

DATE IN 4/17/12	SUSPENSE	ENGINEER DB	LOGGED IN 4/17/12	TYPE NSL	APP NO 1210871281
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PTG-W

Chesapeake 14717A

PLU Remuda Basin 4-24304504

6610

2012 APR 17 P 3:41

RECEIVED OGD

# NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



## 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 [Signature]  
 Print or Type Name Signature

Attorney 4/17/12  
 Title Date  
 agrankin@hollandhart.com  
 e-mail Address



April 17, 2012

**VIA HAND DELIVERY**

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

RECEIVED OOD  
2012 APR 17 P 3:41

**Re: Application of Chesapeake Operating Co. for administrative approval of an unorthodox well location for its PLU Remuda Basin 4 24 30 USA No. 1H well in the Bone Spring Pool Section 4, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.**

Dear Ms. Bailey:

Chesapeake Operating Co. (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 Remuda Basin 4 24 30 USA No. 1H well to be located in Section 4, 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 175 feet from the North line and 1250 feet from the East line of Section 4. The first perforations in the well will be at a point 330 feet from the North line of Section 4 and 109 feet from the West line of the project area. The bottom-hole location will be 100 feet from the South line and 660 feet from the East line of Section 4. A 162.61-acre project area has been dedicated to this horizontal well comprised of the E/2 E/2 of Section 4.

**Exhibit A** is a land plat for Section 4 and surrounding sections that shows the proposed non-standard location of the PLU Remuda Basin 4 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 4 for engineering reasons, and is, therefore, closer to the section line than allowed by Division rules. The first perforations in the well are projected to be at a location 109 feet from the West line of the project area, and are, therefore, also closer to the unit boundary than allowed by Division rules.



**Exhibit B** is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the proposed PLU Remuda Basin 4 24 30 USA No. 1H well encroaches on the spacing and proration units to the South and West.

**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 to the South and West. The affected working interest is BOPCO, LP. A copy of this application with all attachments was mailed to the notice recipient.

Your attention to this application is appreciated.

