

DATE: <u>2.14.12</u>	SUSPENSE:	ENGINEER: <u>WVJ</u>	LOGGED IN: <u>2.14.12</u>	TYPE: <u>SWO</u>	APP NO: <u>120453709X</u>
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PTGW

1322

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



CHESAPEAKE
147179

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 _____

QUEEN LAKE 19 FEDERAL 1
G-19-24S-29E ✓
EDDY CO., NM
API # 30-015-24292

3/8/12
wv
wells

2012 FEB 13 P 3:44

RECEIVED OCT 27 2011

- [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

2788-2821
550

[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.

Brenda Coffman
BRENDACOFFMAN
Print or Type Name

Brenda Coffman
Signature

Supervisor-Regulatory Compliance
Supervisor-Regulatory Compliance
Title

2-9-12
Date

brenda.coffman@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 73154-0496

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 proposed 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.).

QUEEN LAKE 19 FEDERAL 1
G-19-24S -29E
EDDY CO., N.M.
API # 30-015-24292

*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic 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 sources 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: Regulatory Specialist II

SIGNATURE:  DATE: 02/09/2012

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

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances 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 the 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, New Mexico 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: QUEEN LAKE 19 FEDERAL 1

WELL LOCATION: 1950' FNL & 1980' FEL G 19 24 S 29 E

FOOTAGE LOCATION UNIT LETTER SECTION TOWNSHIP RANGE

WELLBORE SCHEMATIC

WELL CONSTRUCTION DATA

Surface Casing

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

Cemented with: 500 sx. 0' ft³

Top of Cement: Surface Method Determined: Circulated

Intermediate Casing

Hole Size: 12 1/4" Casing Size: 9 5/8"

Cemented with: 1300 sx. 0' ft³

Top of Cement: 0' Method Determined: Circulated

Production Casing

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

Cemented with: 1275 sx. 0' ft³

Top of Cement: ~~500~~ 950 Method Determined: Calculated

Total Depth: 11190'

Injection Interval

2788' feet to 2821' (Perforated)

(Perforated or Open Hole; indicate which)

NMOCD (C-108) Application for Authorization to Dispose

**Queen Lake 19 Federal 1
Section 19, T-24-S R-29-E
1950' FNL & 1980' FEL, NMPM
Eddy County, New Mexico
API # 30-015-24292**

Chesapeake Operating, Inc. proposes to convert the above captioned well and convert to salt water disposal in the Ramsey Sands of the Delaware Mountain Group. Please find the following application for authorization to dispose 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 within the ½ mile area of review (AOR) which penetrate the proposed disposal zone. There is one other well within the AOR. This well is producing 3493' below the lower most perforations of the proposed disposal zone.
- Item VII**
- 1) The average daily disposal rate is expected to be 650 BWPD. The maximum daily rate is expected to be approximately 2000 BWPD.
 - 2) This system will be closed.
 - 3) The proposed average disposal pressure is expected to be 550 psig and the maximum disposal pressure is expected to be 550 psig.
 - 4) The source of water to be disposed is produced salt water from surrounding wells which produce from the Delaware and Bone Spring formations.
 - 5) Disposal of fluids will be in the Ramsey Sands of the Delaware Mountain Group. The Delaware is productive at much deeper intervals. The Ramsey formation is regionally non-productive; therefore there are no water samples available.

Item VIII

The Ramsey Sands of the Delaware Mountain Group can be described as: light gray, clear to frosted, fine to very fine crystalline, mostly sub-rounded sand grains with some subangular, well sorted, and unconsolidated sand grains. The grains are predominantly quartz and feldspar with some carbonates present that are cementing agents. This zone proved non-productive as efforts to recomplete this well were unsuccessful. Activity reports are attached to support that this zone is non-productive.

Primary geological tops of the Queen Lake 19 Federal 1 directly above and below disposal zone:

Lamar Limestone:	2732'
Top of Bell Canyon	2764'
Top of Cherry Canyon	3638'
Top of Brushy Canyon	4400'
Top of Bone Spring	6530'

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

Item IX Acidize perfs w/3250 gals 15 % NeFe Acid, dropping 75 ball sealers through-out job. Displace acid to perfs.

Item X An electric log is available for public record on NMOCD's web-site.

Item XI There are no active fresh water wells within one mile of the AOR. All wells have had their pumps pulled; therefore we could not get any samples. Please see documentation from the New Mexico Office of the State Engineer's web-site regarding any record of water wells.

This well is located over 3 1/2 miles south-southwest of the secretary's potash boundary of R-111-P, and is over 17 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

Copies of the C-108 application have 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.

Additional information:

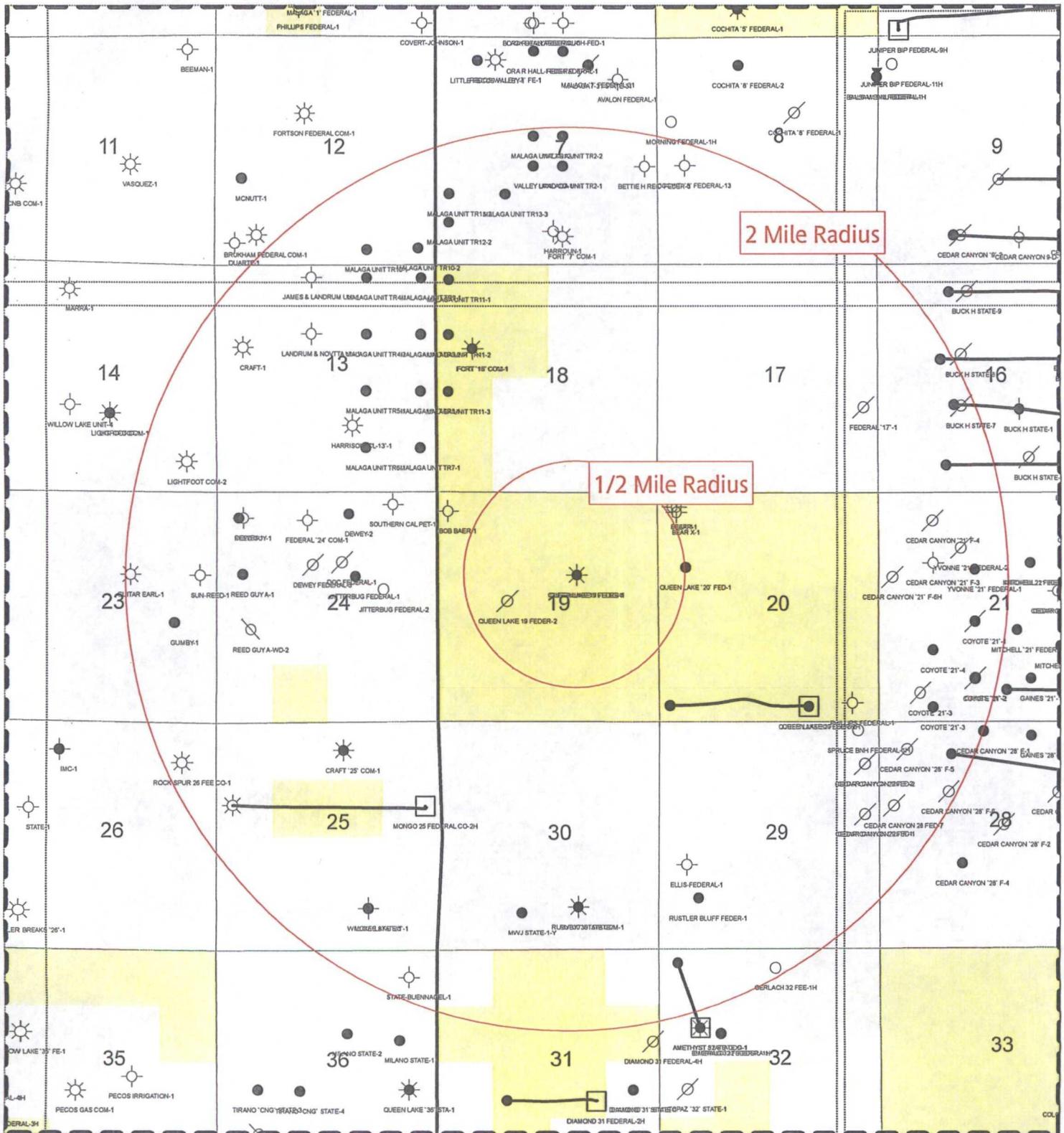
Procedure to convert well to SWD.

