

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
June 19, 2008

RECEIVED
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505
JUL 30 2009

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-025-30943 ✓
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other SWD <input checked="" type="checkbox"/>		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> <i>fee</i>
2. Name of Operator CHESAPEAKE OPERATING, INC.		6. State Oil & Gas Lease No.
3. Address of Operator P.O. BOX 18496 OKLAHOMA CITY, OK 73154-0496		7. Lease Name or Unit Agreement Name TEXACO FEDERAL COM ✓
4. Well Location Unit Letter <u>G</u> : 1980 feet from the <u>NORTH</u> line and <u>2310</u> feet from the <u>EAST</u> line Section <u>14</u> Township <u>19S</u> Range <u>33E</u> NMPM County <u>LEA</u>		8. Well Number <u>2</u> ✓
		9. OGRID Number 147179 ✓
		10. Pool name or Wildcat SWD DELAWARE ✓
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3695		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:
REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

OTHER: MIT ☒

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

CHESAPEAKE RESPECTFULLY SUBMITS MIT CHART. PRESSURE HELD AT 580#.

RECEIVED
JUL 30 2009
HOBBSOCD

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

Pat Richards

TITLE PRODUCTION ASSISTANT

DATE 07/29/2009

Type or print name PAT RICHARDS

E-mail address: pat.richards@chk.com

PHONE: (575)391-1462

For State Use Only

APPROVED BY:

