



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

ADMINISTRATIVE ORDER NO. WFX-791

***APPLICATION OF CHESAPEAKE ENERGY CORPORATION TO EXPAND ITS WEST TEAS
YATES-SEVEN RIVERS UNIT WATERFLOOD PROJECT IN THE WEST TEAS YATES-
SEVEN RIVERS POOL IN LEA COUNTY, NEW MEXICO.***

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-11375, Chesapeake Energy Corporation has made application to the Division on June 30, 2003 for permission to expand its West Teas Yates-Seven Rivers Unit Waterflood Project in the West Teas Yates-Seven Rivers Pool in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been filed in due form.
- (2) Satisfactory information has been provided that all offset operators have been duly notified of the application.
- (3) No objection has been received within the waiting period as prescribed by Rule 701(B).
- (4) The proposed injection wells are eligible for conversion to injection under the terms of Rule 701.
- (5) The proposed expansion of the above-referenced waterflood project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Chesapeake Energy Corporation is hereby authorized to inject water into the Yates formation at approximately 3,038 feet to approximately 3,239 feet through 2 3/8-inch plastic lined tubing set in a packer located within 100 feet of the uppermost injection perforations in the following-described wells for purposes of secondary recovery to wit:

Well Name	API Number	Well Location T-20South, R-33East	Injection Interval	Packer Depth	Maximum Injection Pressure
WTYSRU No. 443	30-025-35976	1650' FSL & 660' FEL Unit I, Section 4	3,157' - 3,217'	3,100'	631
WTYSRU No. 941	30-025-32217	330' FNL & 990' FEL Unit A, Section 9	3,076' - 3,158'	3,030'	615
WTYSRU No. 945	30-025-36079	2612' FNL & 330' FEL Unit H, Section 9	3,096' - 3,218'	3,046'	619
WTYSRU No. 913	30-025-29972	1980' FSL & 660' FWL Unit L, Section 9	3,114' - 3,239'	3,075'	623
WTYSRU No. 924	30-025-36073	2560' FNL & 2210' FWL Unit F, Section 9	3,038' - 3,233'	2,988'	608

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the wells, the casing in each well shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection wells to the pressures specified above.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said wells that such higher pressure will not result in migration of the injected fluid from the Yates formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity tests so that the

same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing or packer in said wells and shall take such steps as may be timely and necessary to correct such failure or leakage.

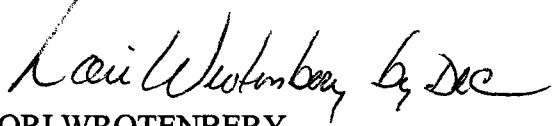
The subject wells shall be governed by all provisions of Division Order No. R-11375 and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The injection authority granted herein shall terminate one year 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.

DONE at Santa Fe, New Mexico, on this 24th day of July, 2003.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

SEAL

LW/DRC

cc: Oil Conservation Division – Hobbs
Case File No. 12272