

ABOVE THIS LINE FOR DIVISION USE ONLY

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]

2005 FEB 10 PM 1:54

- [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.

Print or Type Name _____ Signature Kellamin Title KELLAMIN & KELLAMIN Date 2/11/05
 Attorneys At Law
 P.O. Box 2265
 Santa Fe, NM 87504-2265

KELLAHIN & KELLAHIN
Attorney at Law

W. Thomas Kellahin
Recognized Specialist in the Area of
Natural Resources-oil and gas law-
New Mexico Board of Legal Specialization

P.O. Box 2265
Santa Fe, New Mexico 87504
117 North Guadalupe
Santa Fe, New Mexico 87501

Telephone 505-982-4285
Facsimile 505-982-2047
kellahin@earthlink.net

February 11, 2005

HAND DELIVERED

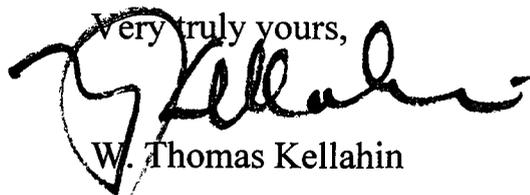
Mr. Michael E. Stogner
Chief Hearing Officer/Engineer
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Administrative Application of Chesapeake Operating, Inc.
for approval of a unorthodox gas well location for its
Gurney "3" State Well No. 1, Unit K,
W/2 (320-acres dedication) Section 3,
T23S, R33E, Lea County New Mexico
Rule 104 exception--Wildcat Morrow

30-025-37082

Dear Mr. Stogner:

On behalf of Chesapeake Operating, Inc., please find enclosed our referenced application that is being filed in accordance with the Division Rule 104. This location is in the SW/4 and crowds the interior quarter line between the SW/4 and the NW/4 (330 feet instead of 660 feet). Ownership in the spacing unit is common.

Very truly yours,

W. Thomas Kellahin

CC: Chesapeake Operating, Inc.
Attn: Mike Hazlip

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE ADMINISTRATIVE
APPLICATION OF CHESAPEAKE OPERATING, INC.
FOR APPROVAL OF AN UNORTHODOX WELL LOCATION
LEA COUNTY, NEW MEXICO**

ADMINISTRATIVE APPLICATION

Comes now CHESAPEAKE OPERATING, Inc. (“Chesapeake”) and by and through its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division (“Division”) for approval of an unorthodox gas well location for its proposed Gurney “3” State Well No. 1 to be drilled at a unorthodox location 1880 feet from the West line and 2260 feet from the South line (Unit K) of Section 3, T23S, R33E, Lea County, New Mexico to be dedicated to a standard 320-acre spacing unit consisting of the W/2 of this section for production from any pool/formation spacing upon 320-acre spacing unit included in the Morrow formation.

In support, Chesapeake states:

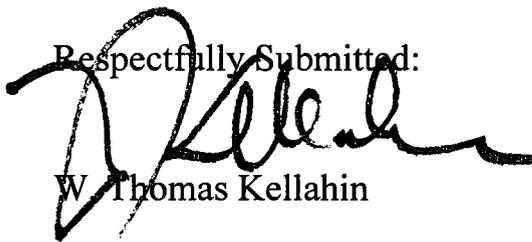
1. Chesapeake is the proposed operator for this well to be dedicated to a standard 320-acre gas spacing and proration unit consisting of the W/2 of this section.
2. The well is to be located 1880 feet FWL and 2260 feet FSL (Unit K) Section 3, T23S, R33E, at an unorthodox gas well location. See APD and Form C-102, attached as Exhibit “A” and “B”
3. This well location is subject to Division Rule 104.

4. Chesapeake has filed this APD with the NMOCD-Hobbs, which is withholding approval and the assignment of an API number until NMOCD-Santa Fe has acted upon this application.
5. Chesapeake requested that the Division expedite its action on this application. Chesapeake has an existing contracted rig now available to drill this well and is at risk that it will “lose” the rig if this well is not spudded within the next 5 days. Chesapeake has no other alternative well location available for this rig. Chesapeake estimates that if it loses this rig it will incur an additional cost to obtain a replacement rig and may result in a substantial delay.
6. This location, as illustrated on the following exhibit is based upon geologic reasons:
 - a. This is a wildcat Morrow well within an area that does not provide uphole backup potential. See area map attached as Exhibit “C”
 - b. Because of the absence of conventional geologic data and well control, Chesapeake must rely upon proprietary 3-D seismic data.
 - c. Chesapeake believes that the best location for a Morrow test is northeast of the standard drilling window for the SW/4 of Section 3.
 - i. See Seismic amplitude map of Morrow D sand attached as Exhibit “D”
 - ii. The seismic amplitude map and the seismic lines have different color scale types. The seismic lines are extracted from a large 3-D and displayed in amplitude colors are side lobes of the seismic wavelet and confirm the presence of sand. The side lobes are not used in mapping because they encompass the effects of surrounding rocks. The map display shows the peak amplitude of the sand over the two-way time to the sand interval. The contours are approximately 15 feet and the seismic is tied across several townships of subsurface control. The red-orange colors are the highest amplitude.