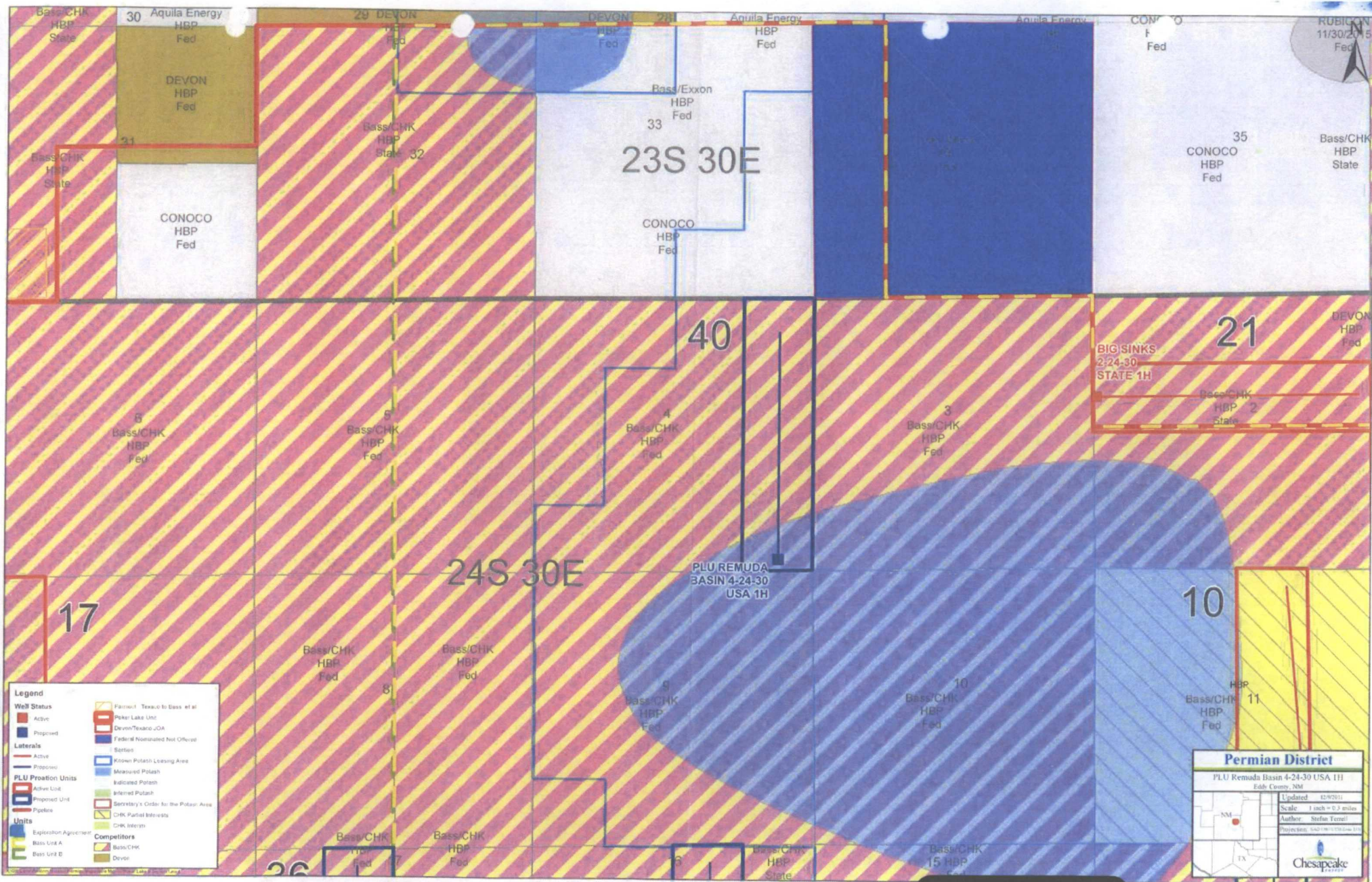
Sincerely,

A handwritten signature in black ink, appearing to read "Adam G. Rankin".

Adam G. Rankin  
ATTORNEY FOR CHESAPEAKE OPERATING CO.

cc: David K. Brooks  
Monty Montgomery, BOPCO  
Teresa Long, Chesapeake Operating, Inc. (w/o enclosures)





**EXHIBIT**

**A**

## DISTRICT I

1625 N. French Dr., Hobbs, NM 88240  
Phone (505) 393-6161 Fax: (505) 393-0720

## DISTRICT II

811 S. First St., Artesia, NM 88210  
Phone (505) 748-1283 Fax: (505) 748-0720

## DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410  
Phone (505) 334-6178 Fax: (505) 334-6170

## DISTRICT IV

1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 478-3460 Fax: (505) 478-3462

State of New Mexico  
Energy, Minerals and Natural Resources Department

## OIL CONSERVATION DIVISION

1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

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 REMUDA BASIN 4 24 30 USA	Well Number 1H
OGRID No. 147179	Operator Name CHESAPEAKE OPERATING CO.	Elevation 3495'

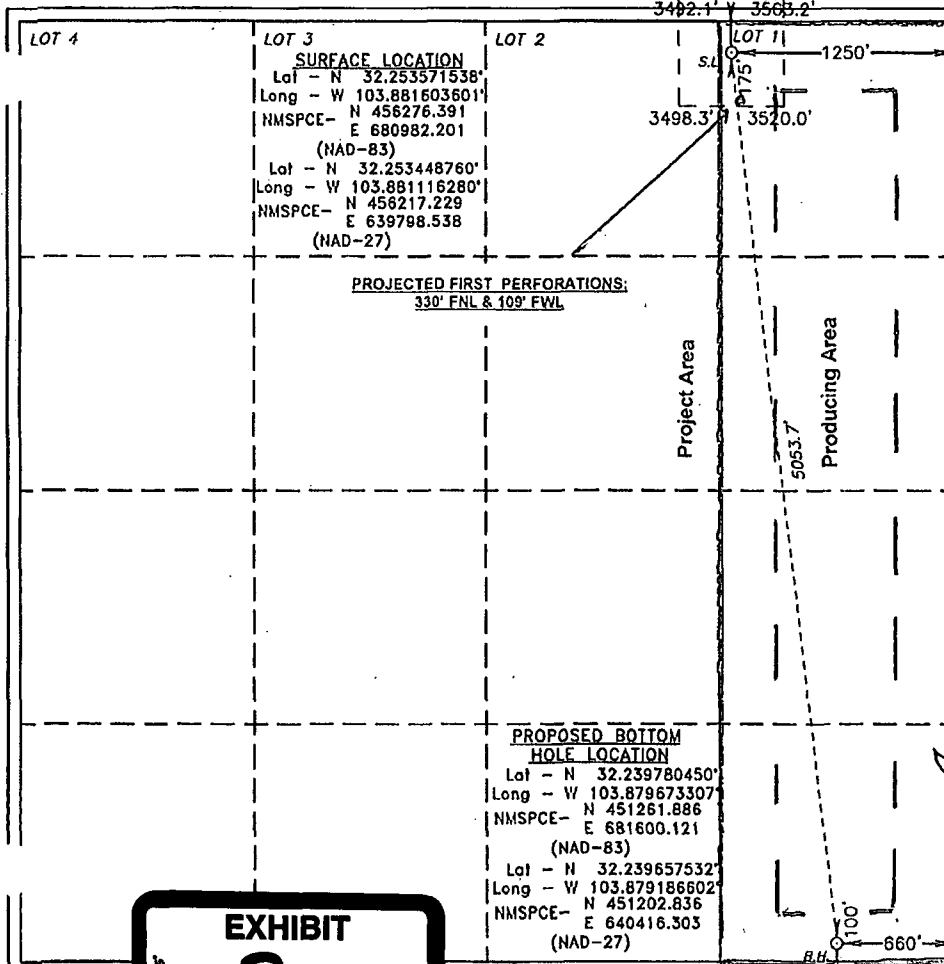
## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 1	4	24 S	30 E		175	NORTH	1250	EAST	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
P	4	24 S	30 E		100	SOUTH	660	EAST	EDDY
Dedicated Acres 162.61	Joint or Infill	Consolidation Code	Order No.						