Actual & proposed well bore diagram.

Geological formation tops.

Approved BLM permit to convert well to SWD.

Operational daily activity reports in Ramsey Sand interval.



Item V

	CHESAPEAKE OPERATING, INC.
	Pemian District Queen Lake 19 Federal 1 Eddy, NM 19-24S-29E Queen Lake 19 Federal 1 2 Mile Radius.gmp Date: 20 December, 2011 Created By: Sarah Lynch

CURRENT WELLBORE SCHEMATIC

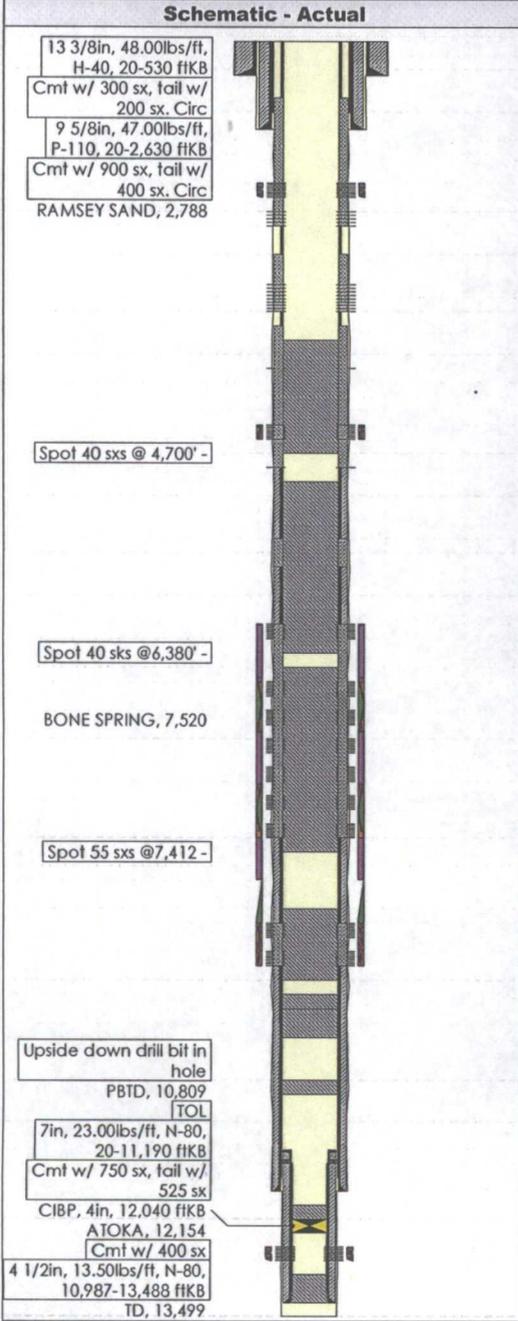


WELL: QUEEN LAKE 19 FED 1
FIELD: Pierce Crossing
COUNTY: EDDY STATE: NEW MEXICO
LOCATION: 1,950.0 FNL & 1,980.0 FEL SEC 19, BLK,
ELEVATION: 2,956.0 GR -- 2,976.0 RKB
TD: 13,499.0 PBDT: Original Hole - 10809.0

STATUS: T/A

PROP #: 891238
API: 3001524292
SPUD DATE: 10/20/1982
RIG RELEASE: 12/20/1982
FIRST SALES: 7/1/1983
WELLBORE TYPE: VERTICAL

Well Config: VERTICAL - Original Hole, 12/16/2...



Casing String: Liner		Wellbore Original Hole		String Top Connection		
Item Description	OD (in)	ID (in)	Wt (lbs/ft)	Grade	Top (ftKB)	Btm (ftKB)
Liner Hanger	4 1/2				10,987.0	10,992.0
Casing Joints	4 1/2	3.920	13.50	N-80	10,992.0	13,487.0
Shoe	4 1/2				13,487.0	13,488.0

Date	Zone/Formation	Top (ftKB)	Btm (ftKB)	Current Status
11/9/2010	RAMSEY SAND	2,788.0	2,821.0	Squeezed
11/8/2010	RAMSEY SAND	3,000.0	3,001.0	Squeezed
11/5/2010	RAMSEY SAND	4,299.0	4,300.0	Squeezed
11/5/2010	RAMSEY SAND	4,300.0	4,301.0	Squeezed
7/5/2006	BONE SPRING	4,721.0	4,721.0	Squeezed
7/18/2006	BONE SPRING	4,921.0	4,935.0	Isolated
7/5/2006	BONE SPRING	5,185.0	5,185.0	Isolated
8/3/1999	BONE SPRING	6,503.0	6,513.0	Isolated
4/27/1995	BONE SPRING	7,520.0	7,540.0	Isolated
4/27/1995	BONE SPRING	7,570.0	7,582.0	Isolated
4/27/1995	BONE SPRING	7,586.0	7,596.0	Isolated
4/27/1995	BONE SPRING	7,602.0	7,608.0	Isolated
4/27/1995	BONE SPRING	7,612.0	7,616.0	Isolated
4/27/1995	BONE SPRING	7,630.0	7,636.0	Isolated
12/10/1990	BONE SPRING	8,856.0	8,884.0	Isolated
12/10/1990	BONE SPRING	8,900.0	8,910.0	Isolated
12/30/1982	ATOKA	12,154.0	12,163.0	Isolated

Tubing String: Tubing - Production		Wellbore Original Hole		Run Date			
Item Description	OD (in)	ID (in)	Wt (lbs/ft)	Grade	Top (ftKB)	Btm (ftKB)	Len (ft)
Tubing	2 3/8				20.0	2,747.0	2,727.00
Packer	6.1				2,747.0	2,750.0	3.00

Type	Date	Zone	Top (ftKB)	Bottom (ftKB)
Acidizing	11/10/2010	BONE SPRING, Original Hole	2,788.0	2,821.0

Additive	Note	Sand Size	Amount	Units
Ball Sealers			75.0	Each
FE-360			9.0	gal
I-112			3.0	gal
NE-212			6.0	gal

