

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Chesapeake

Phillips Fed #1

ADMINISTRATIVE APPLICATION CHECKLIST 30-015-25530

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 _____

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- [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.

Christian Combs		Manager-Regulatory, S. Division	5-18-10
Print or Type Name	Signature	Title	Date
		Christian.Combs@chk.com	
		e-mail Address	

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 18496 Oklahoma City, OK 73154-00496

CONTACT PARTY : Bryan Arrant PHONE : (405)935-3782

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.)

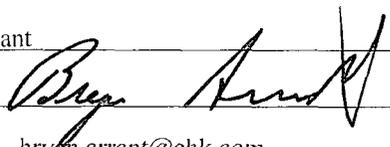
*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

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: Bryan Arrant TITLE: Senior Regulatory Compl. Sp.

SIGNATURE:  DATE: 5-18-10

E-MAIL ADDRESS: bryan.arrant@chk.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: _____

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.

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.

INJECTION WELL DATA SHEET

OPERATOR: Chesapeake Operating, Inc.

WELL NAME & NUMBER: 330' FSL & 2063' FEL Phillips Federal # 1

WELL LOCATION: 330' FSL & 2063' FEL
FOOTAGE LOCATION

UNIT LETTER O SECTION 1 TOWNSHIP 26S RANGE 29E

WELLBORE SCHEMATIC

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 17 1/2" Casing Size: 13 3/8"

Cemented with: 375 sx. or ft³

Top of Cement: Surface Method Determined: Circulated
Intermediate Casing

Hole Size: 12 1/4" Casing Size: 8 5/8"

Cemented with: 1000 sx. or ft³

Top of Cement: Surface Method Determined: Circulated
Production Casing

Hole Size: 7 7/8" Casing Size: 5 1/2"

Cemented with: 825 sx. or ft³

Top of Cement: 3000' Method Determined: CBL

Total Depth: 5650'

Injection Interval

4220' feet to 5150' (Perforated)

(Perforated or Open Hole; indicated which)

INJECTION WELL DATA SHEET

Tubing Size: 2 3/8" Lining Material: Plastic

Type of Packer: Baker Loc-Set

Packer Setting Depth: 4200'

Other Type of Tubing/Casing Seal (if applicable): _____

Additional Data

1. Is This a new well drilled for injection? _____ Yes X No

If no, for what purpose was the well originally drilled? Oil & Gas. Well Not capable of producing hydrocarbons

2. Name of the Injected Formation: Delaware

3. Name of Field or Pool (if applicable): Brushy Draw, Delaware, North

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. Yes. Bell Canyon (3315'-3357') CIBP Set
3280' w/35' cmt. 30 sxs cmt across perms. Brushy Canyon (5324'-5392') CIBP set @ 5000' w/20' cmt.

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injected zone in this area: Bell Canyon (3315'-3357'); Lower Cherry Canyon (5324'-5392');
Brushy Canyon (5924'-6119')

New Mexico Oil Conservation Division form (C-108) Application for Authorization to Dispose

**Phillips Federal #1
Section 1, T-26-S R-29-E
330' FSL & 2063' FEL, NMPM
Eddy County, New Mexico
API # 30-015-25530**

Chesapeake Operating, Inc. proposes to re-enter the above captioned well and convert to a salt water disposal well in the Cherry formation of the Delaware Mountain Group. Please find the following application for authorization to dispose (NMOCD's form C-108) along with attachments and item information.

- Item I** The purpose of this application is for disposal.
- Item II** Chesapeake Operating, Inc. (OGRID # 147179)
P.O. Box 18496
Oklahoma City, OK 73154-0496
Bryan G. Arrant, Contact phone # 405-935-3782
- Item III** See attached data sheets
- Item IV** This is not an existing project.
- Item V** See attached maps showing ½ mile and 2 mile radius.
- Item VI** See attached tabulation of wells of public record within area of review which penetrate the proposed disposal zone, and well-bore schematics of all plugged wells with ½ mile of AOR.
- Item VII**
- 1) Daily average disposal rate is expected to be 2500 BWPD. Maximum daily rate would be approximately 3000 BWPD.
 - 2) The system will be closed.
 - 3) The proposed average disposal pressure is expected to be 0 psig and the maximum pressure is expected to be 0 psig.
 - 4) The source of water to be disposed is produced salt water from surrounding wells which produce from the Bone Spring. A water analysis is attached, Item VII(4).
 - 5) Disposal will be in the Cherry Canyon formation of the Delaware Mountain Group (4220'-5150). The Delaware is productive at much shallower and deeper intervals, in the Bell Canyon (3315'-3357) and the Brushy Canyon formations (5964'-6119') within the AOR. A chemical analysis of the Delaware formation water (where we plan to dispose) is attached. Item VII (5).

$$4220 \times .2 = 844$$

Item VIII

The Cherry Canyon formation of the Delaware Mountain Group can be described very fine grained sandstones inter-bedded with shale sections.

The top and bottom of the Delaware is indicated below:

Well Name	Top of Delaware	Base of Delaware
Phillips Federal #1	3256'	NDE'

There are no known underground sources of drinking water overlying the proposed injection zone as well as any such sources immediately underlying the disposal interval.

Item IX Acidize perfs w/5000 gals 15 % NeFe Acid. Frac perfs per frac recommendation.

Item X Electric logs are available for public record on NMOCD's web-site.

Item XI There are no fresh water wells in the AOR. Please see attached New Mexico Office of the State Engineer document.

This well is located @ 10 miles south southwest of the secretary's potash boundary of R-111-P, and @ 26 miles east of the Capitan Reef aquifer.

Item XII There are no evidence of open faults or any other hydrological connection between the disposal zone and any underground sources of drinking water.

Item XIII Proof of Notice

- A copy of the application has been furnished by certified mail. A list is provided.
- A copy of the legal advertisement in the county in which the well is located is attached.
- A copy of the application has been sent to the Bureau of Land Management.

Additional information:

- Procedure to convert well to SWD.
- Actual & proposed well bore diagram.
- Geological formation tops.
- New Mexico Office or the State Engineer's Water Column/Average Depth of Ground Water -No Records Found

Jones, William V., EMNRD

From: Bryan Arrant [bryan.arrant@chk.com]
Sent: Thursday, August 05, 2010 5:46 AM
To: Jones, William V., EMNRD
Cc: Jeff Finnell
Subject: Phillips Federal # 1 (SWD Application)
Attachments: Phillips Fed 1 Proposed WBD Amended.pdf; Phillips Fed 1 Re-enter and Convert to SWD Procedure.doc

Will,
Please find an amended procedure for the proposed re-completion for this well to SWD.
The BLM requested the changes. This is pending approval of the application.
I'll drop a hard copy via UPS this today.

