

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**John H. Bemis**  
Cabinet Secretary

**Brett F. Woods, Ph.D.**  
Deputy Cabinet Secretary

**Jami Bailey**  
Division Director  
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](mailto:bryan.arrant@chk.com)

**Notice of Termination of Authority to Inject into the China Grove Federal Well No. 1  
(API #30-015-27678), Administrative Order SWD-1243**

Dear Operator:

On September 3, 2010, the Oil Conservation Division issued Administrative Order SWD-1243 (hereinafter, "Disposal Order") which authorized injection into the China Grove Federal #1. 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 ever submitted a written request for an extension of the terms of the Disposal Order prior to the termination date. (Division records show that on August 19, 2010 the Bureau of Land Management 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-1243 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](mailto: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](mailto: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](mailto:cblake@chkenergy.com)

**30-015-27678 CHINA GROVE FEDERAL #001 [38310]****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  
**Cell:** 903-263-8984  
**E-Mail Address:** bryan.arrant@chk.com

**Title:** Sr. Regulatory Compliance Specialist  
**Fax:** 405-849-3782

**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:** 11/1/1994**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-1243-0****Production / Injection**
[Show All Production](#)   [Export to Excel](#)
**Earliest Production in OCD Records:** 4/1994**Last** 11/1994

Time Frame	Production				Injection				
	Oil(BBLS)	Gas(MCF)	Water (BBLS)	Days P/I	Water (BBLS)	Co2(MCF)	Gas(MCF)	Other	Pressure
1994	501	207	12496	101	0	0	0	0	0
1995	0	0	0	0	0	0	0	0	0

Grand Total:	501	207	12496	101	0	0	0	0	0
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**Transporters**

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