- d. It will reduce the risk if the well is located towards the thicker and higher portions of this narrow Morrow channel.
 - i. See the ARB Line projection line for the standard vs. unorthodox wells attached as Exhibit "E"
 - ii. See the geophysical summary attached as Exhibit "F"
- 7. By Oil & Gas Lease No. V072480000, dated December 1, 2004, the State of New Mexico granted a right to drill and explore the W/2 of this section to Upland Corporation which by assignment dated February 9, 2005, transferred 100% to Chesapeake. See Oil & Gas Lease attached as Exhibit "G" and assignment attached as Exhibit "H"
- 8. Because ownership in this spacing unit is the same persons with the same percentages no notifications of this application were sent.
- 9. Approval of this application will afford the owners and the applicant the opportunity to produce their just and equitable share of the gas in the Morrow formation, will promote the orderly development in this area, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant requests that this application be approve by the Division.

Respectfully Submitted:



W. Thomas Kellahin

FRIDAY (2/11/05)
 MIKE -
 They called about this
 (Had a rig and wady to drill)
 Mark Fox ~~and Chris W.~~ TOLD
 them to go ahead and you
 would process it later -
 talked w/ Chris Williams
 will send his info. MS.
 2-14-2005

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
Permit 6392

APPLICATION FOR PERMIT TO DRILL

Operator Name and Address CHESAPEAKE OPERATING, INC. PO Box 11050 Midland, TX 79702-8050		OGRID Number 147179
		API Number
Property Code 34598	Property Name GURNEY 3 STATE	Well No. 001

Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
K	3	23S	33E	K	2260	S	1880	W	Lea

Proposed Pools

Wildcat Morrow

Work Type New Well	Well Type GAS	Cable/Rotary	Lease Type State	Ground Level Elevation 3572
Multiple N	Proposed Depth 15700	Formation Morrow	Contractor	Spud Date 02/18/2005

Proposed Casing and Cement Program

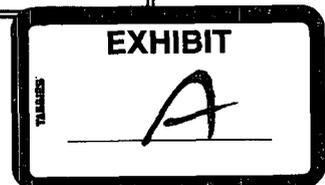
Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	800	750	0
Int1	12.25	9.625	40	7960	1200	0
Int2	8.75	7	26	12300	760	4500
Prod	6.125	4.5	15	15700	420	11300

Casing/Cement Program: Additional Comments

13 3/8 csg. cmted w/lead:445 sx & tail in w/305 sx. 9 5/8 cmted w/975 sx lead + tail in w/225 sx. 7 csg. cmted w/Lead 660 sx Tail in w/100 sx. 4 1/2 csg. cmted w/420 sx.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	10000	
Double Ram	10000	10000	



I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Electronically Signed By: Brenda Coffman		Electronically Approved By:	
Title: Regulatory Analyst		Title:	
Date: 02/07/2005	Phone: 432-685-4310	Approval Date:	Expiration Date:
Conditions of Approval: There are conditions. See Attached.			

Permit Comments

Operator: CHESAPEAKE OPERATING, INC. , 147179

Well: GURNEY 3 STATE #001

User Name	Comment	Comment Date
KSHARP	REQUESTED C-144 TO BRENDA 2-8-05	2/8/2005
PKAUTZ	Requires a NSL	2/8/2005

