

State of New Mexico
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



April 2, 2012

Chesapeake Operating, Inc.
Attn: Bryan Arrant
P.O. Box 18496
Oklahoma City, OK 73154

Email: bryan.arrant@chk.com

Notice of Termination of Authority to Inject into the Pogo 36 SWD State No. 2 (API #30-015-27399), Administrative Order SWD-1242

Dear Operator:

On September 3, 2010, the Oil Conservation Division issued Administrative Order SWD-1242 (hereinafter, "Disposal Order") which authorized injection into the Pogo 36 SWD State Well #2. Division records show Chesapeake Operating, Inc., OGRID #147179 (hereinafter, "Chesapeake") as the operator of record of the well.

The Disposal Order provides that the disposal authority granted by the Disposal Order shall terminate one year after the effective date of the Disposal Order if the operator has not commenced injection operations into the well unless the division, upon written request mailed by the operator prior to the termination date, has granted an extension.

Additionally, Division Rule 19.15.26.12.C NMAC states:

- C. Abandonment of injection operations.
- (1) Whenever there is a continuous one year period of non-injection into all wells in an injection or storage project or into a salt water disposal well or special purpose injection well, the division shall consider the project or well abandoned, and the authority for injection shall automatically terminate ipso facto.
 - (2) For good cause shown, the director may grant an administrative extension or extensions of injection authority as an exception to Paragraph (1) of Subsection C of 19.15.26.12 NMAC, provided that any such extension may be granted only prior to the end of one year or [sic] continuous non-injection,

or during the term of a previously granted extension.

Division records (a copy of which is enclosed) do not show the commencement of injection operations into the well since the Disposal Order was issued on September 3, 2010, and there is no indication that the operator submitted a written request for an extension of the terms of the Disposal Order prior to the termination date. (Division records show that on September 22, 2010 the division approved Chesapeake's application for a permit to re-enter the well which is plugged. Division records do not show that Chesapeake has re-entered the well as of this date.)

Therefore, Administrative Order SWD-1242 has terminated pursuant to its own terms and Division Rule 19.15.26.12.C NMAC.

If Chesapeake wishes to inject into the well, it will have to reapply for authority to inject with the Division's Engineering Bureau. Please contact Will Jones in the Division's Engineering Bureau at (505) 476-3448 or william.v.jones@state.nm.us to discuss this matter further.

Please feel free to contact me at (505) 476-3493 or daniel.sanchez@state.nm.us if you have any questions.

Sincerely,



Daniel Sanchez
New Mexico Underground Injection Control Program Director

ec: Richard Inge, OCD Artesia
Randy Dade, OCD Artesia
William Jones, OCD Santa Fe
Theresa Duran-Saenz, OCD Santa Fe
Curtis Blake, cblake@chkenergy.com

30-015-27399 POGO 36 SWD STATE #002 [38311]**General Well Information****Status:** New (Not Drilled or Completed)**History****Comments****Operator**

Company: [147179] CHESAPEAKE OPERATING, INC.
Address: P.O. Box 18496
 Oklahoma City, OK 73154
Country: U.S.A.
Main Phone: 405-935-8000

Central Contact Person

Name: Bryan Arrant
Phone: 405-935-3782
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Hobbs Contacts

Name: Curtis Blake
Phone: 505-391-1462
Cell: 505-631-9936
E-Mail Address: cblake@chkenergy.com

Title:
Fax: 505-391-6679

Artesia Contacts

Name: Curtis Blake
Phone: 505-391-1462
Cell: 505-631-9936
E-Mail Address: cblake@chkenergy.com

Title:
Fax: 505-391-6679

Pits**Casing****Well Completions****[97003] SWD:CHERRY CANYON****Status:** New, Not Drilled**Last Produced:****[8085] BRUSHY DRAW;DELAWARE, NORTH****Status:** Zone Permanently Plugged**Last Produced:** 6/1/1996**Financial Assurance****Compliance**

Note that Financial Assurance and Inactive Well Compliance are documented in separate reports ([Inactive Well Report](#), [Financial Assurance Report](#)).

Also note that some compliance issues are addressed at the operator level so not listed under each well.

Complaints, Incidents and Spills

No Incidents Found

Please note that incidents that impact ground water are recorded along with "facilities" which may not be wells, so although the initial report may be recorded here as a spill, information related to the abatement plans, remediation plans and ground water impact information are not yet part of this application.

Orders**Salt Water Disposal SWD-1242-0****Production / Injection**

[Show All Production](#) [Export to Excel](#)

Earliest Production in OCD Records: 1/1994**Last** 6/1996

Time Frame	Production				Injection				
	Oil(BBLS)	Gas(MCF)	Water (BBLS)	Days P/I	Water (BBLS)	Co2(MCF)	Gas(MCF)	Other	Pressure
1994	1742	352	44099	253	0	0	0	0	0
1995	572	608	33059	240	0	0	0	0	0

1996	0	317	40545	156	0	0	0	0	0
Grand Total:	2314	1277	117703	649	0	0	0	0	0

Transporters
