



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

30 015 35575

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

January 16, 2007

Chesapeake Operating, Inc. #147179

C/o Ocean Munds-Dry Exq.

Holland & Hart LLP

PO Box 2208

Santa Fe, NM 87504-2208



**RE: Queen Lake 19 Federal Well No. 2 (API No 30-015-NA)**  
2550 feet from the North Line, 1649 feet from the West line, Unit F  
Section 19, Township 24 South, Range 29 East, NMPM, Eddy County  
SE/4 NW/4 (40 Acres) Section 19 Dedication

## **Administrative Order NSL-5548**

Dear Ms. Munds-Dry:

Reference is made to the following:

(a) your application (administrative application reference No. pTDS0634733983 for non-standard location [NSL]) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on December 12, 2006, on behalf of Chesapeake Operating, Inc., OGRD 147179 ("Chesapeake"); and

(b) the Division's records pertinent to Chesapeake's request.

Chesapeake proposes to drill the above referenced well at the above referenced unorthodox oil well location within Section 19 and requests to produce from the Bone Spring within a 40-acre, more or less, spacing unit within the Pierce Crossing-Bone Spring Pool consisting of the SE/4 NW/4 of Section 19. The proposed well would be the first well in this spacing unit.

The Pierce Crossing-Bone Spring Pool (50371) is governed by statewide rule Rule 104.B, which requires oil wells to be located no closer than 330 feet from the boundary of a 40 acre spacing and proration unit. This well location is un-orthodox because it is to be located 90 feet from the southern boundary and 329 feet from the western boundary of the SE/4 NW/4 of Section 19 spacing and proration unit.

Your application states this well location is preferable to Chesapeake and to the U.S. Bureau of Land Management because it is further from a river, from a surface owner's cultivated

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



CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

WELL API NO.
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. 8
7. Lease Name or Unit Agreement Name Queen Lake 19 Federal
8. Well Number 2
9. OGRID Number 147179
10. Pool name or Wildcat Malaga; Bone Spring

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.)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator  
Chesapeake Operating Inc.

3. Address of Operator P. O. Box 11050  
Midland, TX 79702-8050

4. Well Location  
Unit Letter F : 2550 feet from the North line and 1649 feet from the West line  
Section 19 Township 24S Range 29E NMPM County Eddy

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
2964 GR

Pit or Below-grade Tank Application ☐ or Closure ☐ < 50' RW

Pit type \_\_\_\_\_ Depth to Groundwater 102 Distance from nearest fresh water well 1000 Distance from nearest surface water 1000

Pit Liner Thickness: 12 mil Below-Grade Tank: Volume 12129 bbls; Construction Material Synthetic

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 ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐

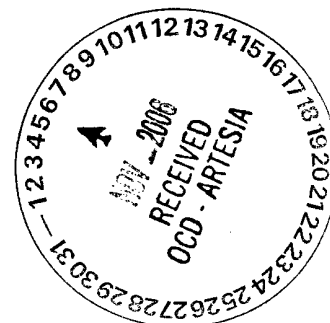
OTHER: Construct pit ☒

OTHER: ☐

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, request permission to construct a drilling pit per the attached pit diagram.

As a condition of approval, if during pit construction water is encountered or if water seeps in pits after construction the OCD MUST BE CONTACTED IMMEDIATELY!



I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Brenda Coffman TITLE Regulatory Analyst DATE 10/25/2006

