



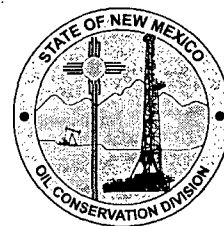
# New Mexico Energy, Minerals and Natural Resources Department

**Susana Martinez**  
Governor

**John H. Bemis**  
Cabinet Secretary-Designate

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

**Jami Bailey**  
Division Director  
Oil Conservation Division



October 25, 2011

Ocean Munds-Dry  
Attorney for Chesapeake Operating, Inc.  
Holland & Hart, LLP  
110 North Guadalupe, Suite 1  
Santa Fe, NM 87501

Re: Request for A Second Extension of Commencement of Injection Operations into the Carter-Ship Strawn Unit Injection Wells Pursuant to Order No. R-13196.

Dear Ms Munds-Dry:

The Oil Conservation Division (OCD) received your letter of October 18, 2011 regarding the above referenced subject on October 18, 2011. It is our understanding that your first request which was granted will expire on December 30, 2011. The OCD has reviewed your second request and hereby extends the date for the commencement of injection operations into one of the injection wells on or before December 30, 2012. This extension will expire *ipso facto* on December 30, 2012.

If you have any questions, please contact Richard Ezeanyim at (505)-476-3467.

Sincerely,

Jami Bailey  
Director

JB/re

Cc: Oil Conservation Division District Office - Hobbs





October 18, 2011

**VIA HAND-DELIVERY**

Jami Bailey, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

RECEIVED OGD  
2011 OCT 18 PM 3:38

**Re: Oil Conservation Division Case No. 14362:** Application of Chesapeake Operating Inc. for Statutory Unitization of the Carter-Shipp Strawn Unit Area, Lea County, New Mexico.

**Oil Conservation Division Case No. 14363:** Application of Chesapeake Operating, Inc. for Approval of a Waterflood Project and Qualification of the Project Area of the Carter-Shipp Strawn Unit for the Recovered Oil Tax Rate Pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.

Dear Ms. Bailey:

On December 7, 2009, the New Mexico Oil Conservation Division issued Order No. R-13196 which granted the applications of Chesapeake Operating Inc. in the above-referenced cases to institute a secondary recovery project by the injection of water into the Strawn formation.

Order R-13196 provides that the injection authority granted in the Order will "terminate one year after the date of this order...provided, however, the Division, upon written request by the operator, may grant an extension for good cause."

On November 19, 2010, the Division Director granted a one-year extension to commence injection until December 30, 2011.

Chesapeake respectfully requests an additional extension to commence injection. Chesapeake has most of the work completed on the wells but has experienced delays in acquiring the necessary right-of-ways to transport water to the Unit and securing a reliable water source. Accordingly, Chesapeake does not anticipate being able to

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commence injection by the end of the year. Chesapeake hereby requests an extension of Order No. R-13196 from December 30, 2011 to December 30, 2012.

Thank you for your time and attention to this matter.

Sincerely,

*Ocean Munds-Dry*

Ocean Munds-Dry

Attorney for Chesapeake Operating Inc.

cc: Terry Frohnappfel



October 18, 2011

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