Type	Date	Zone	Top (ftKB)	Bottom (ftKB)
Acidizing	8/18/2010	BONE SPRING, Original Hole	2,788.0	2,821.0

Type	Date	Zone	Top (ftKB)	Bottom (ftKB)
Sand Frac	7/21/2006	BONE SPRING, Original Hole	4,921.0	4,935.0

Additive	Note	Sand Size	Amount	Units
Bulk Sand	Super LC	16/30	10,190.0	lb
Bulk Sand	White Sand	16/30	40,730.0	lb

Type	Date	Zone	Top (ftKB)	Bottom (ftKB)
Acidizing	7/18/2006	BONE SPRING, Original Hole	4,921.0	4,935.0

Type	Date	Zone	Top (ftKB)	Bottom (ftKB)
Acidizing	5/10/2005	BONE SPRING, Original Hole	6,503.0	7,636.0

Type	Date	Zone	Top (ftKB)	Bottom (ftKB)
Sand Frac	8/4/1999	BONE SPRING, Original Hole	6,503.0	6,513.0

Well History

Date	Event
11/23/2006	TA
2/10/2010	DO 5' cmt & CIBP @ 4837'.
2/11/2010	CR @ 4821'.
2/15/2010	SQZD Delaware Perfs @ 4921-4935 w/ 150 sx, tail w/ 50 sx.
2/16/2010	DO CR and fell out. RIH to 4942'. Test SQZ to 800# for 10 min. Tested good.
2/17/2010	Tag @ 5100'. DO junk for 5 hrs to 5105'.
2/18/2010	DO CR and cmt and fell out @ 5145'. DO cmt and CIBP @ 6293'.
2/22/2010	SQZD csq leak @ 6356-89 w/ 100 sx, tailed w/ 50 sx.
2/25/2010	DO cmt & CR.
2/26/2010	DO good cmt to 6450 and fell out @ 6460' & tag..... DO remains of CIBP & 2' cmt to 6464'. Drill on CIBP for 2 hrs w/ no progress.
3/1/2010	DO CIBP in 30 min and fell out. Tag @ 7845'.
3/3/2010	CBP @ 6605'.
3/4/2010	CR @ 6480'. SQZD perfs @ 6503-13 w/ 75 sx, tail w/ 25 sx.
3/5/2010	DO cmt & CR to 6515'. Fell out.
3/6/2010	DO CBP. Pump into perfs @ 7520-7636 @ 5 bpm 700# w/ 50 bw bleed to 0# in 15 min.
3/8/2010	CR @ 7450'. SQZD 7520-36 w/ 200 sx, tail w/ 50 sx.
3/9/2010	DO cmt & CR to 7540'.
3/10/2010	DO cmt and fell out @ 7658'. DO CBP and fill to 7845' & CIBP @ 7846'.
3/12/2010	DO CIBP for 2.5 hrs and drilled to 7982'.

Asset Manager: Jeff Finnell



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

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest) (NAD83 UTM in meters)

No records found.

PLSS Search:

Section(s): 19 Township: 24S 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.

2/5/12 10:37 AM

WATER COLUMN/ AVERAGE
DEPTH TO WATER



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

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest) (NAD83 UTM in meters)

No records found.

UTMNAD83 Radius Search (in meters):

Easting (X): 592119 Northing (Y): 3563454 Radius: 880

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.

2/5/12 10:43 AM

WATER COLUMN/ AVERAGE
DEPTH TO WATER

Item XIII

PROOF OF NOTICE

Bureau of Land Management
 620 E. Greene St.
 Carlsbad, NM 88220

OXY Permian
 6 Desta Drive,
 Midland, TX 79705.

9520 0000 0901 0102

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Total Postage & Fees \$	
Sent To Bureau of Land Management Street, Apt. No., or PO Box No. 620 E. Greene St. City, State, ZIP+4 Carlsbad, N.M. 88220	
PS Form 3800, August 2005 See Reverse for Instructions	

9520 0000 0901 0102

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Sent To OXY Permian Street, Apt. No., or PO Box No. 6 Desta Drive City, State, ZIP+4 Midland, TX 79705	
PS Form 3800, August 2005 See Reverse for Instructions	

Affidavit of Publication

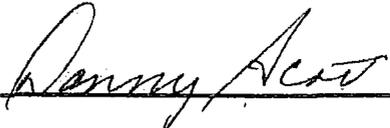
NO. 22011

Copy of Publication:

STATE OF NEW MEXICO

County of Eddy:

Danny 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 state, and that the hereto 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 weeks/days on the same day as follows:

- First Publication February 5, 2012
- Second Publication _____
- Third Publication _____
- Fourth Publication _____
- Fifth Publication _____

Subscribed and sworn to before me this 8th day of February 2012



OFFICIAL SEAL
Latisha Romine
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 5/11/2015



Latisha Romine
Notary Public, Eddy County, New Mexico

LEGAL NOTICE

Chesapeake Operating, Inc. intends to convert the following well to disposal: Queen Lake 19 Federal # 1, which is located in Unit G of Section 19, Township 24 South, Range 29 East, 1950' FNL & 1980' FEL, Eddy County, NM. This well is located approximately 5 1/2 miles southeast of Loving, NM. The formation to be disposed is into the Ramsey Sands of the Delaware Mountain Group through perforations 2788'-2821'. The average disposal rate is expected to be 650 BWPD with a maximum disposal rate of 2000 BWPD. The injection pressure is expected to be 550 psig with a maximum pressure to be 550 psig. Question or objections can be addressed to Chesapeake Operating, Inc. 6100 N. Western Ave., Oklahoma City, OK 73118 or call Bryan Arrant at 405-935-3872. Any interested party 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, N.M., Feb. 5, 2012. Legal No. 22011.

Additional Information

- **Procedure to convert to SWD**
- **Actual and proposed well-bore diagram.**
- **Geological formation tops.**
- **Approved BLM permit to convert to SWD.**
- **Operational daily activity reports in Ramsey Sand.**

**Chesapeake Operating, Inc.
Queen Lake 19 Fed 1 (891238)
SWD Conversion Procedure
Section 19-24S-29E
1950 FNL & 1980 FEL
Eddy County, New Mexico**

June 30, 2011

Status: Shut in
Perforations: 2,788'- 2,821' (Ramsey Sand); 4,299'- 4,301' (Ramsey Sand) (SQZ HOLES); 4,721', 4,921'- 4,935', 5,185' (Bone Spring) (ALL SQZD); 6,503'- 6,513', 7,520'- 7,636', 8,856'- 8,910' (Bone Spring) (ALL SQZD); 12,154'- 12,163' (Atoka) (BELOW CIBP)
TD: 13,488'
PBTD: 4,700'
KB/KB Height: 2,976'/20'
Fluid in Well: Production Fluid

Casing Details

OD (in)	Weight (lb/ft)	Grade	Depth (ft)	ID (in)	Drift (in)	Capacity (bbls/ft)	Burst (100%/80% psi)	Collapse (100%/80% psi)
4 1/2	13.5	N-80	10,987-13,488	3.92	3.795	.0149	9,020/7,216	8,540/6,832
7	23.0	N-80	0-11,190	6.366	6.241	.0393	6,430/5,144	3,830/3,064
9 5/8	47.0	P-110	0-2,630	8.681	8.525	.0732	9,440/7,552	5,310/4,248
13 3/8	48.0	H-40	0-530	12.715	12.559	.1570	1,730/1,384	770/616