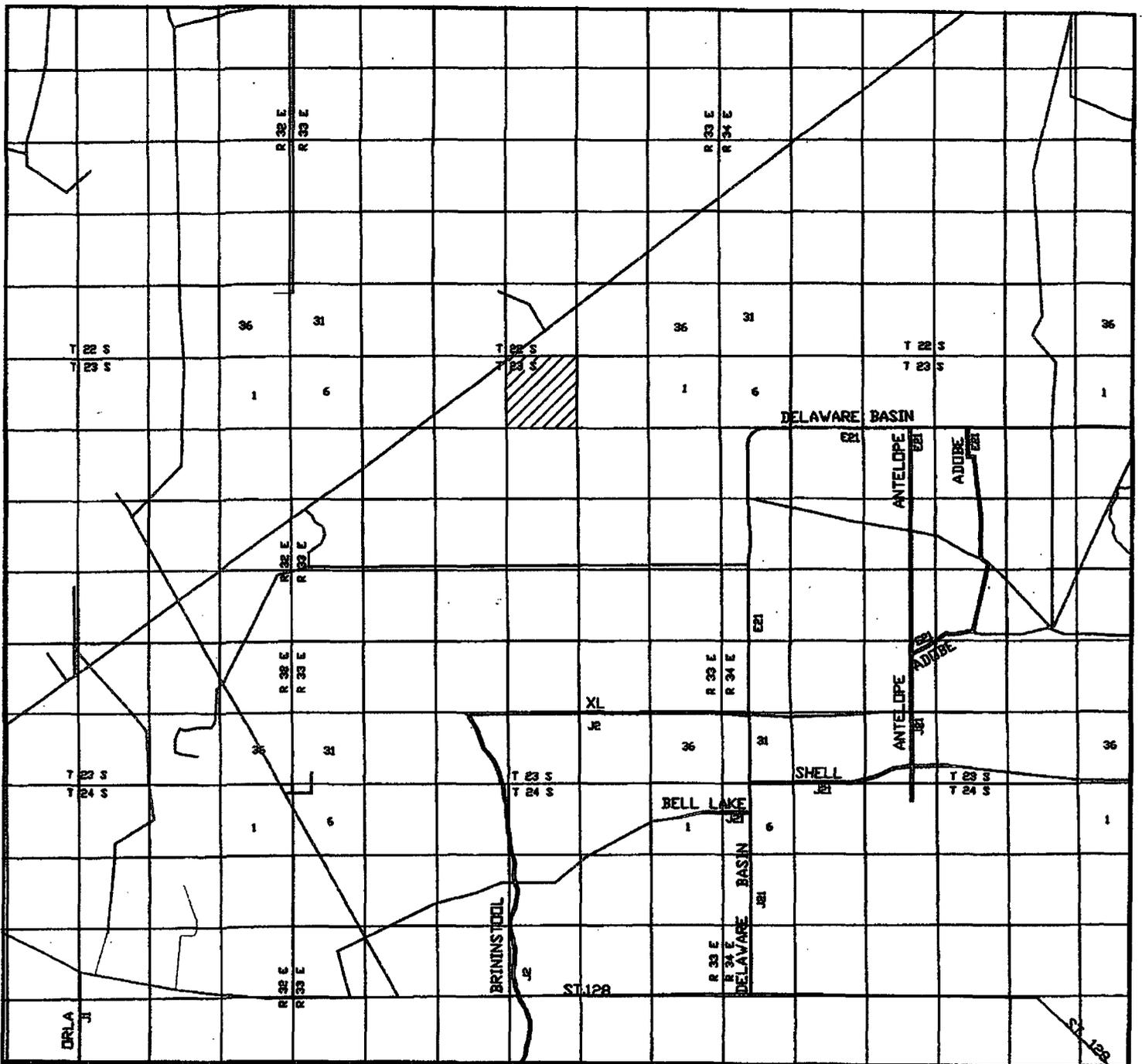
Permit Conditions Of Approval

C-101, Permit 6392

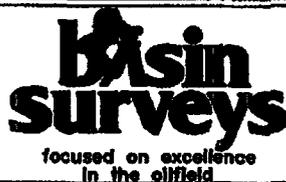
Operator: CHESAPEAKE OPERATING, INC. , 147179

Well: GURNEY 3 STATE #001

OCD Reviewer	Condition
PKAUTZ	Re-seeding mixture will must be approved or authorized by surface owner
PKAUTZ	Notice is to be given to the OCD prior to construction of the pit(s)
PKAUTZ	Pit construction and closure must satisfy all requirements of O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines



GURNEY "3" STATE #1
 Located at 2260' FSL and 1880' FWL
 Section 3, Township 23 South, Range 33 East,
 N.M.P.M., Lea County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basin-surveys.com

W.O. Number: 5057AA - KJG #1

Survey Date: 01-26-2005

Scale: 1" = 2 MILES

Date: 01-27-2005

CHESAPEAKE
 OPERATING
 INC.

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

DISTRICT II
811 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name GURNEY "3" STATE	Well Number 1
GRID No.	Operator Name CHESAPEAKE OPERATING INC.	Elevation 3572'

