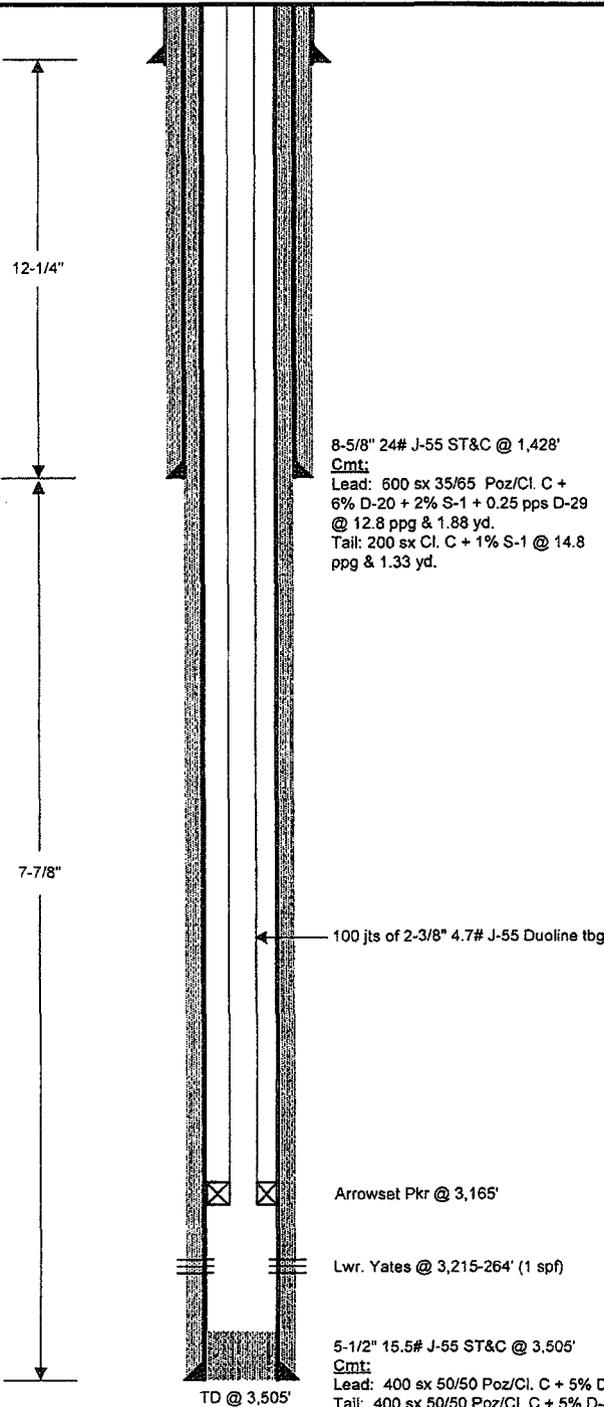
## CHESAPEAKE OPERATING INC



WELL : SMITH 4 FEDERAL 2 \*PROPOSED SWD\*  
 FIELD : WEST TEAS  
 COUNTY : LEA STATE: NM  
 LOCATION : 990' FNL & 395' FEL, SEC. 4-T20S-R33E  
 ELEVATION : 3,568' GL 3,583' RKB

API #: 30-025-36730  
 SPUD DATE: 8/9/04  
 RIG RELEASED: 8/17/04  
 FIRST SALES: 9/16/04  
 CURRENT STATUS: TA

HOLE  
SIZE



**Well History:**

**COMPLETION**

9/1-2/04 TIH w/ bit. BS, 6 DC's & tbg; tag PBTD 3469'. Test csg to 2000#. Pickle tbg w/ 7% HCl, TOH w/ bit & tbg. Run GBL/CCL/GR fr. PBTD @ 3469'-300' w/o press., 3469-2460' w/ 2000# on csg. Good bond. Perf Lwr. Yates @ 3215-264' w/ 1 spf. TIH w/ pkr, SN & tbg; set @ 3114'. TIH w/ swab, IFL @ surf, FFL 1500' in 3 runs.  
 9/3/04 Acidize w/ 1500 gal 15% NFe & 60 BS; flush w/ 21 bbls 2% KCl. ISIP 1220#, 5'-925#, 10'-796#, 15'-710#. MTP 1585#, ATP 1250#, MTR 4.6 bpm, ATR 3.1 bpm. TIH w/ swab, IFL @ surface. Dried up after 6 runs, made hourly runs w/ 200' FE/hr.  
 9/7/04 SITP 15 psi. TIH w/ swab, IFL 1500'. Dried up after 2 runs, made hrlly runs, 600' FE/hr. Rec. 12 BF, 50% OC. Rel pkr & TOH.  
 9/8/04 Frac down csg w/ 21420 gal Viking I 25 w/ 20/40 brown sand ramped from 1 to 8 ppg @ 32 bpm & 2300#. Flush w/ 3066 gal 2% KCl. ISIP 2020#, 5'-1900#, 10'-1845#, 15'-1800#. MTP 2440#, ATP 2300#, MTR 36 bpm, ATR 32 bpm. TLTR 1400 bbls.  
 9/9-10/04 Well on vac. TIH w/ bit & DC's, tag sand @ 3340' & CO to PBTD. Circ clean. TOH w/ bit & DC's TIH w/ Arrowset pkr, SN & tbg; set pkr @ 3114'. TIH w/ swab, IFL 1300'. Dried up after 9 runs, made 4 hourly runs w/ 500-1000' FE/ hr, 30% OC.  
 9/11-14/04 SITP 45#. Swab: IFL 1500', dried up after 7 runs, 600' FE after 1 hr, 30% OC. Rel pkr, tag fill @ 3414' (56' fill). TOH w/ tbg & pkr. TIH w/ slick MJ, PS, SN, 5 jts tbg, TAC & 100 jts 2-7/8" tbg. Set TAC, TIH w/ GA, RHBC pump & rods. Space out, hang well on & test to 500#. LS well, respac, pumping good. RDMO.  
 04/20/05 POOH w/rods & pmp, rods pitted, LD bad rods.  
 04/21/05 Op well, unseat TAC, RIH w/5 jt 2-7/8" tbg, tag @ 3,435', 34' of fill. POOH w/4 jt 2-7/8" tbg. Add 1 jt tbg. Set TAC w/12 pt. RIH w/2-1/2" x 1-1/4" x 16" RHBC pmp, 30 - 7/8" rods, 89 - 3/4" rod & 9 - 1-1/2" k-bars. Pmpg gd. Repl. 40 - 3/4" rods & 10 - 7/8" rods, 5-1/2" TAC @ 3,116', SN @ 3,267'. OPMJ @ 3,271'.  
 04/22/05 18 hr: 5 BO, 120 BW, 0 MCFG, TP 125#, CP 10#.  
 08/27/05 POOH, LD w/pmp & rods.  
 08/30/05 Rel TAC. POOH w/ MJ, perf sub, SN, 5 jt tbg & 5-1/2" TAC on 101 jt 2-7/8" L-80 tbg. RIH w/ 4.312" GR to 3,200'. POOH. RIH, set 5-1/2" CIBP @ 3,175', dump 2 sx cmt on plug. RIH w/2-7/8" tbg op ended w/BOT @ 3,125'.  
 08/31/05 Load & test plug & csg. Temp Abandoned.

