



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



April 29, 2010

Ocean Munds-Dry, Esq.
Holland & Hart LLP
P.O. Box 2208
Santa Fe, NM 87504-2208

Email: omundsdry@hollandhart.com

Re: Chesapeake Operating, Inc. OGRID 147179

Dear Mrs. Munds-Dry:

Paragraph 2 of Subsection F of Oil Conservation Division Rule 19.15.5.9 NMAC provides that the listing of a well on the Division's inactive well list as a well inactive for one year plus 90 days creates a rebuttable presumption that the well is out of compliance with Division Rule 19.15.25.8 NMAC.

An operator may rebut that presumption by providing evidence that the well is in compliance with Division Rule 19.15.25.8 NMAC.

You state that Chesapeake Operating, Inc. (Chesapeake) returned the Boyce 15 #005 (30-25-36475) to production on March 29, 2010. In support, you submitted a form C-104 for the Boyce 15 #005.

Although the Boyce 15 #005 appears on the inactive well list, the Division should not consider them as out of compliance with Rule 19.15.5.9.A.4 NMAC or include them in calculating Chesapeake's compliance with Rule 19.15.5.9 NMAC.

The presumption that the Boyce 15 #005 is not inactive will remain until the date when Chesapeake is required to file C-115 production reports for the well. Division Rule 19.15.7.24 requires operators to file C-115 reports on or before the 15th day of the second month following the month of production, or if such day falls on a weekend or holiday, the first workday following the 15th. Since the Boyce 15 #005 was returned to production in March 2010, the C-115 reports for the Boyce 15 #005 must be filed by Monday May 17, 2010. If Chesapeake fails to file the C-115 reports for the Boyce 15 #005 by May 17, the presumption that the well is inactive will return.



April 29, 2010

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Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Sanchez", with a long horizontal flourish extending to the right.

Daniel Sanchez, Compliance and Enforcement Manager

cc: Larry "Buddy" Hill, OCD District I
Randy Dade, OCD District II
Charlie Perrin, OCD District III

Inactive Well List

Total Well Count: 1023 Inactive Well Count: 11 Since: 1/31/2009

Printed On: Monday, April 26 2010

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
1	30-025-36475	BOYCE 15 #005	B-15-16S-35E	B	147179	CHESAPEAKE OPERATING, INC.	P	O	09/2008	ATOKA TA12/23/09 TA EXP 12/23/2014		
2	30-015-23470	EMPIRE SOUTH DEEP UNIT #021	A-36-17S-28E	A	147179	CHESAPEAKE OPERATING, INC.	S	G	12/2008			
1	30-025-38542	JORDAN 12 STATE #005	M-12-10S-32E	M	147179	CHESAPEAKE OPERATING, INC.	S	O	12/2008	Strawn		
1	30-025-25140	LA RICA FEDERAL #001	L-13-19S-33E	L	147179	CHESAPEAKE OPERATING, INC.	F	O	07/2004	SEVEN RIVERS- 03/01/10 INT TO PA	T	5/9/2008
1	30-025-25699	LANGLEY DEEP #001	C-28-22S-36E	C	147179	CHESAPEAKE OPERATING, INC.	F	G	10/2008	10/1/08 RET TO PROD		
1	30-025-27888	LOVINGTON PLAINS 2 STATE #001	7-2 -16S-34E	G	147179	CHESAPEAKE OPERATING, INC.	S	G	12/2008	MORROW		
1	30-025-37170	NEWMAN 32 STATE #002	B-32-23S-38E	B	147179	CHESAPEAKE OPERATING, INC.	S	O	09/2008	ELLENBURGER NSL 5180		
2	30-015-24292	QUEEN LAKE 19 FEDERAL #001	G-19-24S-29E	G	147179	CHESAPEAKE OPERATING, INC.	F	O	06/2007		T	1/26/2010
1	30-025-29543	SUNBURST SHOGRIN FEDERAL #001	J-22-19S-34E	J	147179	CHESAPEAKE OPERATING, INC.	F	O	11/2008	AFTER 06/15/10 MUST BE PA PER BLM		
2	30-015-28176	SUNDANCE 1 FEDERAL #004	P-1 -24S-31E	P	147179	CHESAPEAKE OPERATING, INC.	F	O	08/2008	DELAWARE		
1	30-025-35597	SV SUNDOWN STATE #002	M-14-10S-37E	M	147179	CHESAPEAKE OPERATING, INC.	S	O	09/2008	SAN ANDRES INT TO PA 12/14/09		

WHERE Ogrid:147179, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period