

DATE <b>2.29.12</b>	SUSPENSE	ENGINEER <b>DB</b>	LOGGED IN <b>-</b>	TYPE <b>NSL</b>	APP NO <b>1206031971</b>
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



*Chesapeake*  
*147179*

*PLU Big Sinks 352438 USA #14*

**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

**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 \_\_\_\_\_

[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.

*Adam G. Rankin*  
 Print or Type Name

*[Signature]*  
 Signature

*Attorney*  
 Title

*2/28/12*  
 Date

*agrarkin@hollandhart.com*  
 e-mail Address

2012 FEB 28 P 3:41  
 RECEIVED OGD  
 C-35-245-30E  
 Ed 19



February 28, 2012

**VIA HAND DELIVERY**

Jami Bailey  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

RECEIVED OOD  
2012 FEB 29 P 3:41

**Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its PLU Big Sinks 35 24 30 USA 1H well in the Bone Spring Pool Section 35, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.**

Dear Ms. Bailey:

Chesapeake Operating, Inc. (OGRID No. 147179) hereby seeks administrative approval pursuant to the provisions of Division Rule 19.15.15.13 NMAC for an unorthodox well location for its PLU Big Sinks 35 24 30 USA No. 1H to be located in Section 35, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. The proposed wildcat well is to be drilled at a surface location 150 feet from the North line with a penetration point 330 feet from the North line approximately 1980 feet from the West line of Section 35. The bottom-hole location will be 100 feet from the South line and 1980 feet from the West line of Section 35. A 161.45-acre project area has been dedicated to this horizontal well comprised of the E/2 W/2 of Section 35.

**Exhibit A** is a land plat for Section 35 and surrounding sections that shows the proposed non-standard location of the PLU Big Sinks 35 24 30 USA No. 1H in relation to adjoining units and existing wells. This location is unorthodox because the Bone Spring 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. The bottom-hole location of this well will be located 100 feet from the South line of Section 35 for engineering reasons, and is, therefore, closer to the section line than allowed by Division rules.

**Exhibit B** is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the proposed PLU Big Sinks 35 24 30 USA No. 1H well encroaches on the spacing and proration unit to the South.

**Exhibit C** is a list of the affected parties. Pursuant to 19.15.4.12(A)(2)(c) NMAC, affected parties are those toward whom the non-standard location encroaches. Here, the proposed bottom-hole location encroaches on the spacing and proration unit to the South. The affected lessee is XTO Energy Inc. A copy of this application with all attachments was mailed to the notice recipient.

Your attention to this application is appreciated.

Sincerely,



Adam G. Rankin  
ATTORNEY FOR CHESAPEAKE OPERATING, INC.