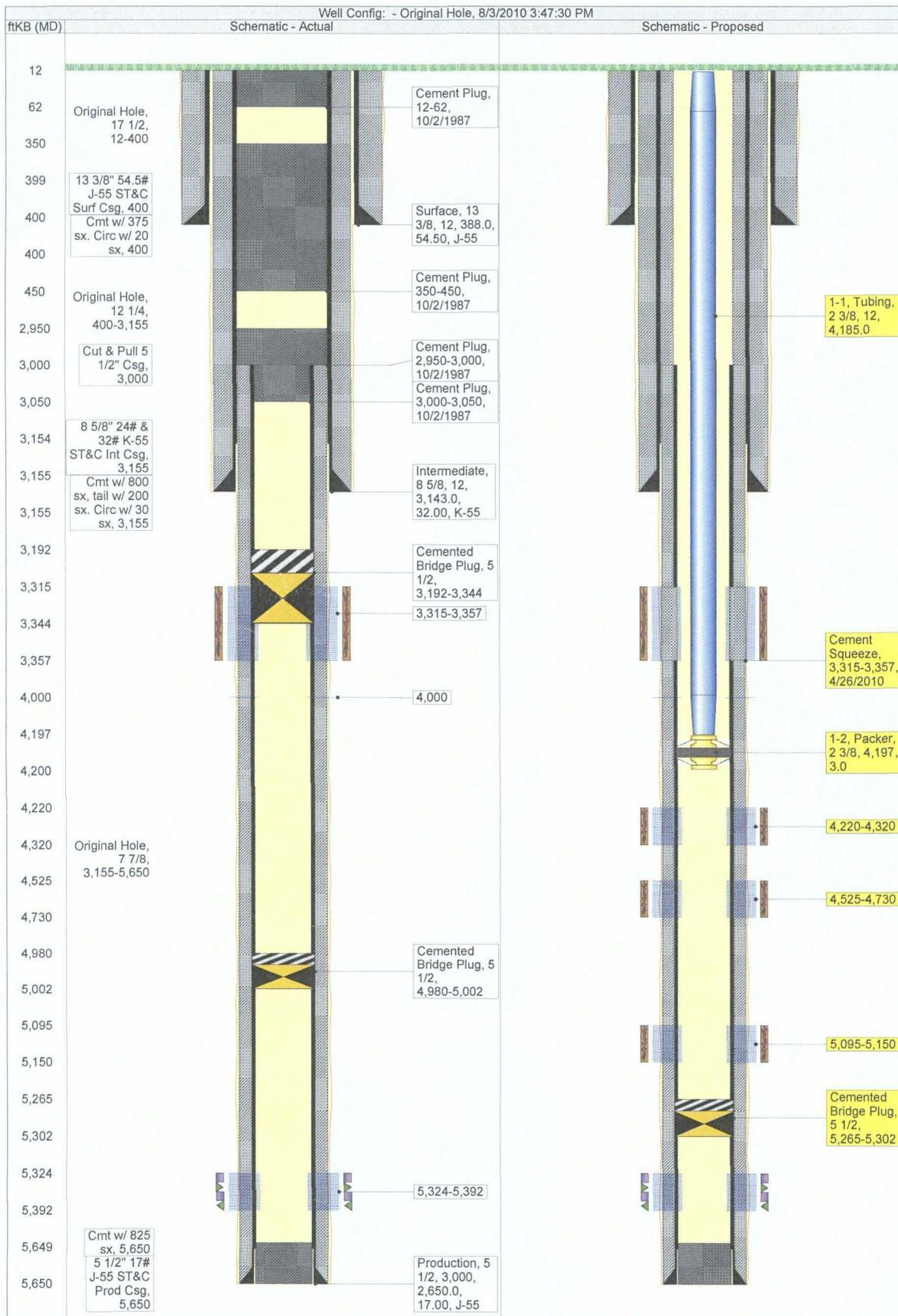
Thanks and will visit w/you later,
Bryan Arrant
Senior Regulatory Compliance Specialist
Chesapeake Energy Corporation
6100 N. Western Avenue
Oklahoma City, OK 73118
Office: (405)-935-3782
Fax: (405) 849-3782
E-mail: Bryan.Arrant@chk.com

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WORKOVER PROPOSAL WBD

WELL: Phillips Fed 1
FIELD: BRUSHY DRAW DELAWARE
COUNTY / STATE: EDDY / NEW MEXICO
LOCATION: SEC 1-26S-29E, 330 FSL & 2063 FEL
ELEVATION: 3,011.00 GR 3,023.00 RKB

API: 30-015-25530
SPUD DATE: 1/6/1986



Phillips Fed 1
Eddy County, New Mexico
Re-enter and Convert to SWD Procedure

Date: April 22, 2010

Location: 330' FSL & 2063' FEL Sec. 1-T26S-R29E

Casing: 8 5/8" 24# & 32# K-55 0-3,155' ID – 7.921", Drift – 7.796", Burst – 2,950 psi
5 1/2" 17# J-55 3,023'-5,650' ID – 4.892", Drift – 4.767", Burst – 5,320 psi

PBTD/TD: 0'/5,650'

Current Perfs: Bell Canyon 3,315-3,357' (below CIBP)
Brushy Canyon 5,324-5,392' (below CIBP)

Propose Perfs: Cherry Canyon 4220-5150'

Recommended Procedure:

