


* Gas-Oil ratio test may be required to verify estimated gas volume.



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jim Noel
Cabinet Secretary

Karen W. Garcia
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Chesapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, OK 73154-0496
ATTN: Mr. Bryan Arrant

July 22, 2010

Reference: Malaga C 003 * 30-015-27449 * N-36-23s-28e * Eddy County, New Mexico

Conditions of Approval for Application for Exception to No-Flare Rule (19.15.18.12 NMAC)

Mr. Arrant,

Your application for exception to the no-flare rule as listed above, and for the above listed well site will be approved with the following conditions/stipulations:

- **Approval will be for a period of six months only at this time. If at the end of this approval period Chesapeake wants to continue flaring operations, another exception request must be filed.**
- **This approval is contingent upon OCD inspection and approval of flaring equipment to be installed at the well site. An inspection of site on July 17, 2010 showed no flaring equipment on site.**
- **Notify this office upon completion of the installation of this equipment.**

If you have any questions or concerns, please contact me.

Sincerely,

Mike Bratcher
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