



DEPARTMENT OF NATURAL RESOURCES
 Bill Ritter, Jr., Governor
 1120 Lincoln St. Suite 801
 Denver, CO 80203
 Phone: (303) 894-2100
 FAX: (303) 894-2109
 www.colorado.gov/cogcc

Chesapeake Operating, Inc.
 Attn: Randy Herring, Senior Asset Manager
 P. O. Box 18496
 Oklahoma City, OK. 73154-0496

Date: October 27, 2010

*Also included
 copies of the
 7 NOAs &
 Cover letter 2/2008
 for Bob K's 6 NOAs*

Dear Mr. Herring,

Colorado Oil and Gas Conservation Commission (COGCC) records indicate that the well(s) on the attached list operated by Chesapeake Operating are out of compliance with COGCC Rules 319.b.1 and 319.b.3 for Temporary Abandonment and 326.b.1 for Mechanical Integrity Testing (MIT) of Shut-In Wells. Essentially non-producing or idle wells are required to pass an MIT within two (2) years of the last reported production and then at five (5) year intervals after that.

In order to avoid future financial penalties you are required to provide within thirty (30) days a plan specifying how you will bring the well(s) into compliance with Rules 319 and 326 within the next six (6) months.

Your options for returning the well(s) to compliance are: produce them, have them pass an MIT, or plug and abandon the well(s). To comply with Rules 319/326: report sales on COGCC Form 7 – Operator’s Monthly Report of Operations; submit a COGCC Form 21-MIT including an original pressure chart recorded during the test; or file a Form 6 – Well Abandonment Report as a Notice of Intent to Abandon prior to performing the work and a second Form 6 – Well Abandonment Report as a Subsequent Report of Abandonment upon completion.

Please note that any well, incapable of production because of a downhole plug or missing surface equipment should have a well status of Temporarily Abandoned. If the status of the well(s) per COGCC records is incorrect please contact me to update the well status. Temporarily Abandoned wells also require *annual* Form 4 - Sundry Notices requesting Continued Temporarily Abandoned Status. These Sundries must contain a brief statement of future plans for the well *and* a declaration of how the well is closed to the atmosphere.

Thank you for your help and please feel free to contact me if you have any questions.

Sincerely,

Robert P. Koehler
 Engineering/Environmental Technician

Telephone: 303-894-2100 x5147 Email: Bob.Koehler@state.co.us Website: www.colorado.gov/cogcc

| API | Well Name | Well # | Qtr | Qtr | Sec | Twn | Rng | Well Status | PR Data | Last MIT | Comments - Activity - Documents |
|-----------|------------------|--------|-----|-------|-----|-----|-----|-------------|------------|----------|---|
| 009-05121 | BAUMAN A | 1-2 | | CSW | 2 | 33S | 42W | SI | 7/06-6/10 | NONE | NOAV PR/PA/MIT-LEONARD BY 5/12/09, NOIA APPROVED 8/13/09, COGCC INSP PLUG IN-PROGRESS-9/9/10, NO SRA 10/27/10 |
| 103-07312 | FRITZLAN-OLDLAND | 1 | | SWSE | 28 | 2N | 97W | PR | 1/99-11/08 | NONE | JAY, NO SRA 10/27/10 |
| 103-07411 | OLDLAND | 2-28 | | NW/NW | 28 | 2N | 97W | SI | 1/99-6/10 | NONE | NOIA APPROVED 10/7/09-JAY, NO SRA 10/27/10 |
| 103-07493 | FEDERAL A | 3 | | SENE | 26 | 2N | 97W | SI | 9/00-8/10 | NONE | NOIA APPROVED 10/7/09-JAY, NO SRA 10/27/10 |
| 103-09381 | WRD FEDERAL | 35-1 | | SWNE | 35 | 2N | 97W | SI | 12/06-8/10 | NONE | |
| 103-09563 | WILDLIFE | 3-1 | | NWNE | 3 | 1N | 97W | SI | 1/99-11/08 | NONE | NOAV PR/PA/MIT-KOEHLER BY 8/9/08 |
| 103-09636 | WARR-KINNAMON | 1-2 | | NW/NW | 1 | 1N | 97W | TA | 1/99-11/08 | NONE | NOAV PR/PA/MIT-KOEHLER BY 8/9/08 |
| 103-09647 | FEDERAL | 29-7A | | NESE | 29 | 2N | 97W | PR | 9/01-8/10 | NONE | NOIA APPROVED 10/7/09-JAY, NO SRA 10/27/10 |
| 103-09656 | OLDLAND | 28-7 | | SWNE | 28 | 2N | 97W | PR | 3/02-8/10 | NONE | NOAV PR/PA/MIT-KOEHLER BY 8/9/08, NOIA APPROVED 10/7/09-JAY, NO SRA 10/27/10 |
| 103-09686 | WRD FEDERAL | 20-1 | | NENE | 20 | 2N | 97W | PR | 4/08-8/10 | NONE | |
| 103-09691 | WRD FEDERAL | 21-12 | | NWSW | 21 | 2N | 97W | PR | 5/03-8/10 | NONE | NOIA APPROVED 10/7/09-JAY, NO SRA 10/27/10 |
| 103-09814 | WARR TECH | 1-5 | | SWNW | 1 | 1N | 97W | SI | 12/08 | NONE | NOAV PR/PA/MIT-KOEHLER BY 8/9/08, NOIA APPROVED 10/7/09-JAY, NO SRA 10/27/10 |
| 103-09876 | WRD FEDERAL | 5-29 | | NW/NW | 29 | 2N | 97W | PR | 2/08-8/10 | NONE | |
| 103-09879 | S WRD FEDERAL | 1-27 | | NENW | 27 | 2N | 97W | SI | 11/99-8/10 | NONE | NOIA APPROVED 10/7/09-JAY, NO SRA 10/27/10 |
| 103-09881 | WRD FEDERAL | 5-33 | | NWNE | 33 | 2N | 97W | PR | 9/02-8/10 | NONE | NOIA APPROVED 10/7/09-JAY, NO SRA 10/27/10 |
| 103-09903 | WRD FEDERAL | 2-27 | | SENE | 27 | 2N | 97W | PR | 6/03-8/10 | NONE | |
| 103-09964 | WRD FEDERAL | 7-33 | | SWNE | 33 | 2N | 97W | SI | 9/06-8/10 | NONE | |
| 103-09975 | IVORY | 2-34 | | NWSE | 34 | 2N | 97W | SI | 5/08-8/10 | NONE | |
| 103-09976 | PARKER | 4-35 | | SESW | 35 | 2N | 97W | PR | 5/01-11/08 | NONE | NOAV PR/PA/MIT-KOEHLER BY 8/9/08 |