Production Tubing Details

OD (in)	Weight (lb/ft)	Grade	Depth (ft)	ID (in)	Drift (in)	Capacity (bbls/ft)	Burst (100%/70% psi)	Collapse (100%/70% psi)
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

PROCEDURE:

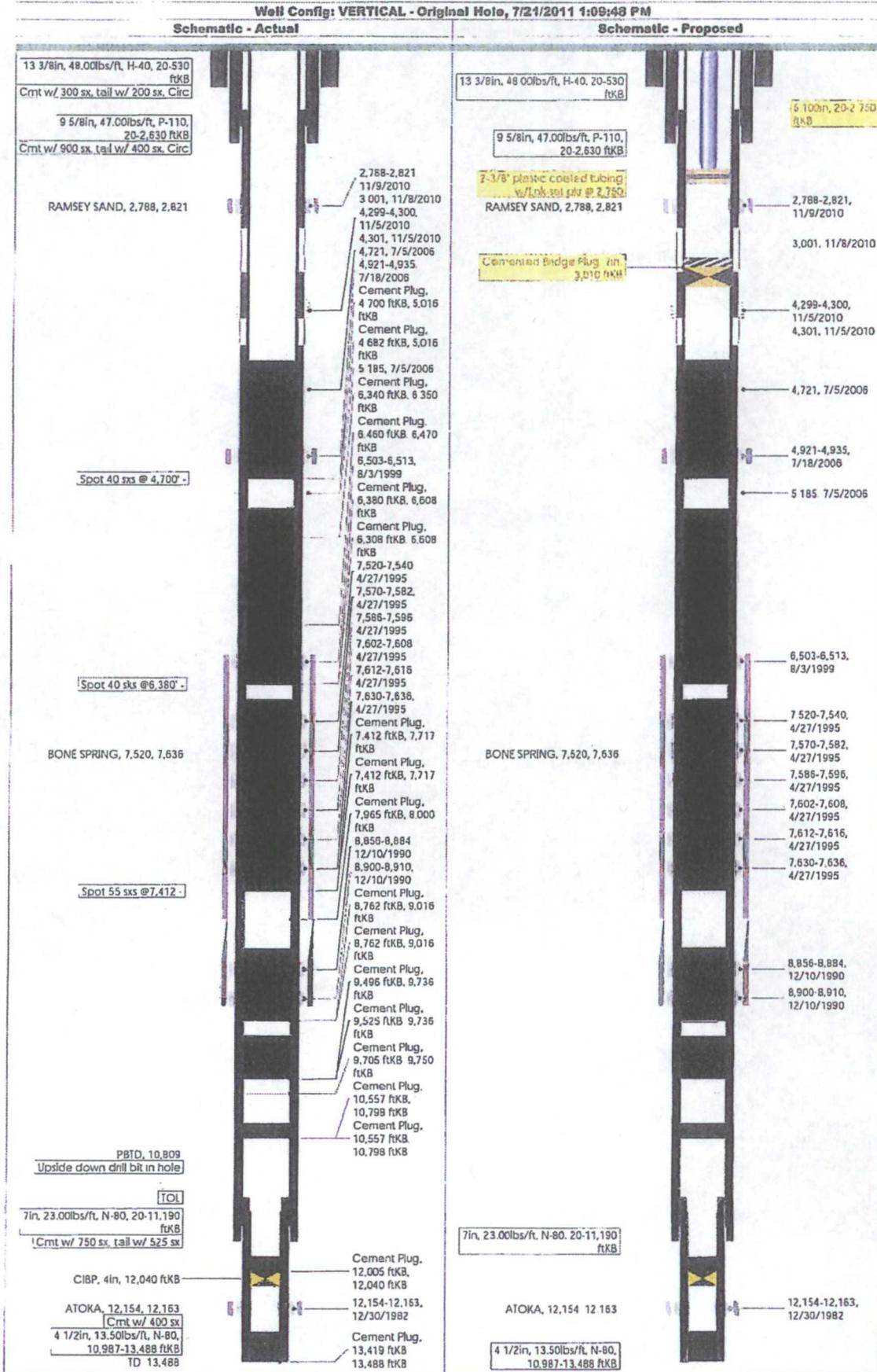
1. MIRU PU. ND WH NU BOP. Test BOP. RU WL & lubricator. RIH w/CIBP & set @3,050'. Dump bail 35' cmt onto CIBP. RD WL.
2. RIH w/ packer on 3 1/2" tbg to 2,650'. Frac Ramsey Sand (2,788'- 2,821') down 3 1/2" tbg inside 7" N-80 23# prod. csg per frac recommendation. (anticipate 50,000# sand in X-linked fluid at 30 BPM). POH w/ packer.
3. TIH w/ tbg & bit to PBTD and check for fill. TOOH w/ tbg & bit.
4. TIH w/2 3/8" plastic coated tbg & Loc-set pkr & set @2,750'. Load backside w/ pkr fluid. Run MIT test.
5. ND BOP NU WH. RDMO.



Proposal Schematic

QUEEN LAKE 19 FED 1

Well Config: VERTICAL - Original Hole, 7/21/2011 1:09:48 PM



GEOLOGICAL TOPS

API Number ULSTR Footages
3001524292 G-19-24S-29E 1950 FNL & 1980 FEL

Well Name & Number: QUEEN LAKE 19 FEDERAL No. 001

Operator: CHESAPEAKE OPERATING, INC.

Rustler	350'*
Top of Salado (Salt)	550'*
Base of Salt	2648'
Lamar Limestone	2732'
Bell Canyon	2764'
Cherry Canyon	3638'
Brushy Canyon	4400'
Bone Spring	6530'
Wolfcamp	9690'
Pennsylvanian	11448'
Strawn	11730'
Atoka	11850'
Morrow Limestone	12560'
Morrow Clastics	12840'
TD	13500'

*Depths estimated from offset wells

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

RECEIVED
JUL 17 2011

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.
NMNM17224

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
QUEEN LAKE 19 FEDERAL 1

9. API Well No.
30-015-24292-00-S3

10. Field and Pool, or Exploratory
MALAGA

11. County or Parish, and State
EDDY COUNTY, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
CHESAPEAKE OPERATING INC
Contact: LYNDEE SONGER
E-Mail: lyndee.songer@chk.com

3a. Address
OKLAHOMA CITY, OK 73154-0496

3b. Phone No. (include area code)
Ph: 405-935-2411

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 19 T24S R29E SWNE 1950FNL 1980FEL

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input checked="" 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 recompleat horizontally, give subsurface locations and 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 recompleat 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.)

CHESAPEAKE, RESPECTFULLY, ASKS TO CONVERT THE QUEEN FEDERAL 1 WELL TO A SALT WATER DISPOSAL WELL. ATTACHED IS THE SWD CONVERSION PROCEDURE ALONG WITH A WELL BORE SCHEMATIC.