(ACID ISIP = 1220 PSE)

PREPARED BY Renee Thomas  
 UPDATED BY \_\_\_\_\_

DATE 3/03/06  
 DATE \_\_\_\_\_ AJM



**Geology Department**

February 27, 2006

To: Andrew McCalmont  
Asset Manager  
Chesapeake Energy Corporation

Having reviewed all pertinent geologic data within 2 miles of the Chesapeake Smith 4-2, it is my opinion that there is no evidence of open faults or any hydrologic connection between the Yates-Seven Rivers Reservoirs and any known underground source of drinking water.

Sincerely,

A handwritten signature in black ink that reads "Doug Bellis". The signature is written in a cursive, flowing style.

Doug Bellis  
Geologist  
Chesapeake Energy Corporation

28b. Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	

28c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	

29. Disposition of Gas (Sold, used for fuel, vented, etc.)

Sold

30. Summary of Porous Zones (Include Aquifers):

Show all important zones or porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, etc.	Name	Top
					Meas. Depth
Shale/minor sand	0	1339		Rustler	1339
AnhySalt/Dolo/Sh	1339	3019		Tansill	3019
Dolomite	3019	3166		Yates	3166
Dolo/Sh/Sd	3166	3215		Yates Pay Sand	3215
Sand	3215	3263		Seven Rivers	3263
Sd/Dolo/Shale	3263	3382			
Dolo/Lm	3382	3505			

32. Additional remarks (include plugging procedure):

See 4, T 205, R 33E

Smith & Federal #2

33. Circle enclosed attachments:

- 1. Electrical/Mechanical Logs (1 full set req'd.)
- 2. Geological Report
- 3. DST Report
- 4. Directional Survey
- 5. Sundry Notice for plugging and cement verification
- 6. Core Analysis
- 7. Other

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)\*

Name (please print) Brenda Coffman Title Regulatory Analyst

Signature Brenda Coffman Date 3-3-06

Title 18 U.S.C. Section 101 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 and false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**CHESAPEAKE OPERATING, INC.  
P. O. BOX 11050  
MIDLAND, TX 79702-8050**

**SMITH 4 FEDERAL 2  
SECTION 4, T20S, R33E  
990' FNL & 395' FEL  
LEA COUNTY, NEW MEXICO**

**CERTIFICATION**

I, Brenda Coffman do, hereby, certify that on March 3, 2006 a copy of our application to convert the subject well into a salt water disposal was mailed to the surface owner and offset operators, per the attached list. Oil Conservation Division Form C-108, with all attachments, was included in the certified mail out.



Brenda Coffman  
Brenda Coffman  
Regulatory Analyst for  
Chesapeake Operating, Inc.

April 10, 2006

Date

**CHESAPEAKE OPERATING, INC.  
P. O. BOX 11050  
MIDLAND, TEXAS 79702-8050**

March 3, 2006

SMITH 4 FEDERAL 2 – SALT WATER DISPOSAL APPLICATION

**List of Offset Operators and Surface Owner**

**Surface Owner:** Kenneth Smith  
267 Ranch Road  
Hobbs, NM 88240

**Offset Operators:** COG Operating, LLC  
550 W. Texas Ave, Suite 1300  
Midland, Texas 79701

Nearburg Producing Company  
3300 N. A Street  
Building 2, Suite 120  
Midland, Texas 79705



Midland Field Office

March 3, 2006

Mr. Kenneth Smith  
267 Ranch Road  
Hobbs, New Mexico 88240

Re: Smith 4 Federal, Well #2  
Sec. 4, T-20-S, R-33-E  
Lea County, New Mexico

Dear Mr. Smith:

Enclosed, please, find a copy of Chesapeake's application to the Oil Conservation Commission to convert the subject well into a salt water disposal.

Any objections to our project must be submitted to the Oil Conservation Commission, 2040 South Pacheco, Santa Fe, New Mexico 87505 within fifteen (15) days of this letter.

If you have any questions, please, address them to Mr. Andrew McCalmont at (405) 879-7852 or mail any correspondence to the address below to the attention of Ms. Brenda Coffman.

Yours truly,

A handwritten signature in cursive script that reads "Brenda Coffman".

Brenda Coffman  
Regulatory Analyst

Attached: Form C-108 with all attachments.



**Midland Field Office**

March 3, 2006

Nearburg Producing Company  
3300 N. "A" Street  
Midland, Texas 79705

Re: Smith 4 Federal, Well #2  
Sec. 4, T-20-S, R-33-E  
Lea County, New Mexico

Dear Mr. Smith:

Enclosed, please, find a copy of Chesapeake's application to the Oil Conservation Commission to convert the subject well into a salt water disposal.

