

DATE IN 10.25.11 SUSPENSE ENGINEER DKB LOGGED IN 10.25.11 TYPE NSL APP NO. 1129828864 PTGW

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -  
1220 South St. Francis Drive, Santa Fe, NM 87505



*chesapeake*  
*14179*

*Crows Flats 141628 #2H*

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

*6505*

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR

- [D] Other: Specify \_\_\_\_\_

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[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or  Does Not Apply

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Ocean Munds-Dry Ocean Munds-Dry A Horney 10-24-11  
 Print or Type Name Signature Title Date  
omundsdry@hollandhart.com  
 e-mail Address



October 24, 2011

**VIA HAND DELIVERY**

Jami Bailey, Director  
Oil Conservation Division  
New Mexico Department of Energy  
Mineral and Natural Resources  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

2011 OCT 24 P 4:09  
RECEIVED OOD

**Re: Application of Chesapeake Operating for administrative approval of an unorthodox well location for its Crow Flats 14 16 28 USA Well No. 2H to be drilled from a surface location and penetration point 1980 feet from the North line and 10 feet from the West line and a bottom-hole location 1980 feet from the North line and 350 feet from the East line of Section 14, Township 16 South, Range 28 East, NMPM, Eddy County, New Mexico.**

Dear Ms. Bailey:

Chesapeake Operating, Inc. ("Chesapeake") hereby seeks administrative approval pursuant to the provisions of Division Rules 19.15.15.13 and 19.15.16.14 for an unorthodox well location for its Crow Flats 14 16 28 USA Well No. 2H. This well is located in Section 14, Township 16 South, Range 28 East, N.M.P.M., Eddy County, New Mexico and is to be drilled in the Wolfcamp formation at a surface location and a penetration point 1980 feet from the North line and 10 feet from the West line and a bottomhole location 1980 feet from the North line and 350 feet from the East line of Section 14, Eddy County, New Mexico. A 160-acre project area has been dedicated to this horizontal well comprised of the S/2 N/2 of Section 14.

This location is unorthodox because the Wolfcamp (oil) formation under this acreage is governed by the Division's statewide rules which provide for wells on 40-acre spacing units to be located no closer than 330 feet to the outer boundary of the spacing unit. Division Rule 19.15.16.14 defines the "Penetration Point" as "the point where the wellbore penetrates the top of the pool from which it is intended to produce." The wellbore penetrates the Wolfcamp formation at a point 10 feet from the West line of Section 14 and is therefore closer than allowed by Division rules.

Although the wellbore penetrates the top of the Wolfcamp at an unorthodox location, Chesapeake will case and cement the wellbore and will not perforate the well until it reaches a standard location within the producing area.



**Exhibit A** is a plat showing the location of the well. This location is encroaching to the west of Section 14. A copy of this application with all attachments was mailed to Chase Oil Corp. and advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date notice was sent. They were also advised that if no objections were received by the Division within twenty days, the Division Director could approve the application.

**Exhibit B** is the C-102 for this well.

**Exhibit C** is the notice list.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry  
ATTORNEY FOR  
CHESAPEAKE OPERATING, INC.

cc: OCD District Office



DISTRICT I  
1625 N. FRENCH DR., HOBBS, NM 88240  
DISTRICT II  
1301 W. GRAND AVENUE, ARTESIA, NM 88210  
DISTRICT III  
1000 RIO BRAZOS RD., AZTEC, NM 87410  
DISTRICT IV  
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-102  
Revised July 16, 2010  
Submit to Appropriate  
District Office

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number	Pool Code 97102/96794	Pool Name CROW FLATS; WOLFCAMP OIL/WILDCAT; WOLFCAMP OIL.
Property Code	Property Name CROW FLATS 14 16 28 USA	Well Number 2H
OGRID No. 147179	Operator Name CHESAPEAKE OPERATING, INC.	Elevation 3575'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	14	16-S	28-E		1980	NORTH	10	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	14	16-S	28-E		1980	NORTH	350	EAST	EDDY

Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No. NSL-Pending
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

**Projected Penetration Point:**  
1980' FNL & 10' EWL

**Producing Area:**  
GRID AZ. = 89°58'57"  
HORIZ. DIST. = 4855.2'

**Well Location:**  
B.H. 350'

**DETAIL**  
3569.3' 3577.6' 600' 3573.9' 3579.6' 600'

**GEODETIC COORDINATES**  
NAD 27 NME  
**SURFACE LOCATION**  
Y=700396.0 N  
X=554794.7 E  
LAT.=32.925337° N  
LONG.=104.154757° W  
**BOTTOM HOLE LOCATION**  
Y=700397.5 N  
X=559648.7 E

**SECTION, QUARTER & SIXTEENTH CORNER COORDINATES**

- Ⓐ - Y=701040.7 N, X=554783.9 E
- Ⓑ - Y=701040.6 N, X=559995.9 E
- Ⓒ - Y=699705.9 N, X=554785.5 E
- Ⓓ - Y=699704.2 N, X=560001.4 E

**OPERATOR CERTIFICATION**

I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Bryan Arrant* 10/13/2011  
Signature Date

Bryan Arrant  
Printed Name  
bryan.arrant@chk.com  
E-mail Address

**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

OCTOBER 05, 2011  
Date of Survey

*Ronald J. Eidson*  
Signature & Seal of Professional Surveyor:  
3239  
Certificate Number  
Ronald J. Eidson 12641  
3239

AR JWSC W.O.: 11.11.2052



**Exhibit C**

Chesapeake's NSL Application  
Crow Flats 14 16 28 USA Well No. 2H

Chase Oil Corp.  
P.O. Box 1767  
11352 Lovington Hwy  
Artesia, NM 88211

HOLLAND & HART <sup>LLP</sup>



**Ocean Munds-Dry**  
Phone 505-988-4421  
Fax 505-983-6043  
omundsdry@hollandhart.com

October 24, 2011

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Chase Oil Corporation  
Post Office Box 1767  
Artesia, New Mexico 88211

**Re: Application of Chesapeake Operating for administrative approval of an unorthodox well location for its Crow Flats 14 16 28 USA Well No. 2H to be drilled as a horizontal wellbore in Section 14, Township 16 South, Range 28 East, NMPM, Eddy County, New Mexico.**

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date by Chesapeake Operating Co. for administrative approval of an unorthodox well location for its Crow Flats 14 16 28 USA Well No. 2H. This well is located in Section 14, Township 16 South, Range 28 East, N.M.P.M., to be drilled to the Wolfcamp formation from a surface location and penetration point 1980 feet from the North line and 10 feet from the West line to a bottomhole location 1980 feet from the North line and 350 feet from the East line of Section 14, Eddy County, New Mexico.

As an owner of an interest that may be affected by the proposed well, you may object to this application. Objections must be filed in writing within twenty days from this date at the Division's Santa Fe office that is located at 1220 South Saint Francis Drive, Santa Fe, New Mexico. 87505. If no objection is received within this twenty-day period, this application for an unorthodox well location may be approved.

Sincerely,

Ocean Munds-Dry  
ATTORNEY FOR  
CHESAPEAKE OPERATING, INC.

Enclosures

**Holland & Hart <sup>LLP</sup>**

Phone [505] 988-4421 Fax [505] 983-6043 [www.hollandhart.com](http://www.hollandhart.com)

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Denver Aspen Boulder Colorado Springs Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Salt Lake City Santa Fe Washington, D.C. ♻