cc: Jerris Johnson



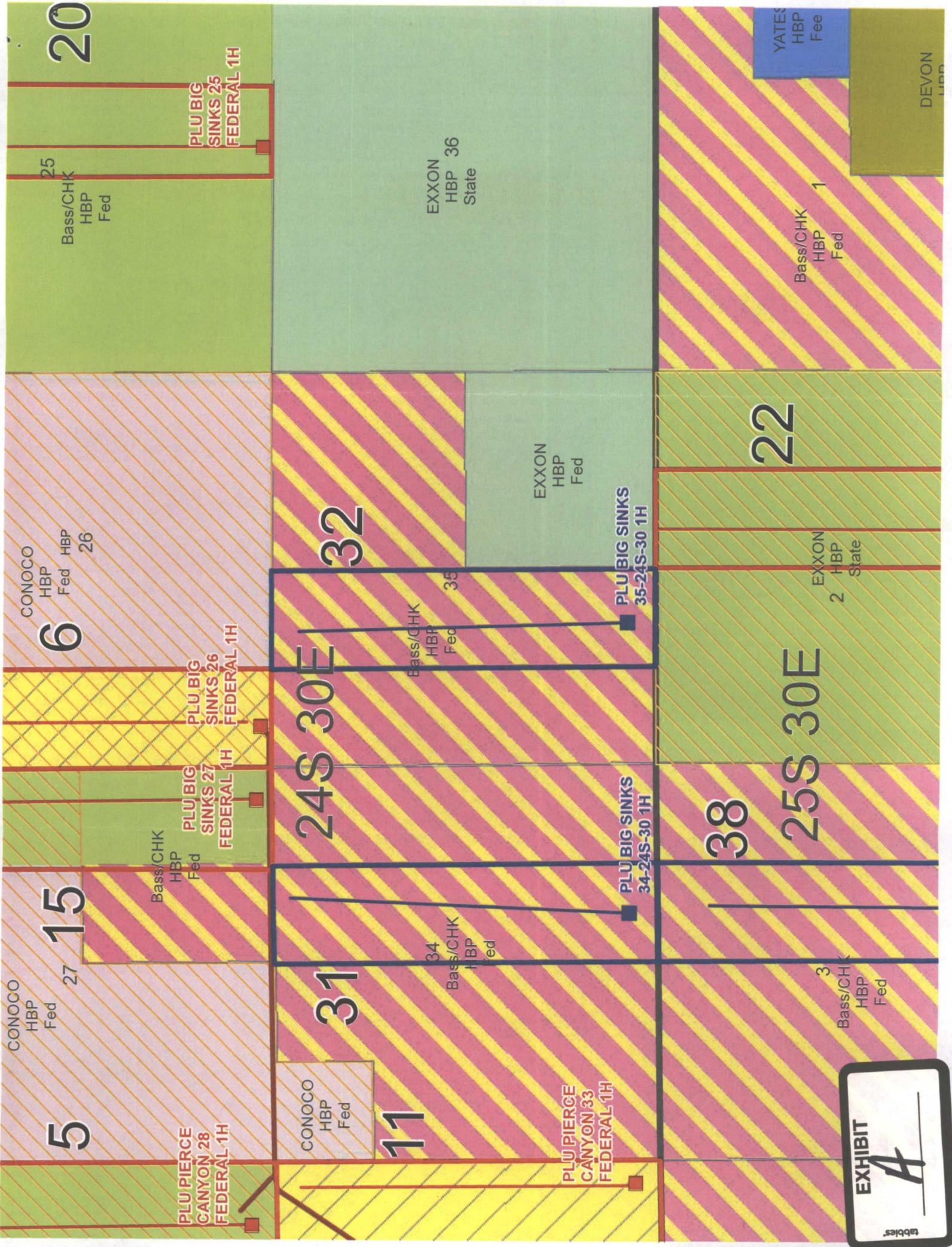


EXHIBIT  
**A**



DISTRICT I  
1000 N. French Dr., Hobbs, NM 88240  
Phone (505) 503-6101 Fax: (505) 503-5720

DISTRICT II  
811 S. First St., Arapahoe, NM 88210  
Phone (505) 740-1803 Fax: (505) 740-9720

DISTRICT III  
1000 Rio Deros Rd., Aztec, NM 87410  
Phone (505) 354-9170 Fax: (505) 354-0170

DISTRICT IV  
1000 S. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 470-3100 Fax: (505) 470-5100

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.  
Santa Fe, New Mexico 87506

Form C-102  
Revised August 1, 2011

Submit one copy to appropriate  
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 96403	Pool Name WILDCAT; BONE SPRING
Property Code	Property Name PLU BIG SINKS 35 24 30 USA	Well Number 1H
GORID No. 147179	Operator Name CHESAPEAKE OPERATING CO.	Elevation 3343'

