

DATE IN <u>3-10-10</u>	SUSPENSE	ENGINEER <u>DB</u>	LOGGED IN <u>3-10-10</u>	TYPE <u>AVS-16</u>	PTG-W APP NO. <u>1006929946</u>
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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
Big Links
PL u Fed Com 1H

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

6171

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 _____

RECEIVED OOD
2010 MAR -9 P 3:55

[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 attorney 3-9-10
 Print or Type Name Signature Title Date
omundsdry@hollandhart.com
 e-mail Address



March 9, 2010

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED OGD
2010 MAR -9 PM 3:55

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its PLU Big Sinks "22" Federal Com Well No. 1H to be drilled from a surface location 100 feet from the South line and 400 feet from the East line, penetration point 118 feet from the South line and 400 feet from the East line and a bottomhole location 330 feet from the North line and 400 feet from the East line of Section 22, Township 24 South, Range 30 East, NMPM, Eddy County, New Mexico.

Dear Mr. Fesmire:

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 PLU Big Sinks "22" Federal Com Well No. 1H. This well is located in Section 22, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico and is to be drilled in the Bone Spring formation at a surface location 100 feet from the South line and 400 feet from the East line, a penetration point 118 feet from the South line and 400 feet from the East line and a bottomhole location 330 feet from the North line and 400 feet from the East line of Section 22, Eddy County, New Mexico. A 160-acre project area has been dedicated to this horizontal well comprised of the E/2 E/2 of Section 22.

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. 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 Bone Spring formation at a point 118 feet from the South line of Section 22 and is therefore closer than allowed by Division rules.

HOLLAND & HART_{LLP}



Although the wellbore penetrates the top of the Bone Spring at an unorthodox location, the well will be at a standard location at the producing interval. Chesapeake is targeting the Bone Spring Lime (TVD 7860 feet) and Avalon Shale (TVD 8093 feet). Therefore, once Chesapeake reaches the targeted formation, it will be at a standard location.

Exhibit A is a plat showing the location of the well. This location is within the Poker Lake Unit which is operated by BEPCo., LP. Chesapeake is drilling this well pursuant to a contract with BEPCo., LP. **Exhibit B** is the C-102 for this well.

A copy of this application with all attachments was mailed to BEPCo., LP who is the operator of the Unit. BEPCo. was 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. It was also advised that if no objections were received by the Division within twenty days, the Division Director could approve the application.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry
ATTORNEY FOR
CHESAPEAKE OPERATING, INC.

Enclosures

cc: OCD/Artesia, District 2

A

NIMITZ '13
FEDERALOXY
USAINC

110P 12
Fed

HB
Fed

OGX
08/01/2018
Fed

24

Bass
HBP
Fed

Bass
HBP
Fed
23

Bass
HBP
Fed
14

Poker Lake Unit

PLU Big Sink 22
Federal Com #1HPLU Big Sink 26
Federal #1H

245 30E

Conoco
HBP
Fed

Conoco
HBP
Fed 26

27

Conoco
HBP
Fed

Conoco
HBP
Fed
28

21 Bass HBP Fed

POKER LAKE
UNITBOPCO LIMITED
PARTNERSHIP

POKER LAKE
UNITED/PCO LIMITED
PARTNERSHIPPOKER LAKE UNIT BOCCO
LIMITED PARTNERSHIP

Bass
MBP
State 16

Bass
HBP
Fed

Bass
HBP
Fed
17

20
Goliat
HBP
Fad

8 HBP Fed

9 H₂O

10 HBR

HBPR 11

12

Legend

Participating Areas

Term Assets, Fuels, Farm and
Farm

NIH/735046-002	28110	8.2	4/2/75	FCE
28110	8.2	4/2/75	FCE	
28110	8.2	4/2/75	FCE	

PLU PIERCE CANYON 28
FEDERAL C-IESPEAKE
OPERATING INCORPORATED

POKER LAKE
UNITEDPOCO LIMITED
PACTA COGUNT

Bass
HB
Lead

Bass
HBP
33

35 Bass
HBA
Fed

Conoco
-IBP
Fed

Bass
HBP
Fed

Computer
PLU Bldg 3A115 22 Fed Com 115
Sec. 22-1745-R30E
Eddy County NM

[illegible]

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1901 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 15, 2009

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name	Well Number
		Wildcat; Bone Spring	1H
Property Code	Property Name	Elevation	
	PLU BIG SINKS "22" FEDERAL COM	3401'	
OGRID No.	Operator Name		
147179	CHESAPEAKE OPERATING CO.		