Any objections to our project must be submitted to the Oil Conservation Commission, 2040 South Pacheco, Santa Fe, New Mexico 87505 within fifteen (15) days of this letter.

If you have any questions, please, address them to Mr. Andrew McCalmont at (405) 879-7852 or mail any correspondence to the address below to the attention of Ms. Brenda Coffman.

Yours truly,

A handwritten signature in cursive script that reads "Brenda Coffman".

Brenda Coffman  
Regulatory Analyst

Attached: Form C-108 with all attachments.



**Midland Field Office**

March 3, 2006

COG Operating, LLC  
550 West Texas Ave, suite 1300  
Midland, Texas 79701

Re: Smith 4 Federal, Well #2  
Sec. 4, T-20-S, R-33-E  
Lea County, New Mexico

Dear Mr. Smith:

Enclosed, please, find a copy of Chesapeake's application to the Oil Conservation Commission to convert the subject well into a salt water disposal.

Any objections to our project must be submitted to the Oil Conservation Commission, 2040 South Pacheco, Santa Fe, New Mexico 87505 within fifteen (15) days of this letter.

If you have any questions, please, address them to Mr. Andrew McCalmont at (405) 879-7852 or mail any correspondence to the address below to the attention of Ms. Brenda Coffman.

Yours truly,

A handwritten signature in cursive script that reads "Brenda Coffman".

Brenda Coffman  
Regulatory Analyst

Attached: Form C-108 with all attachments.

AFFIDAVIT OF PUBLICATION

State of New Mexico,  
County of Lea.

I, KATHI BEARDEN

Publisher

of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not a supplement thereof for a period.

of 1 weeks.

Beginning with the issue dated

March 7 2006

and ending with the issue dated

March 7 2006

*Kathi Bearden*

Publisher

Sworn and subscribed to before

me this 4th day of

April 2006

*Dora Montz*  
Notary Public.

My Commission expires  
February 07, 2009  
(Seal)



OFFICIAL SEAL  
DORA MONTZ  
NOTARY PUBLIC  
STATE OF NEW MEXICO

My Commission Expires: \_\_\_\_\_

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937, and payment of fees for said publication has been made.

**LEGAL NOTICE**  
**March 7, 2006**  
Chesapeake Operating, Inc. intends to convert the following well to a salt water disposal well: Smith 4 Federal #2, 990 FNL & 395 FEL, Sec. 4, T20S, R33E, Lea County, New Mexico. The formation to be injected into is the Lower Yates at the following intervals: 3215' - 3264'. The maximum expected injection rate is 150 BWPD at a maximum injection pressure of 1000 psi. Questions or objections can be addressed to Chesapeake Operating, Inc., P. O. Box 11050, Midland, TX 79702-8050, Attention: NM Regulatory Department, or call Brenda Coffman @ 432-687-2992 ext 6032. Objections or requests for hearing must be filed within 15 days of this notice to the Oil Conservation Division, 1220 S. St. Francis Dr., Santa Fe, NM 87505. #22172

01104307000      67536407  
CHESAPEAKE OPERATING, INC.  
P.O. BOX 18128  
OKLAHOMA CITY, OK 73154-0128

### Injection Permit Checklist

**SWD Order Number** 1031 Dates: Division Approved \_\_\_\_\_ District Approved \_\_\_\_\_

Well Name/Num: SMITH 4 FEDERAL 2 SWD Date Spudded: ~~Proposed well~~

API Num: (30-) 025-36730 County: Lea

Footages 990 FNL 895 FEL Sec 4 Tsp 20S Rge 33E

Operator Name: Changpate Operaty INC Contact Brandi Coffman

Operator Address: P.O. Box 11050 MIDLAND TX 79702-8050

	Hole/Pipe Sizes	Depths	Cement	Top/Method
Surface	12 1/4 8 5/8		800	CIRC
Intermediate				
Production	7 7/8 5 1/2	3505'	800	ETRE 3160' CMT TOP 735' UPPER CMT TOP (Rally CMT in SALT)
Last DV Tool				
Open Hole/Liner				
Plug Back Depth				

Diagrams Included (Y/N): Before Conversion OK After Conversion ✓

Checks (Y/N): ELogs in Imaging Yes Well File Reviewed ✓

*Drilled, Puffed, Fraced,  
1st & 2nd Yates well,  
Iba T sup abundant*

Intervals:	Depths	Formation	Producing (Yes/No)
<u>Salt/Potash</u>	1300-2800'		
<u>Capitan Reef</u>	<u>Yes but deeper than this well</u>		
In Reef, Cliff House, Etc:			
Formation Above	3019 →	Tanill	NO
Top Inj Interval	3215	Yates	Yes
Bottom Inj Interval	3264	Yates	Yes
Formation Below	3383 →	TRRS	

643 PSI Max. WHIP  
N Open Hole (Y/N)  
N Deviated Hole (Y/N)

Water Analysis Included (Y/N): Fresh Water OK Injection Zone OK Disposal Waters Yates FM OK

Affirmative Statement Included (Y/N): ✓

Surface Owner Kenneth SMITH Mineral Owner(s) COG Oper LLC / Harding Prod Co.