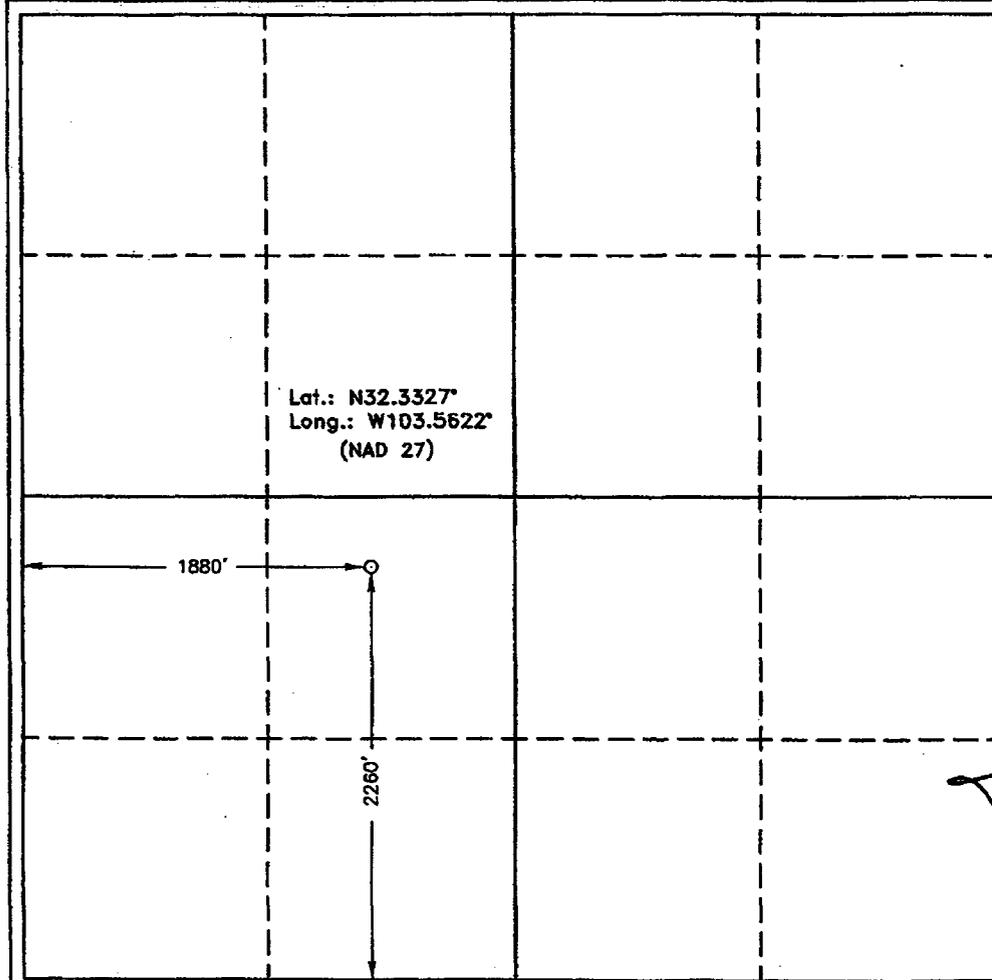
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	3	23 S	33 E		2260	SOUTH	1880	WEST	LEA

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
Dedicated Acres	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 the the information contained herein is true and complete to the best of my knowledge and belief.