(CHK PN 891238)

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #113463 verified by the BLM Well Information System
For CHESAPEAKE OPERATING INC, sent to the Carlsbad
Committed to AFMSS for processing by KURT SIMMONS on 07/25/2011 (11KMS2129SE)

Name (Printed/Typed) LYNDEE SONGER Title REGULATORY COMPLIANCE ANALYST

Signature (Electronic Submission) Date 07/21/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By CHRISTOPHER WALLS Title PETROLEUM ENGINEER Date 10/14/2011

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 Carlsbad

Title 18 U.S.C. Section 1001 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 any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**Chesapeake Operating, Inc.
Queen Lake 19 Fed 1 (891238)
SWD Conversion Procedure
Section 19-24S-29E
1950 FNL & 1980 FEL
Eddy County, New Mexico**

June 30, 2011

Status: Shut in
Perforations: 2,788'- 2,821'(Ramsey Sand); 4,299'- 4,301' (Ramsey Sand) (SQZ HOLES); 4,721', 4,921'- 4,935', 5,185' (Bone Spring) (ALL SQZD); 6,503'- 6,513', 7,520'- 7,636', 8,856'- 8,910' (Bone Spring) (ALL SQZD); 12,154'- 12,163' (Atoka) (BELOW CIBP)
TD: 13,488'
PBTD: 4,700'
KB/KB Height: 2,976'/20'
Fluid in Well: Production Fluid

Casing Details

OD (in)	Weight (lb/ft)	Grade	Depth (ft)	ID (in)	Drift (in)	Capacity (bbls/ft)	Burst (100%/80% psi)	Collapse (100%/80% psi)
4 1/2	13.5	N-80	10,987-13,488	3.92	3.795	.0149	9,020/7,216	8,540/6,832
7	23.0	N-80	0-11,190	6.366	6.241	.0393	6,430/5,144	3,830/3,064
9 5/8	47.0	P-110	0-2,630	8.681	8.525	.0732	9,440/7,552	5,310/4,248
13 3/8	48.0	H-40	0-530	12.715	12.559	.1570	1,730/1,384	770/616

Production Tubing Details

OD (in)	Weight (lb/ft)	Grade	Depth (ft)	ID (in)	Drift (in)	Capacity (bbls/ft)	Burst (100%/70% psi)	Collapse (100%/70% psi)
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

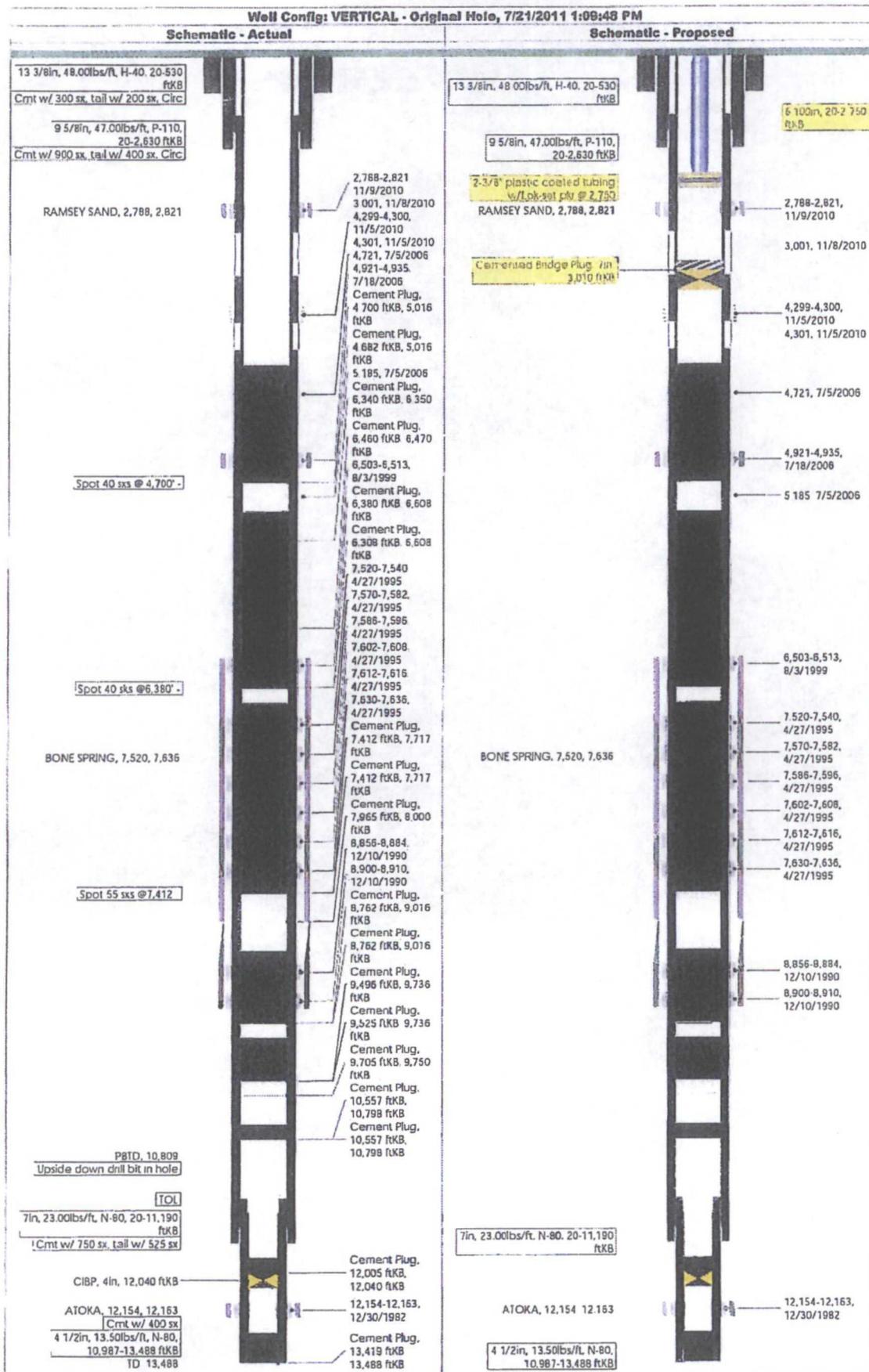
PROCEDURE:

1. MIRU PU. ND WH NU BOP. Test BOP. RU WL & lubricator. RIH w/CIBP & set @3,050'. Dump bail 35' cmt onto CIBP. RD WL.
2. RIH w/ packer on 3 1/2" tbg to 2,650'. Frac Ramsey Sand (2,788'- 2,821') down 3 1/2" tbg inside 7" N-80 23# prod. csg per frac recommendation. (anticipate 50,000# sand in X-linked fluid at 30 BPM). POH w/ packer.
3. TIH w/ tbg & bit to PBTD and check for fill. TOOH w/ tbg & bit.
4. TIH w/2 3/8" plastic coated tbg & Loc-set pkr & set @2,750'. Load backside w/ pkr fluid. Run MIT test.
5. ND BOP NU WH. RDMO.



Proposal Schematic

QUEEN LAKE 19 FED 1



Conditions of Approval: Wells with Packers

Chesapeake Operating, Inc.