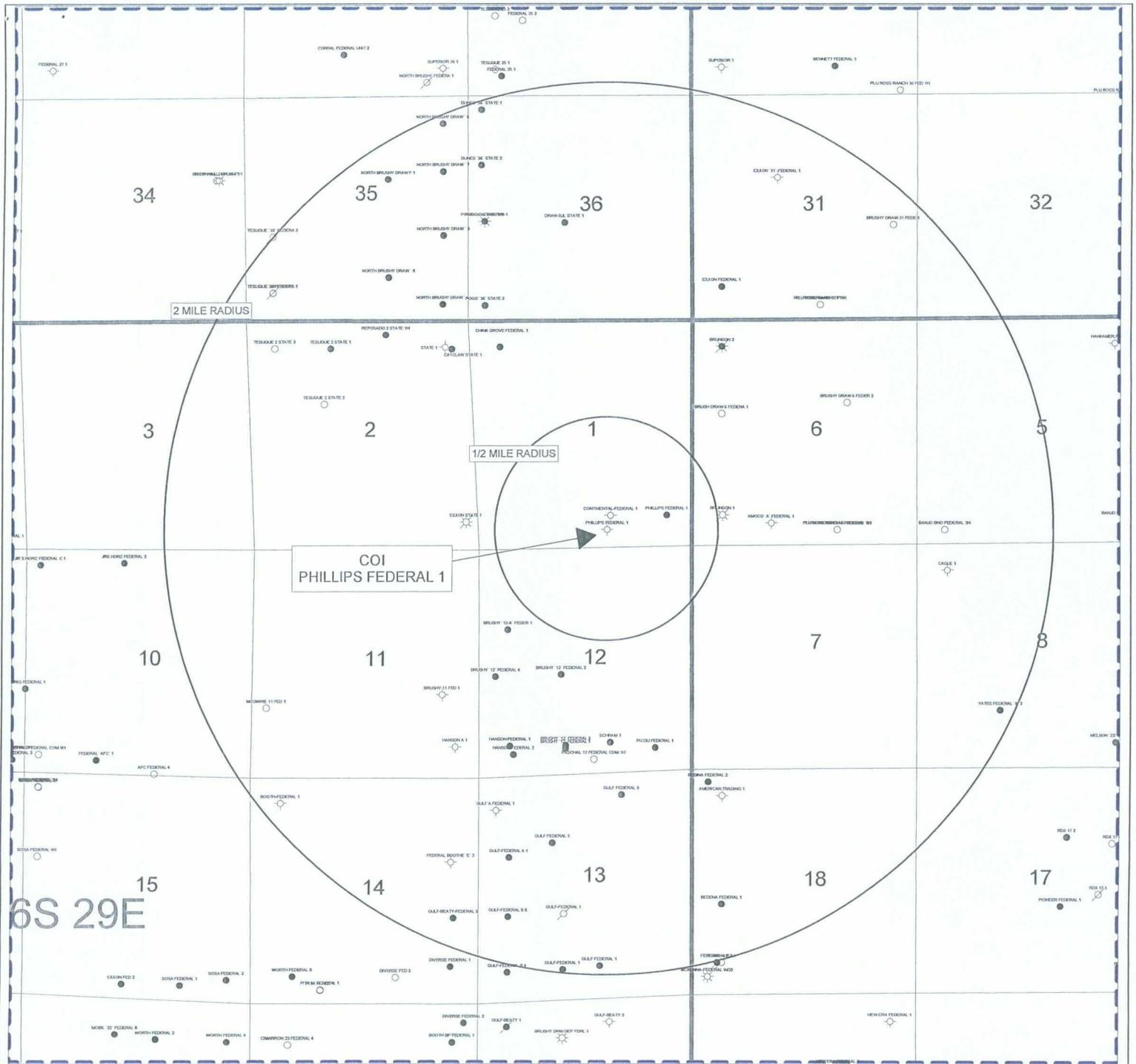
1. Dig out casing and secure casing stub. MIRU PU. NU BOP. Unload, rack and tally 2 7/8" work string.
2. RIH w/ 7 5/8" bit and drill collars on tbg. Drill out cement plugs to 5 1/2" casing stub @ 3,023'. POH w/ bit.
3. RIH w/ 5 1/2" 15.5# J-55 casing with bell collar on bottom. Set bell collar down on top of casing stub. Cement 5 1/2" casing per cementing recommendation bringing cement back to surface. WOC.
4. RIH w/ 4 3/4" bit. Drill out cement at casing splice and cement plugs inside 5 1/2" and CIBP @ 3,280'. Clean out to 5,000' but do not drill out CIBP @ 5,000'. POH w/ bit.
5. RIH w/ packer on 2 7/8" tbg to 3,400', just below perfs 3,315-57'. Set packer and pressure test squeeze holes at 4,000' and CIBP. Pull packer to 3,200' just above perfs. Establish injection rate into perfs. POH w/ packer.
6. RIH w/ CI cement retainer on 2 7/8" tbg. Set retainer @ 3,200'. Shear off of retainer and sting back into it. Establish injection rate into perfs. Squeeze perfs per cement recommendation. Sting out of retainer, circulate clean, POH w/ stinger.
7. RIH w/ 4 3/4" bit. Drill out retainer and squeeze. Pressure test squeeze to 500 psi. Continue in hole and drill out CIBP @ 5,000'. Clean out to old PBTD of 5,649'. POH w/ bit.
8. RU wireline co. Set CIBP @ 5,300' and dump bail 35' of cement on top of plug. Perforate Cherry Canyon 5095-5150', 1 spf w/ HSC gun.
9. RIH w/ packer on 2 7/8" tbg to 5,000'. Acidize perfs 5095-5150' w/ 5,000 gal 15% NEFE acid dropping 75 perf balls evenly throughout job. Release packer and drop down through perfs and wipe balls off. Pull packer back up 5,000'. Frac perfs per frac recommendation (anticipate 50,000# sand in X-linked fluid at 30 BPM). POH w/ packer.
10. RU wireline co. Set Composite BP @ 5,000'. Perforate Cherry Canyon 4525-75', 4675-4730', 1 spf w/ HSC gun.
11. RIH w/ packer on 2 7/8" tbg to 4,400'. Acidize perfs 4525-4730' w/ 5,000 gal 15% NEFE acid dropping 150 perf balls evenly throughout job. Release packer and drop down through perfs and wipe balls off. Pull packer back up 4,400'. Frac perfs per frac recommendation (anticipate 50,000# sand in X-linked fluid at 30 BPM). POH w/ packer.
12. RU wireline co. Set Composite BP @ 4,400'. Perforate Cherry Canyon 4220-75', 4290-4,320' 1 spf w/ HSC gun.

13. RIH w/ packer on 2 7/8" tbg to 4,100'. Acidize perfs 4220-4320' w/ 5,000 gal 15% NEFE acid dropping 150 perf balls evenly throughout job. Release packer and drop down through perfs and wipe balls off. Pull packer back up 4,100'. Frac perfs per frac recommendation (anticipate 50,000# sand in X-linked fluid at 30 BPM). POH w/ packer.
14. RIH w/ 4 3/4" bit and drill collars on tubing. Drill BP's @ 4,400' and 5,000'. Cleanout to PBTD. POH w/ bit laying down 2 7/8" workstring.
15. RIH w/ 2 3/8" plastic lined tbg and 5 1/2" Lock-set packer to 4,200'. Load back side with packer fluid. Set packer and pressure test to 500 psi.
16. ND BOP. NU WH. Rig down.

**Phillips Federal # 1
Unit O, Section 1, T-26-S R-29-E
Eddy Co. New Mexico
API # 30-015-25530**

Geological Formation Tops

- **Rustler 771'**
- **Salado 947'**
- **Castile 1567'**
- **Base of Salt 3256'**
- **Bell Canyon 3306'**
- **Cherry Canyon 4114'**
- **Brushy Canyon 5412'**
- **Base of Delaware NDE**



6S 29E



Item V
1/2 & 2 mile Area of Review

	<p>CHESAPEAKE OPERATING, INC.</p>
	<p>Phillips Federal 1 PHILLIPS FEDERAL 1-RE Eddy Co., NM</p>
<p>Date: 19 May, 2010</p>	

Chesapeake Energy Corporation
Phillips Federal 1 C-108 Tabulation

Operator	Well Name	API No	County	Sec Twn Rngs	Type	Status	Spud Date	Comp Date	TD	PETD	Comp Zone	Comp Interval	Casing Program	TOC	Perfs
1 Claco Oil Company	Phillips Federal 1	3001525167	Eddy	T26S R29E	Oil	Producing	2/28/1985	4/11/1985	6252	6190	Delaware	5924-6119	13.98" 54.5# B-Rd ST&C @ 761' w/ 800 sxs 5-1/2" 17# B-Rd LT&C @ 6190' w/ 1200 sxs	Circ w/ 130 sx EST 1400'	5924' - 6119' w/ 13 spl. 41 holes
2 United Petroleum	Phillips Federal 1	3001525530	Eddy	T26S R29E	Oil	P&A	1/6/1986	3/29/1986	5650	Surf	Delaware	5324-5392, 3315-3357	13.38" 54.5# J-55 ST&C @ 400' w/ 375 sxs. 9/6" 74# & 32# K-56 ST&C @ 3165' w/ 1000 sx 3-1/2" 17# J-55 ST&C @ 5650' w/ 825 sxs	Circ w/ 20 sx Circ w/ 30 sx EST 3000'	5324-5392 3315-3357, 17 holes
3 John Glen Barnett	Continental Fed 1	3001503723	Eddy	T26S R29E	Oil	D&A	12/21/1959	12/9/59	3303	Surf	Delaware	None D&A	9 5/8" Surf Csg w/ 75 sx	Circ to surf	None