Signature _____

Printed Name _____

Title _____

Date _____

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.

JANUARY 26, 2005

Date Surveyed _____

Signature & Seal of **GARY L. JONES**
Professional Surveyor

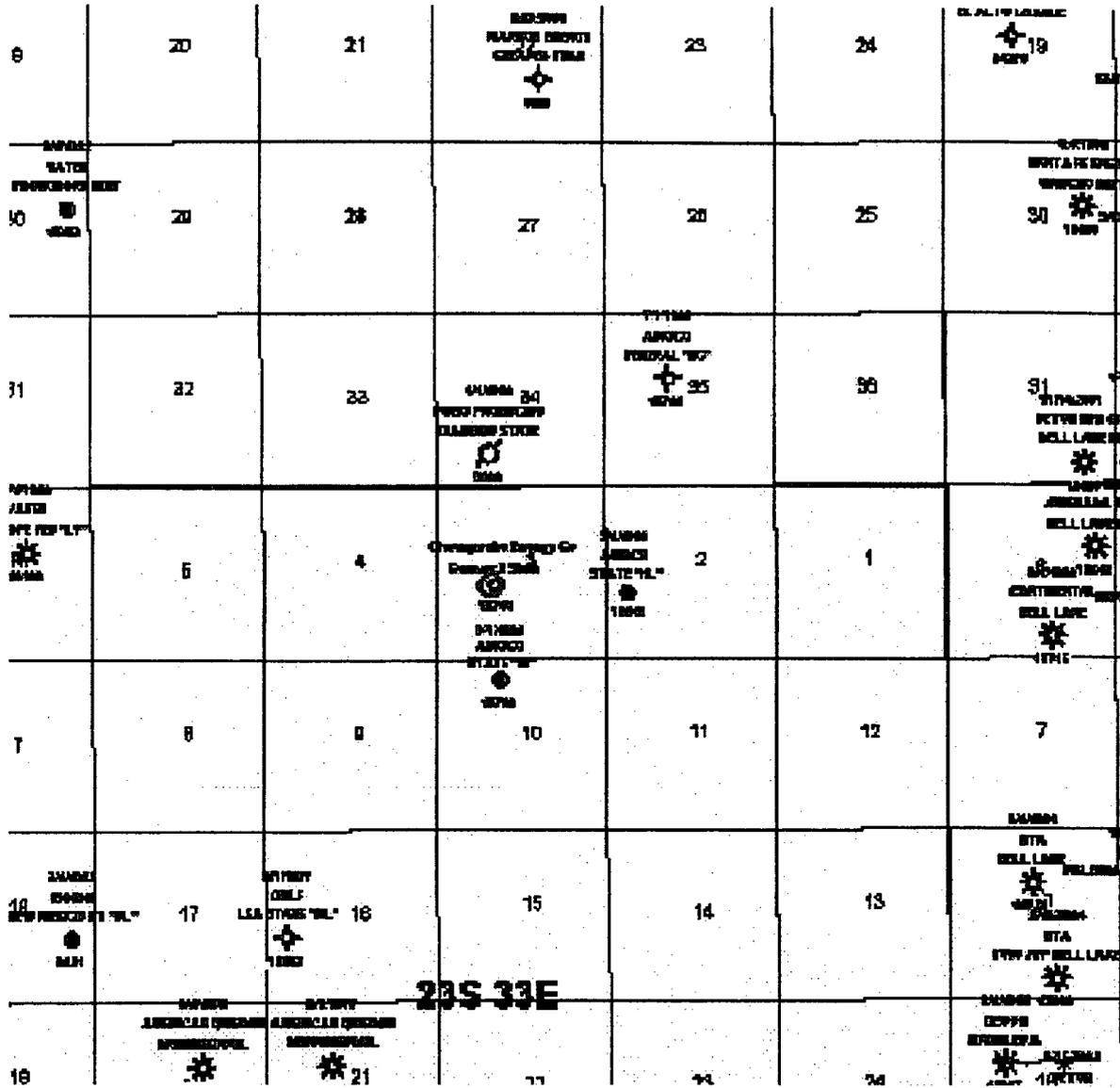
NEW MEXICO
Professional Land Surveyors
No. 5057