Tim W. Hill

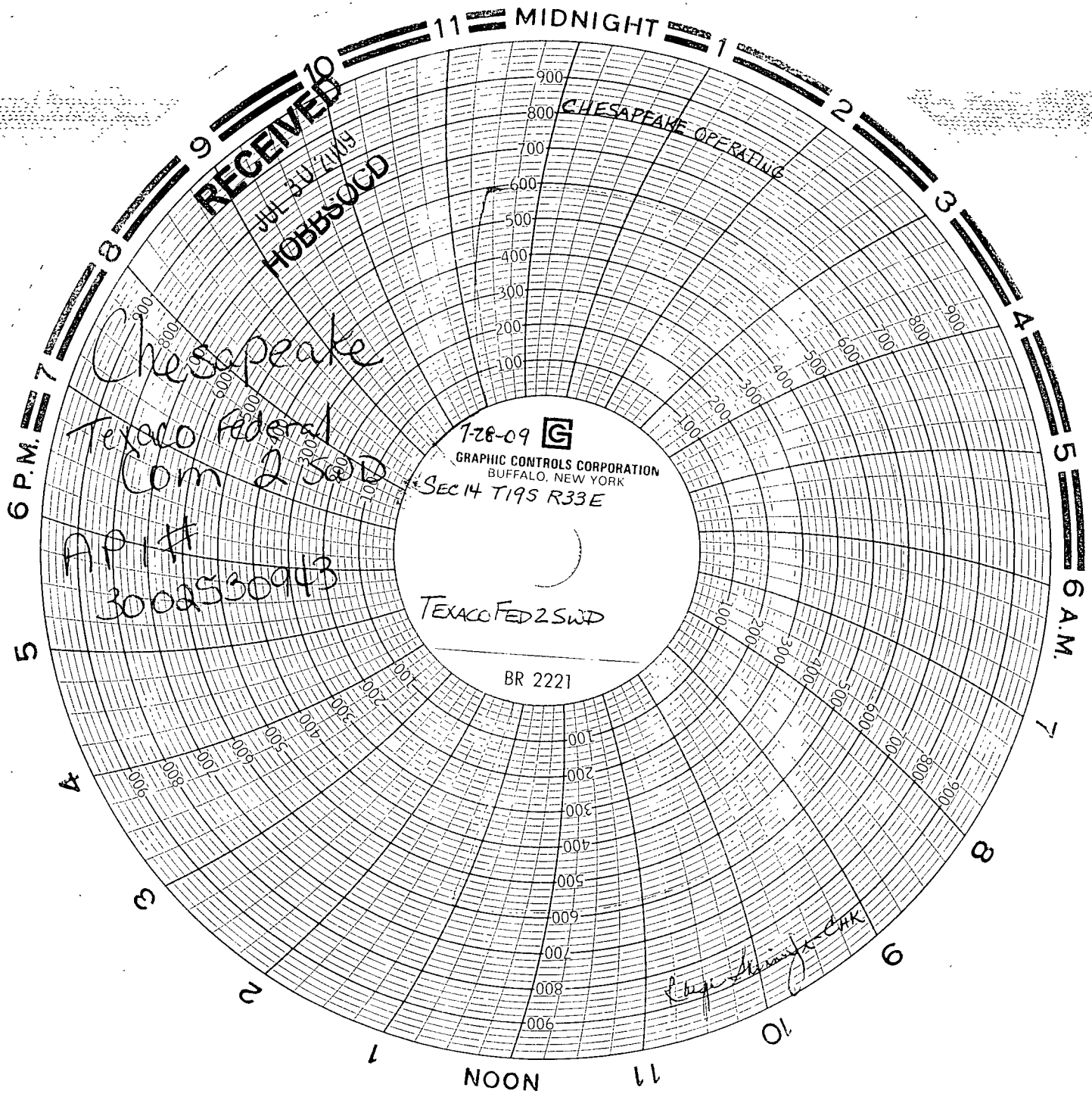
TITLE

DISTRICT 1 SUPERVISOR

DATE

JUL 31 2009

Conditions of Approval (if any):



Jimmy Burns

Date Trk 67

Texaco Fed #2



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Response Required – Deadline Enclosed

Underground Injection Control Program

"Protecting Our Underground Sources of Drinking Water"

24-Jul-09

CHESAPEAKE OPERATING, INC.

PO Box 190

HOBBS NM 88241-0000

LETTER OF VIOLATION and SHUT-IN DIRECTIVE Failed Mechanical Integrity Test

Dear Operator:

The following test(s) were performed on the listed dates on the following well(s) shown below in the test detail section.

The test(s) indicates that the well or wells failed to meet mechanical integrity standards of the New Mexico Oil Conservation Division. To comply with guidelines established by the U.S. Environmental Protection Agency, the well(s) must be shut-in immediately until it is successfully repaired. The test detail section which follows indicates preliminary findings and/or probable causes of the failure. This determination is based on a test of your well or facility by an inspector employed by the Oil Conservation Division. Additional testing during the repair operation may be necessary to properly identify the nature of the well failure.

Please notify the proper district office of the Division at least 48 hours prior to the date and time that the well(s) will be retested so the test may be witnessed by a field representative.

MECHANICAL INTEGRITY TEST DETAIL SECTION

TEXACO FEDERAL No.002

30-025-30943-00-00

Active Salt Water Disposal Well

G-14-19S-33E

Test Date: 7/22/2009

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 10/25/2009

Test Type: Bradenhead Test

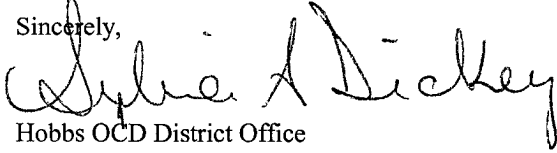
FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: COMMUNICATION BETWEEN TUBING AND CASING: WELL IS SHUT IN ***NOTE OPERATOR IN VIOLATION OF NMOCDD RULE 703****

In the event that a satisfactory response is not received to this letter of direction by the "Repair Due:" date shown above, or if the well(s) are not immediately shut-in, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,



Hobbs OCD District Office

Note: Pressure Tests are performed prior to initial injection, after repairs and otherwise, every 5 years; Bradenhead Tests are performed annually. Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data. "Failure Type" and "Failure Cause" and any Comments are not to be interpreted as a diagnosis of the condition of the wellbore. Additional testing should be conducted by the operator to accurately determine the nature of the actual failure. * Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.