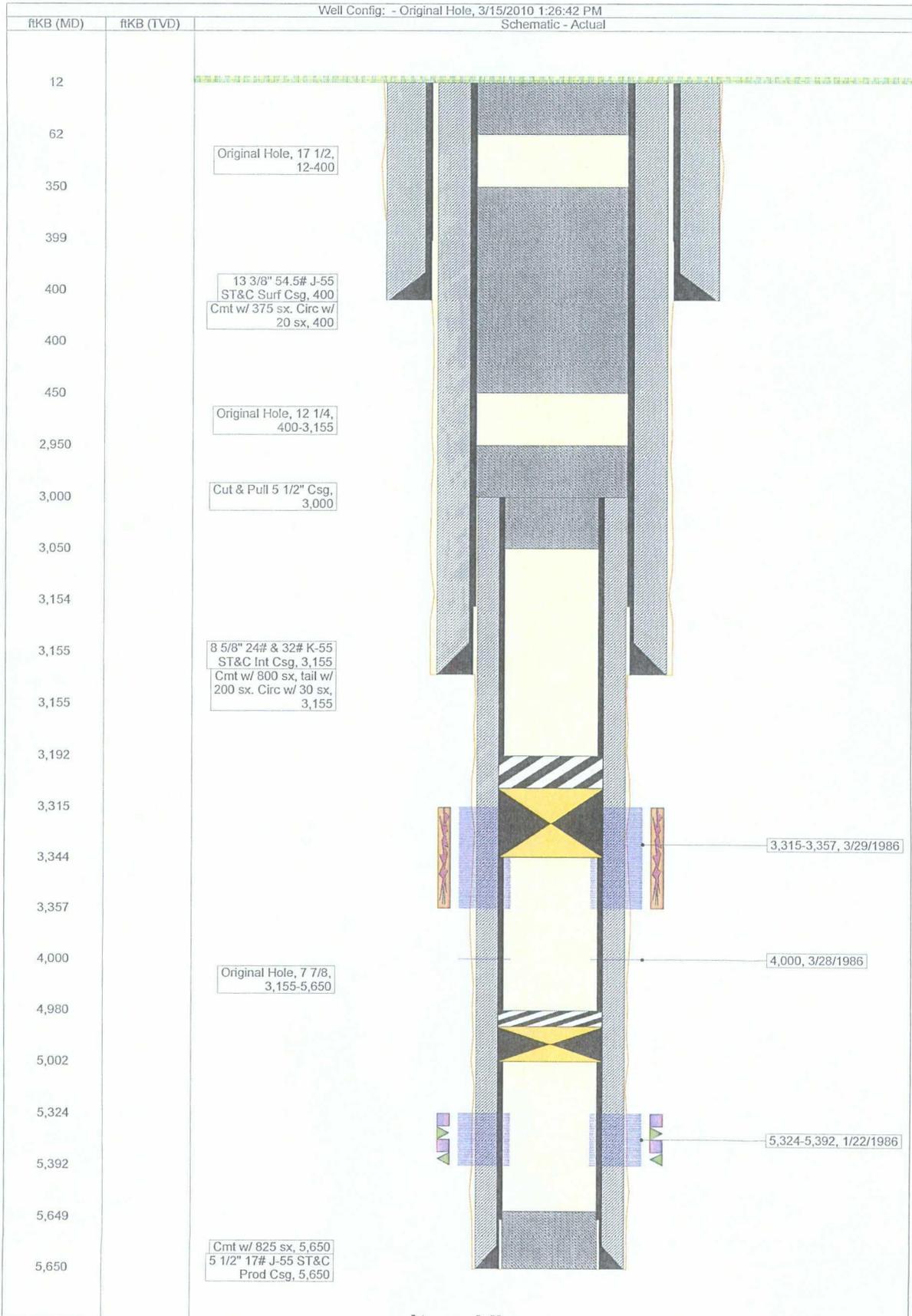
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Item VI
Tabulation of wells within Area of Review

P&A WELLBORE SCHEMATIC

WELL: Phillips Fed 1
 FIELD: BRUSHY DRAW DELAWARE
 COUNTY / STATE: EDDY / NEW MEXICO
 LOCATION: SEC 1-26S-29E, 330 FSL & 2063 FEL
 ELEVATION: 3,011.00 GR 3,023.00 RKB

API: 30-015-25530
 SPUD DATE: 1/6/1986

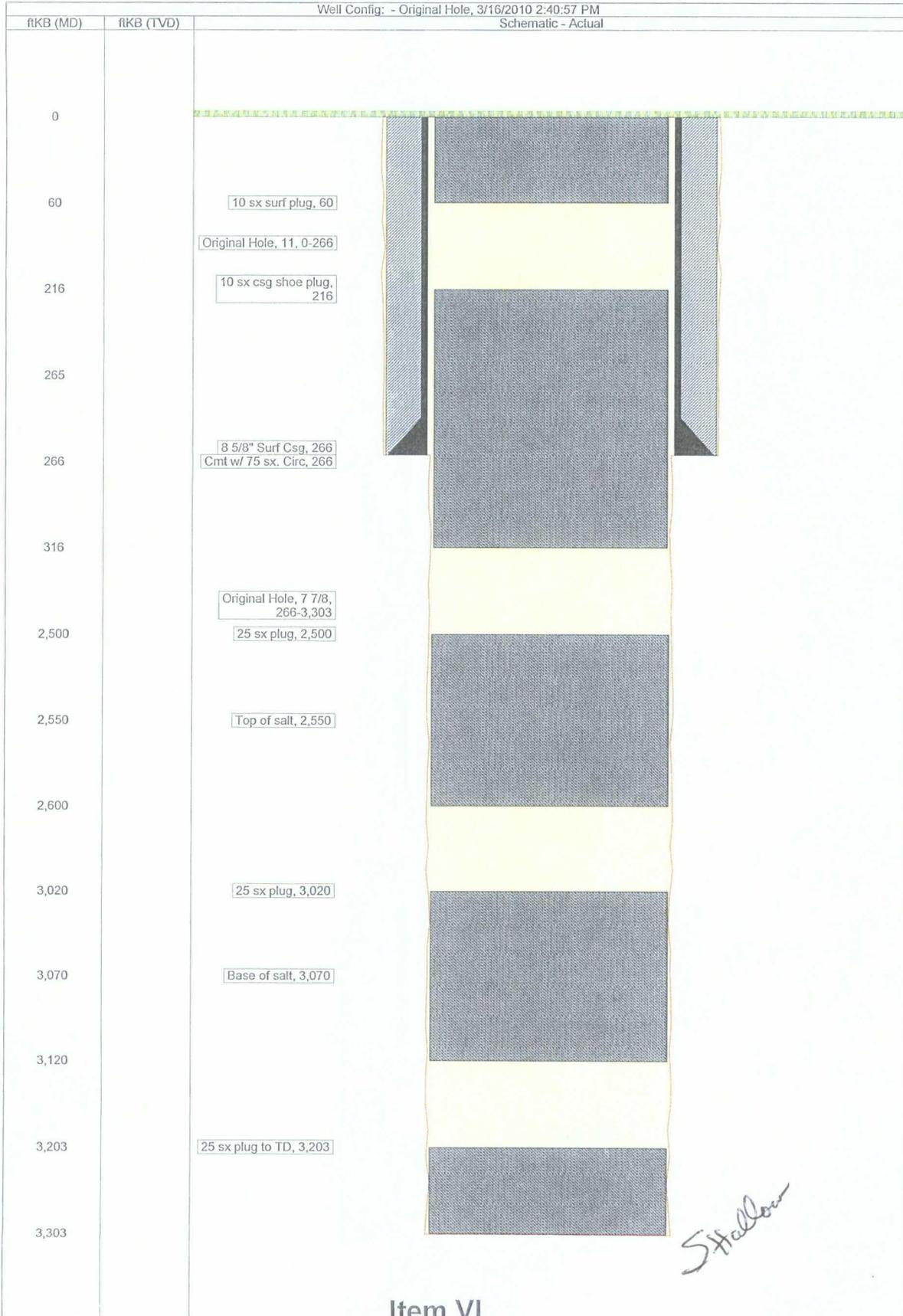


Item VI
Plugged well within AOR

P&A WELLBORE SCHEMATIC

WELL: Continental Federal 1
 FIELD: Wildcat
 COUNTY / STATE: EDDY / NEW MEXICO
 LOCATION: SEC 1-26S-29E, 660 FSL & 1980 FEL
 ELEVATION: 3,023.00 GR 3,023.00 RKB