Checks (Y/N): Newspaper Notice ✓ Well Table \_\_\_\_\_ Adequate Well Table \_\_\_\_\_

Adequate Certified Notice: Surface Owner \_\_\_\_\_ AOR Owners \_\_\_\_\_ CID/Potash/Others \_\_\_\_\_

AOR Num Active Wells 0 Repairs? \_\_\_\_\_ Producing in Injection Interval \_\_\_\_\_

AOR Number of P&A Wells 0 Diagrams Included? \_\_\_\_\_ Repairs Required? \_\_\_\_\_

check

Data to Generate New AOR Table \_\_\_\_\_ New Table Generated? (Y/N) \_\_\_\_\_

	STR	E-W Footages	N-S Footages
Wellsite			
Northeast			
North			
Northwest			
West			
Southwest			
South			
Southeast			
East			

**Conditions of Approval:**  
 1. Send New Notices To  
Surf owner + offset  
 2. \_\_\_\_\_  
 3. Send copy of CBL  
is DV Tool in 5 1/2"?  
Where is nearest Potash Lease? PLM  
 RBDMS Updated (Y/N) \_\_\_\_\_  
 UIC Form Completed (Y/N) \_\_\_\_\_  
 This Form completed 4/19/06

Send AOR Detail

**Jones, William V., EMNRD**

---

**From:** Jones, William V., EMNRD  
**Sent:** Wednesday, April 19, 2006 11:15 AM  
**To:** 'Brenda Coffman'  
**Cc:** Ezeanyim, Richard, EMNRD; Sanchez, Daniel J., EMNRD; Kautz, Paul, EMNRD  
**Subject:** SWD Application: Smith 4 Federal 2 SWD 30-025-36730

Hello Ms. Coffman:

We received your application to convert this TAed Yates well to an SWD well on April 17, 2006 and after reviewing the application, have the following questions and requests:

- 1) Your application says there are no wellbores within 1/2 mile that penetrated this depth. A review of the records indicates there is at least one well in the AOR.  
Please send wellbore data including all cement tops for all wells within the 1/2 mile area of review.
- 2) This well is being proposed as an injection well within the 1988 defined "Potash Area". Please send a notice to the BLM of this proposed injection project and send a notice to the nearest Potash leasehold operator as well - obtain this name from the BLM.
- 3) Please re-notice the surface owner and the two offset operators with the correct Oil Conservation Division address in your letter to these entities. The letter you sent contains an address for the OCD in Santa Fe that is incorrect.
- 4) As support for this application, send a copy of the CBL run on this well to the Santa Fe office.
- 5) Was a DV tool installed in the 5-1/2 inch casing? If so, what depth is this tool?
- 6) Since it appears there is a nearby Yates <sup>Ferret</sup> producer in this same interval, please send a statement that injection into this interval will not cause waste of oil and gas resources.

We must hold this application for the 15 days after proof of notice (using the correct OCD address) is provided to the surface owner, potash leasee, BLM, and offset operators.

Thank You,

William V. Jones                      Engineering Bureau                      Oil Conservation Division                      Santa Fe

CHESAPEAKE OPERATING, INC.  
P. O. BOX 11050  
MIDLAND, TEXAS 79702-8050

May 5, 2006

**APPLICATION FOR AUTHORIZATION TO INJECT**  
**CORRECTIONS PER WILL JONES EMAIL REQUEST**  
**DATED WEDNESDAY, APRIL 19, 2006**

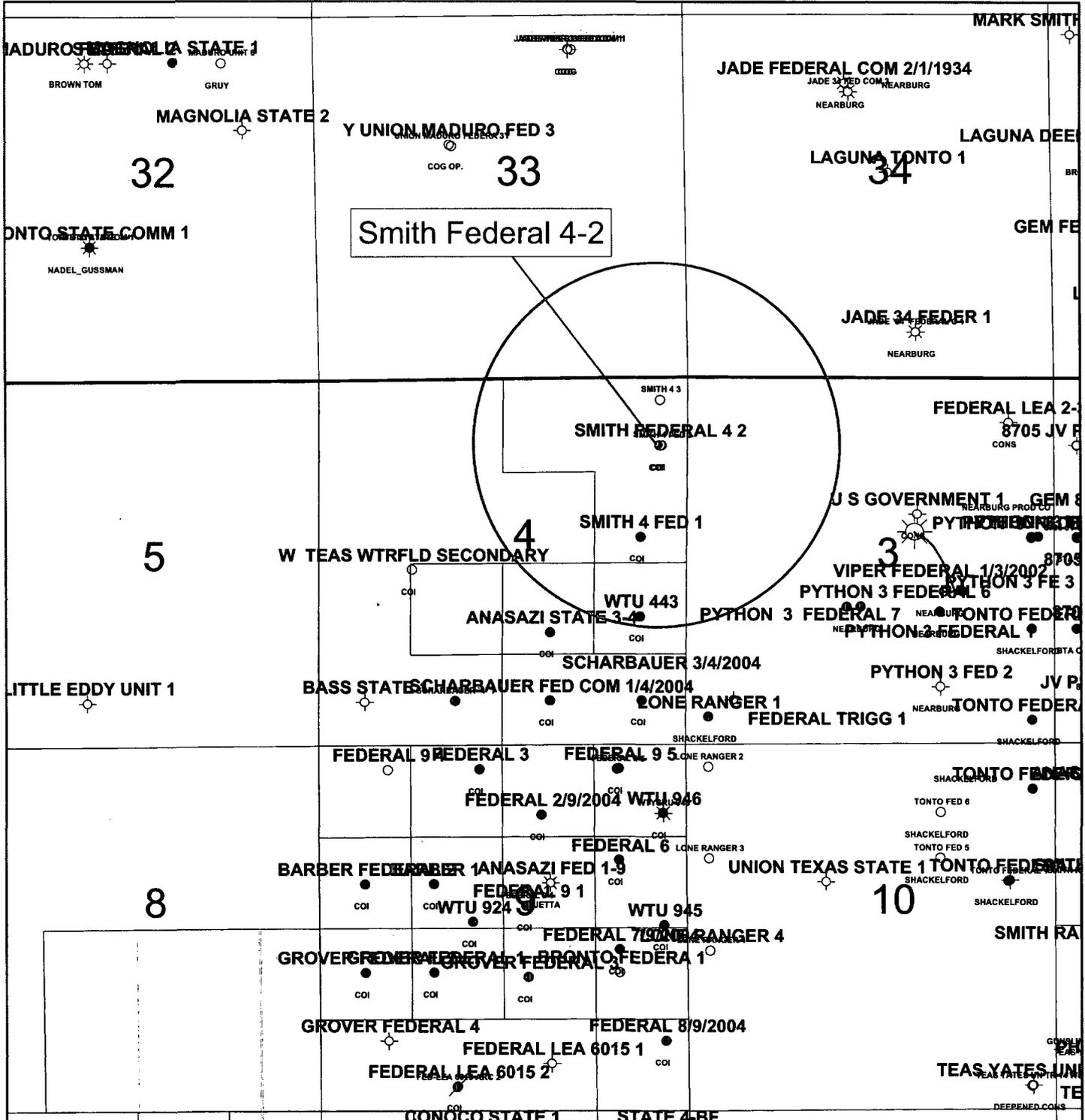
SMITH 4 FEDERAL 2  
SECTION 4, T20S, R33E  
990' FNL & 395' FEL  
LEA COUNTY, NEW MEXICO