Certificate No. **GARY L. JONES** 7977

BASIN SURVEYS



Gurney Prospect Area



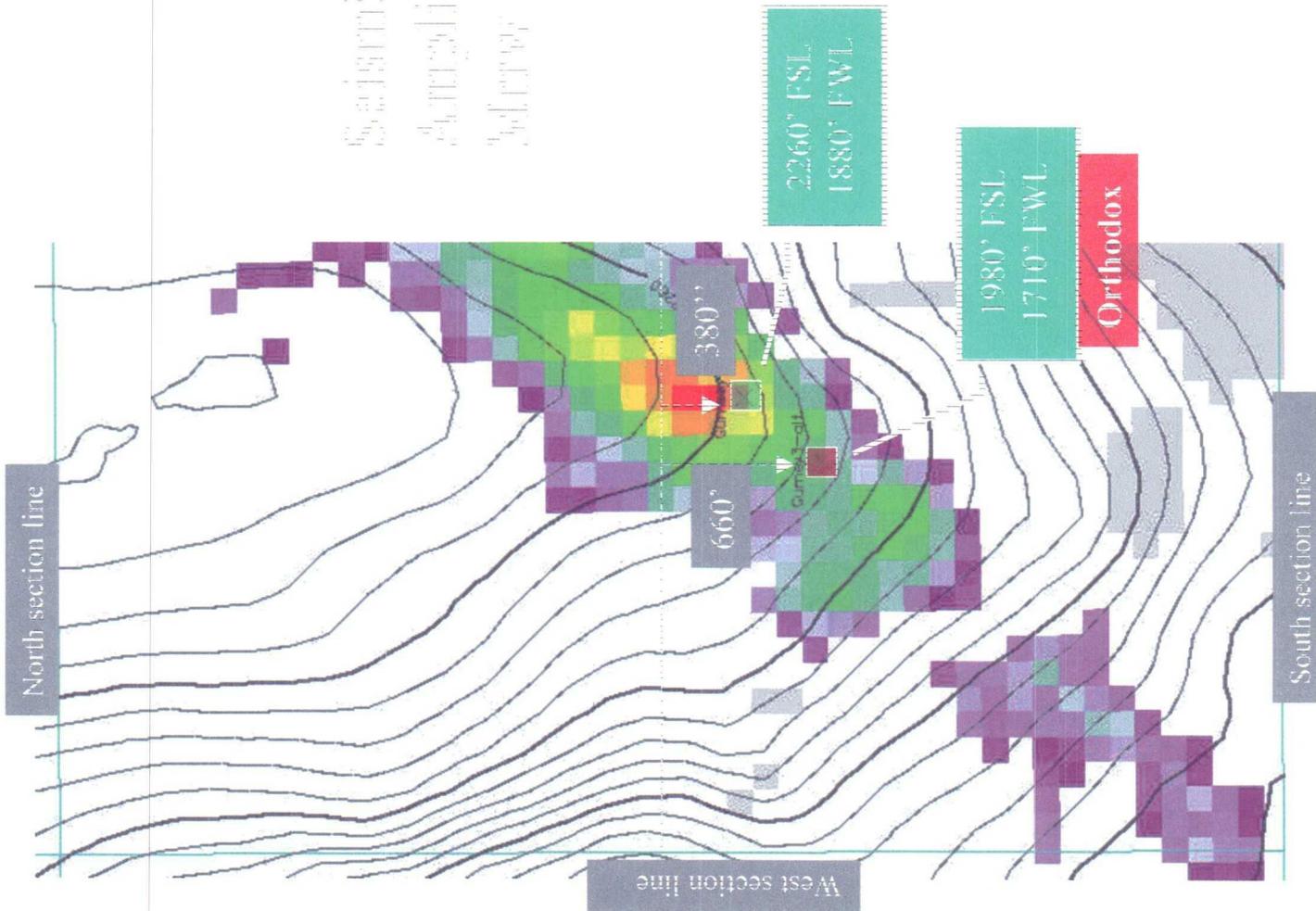
Wells Greater than 9000' TD



West half of
section 3

15' CI

Seismic time
structure of below
D sand



Seismic
structure of
below D sand

EXHIBIT
P

Abline

5000

1930 1940 1950 1960 1970

2154

Requested

Orthodox

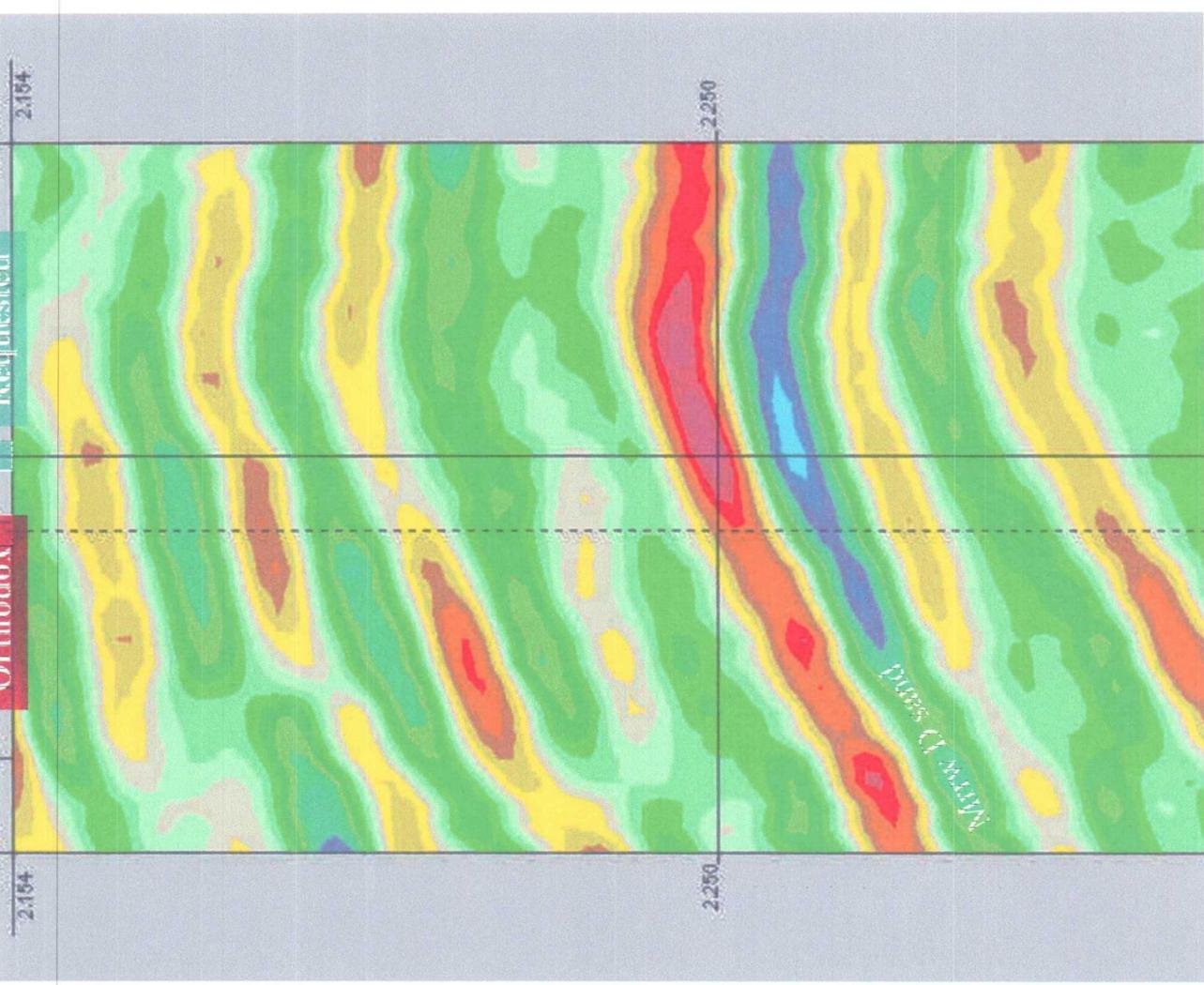


EXHIBIT
E

Thomas Kellahin

From: "Cliff Hanoch" <chanoch@chkenergy.com>
To: "Tim Butkus" <TButkus@chkenergy.com>; "Mike Hazlip" <mhazlip@chkenergy.com>; "Doug Johnson (Email)" <djohnson@chkenergy.com>
Cc: <kellahin@earthlink.net>
Sent: Wednesday, February 09, 2005 6:39 PM
Attach: Gurney-orthodox.ppt; Gurney-orthodox.ppt
Subject: Gurney 3 State displays

A) Seismic amplitude of the Morrow sands are most often related to the gross thickness of the zone that may include many layers of silts, shales, tight sands and reservoir quality sands. The goal of the seismic interpretation is thought of as aiming for the thickest package of fast rock in order to find reservoir. With this model we would tolerate drilling in the slightly lower amplitudes and would expect slightly thinner reservoir.

Our experience tells us that there may be a different way to interpret amplitudes.

B) Seismic also has resolution problems in the lateral dimension. This leads us to a different manner of categorizing amplitudes in a complex depositional system. If there are several sand bodies that meander within a depositional system, the seismic amplitude would reflect the sum of the width of the channels. The high amplitude would be where the sands have nearly filled the system. The low amplitudes would be expected from one or more narrow channels that may be 20' thick but very narrow. This is the risk that Chesapeake is attempting to avoid because even in an area that is showing moderate seismic amplitude it could cause us to have a well with no sand,

C) We don't want to write off an area with large production potential because we drilled in a complex area of narrow sands rather than a spot of maximum sand deposition. A well with zero sand discourages drilling by others for a long period of time.



LEASE NO: V07248 0000

Application No:

OIL AND GAS LEASE
(Discovery Form)

THIS AGREEMENT, dated December 01, 2004, between the state of New Mexico, acting by and through its commissioner of public lands, hereinafter called the "lessor", and

UPLAND CORPORATION
P. O. BOX 582
MIDLAND, TX 79702

