



Ohio Department of Natural Resources

JOHN R. KASICH, GOVERNOR

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Richard J. Simmers, Chief
Division of Oil and Gas Resources Management
2045 Morse Road – Bldg. F-2
Columbus, OH 43229-6693
Phone: (614) 265-6922, Fax: (614) 265-6910

ORDER BY THE CHIEF

January 3, 2014

ORDER NO. 2014-05

TO: Chesapeake Exploration, LLC
P.O. Box 18496
Oklahoma City, OK 73154-0496

RE: Hanchin Recycling Facility

SUBJECT: Temporary Authorization to Operate Facility Pursuant to R.C. 1509.22

Pursuant to Ohio Revised Code Section 1509.22, the Chief of the Division of Oil and Gas Resources Management (“Chief” or “Division”) issues the following Order:

BACKGROUND:

- (1) Chesapeake Exploration, LLC (“Chesapeake”) operates the Hanchin Recycling Facility on the Hanchin well pad at 91250 Dawson Road, Hopedale, Ohio. The Hanchin Recycling Facility receives brine from nearby oil and gas wells owned by Chesapeake, treats the brine, settles out any solids, and stores the treated brine for reuse at Chesapeake well sites. Any solids generated as part of the recycling process are managed at the Hanchin Recycling Facility site.
- (2) Division (B)(2)(a) of R.C. 1509.22 states, in pertinent part, that “On and after January 1, 2014, no person shall store, recycle, treat, process, or dispose of in this state brine or other waste substances associated with the exploration, development, well stimulation, production operations, or plugging of oil and gas resources without an order or a permit issued under this section or section 1509.06 or 1509.21 of the Revised Code or rules adopted under any of those sections.”
- (3) On January 2, 2014, the Division received an application from Chesapeake requesting to operate the Hanchin Recycling Facility. In its application, Chesapeake supplied the Division with information and details regarding its operations.

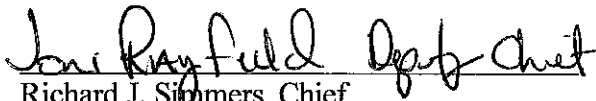
ORDER:

IT IS HEREBY ORDERED:

Chesapeake has temporary approval to operate the Hanchin Recycling Facility in the State of Ohio, subject to the following **conditions**:

- (1) Chesapeake shall conduct all operations in compliance with R.C. Chapter 1509 and Ohio Adm.Code 1501:9.
- (2) Brine shall not be disposed of in a manner not specified in R.C. 1509.22(C)(1)(a) through R.C. 1509.22(C)(1)(c). Disposal pursuant to R.C. 1509.22(C)(1)(d) requires separate written approval by the Chief.
- (3) This Chief's Order shall terminate upon any of the following, whichever occurs first:
 - a) The Division issues a permit to Chesapeake for the Hanchin Recycling Facility pursuant to rules promulgated under to R.C. 1509.22(C);
 - b) The Division denies a permit to Chesapeake for the Hanchin Recycling Facility pursuant to rules promulgated under R.C. 1509.22(C); or
 - c) Six months after the effective date of rules adopted under R.C. 1509.22(C).

1/31/14
Date


Richard J. Simmers, Chief
Division of Oil and Gas Resources Management

Addressee is hereby notified that this action is final and effective and may be appealed pursuant to Section 1509.36 of the Ohio Revised Code. If the Order is appealed to the Ohio Oil and Gas Commission, the appeal must be in writing and must set forth the Orders complained of and the grounds upon which the appeal is based. Such appeal must be filed with the Oil and Gas Commission, 2045 Morse Road, Building H-3, Columbus, Ohio 43229-6693, within thirty (30) days after receipt of this Order.

In addition, within three (3) days after the appeal is filed with the Oil and Gas Commission, notice of the filing must be submitted to Richard J. Simmers, Chief, Division of Oil and Gas Resources Management, Ohio Department of Natural Resources, 2045 Morse Road, Building F, Columbus, Ohio 43229-6693.

CERTIFIED MAIL No:

91 7199 9991 7030 3103 6627

cc: Eric Vendel, Legal Counsel, DOGRM
Rocky King, Region Supervisor
Steve Opritza, Permitting Manager
Erica Freeman, Surety Section
Engineering Section
Mark Moreland, Harrison County Oil and Gas Inspector