Surface Location

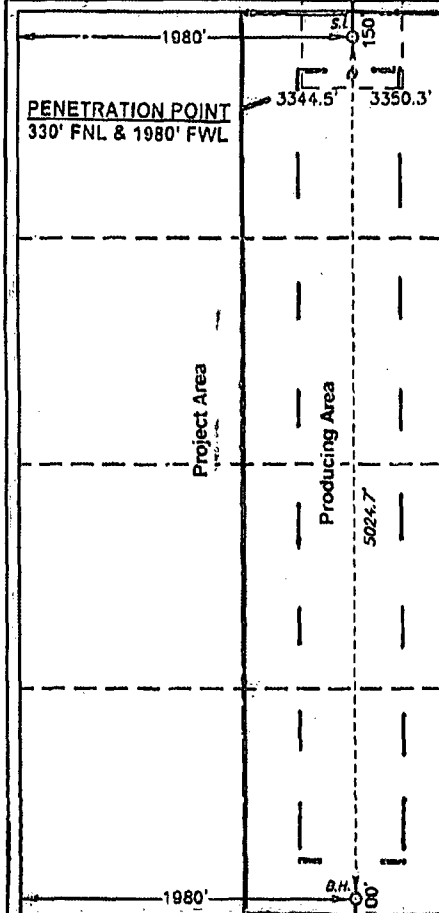
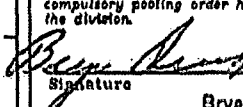

Ul. or lot No. C	Section 35	Township 24 S	Range 30 E	Lot Idn	Feet from the 150	North/South line NORTH	Feet from the 1980	East/West line WEST	County EDDY
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Bottom Hole Location If Different From Surface

Ul. or lot No. N	Section 35	Township 24 S	Range 30 E	Lot Idn	Feet from the 100	North/South line SOUTH	Feet from the 1980	East/West line WEST	County EDDY
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Dedicated Acres 161.45	Joint or Infill	Consolidation Code	Order No.
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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

 <p>1080'</p> <p>3342.8'</p> <p>3344.5'</p> <p>3350.3'</p> <p>5024.7'</p> <p>1980'</p> <p>Penetration Point 330' FNL &amp; 1980' FWL</p> <p>Project Area</p> <p>Producing Area</p>	<p><b>SURFACE LOCATION</b></p> <p>Lat - N 32.181219745 Long - W 103.853879337 NMSPCE - N 429992.982 E 889670.205 (NAD-83)</p> <p>Lat - N 32.181098148 Long - W 103.853395838 NMSPCE - N 429934.403 E 848485.871 (NAD-27)</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p> 02/03/2012 Signature Date Printed Name Bryan Arrant Email Address bryan.arrant@chk.com</p>
	<p><b>PROPOSED BOTTOM HOLE LOCATION</b></p> <p>Lat - N 32.187408368 Long - W 103.853714889 NMSPCE - N 424968.056 E 889743.485 (NAD-83)</p> <p>Lat - N 32.187284832 Long - W 103.853231975 NMSPCE - N 424910.388 E 848558.787 (NAD-27)</p>	<p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p> Date Surveyed Signature &amp; Seal of Professional Surveyor Certificate No. Gary L. Jones 7977 BASIN SURVEYS 25833</p>

Terminus

EXHIBIT

B

**EXHIBIT C**

**Chesapeake's NSL Application  
PLU Big Sinks 35 24 30 USA No. 1H**

XTO Energy Inc.  
Attn: Dylan Boyer  
810 Houston Street  
Fort Worth, Texas 76102

HOLLAND & HART LLP



**Adam G. Rankin**  
Phone 505-988-4421  
Fax 505-983-6043  
agrarkin@hollandhart.com

February 28, 2012

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

**TO AFFECTED PARTIES**

**Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its PLU Big Sinks 35 24 30 USA 1H well in the Bone Spring Pool Section 35, Township 24 South, Range 30 East, N.M.P.M., 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 PLU Big Sinks 35 24 30 USA Well No. 1H. The proposed wildcat well is to be drilled at a surface location 150 feet from the North line and a penetration point 330 feet from the North line, both of which will be 1980 feet from the West line of Section 35. The bottom-hole location will be 100 feet from the South line and 1980 feet from the West line of Section 35.

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,

Adam G. Rankin  
ATTORNEY FOR CHESAPEAKE OPERATING, INC.

Enclosures

**Holland & Hart LLP**

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. ♻