hereinafter called the "lessee",

WITNESSETH:

WHEREAS, the lessee has filed in the office of the commissioner of public lands an application for an oil and gas lease covering the lands hereinafter described and has tendered therewith the required first payment; and

WHEREAS, all of the requirements of law relative to the application and tender have been duly complied with;

THEREFORE, in consideration of the premises as well as the sum of EIGHTY THOUSAND and 00/100 dollars (\$80,000.00), the same being the amount of the tender above mentioned, and the further sum of \$30.00 filing fee, and of the covenants and agreements hereinafter contained, the lessor does hereby grant, demise, lease and let unto the said lessee, exclusively, for the sole and only purpose of exploration, development and production of oil or gas (including carbon dioxide and helium), or both thereon and therefrom with the right to own all oil and gas so produced and saved therefrom and not reserved as royalty by the lessor under the terms of this lease, together with rights-of-way, easements and servitudes for pipelines, telephone lines, tanks, power houses, stations, gasoline plants and fixtures for producing, treating and caring for such products, and housing and boarding employees, and any and all rights and privileges necessary, incident to or convenient for the economical operation of said land, for oil and gas, with right for such purposes to the free use of oil, gas, casing-head gas or water from said lands, but not from lessor's water wells, and with the rights of removing either during or after the term hereof, all and any improvements placed or erected on the premises by the lessee, including the right to pull all casing, subject, however, to the covenants and conditions hereinafter set out, the following described land situated in the count(y)(ies) of Lea, state of New Mexico, and more particularly described as follows:

Subdivisions	Section	Twp	Rge	Acres	Institution
LOT(S) 2(39.66), 3(39.80), 4(39.93), N2SE4	3	23S	33E	439.39	CS

Said lands having been awarded to lessee and designated as Tract No. V0-O-0005 at public sale held by the commissioner of public lands on November 16, 2004.

To have and to hold said land, and all the rights and privileges granted hereunder, to and unto the lessee for a primary term of five years from the date hereof, and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land by lessee, subject to all of the terms and conditions as hereinafter set forth.