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



## OPERATOR CERTIFICATION

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 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature *Bryan Arrant* Date 4/12/2012  
Bryan Arrant

Printed Name bryan.arrant@chk.com

Email 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.

Date Surveyed 4/12/2012  
Signature *Gary L. Jones*  
Professional Surveyor 7977

Certificate No. Gary L. Jones 7977

BASIN SURVEYS 26322

EXHIBIT

B

**EXHIBIT C**  
**Chesapeake's NSL Application**  
**PLU Remuda Basin 4 24 30 USA No. 1H**

BOPCO, LP  
201 Main Street, Suite 3100  
Ft. Worth, TX 76102





April 17, 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 Remuda Basin 4 24 30 USA No. 1H well in the Bone Spring Pool Section 4, 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 Remuda Basin 4 24 30 USA No. 1H. The proposed wildcat well is to be drilled at a surface location 175 feet from the North line and 1250 feet from the East line of Section 4. The first perforations in the well will be at a point 330 feet from the North line of Section 4 and 109 feet from the West line of the project area. The bottom-hole location will be 100 feet from the South line and 660 feet from the East line of Section 4. A 162.61-acre project area has been dedicated to this horizontal well comprised of the E/2 E/2 of Section 4.

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.

If you have any questions regarding this application, please contact Teresa Long at (405) 935-9175.

Sincerely,

Adam G. Rankin  
**ATTORNEY FOR CHESAPEAKE OPERATING CO.**

Enclosures

HOLLAND & HART<sup>LLP</sup>



**Adam G. Rankin**  
Phone 505-954-7294  
Fax 505-983-6043  
AGRankin@hollandhart.com

April 24, 2012

**VIA HAND DELIVERY**

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

RECEIVED OGD  
2012 APR 24 P 3:49

**Re: Application of Chesapeake Operating Co. for administrative approval of an unorthodox well location for its PLU Remuda Basin 4 24 30 USA No. 1H well in the Bone Spring Pool Section 4, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.**

Dear Ms. Bailey:

Enclosed please find a waiver received from Bass Operating Co. (BOPCO) waiving any objections to Chesapeake Operating Co.'s application for administrative approval for the above-referenced application.

Please accept this waiver as part of the Chesapeake's application. I appreciate your attention to this matter.

Sincerely,

Adam G. Rankin

AGR

cc: David Brooks

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

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



HOLLAND & HART LLP



**Adam G. Rankin**  
**Associate**  
Phone 505-954-7294  
Fax 505-983-6043  
AGRankin@hollandhart.com

April 17, 2012

**VIA EMAIL AND**  
**UPS OVERNIGHT MAIL**

BOPCO, LP  
Attn.: Monty Montgomery  
201 Main Street, Suite 3100  
Fort Worth, Texas 76102

**Re: Application of Chesapeake Operating Co. for administrative approval of an unorthodox well location for its PLU Remuda Basin 4 24 30 USA No. 1H well in the Bone Spring Pool Section 4, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.**

Dear Mr. Montgomery:

Chesapeake Operating, Inc. has submitted the above-referenced application to the New Mexico Oil Conservation Division for an unorthodox well location for its PLU Remuda Basin 4 24 30 USA No. 1H. The proposed wildcat well is to be drilled at a surface location 175 feet from the North line and 1250 feet from the East line of Section 4. The first perforations in the well will be at a point 330 feet from the North line of Section 4 and 109 feet from the West line of the project area. The bottom-hole location will be 100 feet from the South line and 660 feet from the East line of Section 4. A 162.61-acre project area has been dedicated to this horizontal well comprised of the E/2 E/2 of Section 4.

Division Rules provide that an application may be approved sooner if the applicant obtains waivers from affected parties. We therefore request your waiver of objection to this administrative application. We respectfully request you that you sign this letter and return it by e-mail delivery to me (agrankin@hollandhart.com) as soon as possible.

Thank you for your consideration of this matter. Should you wish to discuss please feel free to call Teresa Long at (405) 935-9175.

Sincerely,

Adam G. Rankin

BOPCO, LP agrees to waive objection to Chesapeake Operating, Inc.'s application for an unorthodox well location for its **PLU Remuda Basin 4 24 30 USA No. 1H** well.

By: \_\_\_\_\_

W. Frank McCreight  
Sr. Vice President

Date: April 18, 2012

**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. ☺