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	22	24 S	30 E		100	SOUTH	400	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
A	22	24 S	30 E		330	NORTH	400	EAST	EDDY
Dedicated Acres	Joint or Infill	Consolidation Code	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

<p>PROPOSED BOTTOM HOLE LOCATION Lot - N 32.20969243' Long - W 103.8615745' NMSPCE- N 440340.383 E 687244.026 (NAD-83)</p>	<p>Project Area</p>	<p>Producing Area</p>	<p>330'</p> <p>400'</p> <p>4838.5'</p> <p>3399.7'</p> <p>3392.7'</p> <p>3387.1'</p> <p>3395.0'</p>	<p>OPERATOR CERTIFICATION</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 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.</p> <p><i>Bryan Arrant</i> 03/03/2010 Signature Date</p> <p>Bryan Arrant Printed Name</p>
				<p>Penetration Point 118' FSL & 400' FEL</p> <p>SURFACE LOCATION Lot - N 32.19639527' Long - W 103.8615969' NMSPCE- N 435503.045 E 687258.328 (NAD-83)</p>





March 9, 2010

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

BEPCo., LP
201 W. Main Street Suite 3100
Fort Worth, Texas 76102

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its PLU Big Sinks "22" Federal ComWell No. 1H to be drilled as a horizontal wellbore in Section 22, 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, Inc. for administrative approval of an unorthodox well location for its PLU Big Sinks "22" Federal Com Well No. 1H. This well is located in Section 22, Township 24 South, Range 30 East, N.M.P.M., to be drilled to the Bone Spring formation from a surface location 100 feet from the South line and 400 feet from the East line, a penetration point 118 feet from the South line and 400 feet from the East line to a bottomhole location 330 feet from the North line and 400 feet from the East line of Section 22, 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

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Thursday, March 11, 2010 3:18 PM
To: 'Ocean Munds-Dry'
Subject: Chesapeake - PLU Big Sinks Federal Com #1H; NSL Application

Dear Ocean

Your application indicates that this location (presumably Section 22) is in the Poker Lake Unit which is operated by BEPCO, L.P. What I need to know to comply ascertain if the notice rules have been complied with is who is the operator of the adjoining acreage encroached upon, in this case, the NE/NE of Section 27 and the NW/4 NE/4 of Section 26. Our database does not show any wells in those units.

Is Section 30 also within the unit operated by BEPCO?

Sincerely

David K. Brooks

Brooks, David K., EMNRD

From: Ocean Munds-Dry [Omundsdry@hollandhart.com]
Sent: Thursday, March 11, 2010 4:54 PM
To: Brooks, David K., EMNRD
Subject: RE: Chesapeake - PLU Big Sinks Federal Com #1H; NSL Application

David:

Yes, both Section 26 and Section 27 are in the Poker Lake Unit. Please let me know if you have any further questions.

Thanks,
Ocean

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Thursday, March 11, 2010 3:18 PM
To: Ocean Munds-Dry
Subject: Chesapeake - PLU Big Sinks Federal Com #1H; NSL Application

Dear Ocean

Your application indicates that this location (presumably Section 22) is in the Poker Lake Unit which is operated by BEPCO, L.P. What I need to know to comply ascertain if the notice rules have been complied with is who is the operator of the adjoining acreage encroached upon, in this case, the NE/NE of Section 27 and the NW/4 NE/4 of Section 26. Our database does not show any wells in those units.

Is Section 30 also within the unit operated by BEPCO?

Sincerely

David K. Brooks

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