API: 3001503723
 SPUD DATE: 12/2/1959



**Item VI
 Plugged well within AOR**



New Mexico Office of the State Engineer Water Column/Average Depth to Water

No records found.

PLSS Search:

Section(s): 1, 2

Township: 26S

Range: 29E

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

5/6/10 9:26 AM

WATER COLUMN/ AVERAGE
DEPTH TO WATER



New Mexico Office of the State Engineer Water Column/Average Depth to Water

No records found.

PLSS Search:

Section(s): 6, 7

Township: 26S

Range: 30E

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

5/6/10 9:28 AM

WATER COLUMN/ AVERAGE
DEPTH TO WATER

P.O. BOX 98
MIDLAND, TX. 79702
PHONE (432) 683-4521

Martin Water Laboratories, Inc.

709 W. INDIANA
MIDLAND, TEXAS 79701
FAX (432) 682-8819

RESULT OF WATER ANALYSES

TO: Mr. Melvin Harper LABORATORY NO. 709-79
P.O. Box 190, Hobbs, NM 88241 SAMPLE RECEIVED _____
RESULTS REPORTED 7-13-09

COMPANY Chesapeake Energy LEASE Brushy 12 Federal #1

FIELD OR POOL _____
SECTION _____ BLOCK _____ SURVEY _____ COUNTY Eddy STATE NM

SOURCE OF SAMPLE AND DATE TAKEN:
NO. 1 Submitted water sample - taken 7-7-09.
NO. 2 _____
NO. 3 _____
NO. 4 _____

REMARKS: _____

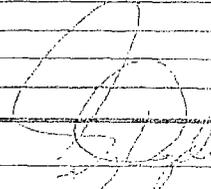
CHEMICAL AND PHYSICAL PROPERTIES				
	NO. 1	NO. 2	NO. 3	NO. 4
Specific Gravity at 60° F.	1.1960			
pH When Sampled				
pH When Received	4.53			
Bicarbonate as HCO ₃	61			
Supersaturation as CaCO ₃				
Undersaturation as CaCO ₃				
Total Hardness as CaCO ₃	101.000			
Calcium as Ca	32.400			
Magnesium as Mg	4.860			
Sodium and/or Potassium	76.997			
Sulfate as SO ₄	38			
Chloride as Cl	190.280			
Iron as Fe	305			
Barium as Ba	0			
Turbidity, Electric				
Color as Pt				
Total Solids, Calculated	304.636			
Temperature °F.				
Carbon Dioxide, Calculated	1.200			
Dissolved Oxygen				
Hydrogen Sulfide	0.0			
Resistivity, ohm-cm at 77° F. - calculated	0.045			
System Resistivity, ohm-cm @ 77° F. - measured	0.040			
Field Corrosiveness	Severe			
Water Barium Sulfate Scaling Tendency	None			
CaCO ₃ S.I. @ 77° F. (Stiff-Davis)	1.34			
CaCO ₃ S.I. @ 122° F. (Stiff-Davis)	1.30			
Calcium Sulfate Scaling Tendency	None			

**Brushy 12 Federal #1
Unit N, 12-26S-29E
560' FSL & 1980'FWL
Eddy Co., NM
30-015-25416**

Results Reported As Milligrams Per Liter

Additional Determinations And Remarks
CaCO₃ S.I. - A positive fig. signifies a scaling potential proportionate to the magnitude of the number, and a negative fig. signifies no scaling potential.

Please feel free to contact us for any details or discussions concerning these results.

By 

Item XIII
Notice List

Name	Attention	Address	City	State	Zip
Conoco Phillips		PO Box 7500	Bartlesville	OK	74005
Claco Oil Co.		13 Havenhill Rd	Artesia	NM	88210
W.G. and Mary Jane Davis		2707 W. Grand	Artesia	NM	88210
Jimmy L. Liles and Mary H. Liles Revocable Trust Agreement dtd 3/18/2008		3001 S. First Street	Artesia	NM	88210
United Petroleum Corp.		PO Box 2951	Roswell	NM	88202
Jess L. Mayfield		PO Box 6705	San Antonio	TX	78209
Republic Bank First National, Midland, Trust No. 1362	Mr. Robert L. Boothe, Trust Property Manager, ID# 76-6258012	PO Box 270	Midland	TX	79702
Republic Bank First National, Midland, Trust No. 1363	Mr. Robert L. Boothe, Trust Property Manager, ID# 75-6248013	PO Box 270	Midland	TX	79702
Republic Bank First National, Midland, Trust No. 1364	Mr. Robert L. Boothe, Trust Property Manager, ID# 75-6248014	PO Box 270	Midland	TX	79702
Raymond James Trust Company West, as Trustee of the Edith Elizabeth Brasher, Brasher 1986 Management Trust Agreement Dated April 18, 1986, as amended May 6, 1986		1201 Pacific Avenue, Suite 150	Tacoma	WA	98402
W.M. Fuller		2020 Texas American Bank Bldg.	Ft. Worth	TX	76102
Doray Corporation		PO Box 451	Midland	TX	79702
EDDR Joint Venture		P.O. Box 10019	Midland	TX	79701
Thomas R. Reavis		Corporate Square Tower, 4801 NW Loop 410, Suite 360	San Antonio	TX	78229
Myron G. Dickson		717 Sinclair	Midland	TX	79705
G. Wendel Schoenberger		P.O. Box 2604	Midland	TX	79702
Roger Lange		St. Lawrence Route, Box 41-CC	Garden City	TX	79739
Kemp D. Solcher		831 Fabulous	San Antonio	TX	78216
Stanley C. Allen		8918 Tesoro Blvd. #500	San Antonio	TX	78217
Jean Mauze, II		203 Primrose	San Antonio	TX	78209
Jess Y. Womack, II		711 Navarro, Suite 404	San Antonio	TX	78205
Louis H. Harding, Jr.		720 First Federal Building, 1001 NE Loop 410	San Antonio	TX	78209
C. Michael Montgomery		106 S. St. Mary's, Suite 800	San Antonio	TX	78205
Marshall T. Steves, Jr.		106 S. St. Mary's, Suite 800	San Antonio	TX	78205
Patrick H. Swearingen, Jr.		106 S. St. Mary's, Suite 800	San Antonio	TX	78205
Lewis T. Tarver, Jr.		106 S. St. Mary's, Suite 800	San Antonio	TX	78205
Clay C. Conoly		1983 Oakwell Farms Pkwy, #2004	San Antonio	TX	78218
W.F. Partnership		Route 9, Box 242	San Antonio	TX	78227
Jon R. Sandidge, sep. prop.		P.O. Box 6705	San Antonio	TX	78209
James D. Burch		7814 Woodridge	San Antonio	TX	78209
Fouress, Inc.		8015 Broadway	San Antonio	TX	78209
Musselman Investments, Inc		1990 InterFirst Plaza, 300 Convent	San Antonio	TX	78205

Jones, William V., EMNRD

From: Bryan Arrant [bryan.arrant@chk.com]
Sent: Monday, July 19, 2010 12:37 PM
To: Jones, William V., EMNRD
Cc: Justin Zerkle; Jeff Finnell
Subject: Phillips Federal 1 (API #30-015-25530, Supplement to C-108)
Attachments: 20100719133320235.pdf

Will,

Please find the proof of notice to the "Bass Entities" for the Phillips Federal 1 C-108 application.