2006 MAY 9

FORM C-108

- 1) There are two well bores that penetrate the proposed injection zone. A Data Sheet is attached for both wells.
- 2) Potash Area: A copy of this application has been mailed to the BLM and to the lessee within a one mile radius of this well, per the following addresses:
  - a. Bureau of Land Management  
602 E. Greene  
Carlsbad, NM 88220-6292
  - b. Mississippi Potash, Inc.  
1996 Potash Mine Road  
P. O. Box 101  
Carlsbad, NM 88220  
Attn: Mr. Tom McGuire
- 3) The surface owner and two offset operators have been sent re-notice of our application with the correct address for the OCD in Santa Fe.
- 4) A cement bond log is attached.
- 5) Per Mr. Andrew McCalmont, with Chesapeake, there is no DV tool installed in the 5 1/2" casing as the cemented top to bottom.
- 6) Statement that injection into this interval will not cause waste of oil and gas resources is attached.

2006 MAY 9 12:43



Smith Federal 4-2

 <p>Chesapeake Natural Gas Natural Advantages</p>	<p><b>CHESAPEAKE OPERATING, INC.</b></p>
<p align="center"><b>SMITH FEDERAL 2-4 Location WEST TEAS PROSPECT</b></p> <p align="center">With 1 mile radius shown Lea County, New Mexico</p>	
<p>Date: 24 March, 2004 Scale: 1" = 4000'</p>	<p align="right">Geologist Doug Bellis</p>

**APPLICATION FOR AUTHORIZATION TO INJECT**

**SMITH 4 FEDERAL 2  
SECTION 4, T20S, R33E  
990' FNL & 395' FEL  
LEA COUNTY, NEW MEXICO**

**CERTIFICATION OF NOTICE**

I, Brenda Coffman, do hereby certify that a copy of our corrected notice of Application For Authorization To Inject, for the subject well, has been sent by certified mail to the surface owner and the two offset operators. I further state that notice has been sent by certified mail to the Bureau of Land Management, in Carlsbad.



---

Brenda Coffman  
Regulatory Analyst  
Chesapeake Operating, Inc.  
May 5, 2006



May 4, 2006

New Mexico OCD:

Chesapeake Energy is making application to convert the Smith 4 Federal #2 to a saltwater injection well. The well IP'd for 46 BOPD, declining rapidly while water production increased. The well watered out and was SI in March of 2005. This well is a northerly offset to the Smith 4 Federal #1 which makes 15 BO and 40 BWPD. Both wells are completed in the same interval. The #2 is structurally lower than the #1. Produced water from the #1 will be injected in the #2. This will be the only source of water injecting into the Smith 4 Federal #2. As the #2 is low to the #1, and because only produced water from this lease will be injected into the #2, there will be no waste of oil or gas resources from this lease. Converting the #2 to injection will allow the utilization of a wellbore which is currently TA'ed and will reduce operating costs for the #1, thereby increasing the economic viability of this lease. Accordingly, this project will allow for the recovery of additional oil and gas from the lease.

Best regards,

A handwritten signature in black ink, appearing to read "Andrew McCalmont", is written over the typed name.

Andrew McCalmont  
Asset Manager  
Chesapeake Energy  
(405) 879-7852



Midland Field Office

April 24, 2006

Mr. Kenneth Smith  
267 Ranch Road  
Hobbs, New Mexico 88240

Re: Smith 4 Federal, Well #2  
Sec. 4, T-20-S, R-33-E  
Lea County, New Mexico

Dear Mr. Smith:

Enclosed, please, find a copy of Chesapeake's application to the Oil Conservation Commission to convert the subject well into a salt water disposal.

Any objections to our project must be submitted to the Oil Conservation Commission, 1220 South St Francis Drive, Santa Fe, New Mexico 87505 within fifteen (15) days of this letter.

If you have any questions, please, address them to Mr. Andrew McCalmont at (405) 879-7852 or mail any correspondence to the address below to the attention of Ms. Brenda Coffman.

Yours truly,

A handwritten signature in cursive script that reads "Brenda Coffman".

Brenda Coffman  
Regulatory Analyst

Attached: Form C-108 with all attachments.



Midland Field Office

April 24, 2006

Nearburg Producing Company  
3300 N. "A" Street  
Midland, Texas 79705

Re: Smith 4 Federal, Well #2  
Sec. 4, T-20-S, R-33-E  
Lea County, New Mexico

Dear Mr. Smith:

Enclosed, please, find a copy of Chesapeake's application to the Oil Conservation Commission to convert the subject well into a salt water disposal.

Any objections to our project must be submitted to the Oil Conservation Commission, 1220 South St Francis Drive, Santa Fe, New Mexico 87505 within fifteen (15) days of this letter.

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Yours truly,

A handwritten signature in cursive script that reads "Brenda Coffman".

Brenda Coffman  
Regulatory Analyst

Attached: Form C-108 with all attachments.