Queen Lake 19 Fed 1

API 3001524292

October 13, 2011

1. **Modify Step 1** of the 06/30/2011 notice of intent procedure to:
RIH w/open ended tbg plug set 11/04/2010 from 5016 at about 4700. Set a balanced plug from tagged depth to 3000 with about 100sx C neat cmt. POH, SDWOC 4hrs. Tag top of balanced plug. Proceed with NOI procedure.
2. Surface disturbance beyond the existing pad must have prior approval.
3. Closed loop system required.
4. 2000 2M BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the workstring shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 (attachment 1, 2M diagrams of choke manifold equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.
5. The operator is required to tag fracture material with a tracer and run a tracer survey to verify that the fracture material is not placed out of zone. Results of the tracer to be reported on a workover subsequent sundry Form 3160-5.
6. Workover approval is good for 90 days (completion to be within 90 days).
7. One year after the fracture stimulation run a SWD tracer survey and submit the survey report in a subsequent sundry Form 3160-5.
8. Conduct a Mechanical Integrity Test of the tubing/casing annulus after a tubing, packer or casing seal is established. Repair that seal any time more than five barrels of packer fluid is replaced within 30 days.
 - a. The minimum test pressure should be 500 psig for 30 minutes or 300 psig for 60 minutes, with 200 psig differentials between tubing and casing pressure (at test time) but no more than 70% of casing burst pressure as described by Onshore Order 2.III.B.1.h. (The tubing or reservoir pressure may need to be reduced). An alternate method for a BLM approved MIT is to have the fluid filled system open to atmospheric pressure and have a loss of less than five barrels in 30 days witnessed by a BLM authorized officer.
 - b. Document the pressure test on a calibrated recorder chart registering within 25 to 85 per cent of its full range. Greater than 10% pressure leakoff will be viewed as a failed MIT. Less than 10% pressure leakoff will be evaluated site specifically and may restrict injection approval.
 - c. Notify Paul R. Swartz at 575-234-5985 and/or 575-200-7902 at least 24 hours before the test. If there is no response, notify the BLM on call drilling phone, 575-361-2822. In Lea County call 575-393-3612.

- d. Submit a subsequent Sundry Form 3160-5 relating the MIT activity. Include a copy of the recorded MIT pressure chart. List the name of the BLM witness, or the notified person and date of notification. NMOCD is to retain the original recorded MIT chart.
 - e. Use of tubing internal protection, on/off tubing equipment just above the packer, and a profile nipple installation is required. The setting depths and descriptions of each are to be included in the subsequent sundry. List (by date) descriptions of daily activity of any previously unreported wellbore work.
 - f. **Submit the original subsequent sundry with three copies to BLM Carlsbad.**
9. Compliance with a NMOCD Administrative Order is required, submit documentation of that authorization.
- a. Approved injection pressure compliance is required.
 - b. If injection pressure exceeds the approved pressure you are required to reduce that pressure and notify the BLM within 24 hours.
 - c. When injection pressure is within 50 psig of the maximum pressure, install automation equipment that will prevent exceeding that maximum.
 - i. Submit a subsequent report (Sundry Form 3160-5) describing the installed automation equipment within 30 days.
 - e. Other unexplained significant variations of rate or pressure to be reported within 5 days of notice.
10. The casing/tubing annulus is required to be monitored for communication with injection fluid or loss of casing integrity.
- a. The annulus is to be maintained full of packer fluid at atmospheric pressure. Installation of equipment that will display on site, continuous open to the air fluid level is required. A BLM inspector may request verification of this fluid level at any time.
 - b. **Submit a subsequent report (Sundry Form 3160-5)** describing the installation of packer fluid level monitoring equipment within 30 days of this approval.
 - c. The operator shall keep monthly records documenting that the casing annulus is fluid filled. A suggested format for these records is available from the BLM Carlsbad Field Office. Copies of those records shall be furnished at the request of a BLM authorized officer.
 - d. Loss of packer fluid above five barrels per month requires notification of the BLM authorized officer within 5 days.
 - a. Gain of annular fluid requires notification within 24 hours. Cease injection and maintain a production casing pressure of Opsia. Notify the BLM's authorized officer (Paul R. Swartz at 575-200-7902). If there is no response, notify the BLM on call drilling phone, 575-361-2822. In Lea County call 575-393-3612.
 - e. Also submit to this office a (Sundry Form 3160-5) Notice of Intent (NOI) for approval by BLM and NMOCD with a detailed plan for correction and the anticipated date of correction. Verbal approval for the plan may be given by a BLM authorized officer, with the NOI filed within five business days.
 - f. After the repairs submit a (Sundry Form 3160-5) Subsequent report, describing the repair(s) and Mechanical Integrity Test as per item 8 above.

OPERATED DAILY ACTIVITY REPORT

**Queen Lake 19 Federal 1
Section 19, T-24-S R-29-E
1950' FNL & 1980' FEL, NMPM
Eddy County, New Mexico
API # 30-015-24292**

11/09/2010:

MIRU WIRE LINE SER. PU CBL , TIH AND TAG @ 4212'. PULL LOG TO 1950'. TOC @ 3040'.
TOOH. PICK UP AND TIH W/ PERF GUN.PRESSURE UP CSG TO 1000 PSI. PERF 4 SQUEEZE
HOLES @ 3000'. LOST THE 1000 PSI ON CSG. GOOD FLOW OUT OF 7" ANNULUS. BREAK
CIRCU @ 2 BPM @ 500 PSI. PU 6" HALLIBURTON CMT RETAINER AND TIH. SET @ 2949'. MIRU
CMT SER & PUMP 383 SKS (90 BLS) OF CLASS "C" NEAT CMT @ 14.8 PPG W/ A 1.32 YEILD @ 3
BPM @ 1100 PSI. STING OUT OF RETAINER & REVERSE OUT 1/2 OF A BBL OF CMT. TOOH W/
TBG & RETAINER. SWI SD

11/10/2010:

MIRU WIRE LINE SER. TIH & PULL CBL FROM 2901' TO 750'. TOC @ 950'. GOOD CMT BOND.
TIH AND PERFORATE RAMESY SAND FROM 2788-2821' W/ 2SPF, 60 DEG PHASED. SWI. SD

11/11/2010:

PU 4' SUB, 2.205 "XN" NIPPLE, 6' SUB, 6.01 HALLIBURTON PLS PKR W/ A 2.313 "X" NIPPLE,
ON/OFF TOOL AND TIH 88 JTS OF 2 7/8" TBG TO SPOT DEPTH @ 2819'. MIRU CUDD ACID SER
TO ACIDIZE RAMESY PERFS FROM 2788-2821' W/ 3000 GALS OF 15% NEFE HCL
DROPPING 75 BALL SEALERS. SPOT 250 GALS @ 2819'. PU TO 2684' AND REVERSE SPOT HCL.
SET PKR. LOAD AND TEST ANNULUS TO 500 PSI. NO LEAK OFF. ESTABLISH INJECTION
RATE @ 1.3 BPM @ 1632 PSI. NO BALL ACTION. ISIP: 975 PSI. 5 MIN: 929 PSI. 10 MIN: 882 PSI. 15
MIN: 859 PSI. AIR RATE: 6.8 BPM ATP: 1737 PSI LTR: 102 BBLSSWI. SD

11/12/2010:

SITP: 200 PSI. BWD. (ACID GAS). TIH W/ SWAB. IFL SURFACE. 1ST RUN ALL WATER. SWAB
DRY IN 4 SWAB RUNS. MAKE HRLY SWAB RUNS AND SWAB PUMP WELL. 200' OF FLUID
ENTRY. EFL 2300'. TLR: 24 BBLs OF WATER. NO SHOW OF OIL OR GAS. DAILY LOAD
REC: 24 BBLSTLTR: 102 BBLSTLR: 24 BBLSLLTR: 78 BBLs