I'll UPS a hard copy to you today.

Thanks,

Bryan Arrant

Office: (405)-935-3782

Fax: (405) 849-3782

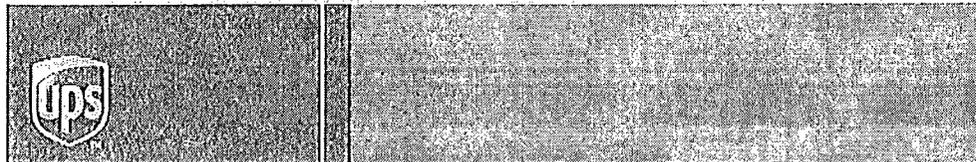
E-mail: Bryan.Arrant@chk.com

7/14/10

This email (and attachments if any) is intended only for the use of the individual or entity to which it is addressed, and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this email is not the intended recipient, or the employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by return email and destroy all copies of the email (and attachments if any).

Bryan Arrant

From: UPS Quantum View [auto-notify@ups.com]
Sent: Thursday, June 03, 2010 1:14 PM
To: Bryan Arrant
Subject: UPS Delivery Notification, Tracking Number 1Z4352W50170866959



***Do not reply to this e-mail. UPS and Chesapeake Energy Corp. will not receive your reply.

At the request of Chesapeake Energy Corp., this notice is to confirm that the following shipment has been delivered.

Important Delivery Information

Delivery Date / Time: 03-June-2010 / 11:19 AM
Delivery Location: RECEIVER
Signed by: ONZUREZ

Shipment Detail

Ship To:
BUREAU OF LAND MANAGEMENT
620 E GREENE ST
CARLSBAD
NM
88220
US
UPS Service: NEXT DAY AIR
Shipment Type: Letter
Tracking Number: 1Z4352W50170866959
Reference Number 1: BRYAN.ARRANT@CHK.COM
Reference Number 2: SS

Phillip Fed. #1
API # 30-015-25530
China Grove Fed. #1
API # 30-015-2678

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

FIDELITY EXPLORATION & PROD
1700 LINCOLN ST STE 2800
DENVER CO 80203

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Agent
 Addressee

B. Received by (Printed Name)
 Brad Gibson

C. Date of Delivery
 JUL 28 2010

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

Article Number (Transfer from service label) **7006 0810 0000 8979 7244**

S Form 3811, February 2004 **DW** Domestic Return Receipt **Lusk 12 SWD** 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

SHACKELFORD OIL CO
P O BOX 10665
MIDLAND TX 79702

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Agent
 Addressee

B. Received by (Printed Name)
 MEZAN HEARN

C. Date of Delivery
 JUL 12 2010

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

Article Number (Transfer from service label) **7006 0810 0000 8979 7237**

S Form 3811, February 2004 **DW** Domestic Return Receipt **Lusk 12 SWD** 102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

DEVON ENERGY PROD CO
20 N BROADWAY STE 1500
OKLAHOMA CITY OK 73102

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Agent
 Addressee

B. Received by (Printed Name)
 [Signature]

C. Date of Delivery
 7-6-10

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

Article Number (Transfer from service label) **7006 0810 0000 8979 7206**

S Form 3811, February 2004 **DW** Domestic Return Receipt **Lusk 12 SWD** 102595-02-M-1540

LYNX PETROLEUM CONSULTANTS
P O BOX 1708
HOBBS NM 88241

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Agent
 Addressee

B. Received by (Printed Name)
 [Signature]

C. Date of Delivery
 JUL 06 2010

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

Article Number (Transfer from service label) **7006 0810 0000 8979 7220**

S Form 3811, February 2004 **DW** Domestic Return Receipt **Lusk 12 SWD** 102595-02-M-1540

CONOCOPHILLIPS CO
P O BOX 7500
BARTLESVILLE OK 74005

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 Agent
 Addressee

B. Received by (Printed Name)
 Conocophillips

C. Date of Delivery
 JUL 09 2010

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

Article Number (Transfer from service label) **7006 0810 0000 8979 7411**

S Form 3811, February 2004 **DW** Domestic Return Receipt **Lusk 12 SWD** 102595-02-M-1540

7005 1820 0004 5245 6230

U.S. Postal Service™ *Teresa Long*
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark Here
 JUL 14 2010
 OKLAHOMA CITY, OK

Sent To
 Thru Line O&G NM L.L.C.
 Street, Apt. No.; or PO Box No. 201 Main Street, Suite 2700
 City, State, ZIP+4 Ft. Worth, TX 76102

PS Form 3800, June 2002 See Reverse for Instructions

7005 1820 0004 5245 6247

U.S. Postal Service™ *Teresa Long*
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark Here
 JUL 14 2010
 OKLAHOMA CITY, OK

Sent To
 CTV O&G NM, L.L.C.
 Street, Apt. No.; or PO Box No. 201 Main Street, Suite 2700
 City, State, ZIP+4 Ft. Worth, TX 76102

PS Form 3800, June 2002 See Reverse for Instructions

7005 1820 0004 5245 6229

U.S. Postal Service™ *Teresa Long*
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark Here
 JUL 14 2010
 OKLAHOMA CITY, OK

Sent To
 Goliad O&G NM, L.L.C.
 Street, Apt. No.; or PO Box No. 201 Main Street, Suite 2700
 City, State, ZIP+4 Ft. Worth, TX 76102

PS Form 3800, June 2002 See Reverse for Instructions

7005 1820 0004 5245 6216

U.S. Postal Service™ *Teresa Long*
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark Here
 JUL 14 2010
 OKLAHOMA CITY, OK

Sent To
 WD O&G NM, L.L.C.
 Street, Apt. No.; or PO Box No. 201 Main Street, Suite 2700
 City, State, ZIP+4 Ft. Worth, TX 76102

PS Form 3800, June 2002 See Reverse for Instructions

7005 1820 0004 5245 6209

U.S. Postal Service™ *Teresa Long*
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark Here
 JUL 14 2010
 OKLAHOMA CITY, OK

Sent To
 Keystone NM L.L.C.
 Street, Apt. No.; or PO Box No. 201 Main Street, Suite 2700
 City, State, ZIP+4 Ft. Worth, TX 76102

