

DATE IN 9/26/12	SUSPENSE N/A	ENGINEER Brooks	LOGGED IN 9/26/12	TYPE NSL	APP NO. PKUR1227231953
-----------------	--------------	-----------------	-------------------	----------	------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Chesapeake Operating
INC
PLU Phantom Banks 25 2530
USA #114

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

9/26/12

Date

agrarkin@hollandhart.com

e-mail Address

6686

2012 SEP 26 A 10:59
RECEIVED CGD



September 26, 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 OGD
2012 SEP 26 A 10:59

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its PLU Phantom Banks 25 25 30 USA 1H well in Section 25, Township 25 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 Phantom Banks 25 25 30 USA 1H well to be located in Section 25, Township 25 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. The proposed well is to be drilled horizontally at a surface location 150 feet from the South line with a penetration point 330 feet from the South line and approximately 2,280 feet from the West line of Section 25. The bottom-hole location will be at an unorthodox location 100 feet from the North line and 1,980 feet from the West line of Section 25. A 160-acre project area has been dedicated to this horizontal well comprised of the E/2 W/2 of Section 25.

Exhibit A is a land plat for Section 25 and surrounding sections that shows the proposed non-standard location of the PLU Phantom Banks 25 25 30 USA 1H well in relation to adjoining units and existing wells. This location is unorthodox because the 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 North line of Section 25 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 Phantom Banks 25 25 30 USA 1H well encroaches on the spacing and proration unit to the North.



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 North. The affected lessee is BOPCO, L.P. A copy of this application with all attachments was mailed to the notice recipient.

Exhibit D is a letter signed from BOPCO, L.P. waiving all objections to the encroachment by the PLU Phantom Banks 25 25 30 USA 1H well.

Your attention to this application is appreciated.

Sincerely,

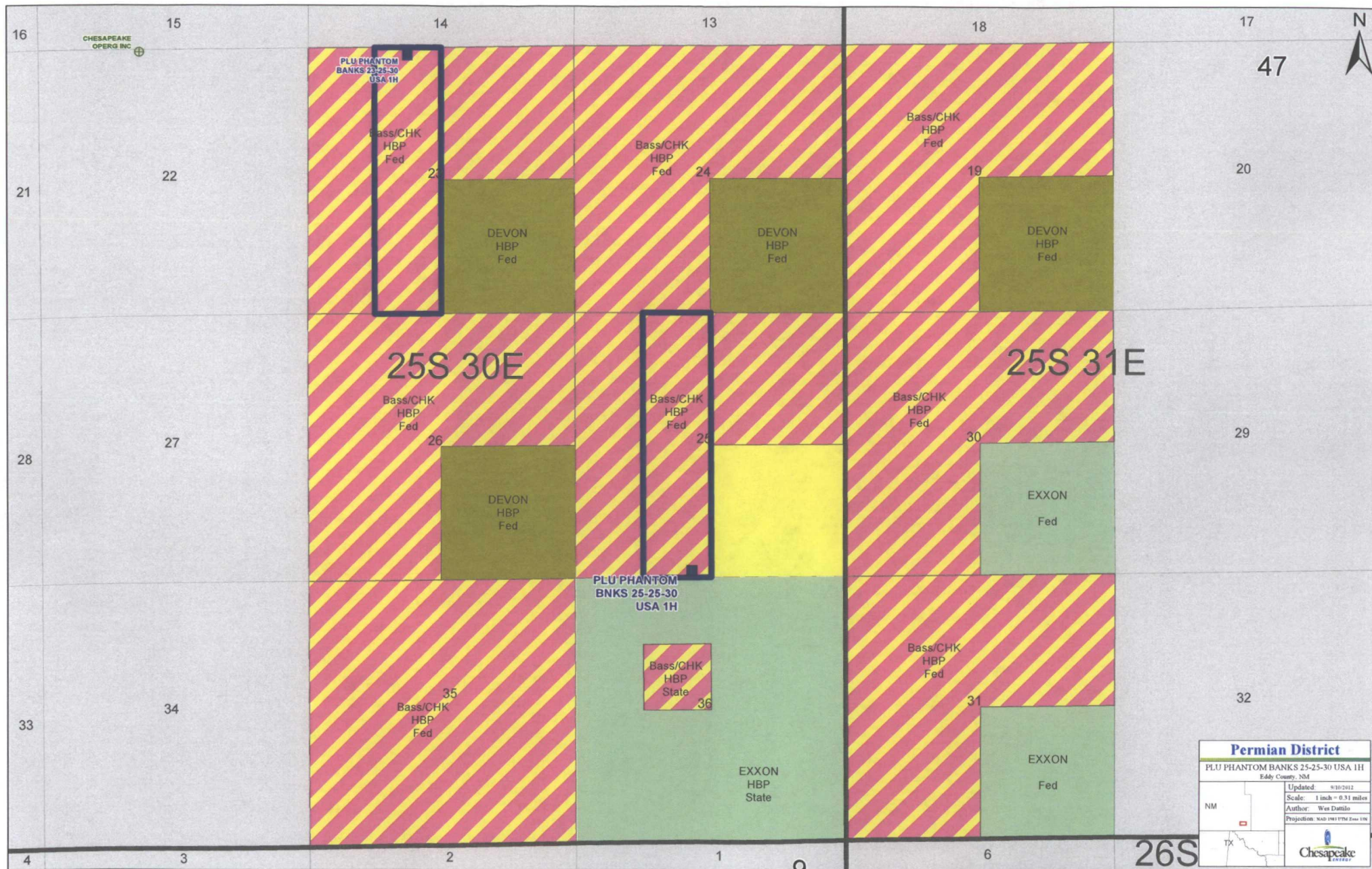
A handwritten signature in black ink, appearing to read "A. Rankin", with a large, stylized flourish at the end.

