



New Mexico Energy, Minerals and Natural Resources Department

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Division Director
Oil Conservation Division



Administrative Order IPI-398

May 5, 2011

Chesapeake Operating, Inc.
P.O. Box 18496
Oakhoma City, OK 73154-0496

Attention: Shannon Glancy

RE: Injection Pressure Increase
Trinity Burrus Abo Unit Waterflood Project
Lea County, New Mexico

Dear Mr. Shannon Glancy:

Reference is made to your request on behalf of Chesapeake Operating, Inc. (OGRID 147179) received by the Division on April 19, 2011 to increase the surface injection pressure on three (3) wells within the Trinity Burrus Abo Unit Waterflood Project. This request is based upon step rate tests recently conducted on these wells. The results of the step rate tests for the TBAU Wells No. 5, 7 and 11 indicate that an increase in the surface injection pressure for these wells is justified and will not result in the fracturing of the injection formation and confining strata.

It is our understanding that these wells will not take a sufficient volume of water at the present pressure limits and a higher pressure limits are needed for waterflood operations.

Based on a step rate injection tests that were conducted in April, 2011 you are hereby authorized to increase the surface injection pressure on the following wells all located in Township 12 South, Range 38 East, NMPM, Lea County, New Mexico:



| Well Number | Wolfcamp Perforations | Surface Injection Pressure |
|--|-----------------------|----------------------------|
| TBAU Well No. 5 API No. 30-025-36451, Unit F, Section 23 | 9056-9091 | 2113 PSIG |
| TBAU Well No. 7 API No. 30-025-36187, Unit C, Section 27 | 9048-9092 | 2003 PSIG |
| TBAU Well No. 11 API No. 30-025-36038, Unit K, Section 22 | 9030-9080 | 2008 PSIG |

Provided the tubing size, packer setting depth and perforation depths do not change. However, you are prohibited from injecting at pressures that would induce fracturing.

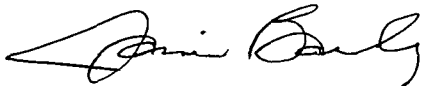
The operator is responsible for ensuring injected waters do not migrate upward inside or outside of this casing and enter formations above the permitted injection interval.

This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 19.15.5.9.

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

The injection authority granted herein shall terminate two years after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Sincerely,



Jami Bailey
Director

JB/tw

cc: Oil Conservation Division – Hobbs
New Mexico State Land Office