PS Form 3800, June 2002 See Reverse for Instructions

Phillips Federal # 1
 API # 30-015-25530
 Proof of notification for C108

Item XIII
Notice List

Grande Oil Company	1990 InterFirst Plaza, 300 Convent	San Antonio	TX	78205
L. Jack Musselman	1990 InterFirst Plaza, 300 Convent	San Antonio	TX	78205
Roger C. Hill, Jr.	118 Broadway, #334	San Antonio	TX	78205
Chase Oil Corporation	P.O. Box 1767	Artesia	NM	88211
Chevron U.S.A. Inc.	15 Smith Rd.	Midland	TX	79705
S & J Operating Co.	811 6th Street, Suite 300	Wichita Falls	TX	76301
Stephens Partnership Co, Ltd	811 6th Street, Suite 300	Wichita Falls	TX	76301
J & N Property Co., Ltd.	811 6th Street, Suite 300	Wichita Falls	TX	76301
C.K. Co.	811 6th Street, Suite 300	Wichita Falls	TX	76301
Ted H. Smith, Jr.	811 6th Street, Suite 300	Wichita Falls	TX	76301
Max R. Vordenbaum	811 6th Street, Suite 300	Wichita Falls	TX	76301
Thomas P. Stephens	811 6th Street, Suite 300	Wichita Falls	TX	76301
Bruce L. Robertson	811 6th Street, Suite 300	Wichita Falls	TX	76301
Bob Gilmore	811 6th Street, Suite 300	Wichita Falls	TX	76301
Jeffrey W. Ritchie	811 6th Street, Suite 300	Wichita Falls	TX	76301
Dale T. Dreher	811 6th Street, Suite 300	Wichita Falls	TX	76301
Nadel & Gussman Permian, LLC	3200 1st Place Tower, #3200	Tulsa	OK	74103
Nu-Energy Oil & Gas Inc.	302-1550 W. 8th Ave.	Vancouver,	Alberta, Canada	V6S4R8
Carbon Techs Energy, Inc.	727 17th Ave. SW, #110	Calgary	Alberta, Canada	T2POX5
RKC Inc.	1527 Hillside Road	Fairfield	CT	06490
John F. Green	43 Heights Ave.	Poughkeepsie	NY	12603
Kerroco Ltd.	22nd Floor, Niels Esperson Bldg.	Houston	TX	77002
Surface:				
Byron Wayne Paschal	PO Box 992	Pecos	TX	79772

Item XIII Notice list w/Certified numbers

Phillips Federal #1

Byron Wayne Paschal #7007 3020 0002 4935 2325

Conoco Phillips #7007 3020 0002 4935 1625

Claco Oil Co. #7007 3020 0002 4935 1632

W.G. and Mary Jane Davis #7007 3020 0002 4935 1649

Jimmy L. Liles and Mary H. Liles #7007 3020 0002 4935 1656

United Petroleum Corp. #7007 3020 0002 4935 1663

Jess L. Mayfield #7007 3020 0002 4935 1670

Republic Bank First National/ Robert L. Boothe/1362 #7007 3020 0002 4935 1687

Republic Bank First National/ Robert L. Boothe/1363 #7007 3020 0002 4935 1694

Republic Bank First National/ Robert L. Boothe//1364 #7007 3020 0002 4935 1700

Raymond James Trust Company, #7007 3020 0002 4935 1717

Edith Elizabeth Brasher, Brasher 1986

Management Trust Agreement Dated
April 18, 1986, as amended May 6, 1986

W.M. Fuller #7007 3020 0002 4935 1724

Doray Corporation #7007 3020 0002 4935 1731

EDDR Joint Venture #7007 3020 0002 4935 1755

Thomas R. Reavis #7007 3020 0002 4935 1762

Myron G. Dickson #7007 3020 0002 4935 1779

G. Wendel Schoenberger #7007 3020 0002 4935 1786

Roger Lange #7007 3020 0002 4935 1793

Kemp D. Solcher #7007 3020 0002 4935 1809

Stanley C. Allen #7007 3020 0002 4935 1816

Jean Mauze II #7007 3020 0002 4935 1823
Jess Y. Womack, II #7007 3020 0002 4935 1830

Louis H. Harding, Jr. #7007 3020 0002 4935 1847

C. Michael Montgomery #7007 3020 0002 4935 1854

Marshall T. Steves, Jr. #7007 3020 0002 4935 1861

Patrick H. Swearingen, Jr. #7007 3020 0002 4935 1878

Lewis T. Tarver, Jr. #7007 3020 0002 4935 1885

Clay C. Conoly #7007 3020 0002 4935 1892

W.F. Partnership #7007 3020 0002 4935 1908

Jon R. Sandidge #7007 3020 0002 4935 1915

James D. Burch #7007 3020 0002 4935 1922

Fouress, Inc. #7007 3020 0002 4935 1939

Musselman Investment, Inc. #7007 3020 0002 4935 1946

Grande Oil Company #7007 3020 0002 4935 1953

L. Jack Musselman #7007 3020 0002 4935 1960

Roger C. Hill, Jr. #7007 3020 0002 4935 1977

Chase Oil Corporation #7007 3020 0002 4935 1984

Chevron U.S.A. Inc. #7007 3020 0002 4935 1991

S & J Operating Co. #7007 3020 0002 4935 2004

Stephens Partnership Co., Ltd. #7007 3020 0002 4935 2011

J & N Property Co., Ltd. #7007 3020 0002 4935 2028

C.K. Co. #7007 3020 0002 4935 2035

Ted H. Smith, Jr. #7007 3020 0002 4935 2042

Max R. Vordenbaum #7007 3020 0002 4935 2059

Thomas P. Stephens #7007 3020 0002 4935 2066

Bruce L. Robertson #7007 3020 0002 4935 2073

Bob Gilmore #7007 3020 0002 4935 2080

Jeffrey W. Ritchie #7007 3020 0002 4935 2097

Dale T. Dreher #7007 3020 0002 4935 2103

Nadel & Gussman Permian, LLC #7007 3020 0002 4935 2110

Nu-Energy Oil & Gas Inc. #7007 3020 0002 4935 2127

Carbon Techs Energy, Inc. #7007 3020 0002 4935 2134

RKC Inc. #7007 3020 0002 4935 2141

John F. Green #7007 3020 0002 4935 2158

Kerrco Ltd. #7007 3020 0002 4935 2165

Affidavit of Publication

NO. 21161

Copy of Publication:

STATE OF NEW MEXICO

County of Eddy:

GARY D. SCOTT being duly

sworn,says: That he is the PUBLISHER of The

Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press,a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for 1 Consecutive week/days on the same

day as follows:

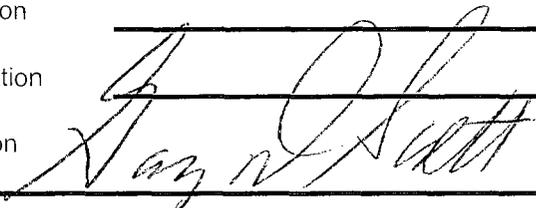
First Publication May 9, 2010

Second Publication _____

Third Publication _____

Fourth Publication _____

Fifth Publication _____



Subscribed and sworn to before me this

9 Day May 2010

Chesapeake Operating, Inc. intends to convert the following well to a salt water disposal well:Phillips Federal #1 which is located in Unit O of Section 1, Township 26 South, Range 29 East, 330' FSL & 2063' FEL, Eddy County, New Mexico.