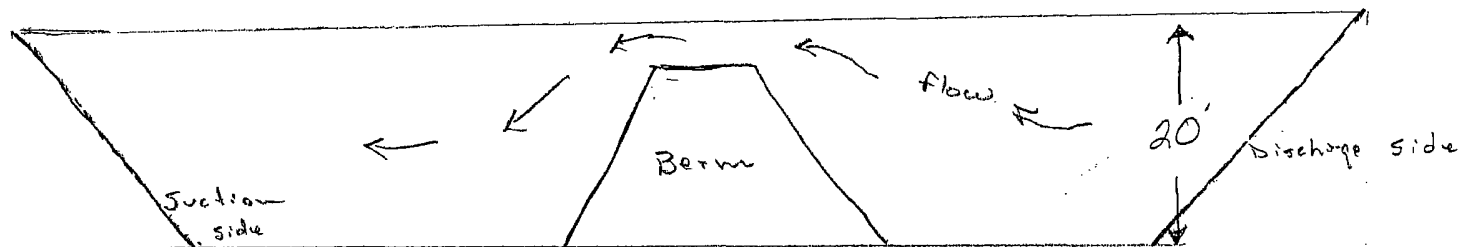
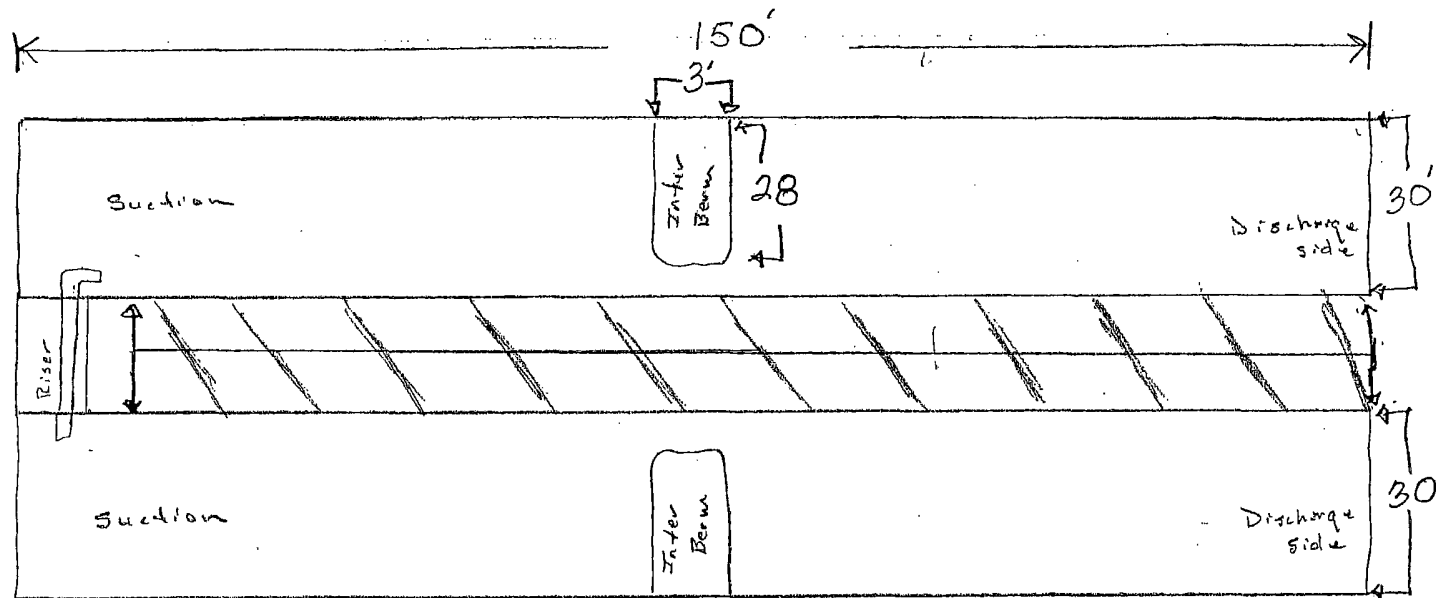
Type or print name Brenda Coffman E-mail address: bcoffman@chkenery.com Telephone No. (432)687-2992  
For State Use Only District II Supervisor

APPROVED BY: District II Supervisor DATE 10/30/06  
Conditions of Approval (if any):

Chesapeake Energy

Double Pit

Guideline 3A



$18' \times 30' \times 140' = 75600 \text{ ft}^3 \div 5.6146 = 13464.8 \text{ bbls} \times 2 = 26929.7 \text{ bbls}$ , with 18' of fluid & cuttings in pits.  
 $20' \times 30' \times 140' = 90000 \text{ ft}^3 \div 5.6146 = 16029.6 \text{ bbls} \times 2 = 32059.2 \text{ bbls}$  with 20'