Adam G. Rankin
ATTORNEY FOR CHESAPEAKE OPERATING, INC.

AGR

cc: Monty Montgomery, BOPCO, L.P.

Enclosures



Permian District	
PLU PHANTOM BANKS 25-25-30 USA 1H	
Eddy County, NM	
Updated:	8/10/2012
Scale:	1 inch = 0.31 miles
Author:	Wes Dattilo
Projection:	NAD 1983 UTM Zone 13N

EXHIBIT
A

District I
1635 N. French Dr., Hobbs, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-0120
District II
811 S. First St., Artesia, NM 88210
Phone: (505) 749-1249 Fax: (505) 749-2120
District III
1020 Rio Utaos Road, Aztec, NM 87410
Phone: (505) 331-6178 Fax: (505) 331-6170
District IV
1720 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 416-3160 Fax: (505) 416-3162

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

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-40756		² Pool Code		³ Pool Name WC; G-05 S25630010; BONE SPRING	
⁴ Property Code		⁵ Property Name PLU PHANTOM DANKS 25 25 30 USA			⁶ Well Number 1H
⁷ OGRID No. 147179		⁸ Operator Name CHESAPEAKE OPERATING, INC.			⁹ Elevation 3340'

" Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	25	25S	30E		150'	SOUTH	2280'	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
C	25	25S	30E		100'	NORTH	1980'	WEST	EDDY

¹² Dedicated Acres	¹¹ Joint or Infill	¹³ Consolidation Code	¹⁴ Order No.
160			

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.