The formation to be injected is for disposal purposes into the Cherry Canyon formation of the Delaware Mountain Group through perforated intervals: 4220'-4275', 4290'-4320', 4525'-4575', 4675'-4730' & 5095'-5150'.

The average disposal rate is expected to be 2500 BWPD and a maximum disposal rate of 3000 BWPD. The injection pressure is expected to be 844' psig with a maximum pressure of 844 psig.

Questions or objections can be addressed to Chesapeake Operating, Inc. 6100 N. Western Ave., Oklahoma City, OK 73118 or call Jeff Finnell at:405-935-4347. Any interested parties that have objections or request a hearing must be filed within 15 days of this notice to the Oil Conservation

Division, 1220 South St. Francis Drive, Santa Fe, NM 87505. Published in the Artesia Daily Press, Artesia, NM May 9, 2010. Legal No. 21161



OFFICIAL SEAL
Jo Morgan
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 6/26/2012



Jo Morgan
Notary Public, Eddy County, New Mexico

Item XIII Legal Advertisement

Jones, William V., EMNRD

Conrad

From: Jones, William V., EMNRD
Sent: Tuesday, June 29, 2010 4:58 PM
To: 'Bryan Arkant'
Cc: Ezeanyim, Richard, EMNRD; Reeves, Jacqueta, EMNRD; Dade, Randy, EMNRD
Subject: Disposal application from Chesapeake Operating, Inc.: Phillips Federal #1 30-015-25530

Hello Bryan:

Is the surface of this well owned by Mr. Pashal or the BLM?

Please send a copy of the C-108 to the BLM in either case. I did not see them on the notice list.

Why is it necessary to run a 4-1/2 inch FJ liner?

Thank You,

William V Jones, P.E.
Engineering, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505
Tel 505.476.3448 ~ Fax 505.476.3462



Jones, William V., EMNRD

From: Bryan Arrant [bryan.arrant@chk.com]
Sent: Wednesday, July 07, 2010 2:49 PM
To: Jones, William V., EMNRD
Cc: Jeff Finnell; Justin Zerkle
Subject: RE: Disposal application from Chesapeake Operating, Inc.: Phillips Federal #1 30-015-25530
Attachments: 20100707151704988.pdf

Will,
Highlighted below in green please find answers to your questions and the attached UPS document above.

Thanks,
Bryan Arrant
Senior Regulatory Compliance Specialist
Chesapeake Energy Corporation
6100 N. Western Avenue
Oklahoma City, OK 73118
Office: (405)-935-3782
Fax: (405) 849-3782
E-mail: Bryan.Arrant@chk.com

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Tuesday, June 29, 2010 5:58 PM
To: Bryan Arrant
Cc: Ezeanyim, Richard, EMNRD; Reeves, Jacqueta, EMNRD; Dade, Randy, EMNRD
Subject: Disposal application from Chesapeake Operating, Inc.: Phillips Federal #1 30-015-25530

Hello Bryan:

Is the surface of this well owned by Mr. Pashal or the BLM?

Well is on BLM minerals.

Please send a copy of the C-108 to the BLM in either case. I did not see them on the notice list.

Copies of both C-108 applications:

Phillips Federal #1 30-015-25530

China Grove Federal # 1 30-015-27678

; were sent to the BLM on 6/2/2010 and received on 6/3/2010.

Please find the signed UPS delivery notification letter attached above.

We also sent by certified mail copies of the applications.

Why is it necessary to run a 4-1/2 inch FJ liner?

Mr. Jeff Finnell notes:

"Bryan,

In answer to Will's question about "Why the 4 1/2" liner?", I want to run it to be sure we can get a good MIT on this well. If we just ran a 5 1/2" casing and tied it back into the old casing, we would have 2 potential leaks above our packer setting depth: one at the casing tie back (3,000') and one at the old perfs (3,315-57'). Running the 4 1/2" FJ eliminates these weak points".

Thank You,

William V. Jones, P.E.

Engineering, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505
Tel 505.476.3448 ~ Fax 505.476.3462

Injection Permit Checklist (06/24/2010)

Case _____ R- _____ SWD 1241 WFX _____ PMX _____ IPI _____ Permit Date 9/3/10 UIC Qtr (A/S/O)

Wells 1 Well Name: Phillips Federal #1

API Num: (30-) 0548530 Spud Date: 1/6/86 New/Old: N (UIC primacy March 7, 1982)

Footages: 330 FSL / 2063 FSL Unit 0 Sec 1 Tsp 265 Rge 29E County Eddy

Operator: Changsha Oil & Gas Inc Contact Bryan Arnold

Operator Address: _____

OGRID: 147179 RULE 5.9 Compliance (Wells) 4/785 (Finan Assur) OK IS 5.9 OK? OK

Well File Reviewed Current Status: P&A

General Location: _____

Diagrams: Before Conversion After Conversion Elogs in Imaging File:

Planned Work to Well: Re-enter

	Sizes Hole.....Pipe	Setting Depths	Cement Sx or Cf	Cement Top and Determination Method
Existing <input checked="" type="checkbox"/> Surface	<u>17 1/2 13 3/8</u>	<u>400</u>	<u>375</u>	<u>CIRCL</u>
Existing <input checked="" type="checkbox"/> Intern	<u>12 1/4 8 5/8</u>	<u>3155</u>	<u>1000</u>	<u>CIRC</u>
New <input checked="" type="checkbox"/> Existing <input checked="" type="checkbox"/> Long St	<u>7 7/8 5 1/2</u>	<u>5650</u>	<u>825</u>	<u>3000 CBL</u>
DV Tool _____	Line <u>4 1/2" FT 0</u>	Open Hole <u>5638</u>	Total Depth <u>5650</u>	Deviated Hole? <u>NO</u>

+200 ST 3/28/86
502
Cutoff @ 3023' 10/28/87

Running

Intervals: Depths, Ft. Formation Producing?

Formation Above			
Formation Above	<u>3256</u>	<u>Top Del.</u>	
Injection TOP:	<u>4220</u>	<u>Changsha C.</u>	Max. PSI <u>844</u> Open Hole? <input type="checkbox"/> Perfs? <input checked="" type="checkbox"/>
Injection BOTTOM:	<u>5150</u>	<u>Changsha C.</u>	Tubing Size <u>2 3/8</u> Packer Depth <u>4200</u>
Formation Below			
Formation Below			

Sensitive Areas: Gepitan Reef Cliff House Salt Depths 947 ~~3256~~

... Potash Area (R-111:P) Palash Lssaa Noticed? (WIPP?) Noticed?

Fresh Water: Depths: None Formation _____ Wells? _____ Analysis? _____ Affirmative Statement

Disposal Fluid Sources: B.S. Analysis?

Disposal Interval Production Potential/Testing: not good oil interval Analysis?

Notice: Newspaper (Y/N) Surface Owner BECHTEL Mineral Owner(s) _____

RULE 26.7(A) Affected Parties: See application

Area of Review: Adequate Map (Y/N) and Well List (Y/N)

Active Wells 1 Num Repairs 0 Producing in Injection Interval in AOR NO

P&A Wells 1 Num Repairs 0 All Wellbore Diagrams Included?

Questions/Required Work: WHY Run 4 1/2 Lines? ✓

NOTICE BECHTEL ✓

Request Sent _____ Reply: _____