**Midland Field Office**

April 24, 2006

COG Operating, LLC  
550 West Texas Ave, Suite 1300  
Midland, Texas 79701

Re: Smith 4 Federal, Well #2  
Sec. 4, T-20-S, R-33-E  
Lea County, New Mexico

Dear Mr. Smith:

Enclosed, please, find a copy of Chesapeake's application to the Oil Conservation Commission to convert the subject well into a salt water disposal.

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Yours truly,

A handwritten signature in cursive script that reads "Brenda Coffman".

Brenda Coffman  
Regulatory Analyst

Attached: Form C-108 with all attachments.

# CURRENT WELLBORE SCHEMATIC

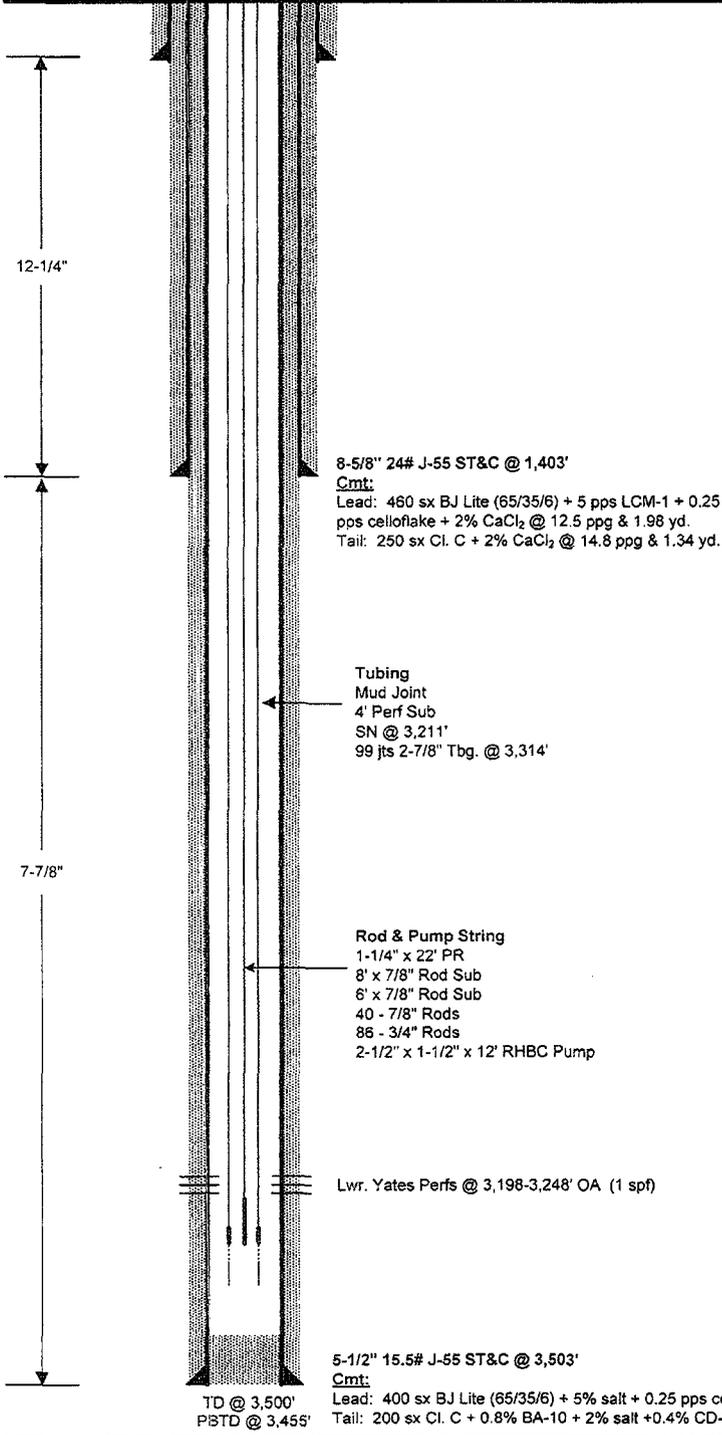
## CHESAPEAKE OPERATING INC



**WELL :** SMITH FEDERAL 1-4  
**FIELD :** WEST TEAS  
**COUNTY :** LEA      **STATE:** NM  
**OBJECTIVE :** VERTICAL DEVELOPMENT WELL  
**LOCATION :** 2,310' FNL & 660' FEL, SEC. 4-T20S-R33E  
**ELEVATION :** 3,559' GL 3,568' RKB

**API #:** 30-025-36411  
**SPUD DATE:** 10/30/03  
**RIG RELEASED:** 11/08/03  
**COMPL. DATE:** 12/9/03  
**CHK #:** 819472

HOLE SIZE



Well History:

COMPLETION

12/2/03: Run CBL/CCL/CR fr. PBTD 3453 (WLM) to 2455'; good cmt. TIH w/ bit, scraper, 6 DC & tbg; tag PBTD 3455'. Pull up 1 jt.  
 12/3/03: Perf 3198-248' (50-0.42' holes). Load csg w/ 9 bbl 2% KCl, acidize w/ 1500 gal 15% NeFE & 60 BS. Ball out w/ 58 BS on fmn. Surge balls. ATR 10 BPM @ 900 psi. ISIP 770 psi, 5 min 206 psi, 10 min 200 psi, 15 min 194 psi. TIH w/ JB to clear balls.  
 12/4/03: Frac Lwr. Yates dwn csg w/ 33,978 gals gel with 105,760# 20/40 brown sand, ramp from 1 to 6 ppg. Flush w/ 78 bbls 2% KCl. ATP 1539 psi, Min TP 1199 psi, MTP 1846 psi. ATR 30.75 BPM, ISIP 1514 psi, 5 min 1514 psi, 10 min 1509 psi, 15 min 1505 psi. TLTR (acid & frac) 1298 bbls. SISD.  
 12/5/03: TIH w/ bit, DC's & tbg; tag sand @ 3370'. RU foam unit and CO to 3455', pull up and CO thru perf section. Pull up to 3128' & SD. Foam out 225 BW less 60 BW for foam. Rec total 165 BLW.  
 12/6/03: 10 hr. SIP 13 psi. TIH & tag fill @ 3446'. TOH w/ DC & bit, TIH w/ MJ, PS, SN & 99 jts. tbg (SN @ 3211') RIH w/ swab. IFL 1700'. Swab 7 hrs, last 3 hrs. FL steady @ 2500'. Rec. tr. oil, SSOG. Rec. 76 BW, TLR 241 bbls.  
 12/9/03: RIH w/ rods & 2-1/2" x 1-1/2" x 12' RWTC Pump.  
 12/15/03: 24 hr. rate: 30 BO, 68 BW, 0 MCF; TP 36#, CP 0#.  
 12/30/03: POOH w/ rods & pump; lower tbg. to 3,380' & ck for fill; pull back up to 3,314'. RIH w/ 2-1/2" x 1-1/2" x 16' RHBC pump.  
 12/31/03: 24 hr. rate: 20 BO, 90 BW, 0 MCF; TP 100#, CP 35#.  
 3/23/05: Rod part. Replaced 78 7/8" rods. RIH w/ tbg as before. RIH w/ 1 1/4" x 22' polish rod, 8', 6' 7/8" subs, 40 7/8" rods, 86 3/4" rods, 2 1/2" x 1 1/2" x 12' RWBC pump.