11/13/2010:

54 BBLSSITP 50 PSI. TIH W/ SWAB IFL 700'. 1ST RUN ALL WATER. SWAB DRY IN 4 SWAB
RUNS. MAKE HRLY SWAB RUNS AND SWAB PUMP EACH RUN. TLR 30 BBLs OF WATER.
EFL 2300'. NO SHOW OF OIL OR GAS. SWI SDDAILY LOAD RED. 30 BBLs. TLTR: 102
BBLSTLR: 54 BBLSLLYR: 48 BBLs

11/16/2010:

SITP: 50 PSI. BWD. TIH W/ SWAB, IFL 700'. SWAB WELL DRY IN 4 RUNS. MAKE HRLY RUNS.
EFL 2400'. TLR 10 BBLs. RIG DOWN SWAB. RELEASE PKR & TOOH AND LAY DOWN 88 JTS
OF 2 7/8" WORK STRING. ND BOP. NU WH. SWI. SD. RDMODAILY LOAD REC. 10 BBLSTLTR:
102 BBLSTLR: 64 BBLSLLTR: 38 BBLs



Black Warrior Wireline Corporation

**CEMENT BOND / VDL
Gamma RAY / CCL
LOG**

Company Chesapeake Operating Well Queen Lake 19 #1 Field Pierce Crossing County Eddy State New Mexico	Company Chesapeake Operating		Well Queen Lake 19 #1		Field Pierce Crossing		County Eddy		State New Mexico	
	Location								Other Services	
	1950' FNL & 1980' FEL SEC. 19 TWP. 24-S Rge. 29-E									
	Permanent Datum		Ground Level		Elevation		2956 ft.		Elevation	
	Log Measured From		Kelly Bushing or 20 ft. APD		K.B. 2976 ft.		D.F. 2975 ft.		G.L. 2956 ft.	
Drilling Measured From		Kelly Bushing								
Date		9 - Nov. - 2010								
Run Number		One								
Depth Driller		NA								
Depth Logger		2981 ft								
Bottom Logged Interval		2872 ft								
Top Log Interval		750 ft								
Open Hole Size		NA								
Type Fluid		Water								
Density / Viscosity		NA								
Max. Recorded Temp.		NA								
Estimated Cement Top		3050 ft.								
Time Well Ready		OA								
Time Logger on Bottom		See Log								
Equipment Number		WL-2798								
Location		Hobbs, NM								
Recorded By		Regal Bell		Robert Calderon						
Witnessed By		Mr. Stewart								
Borehole Record				Tubing Record						
Run Number	Bit	From	To	Size	Weight	From	To			
Casing Record		Size	Wgt/Ft	Top	Bottom					
Surface String										
Prot. String										
Production String		7"	23#	Surface	13750 ft.					
Liner										

>>> EDD & J & J <<<

Jones, William V., EMNRD

From: Bryan Arrant [bryan.arrant@chk.com]
Sent: Tuesday, February 21, 2012 1:00 PM
To: Jones, William V., EMNRD
Cc: Shapard, Craig, EMNRD; Kautz, Paul, EMNRD
Subject: QUEEN LAKE 19 FEDERAL 1 (3001524292; C-108)
Attachments: 20120221132740929_0001.pdf; 20120221132740929_0002.pdf; 20120221132740929_0003.pdf

Will,
Please find easier to read copies, the affidavit of publication and proof of notices for this well.

Craig,
The OCD does not have a copy of the CBL that was ran on this well. The TOC is @ 950'.
The TOC is inside the intermediate string of casing. I'm going to UPS the log to you today.
Last week I sent a copy of the C-108 application to your office.
This well is currently on COI's inactive well list. Please call or e mail me if any of you have questions or concerns,

Thank you,
Bryan Arrant
Regulatory Specialist II
Chesapeake Energy Corporation
Office: (405) 935-3782
Mobile: (903) 263-8984
Fax: (405) 849-3782
E-mail: bryan.arrant@chk.com

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).

Affidavit of Publication

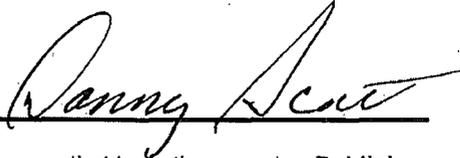
NO. 22011

Copy of Publication:

STATE OF NEW MEXICO

County of Eddy:

Danny 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 state, and that the hereto 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 weeks/days on the same

day as follows:

- First Publication February 5, 2012
- Second Publication _____
- Third Publication _____
- Fourth Publication _____
- Fifth Publication _____

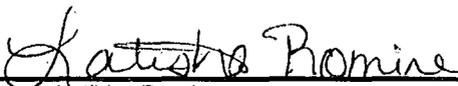
Subscribed and sworn to before me this

6th day of February 2012



OFFICIAL SEAL
Latisha Romine
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 5/12/2015



Latisha Romine
Notary Public, Eddy County, New Mexico

LEGAL NOTICE

Chesapeake Operating, Inc. intends to convert the following well to disposal: Queen Lake 19 Federal # 1, which is located in Unit G of Section 19, Township 24 South, Range 29 East, 1950' FNL & 1980' FEL, Eddy County, NM. This well is located approximately 5 1/2 miles southeast of Loving, NM. The formation to be disposed is into the Ramsey Sands of the Delaware Mountain Group through perforations 2788'-2821'. The average disposal rate is expected to be 650 BWPD with a maximum disposal rate of 2000 BWPD. The injection pressure is expected to be 550 psig with a maximum pressure to be 550 psig. Question or objections can be addressed to Chesapeake Operating, Inc. 6100 N. Western Ave., Oklahoma City, OK 73118 or call Bryan Arrant at: 405-935-3872. Any interested party 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, N.M., Feb. 5, 2012. Legal No 22011.

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:
Bureau of Land Management
20 E. Greene St.
Santsbad, NM 88220

Article Number
(Transfer from service label) 7010 1060 0000 0256 8138

Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressee
X [Signature]
B. Received by (Printed Name) C. Date of Delivery
Lisa J Scott 2/13/12
D. Is delivery address different from Item 1? Yes No
If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes

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:
OXY Permian
6 Desta Drive
Midland, TX 79705

Article Number
(Transfer from service label) 7010 1060 0000 0256 8121

Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressee
X [Signature]
B. Received by (Printed Name) C. Date of Delivery
Ashland Mason 2/14/2012
D. Is delivery address different from Item 1? Yes No
If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes

Jones, William V., EMNRD

From: Bryan Arrant [bryan.arrant@chk.com]
Sent: Friday, March 16, 2012 5:20 AM
To: Jones, William V., EMNRD
Cc: Shannon Glancy; Jeff Fimmel; Lyndee Songer
Subject: RE: Disposal application from Chesapeake Operating, Inc.: Queen Lake 19 Federal #1 30-015-24292 Ramsey Sand

Will,

We would like to go ahead and leave the proposed perms as is written on the application. Everything should be a go on this end.