	PROPOSED BOTTOM HOLE LOCATION X= 653,880 NAD 27 Y= 403,410 LAT. 32.103118 LONG. 103.836359 X= 695,065 NAD83 Y= 403,468 LAT. 32.103241 LONG. 103.835837	" 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 report was prepared by me or under my supervision, and that the data and facts herein were obtained from reliable sources. Signature: <i>Bryan Arrant</i> Date: 08/13/2012 Printed Name: Bryan Arrant Email Address: bryan.arrant@chk.com
	PLU PHANTOM DANKS 25 25 30 USA NO. 147179 X= 654,167 NAD 27 Y= 398,342 LAT. 32.094179 LONG. 103.835506 X= 695,262 NAD83 Y= 398,390 LAT. 32.094303 LONG. 103.835985 ELEVATION: 3340' NAD 83	"SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of (P/M) made by me or under my supervision, and that the same is true and correct to the best of my ability. Date of Survey: 12/01/10 Signature and Seal of Professional Surveyor: <i>[Signature]</i> Certificate Number: #15078

FIRST PROJECTED PERFORATIONS
330' FSL & 2280' F-WL



EXHIBIT C

**Chesapeake's NSL Application
PLU Phantom Banks 25 25 30 USA 1H well**

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



Teresa Long
Assistant Landman - Permian District

September 13, 2012

Mr. Monty Montgomery
BOPCO, L.P.
201 Main Street, Suite 3100
Ft. Worth, TX 76102

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its PLU Phantom Banks 25 25 30 USA 1H well in the WC; G-05 S25630010; Bone Spring Pool in Section 25, Township 25 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Montgomery:

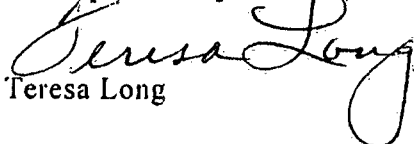
Chesapeake Operating, Inc. has submitted the above-referenced application to the New Mexico Oil Conservation Division for an unorthodox well location for its PLU Phantom Banks 25 25 30 USA 1H well. This well is located in Section 25, Township 25 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, and is to be drilled horizontally in the Bone Spring pool at a surface location 150 feet from the South line with a penetration point 330 feet from the South line and approximately 2280 feet from the West line of Section 25. The bottom-hole location will be 100 feet from the North line and 1980 feet from the West line of Section 25.

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 or overnight delivery as soon as possible.

Thank you for your consideration of this matter. Should you wish to discuss, please feel free to call me at 405-935-9175.

Sincerely,

Chesapeake Exploration, L.L.C.


Teresa Long

BOPCO, L.P. agrees to waive objection to Chesapeake Operating, Inc.'s application for an unorthodox well location for its PLU Phantom Banks 25 25 30 USA 1H well.



Non-standard Location Waiver Letter
PLU Phantom Banks 25 25 30 USA 1H
Page Two

BOPCO, L.P., a Delaware limited partnership

By: BOPCO GP, L.L.C., a Delaware limited
liability company, general partner

By: W. Frank McCreight
W. Frank McCreight, Sr. Vice President *WFM*

Date: 9-19-12

Brooks, David K., EMNRD

From: Adam Rankin <AGRankin@hollandhart.com>
Sent: Thursday, September 27, 2012 10:34 AM
To: Brooks, David K., EMNRD
Subject: RE: Chesapeake - PLU Big Sinks 14 24 30 USA #1; NSL Application

David,

You may have questions regarding other recent NSL applications filed by Chesapeake, so I've included target formation information for those other wells, too.

Big Sinks 14 24 30 USA 1H - First Bone Spring Shale
Phantom Banks 25 25 30 USA 1H - First Bone Spring Shale
Phantom Banks 20 25 31 USA 1H - First Bone Spring Shale

Let me know if you have any questions.

Thanks!

From: Brooks, David K., EMNRD [<mailto:david.brooks@state.nm.us>]
Sent: Wednesday, September 26, 2012 5:41 PM
To: Adam Rankin
Subject: Chesapeake - PLU Big Sinks 14 24 30 USA #1; NSL Application

Dear Adam

Can you advise me of the target formation for this well? I have been unable to find a description of the wildcat pool identified on your attached Form C-102 that associates it with a formation.

Sincerely

David