**PREPARED BY :** Ginni A. Kennedy  
**UPDATED BY :** Ginni A. Kennedy; Karen Gonzales

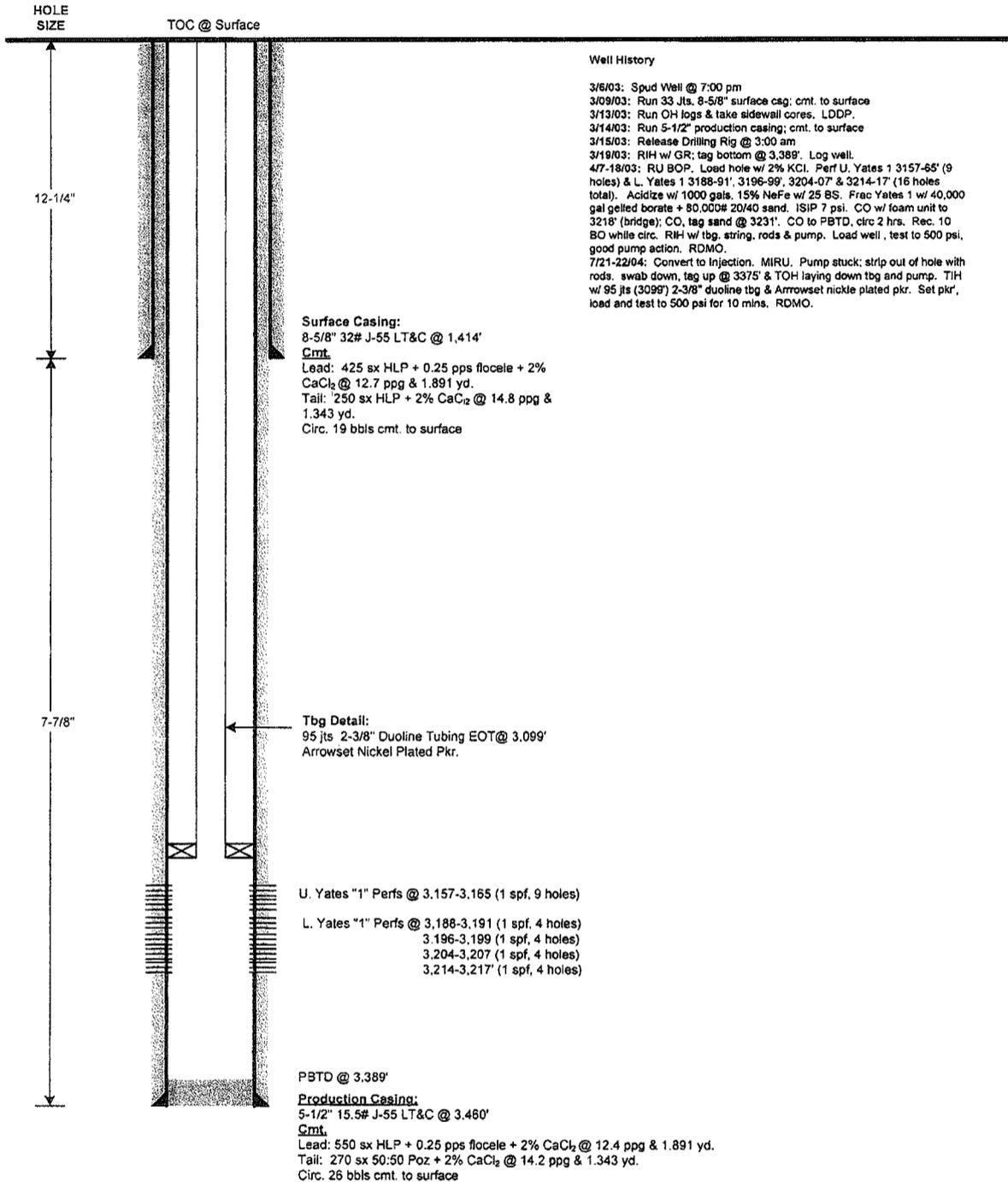
**DATE :** 11/18/03  
**DATE :** 1/6/04; 7/7/05

# CURRENT WELLBORE SCHEMATIC

## CHESAPEAKE OPERATING INC



**WELL** : WTU #443  
**FIELD** : WEST TEAS  
**COUNTY** : LEA **STATE** : NM  
**LOCATION** : 660' FEL & 1,855' FSL OF SECTION 4-T20S-R33E  
**ELEVATION** : GL 3,559' RKB 3,575' DF 3,574'  
**API NO.** : 30-025-35976