Thanks very much for your help and will visit with you later,

Bryan Arrant
Regulatory Specialist II
Chesapeake Energy Corporation
Office: (405) 935-3782
Mobile: (903) 263-8984
Fax: (405) 849-3782
E-mail: bryan.arrant@chk.com

From: Jones, William V., EMNRD [mailto:William.V.Jones@state.nm.us]
Sent: Tuesday, March 13, 2012 2:28 PM
To: Bryan Arrant
Cc: Jeff Fimmel
Subject: RE: Disposal application from Chesapeake Operating, Inc.: Queen Lake 19 Federal #1 30-015-24292 Ramsey Sand

Bryan and Jeff,

To change it later would require re-noticing of the additional perms to be added – a complete new C-108.

To extend the interval a bit deeper at this time:

Send me a revised “post-conversion” wellbore diagram and quick note asking to add the bottom perms.

In addition, send a quick paragraph from a geologist or engineer explaining the possible hydrocarbon production capacity of the additional interval.

If this is a “large” extension, copy this request letter to the BLM and to OXY (only parties noticed in this application). Let me know if they agree.

Will Jones

From: Bryan Arrant [<mailto:bryan.arrant@chk.com>]
Sent: Tuesday, March 13, 2012 1:10 PM
To: Jones, William V., EMNRD
Cc: Jeff Finnell
Subject: FW: Disposal application from Chesapeake Operating, Inc.: Queen Lake 19 Federal #1 30-015-24292 Ramsey Sand

Hello Will,
Please see Jeff's question below. If we propose to extend the interval now, what would you need on our end? Would an email or written document suffice?
I would assume if we want to change the order at a later date, then we would need to apply for an amended order which would take longer.

Thanks,
Bryan

From: Jeff Finnell
Sent: Tuesday, March 13, 2012 1:35 PM
To: Bryan Arrant; Jay Stratton; Shannon Glancy; Danny Hunt; Chris Gray
Cc: Lyndee Songer; Linda Good; David Godsey; Robert Martin; Jerris Johnson
Subject: RE: Disposal application from Chesapeake Operating, Inc.: Queen Lake 19 Federal #1 30-015-24292 Ramsey Sand

Bryan,

If we leave the C-108 as is right now, and determine that we want to add additional perms later, what will we have to do?

From: Bryan Arrant
Sent: Tuesday, March 13, 2012 12:57 PM
To: Jay Stratton; Shannon Glancy; Jeff Finnell; Danny Hunt; Chris Gray
Cc: Lyndee Songer; Linda Good; David Godsey; Robert Martin; Jerris Johnson
Subject: Disposal application from Chesapeake Operating, Inc.: Queen Lake 19 Federal #1 30-015-24292 Ramsey Sand

Will is getting ready to approve our SWD.
Please review his comments to see if we want to expand the interval.

Thank you,
Bryan Arrant
Regulatory Specialist II
Chesapeake Energy Corporation
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From: Jones, William V., EMNRD [<mailto:William.V.Jones@state.nm.us>]
Sent: Tuesday, March 13, 2012 12:42 PM
To: Brenda Coffman; Bryan Arrant
Cc: Shapard, Craig, EMNRD; Wannell, Terry G, EMNRD
Subject: Disposal application from Chesapeake Operating, Inc.: Queen Lake 19 Federal #1 30-015-24292 Ramsey Sand

Hey Bryan and Brenda,
Reviewed this application and it looks fine.

Since this is very shallow, I ran the resistivity numbers through Schlumbergers chart to see what implied Salinity the water may have – and it appears to be about 20,000 TDS, or so.

If you look at these numbers and see something fresher, let me know?

The 22 inactive wells Chesapeake has in New Mexico stopped me for a while – but our attorney says the Agreed Compliance Order is ready and Jami will likely sign it this week. They gave me the OK to release this SWD permit.

The only other thing is a comment. It appears you want to dispose into the same limited perforations used to production test this upper Bell Canyon interval. It seems the perforations were positioned to skim whatever oil existed from the top of that reservoir and stay away from the water leg. The swab test of this interval showed it to be wet, but also kind of tight. So my old engineering look at this would be that to use this Bell Canyon for disposal purposes, you may want to open up the water leg directly below - by perforating. You may be then able to put away more water?

Let me know ASAP if you want me to release this as-is, or you want to propose a revised scenario.

Take Care,

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 (11/15/2010)

WFX _____ PMX _____ SWD 1322 Permit Date 3/16/12 UIC Qtr (J(F/M))

Wells 1 Well Name(s): Queen Lake 19 FEDERAL #1

API Num: 30-0 15-24292 Spud Date: 10/20/82 New/Old: N (UIC primacy March 7, 1982)

Footages 1950 FNL/1980 FEL Unit G Sec 19 Tsp 24S Rge 29E County EDDY

General Location: _____

Operator: Chesapeake Operating, INC. Contact Bryan Arment

OGRID: 147179 RULE 5.9 Compliance (Wells) 1/50 (Finan Assur) OK IS 5.9 OK? (ACD)

Well File Reviewed _____ Current Status: T/A

Planned Work to Well: _____

Diagrams: Before Conversion After Conversion Elogs in Imaging File:

Well Details:	Sizes		Setting Depths	Stage Tool	Cement Sx or Cf	Determination Method
	Hole.....	Pipe				
New ___ Existing <input checked="" type="checkbox"/> Surface	17 1/2	13 3/8	530	—	500SX	CIRC
New ___ Existing <input checked="" type="checkbox"/> Inter	12 1/4	9 5/8	2630	—	1300SX	CIRC
New ___ Existing <input checked="" type="checkbox"/> LongSt	8 1/2	7	11190		1275 SX	750 CBL
New ___ Existing <input checked="" type="checkbox"/> Liner	—	4 1/2	10987-13488		400SX	CIRC
New ___ Existing ___ OpenHole						

Depths/Formations:	Depths, Ft.	Formation	Tops?
Formation(s) Above	2732 2764	Lamar Bell C.	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
Injection TOP:	2788	Rensselaer SWD	Max. PSI <u>559</u> OpenHole ___ Perfs <input checked="" type="checkbox"/>
Injection BOTTOM:	2821	H "	Tubing Size <u>3 1/2</u> Packer Depth <u>2750</u>
Formation(s) Below	3638 4400	Cherry C. Brushy C.	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>

Capitan Reef? _____ (Rotash? _____ Noticed? _____) (WIPP? _____ Noticed? _____) Salado Top/Bot 550-2818 Cliff House? _____

Fresh Water: Depths: _____ Formation _____ Wells? yes Analysis? NOT active Affirmative Statement

Disposal Fluid Analysis? Sources: (EST)

Disposal Interval: Analysis? 20,000 TDS Production Potential/Testing: Non Productive (Swab tested already)

Notice: Newspaper Date _____ Surface Owner BLM (2/13/12) Mineral Owner(s) _____

RULE 26.7(A) Affected Persons: OXY

AOR: Maps? Well List? Producing in Interval? NO Wellbore Diagrams? _____

.....Active Wells 1 Repairs? 0 Which Wells? _____

.....P&A Wells 0 Repairs? _____ Which Wells? _____

Issues: Set S-Halliburton PLUG Request Sent _____ Reply: _____

(LOOKS TIGHT TO ME)

Handwritten notes:
2,700
5576
1060620
4224
4224
4224