

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop

Cabinet Secretary

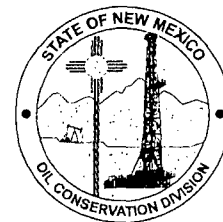
Reese Fullerton

Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division



Administrative Order IPI-303

August 19, 2008

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

Attention: Doug Rubick

**RE: Injection Pressure Increase
West Teas (Yates-Seven Rivers) Unit Waterflood Project
Lea County, New Mexico**

Dear Mr. Rubick:

Reference is made to your request on behalf of Chesapeake Operating, Inc. (OGRID 147179) received by the Division on July 11, 2008 to increase the surface injection pressure on eight (8) wells within the West Teas (Yates-Seven Rivers) 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 West Teas (Yates-Seven Rivers) Unit Wells No. 443, 641, 912, 913, 921, 924, 941 and 945 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.

These wells were first approved by the Division for injection with Administrative Order WFX-791. These wells were last approved by the Division for injection pressure with Administrative Order IPI-244.

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.



You are therefore authorized to increase the surface injection pressure on the following wells all located in Township 20 South, Range 33 East, NMPM, Lea County, New Mexico:

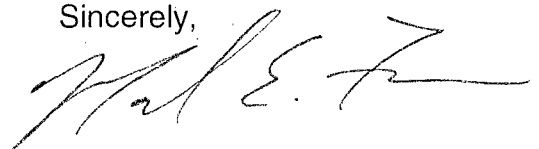
WELL NUMBER	<i>SURFACE INJECTION PRESSURE</i>
West Teas (Yates-Seven Rivers) Unit No. 443 API No. 30-025-35976, Unit I, Section 4	1470 PSIG
West Teas (Yates-Seven Rivers) Unit No. 641 API No. 30-025-33144, Unit A, Section 16	1804 PSIG
West Teas (Yates-Seven Rivers) Unit No. 912 API No. 30-025-29971, Unit E, Section 9	1752 PSIG
West Teas (Yates-Seven Rivers) Unit No. 913 API No. 30-025-29972, Unit L, Section 9	1752 PSIG
West Teas (Yates-Seven Rivers) Unit No. 921 API No. 30-025-31896, Unit C, Section 9	1522 PSIG
West Teas (Yates-Seven Rivers) Unit No. 924 API No. 30-025-36073, Unit F, Section 9	1670 PSIG
West Teas (Yates-Seven Rivers) Unit No. 941 API No. 30-025-32217, Unit A, Section 9	1310 PSIG
West Teas (Yates-Seven Rivers) Unit No. 945 API No. 30-025-36079, Unit H, Section 9	1795 PSIG

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 40.

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.

Sincerely,



Mark E. Fesmire, P.E.
Director

cc: Oil Conservation Division – Hobbs
File: IPI-244
File: WFX-791
File: Case No. 12272

Chesapeake's WTU Field

API	Well	State	Co.	Sec	Range	Legal Description	Upper Inj. Perf	Lower Inj. Perf	Orig. IP	2004 IPI	08 IPI Req
3002532032	WTU 433	NM	LEA	4	033E	SL: S2 NW SE - 1650 FSL 1980 FEL	3,230	3,426	968	968	NA
3002535976	WTU 443	NM	LEA	4	033E	SL: S2 NE SE - 1855 FSL 660 FEL	3,157	3,217	631	NA	1470
3002533144	WTU 641	NM	LEA	16	033E	SL: NE NE NE - 330 FNL 330 FEL	3,160	3,294	NA	NA	1804
3002529971	WTU 912	NM	LEA	9	033E	SL: C SW NW - 1980 FNL 660 FWL	3,138	3,374	1200	1200	1752
3002529972	WTU 913	NM	LEA	9	033E	SL: C NW SW - 1980 FSL 660 FWL	3,114	3,239	903	903	1752
3002531896	WTU 921	NM	LEA	9	033E	SL: NE NE NW - 330 FNL 2310 FWL	3,147	3,409	998	998	1522
3002536073	WTU 924	NM	LEA	9	033E	SL: SE SE NW - 2560 FNL 2210 FWL	3,038	3,233	1197	1197	1670
3002532217	WTU 941	NM	LEA	9	033E	SL: NW NE NE - 330 FNL 990 FEL	3,076	3,114	615	NA	1310
3002536079	WTU 945	NM	LEA	9	033E	SL: SE SE NE - 2612 FNL 330 FEL	3,096	3,218	1200	1200	1795

Orig IP WFX-791 in 2003

2004 IPI IPI-244