CHESAPEAKE OPERATING INC
P.O. BOX 18496
OKLAHOMA CITY, OK 73154-0496

RANDY HERRING (ASSET MGR)
PH: 405-935-4399
FAX: 405-879-4399

RED = NOAV = NOTICE OF ALLEGED VIOLATION
DELINQUENT NOIA = FORM 6 NOTICE OF INTENT TO ABANDON
FORM 7 SRA = FORM 6 SUBSEQUENT RPT OF ABNDNMNT
PRODUCTION REPORTS

AS OF 10/27/2010
BOB KOEHLER

Randy,

10 of 19 wells on the list have Notices of Intent to Abandon (NOIAs) that are over a year old. NOIAs technically expire in 6 months; you can request an extension from the engineer who signed the original.

Only 1 of the 10 wells above shows evidence that it is in fact abandoned. (A COGCC Field Inspection Report says plugging of the Bauman A #1-2 was in progress on 9/9/2010.) We have no Subsequent Report of Abandonment (SRAs) for any of the wells. If any of these wells has been abandoned then it appears the SRAs may be delinquent. The SRA for the Bauman A #1-2 well is due about now.

7 unresolved Notices of Alleged Violation (NOAVs) still exist. 4 of these may be resolved by abandoning the well but as yet we have no evidence of abandonment except in the 1 case mentioned above. These 4 and the other 3 NOAVs need to be resolved as soon as possible. Because these NOAVs have not been resolved COGCC may begin the process of seeking financial penalties.

Chesapeake Operating is may be making good progress in removing idle wells from its inventory depending on whether any of the proposed abandonments have taken place. It will benefit Chesapeake to complete the abandonment process because it may lower the amount of Chesapeake's plugging bond.

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Sent To *Chesapeake Op / Sr. Ops Mgr - Randy Horvins*
 Street, Apt. No.,
 or PO Box No. *POB 18496*
 City, State, ZIP+4 *Oklahoma City, OK, 73154-0496*

PS Form 3800, June 2002 See Reverse for Instructions

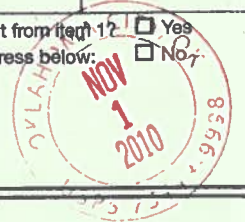
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1. Article Addressed to:
Chesapeake Operating, Inc.
Senior Asset Manager
Mr. Randy Horvins
P.O. Box 18496
Oklahoma City, OK. 73154-0496

COMPLETE THIS SECTION ON DELIVERY

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