**PREPARED BY:** Ginni A. Kennedy  
**UPDATED BY:** Renee Thomas

**DATE:** 6/6/03 7/28/04  
**DATE:** 9/07/05



ACOUSTIC CEMENT BOND  
GAMMA RAY  
CCL

Company CHESAPEAKE OPERATING, INC. Well SMITH 4 FEDERAL NO. 2 Field WEST TEXAS County LEA State NEW MEXICO	Company	CHESAPEAKE OPERATING, INC.		
	Well	SMITH 4 FEDERAL NO. 2		
	Field	WEST TEXAS		
	County	LEA	State	NEW MEXICO
Location:		API #:	Other Services	
		990' FNL & 395' FEL	PERF.	
SEC 4 TWP 20S RGE 33E				Elevation
Permanent Datum	GROUND LEVEL	Elevation	3568'	
Log Measured From	12'			K.B. 3580'
Drilling Measured From	KELLY BUSHING			D.F. 3579'
				G.L. 3568'

Date	9/2/04
Run Number	ONE
Depth Driller	3505'
Depth Logger	3451'
Bottom Logged Interval	3450'
Top Log Interval	2250'
Open Hole Size	7.875"
Type Fluid	WATER/ACID
Density / Viscosity	N/A
Max. Recorded Temp.	N/A
Estimated Cement Top	750'
Time Well Ready	11:30
Time Logger on Bottom	12:00
Equipment Number	14
Location	HOBBS, N.M.
Recorded By	D. OLIVAS
Witnessed By	LYNARD BARRERA

Borehole Record				Tubing Record			
Run Number	Bit	From	To	Size	Weight	From	To

Casing Record	Size	Wgt/Ft	Top	Bottom
Surface String	8.625"		SURFACE	1430'
Prot. String				
Production String	5.5"		SURFACE	T.D.
Liner				

*CMT* → see attached (NO DV TOOL)  
*Details*  
 — LOG SHOWS TOPE 735 @ 3160' WITH ZERO PSI  
 — LOG SHOWS RATTY CMIT (WITH 2000 PSI) ABOVE 3160' (IN SALT)

**New Mexico Oil Conservation Division, District I**  
**1625 N. French Drive**

Form 3160-5  
 (August 1999)

UNITED STATES  
 DEPARTMENT OF THE INTERIOR  
 BUREAU OF LAND MANAGEMENT

**Hobbs, NM 88240**

FORM APPROVED  
 OMB No. 1004-0135  
 Expires November 30, 2000

**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.*

5. Lease Serial No.  
**NMNM111243**

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
**Smith 4 Federal #2**

9. API Well No.  
**30-025-36730**

10. Field and Pool, or Exploratory Area  
**WT eas Yates Seven Rivers**

11. County or Parish, State  
**Lea  
 New Mexico**

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

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
**Chesapeake Operating, Inc.**

3a. Address  
**P. O. Box 11050 Midland TX 79702-8050**

3b. Phone No. (include area code)  
**(432)685-4310**

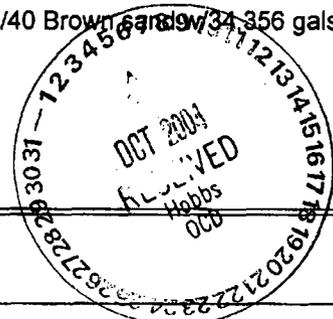
4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**990' FNL & 395 FEL, Sec. 4, T20S, R33E Mer NMP**

**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 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 checked="" type="checkbox"/> Other <b>Spud/Casing Tes</b>
	<input type="checkbox"/> Change Plans	<input 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 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.)

- 8-10-04 Spud 12 1/4" hole @ 11:00 p.m. on 8/09/04.
- 8-13-04 Ran 31 jts. 8 5/8" 24# JO55 STC csg. set @ 1,428'. cmt'd w/600 sx 35:65 Poz "C" + additives; tail in w/200 sx Cl. C + additives. WOC 24 hrs. Cmt. Circ to surface.
- 8-18-04 In 7 7/8" hole ran 79 jts 5 1/2" 15.5# J-55 LTC 8 rd csg. set @ 3,505'. Cmt'd w/400 sx 50:50 Poz C + additives; tail in w/400 sx 50:50 Poz C + additives. Rel United Drilling Rig #22 @ 10:00 p.m. on 8/17/04
- 9-03-04 RU Petroplex Acidizing & pumped 3 bbls 7% HCL acid tbg to pickle. circ acid around w/2% KCL. RD Petroplex. RIH & logged CBL/CCL/GR to PBD @ 3469. RIH w/perf guns & perf Lower Yates 3215 - 3264' @ 1spfl.
- 9-04-04 Acidized w/1500 gals 15% neFe. Swabbing
- 9-09-04 Frac'd w/21,420 gals Viking 1-25 pad @ 32 BPM, 2300#, start sand, ramp 1# to 6# 20/40 Brown sand w/34,356 gals Viking 1-25 @ 32 BPM, 2300#, flush w/3066 gals 2% KCL.
- 9-14-04 RIH w/GA 2 1/2" x 1 1/2" x 16' RHBC pump. Began testing well.



14. I hereby certify that the foregoing is true and correct  
 Name (Printed/Typed)  
**Brenda Coffman**  
 Signature *Brenda Coffman*

Title  
**Regulatory Analyst**  
 Date  
**09/24/2004**

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

Approved by **(ORIG. SGD) DAVID R. GLASS** Title \_\_\_\_\_ Date \_\_\_\_\_

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 \_\_\_\_\_

Title 18 U.S.C Section 1001 makes 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.

(Instructions on reverse)

**GW**

## Inactive Well List

Using Production Data

**Total Well Count:1065 Inactive Well Count:1 Since:2/28/2005**

**Printed On: Wednesday, May 24 2006**

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	Days in TA
2	30-015-26749	PARDUE FARMS #004	A-10-23S-28E	A	147179	CHESAPEAKE OPERATING, INC.	P	O	08/1992		T	1885

WHERE Ogrid:147179, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15