In consideration of the premises the parties covenant and agree as follows:

1. Subject to the free use without royalty, as hereinbefore provided, the lessee shall pay the lessor as royalty one-sixth part of the oil produced and saved from the leased premises or the cash value thereof, at the option of the lessor, such value to be the price prevailing the day oil is run into a pipeline, if the oil be run into a pipeline, or into storage tanks, if the oil is stored.
2. Subject to the free use without royalty, as hereinbefore provided, at the option of the lessor at any time and from time to time, the lessee shall pay the lessor as royalty one-sixth part of the gas produced and saved from the leased premises, including casing-head gas. Unless said option is exercised by lessor, the lessee shall pay the lessor as royalty one-sixth of the cash value of the gas, including casing-head gas, produced and saved from the leased premises and marketed, or utilized, such value to be equal to the net proceeds derived from the sale of such gas in the field; provided, however, the cash value for royalty purposes of carbon dioxide gas and of hydrocarbon gas delivered to a gasoline plant for extraction of liquid hydrocarbons shall be equal to the net proceeds derived from the sale of such gas, including any liquid hydrocarbons recovered therefrom.

Notwithstanding the foregoing provisions, the lessor may require the payment of royalty for all or any part of the gas produced and saved under this lease and marketed or utilized at a price per m.c.f. equal to the maximum price being paid for gas of like kind and quality and under like conditions in the same field or area or may reduce the royalty value of any such gas (to any amount not less than the net proceeds of sale thereof, in the field) if the commissioner of public lands shall



NEW MEXICO STATE LAND OFFICE
ASSIGNMENT OF OIL AND GAS LEASE

From Lease Number
VO7248
To Lease Number

FOR VALUE RECEIVED, Upland Corporation OGRID No. 174522
Name (include name of spouse, if any, or type of business entity)

("Assignor" whether one or more), assigns and conveys to: Chesapeake Exploration Limited Partnership OGRID No. 209238

("Assignee" whether one or more), whose mailing address is PO Box 18496, Oklahoma City, OK 73154-0496

the entire interest and title in and to Oil and Gas Lease No. VO7248 ("the Lease") initially made by the New Mexico State Land Office to:

Upland Corporation, dated December 1, 2004, insofar as the Lease covers the following land in Texas

County, New Mexico:

T23S, R33E Section 3
Lots 2(39.66), 3(39.80), 4(39.93), S2NW4, SW4, N2SE4

together with the rights incident thereto, and improvements thereon, if any.

Assignee assumes and agrees to perform all duties and obligations to the Commissioner of Public Lands including payment of rentals and royalties, and to do such other acts as are required by the Lease, to the same extent and in the same manner as if the provisions of the Lease were fully set out herein.

Assignor warrants the leasehold estate herein assigned, except as to any valid overriding royalty, production payment, operating agreement or sub-lease, if any, now of legal record, and covenants to the Assignee and the Commissioner of Public Lands that the leasehold estate assigned is valid, and that all rentals and royalties due under the Lease have been paid in full, and that all other Lease obligations presently due have been fully performed.

EXECUTED this 9th day of February, 2005.

By: [Signature]
Assignor
President, Upland Corporation
Spouse, if any, or title, if signing in representative capacity

ACKNOWLEDGMENT

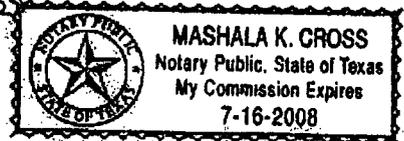
STATE OF Texas
COUNTY OF Midland }ss

The foregoing Assignment was acknowledged before me this 9th day of February, 2005

by Donnie Michael, President
Title, if signing in representative capacity

My commission expires: 7/16/2008

Machala K. Cross
Notary Public



ASSIGNEE'S ACCEPTANCE

The undersigned Assignee named above hereby agrees to be bound by all of the terms, covenants, and conditions of the Lease and this Assignment and shall succeed to the rights and benefits under the Lease.

EXECUTED this ___ day of _____, 20___

By: _____
Assignee
Name of spouse, if any, or title, if signing in representative capacity

EXHIBIT
H

ACKNOWLEDGMENT

STATE OF

)ss

COUNTY OF

The foregoing Assignee's Acceptance was acknowledged before me this _____, day of _____, 20_____.

by _____

Title, if signing in representative capacity

My commission expires: _____

Notary Public

APPROVAL OF THE COMMISSIONER

Office of the Commissioner of Public Lands
Santa Fe, New Mexico

I hereby certify that this Assignment was filed in my office on _____ and was approved by me

and shall be effective as to the State of New Mexico on _____

COMMISSIONER OF PUBLIC LANDS

INSTRUCTIONS AND INFORMATION

ANNUAL RENTAL: The annual rental for the land in this Assignment is _____ per acre. The rental is due in advance and shall be paid to the Commissioner of Public Lands on the anniversary date of the original Lease agreement. The date of this Assignment does not change the annual rental due date. For any Assignment of any Lease initially issued prior to June 15, 1985, the annual rental shall not be less than six dollars (\$6.00). For any Assignment of any Lease initially issued after June 14, 1985, or of any Lease which has been stipulated to the new ten year Lease, the minimum rental is forty dollars (\$40.00).

2. FIXED TEN-YEAR LEASE: This Lease provides for a fixed ten-year term, and for so long as oil or gas is produced in paying quantities. The ten-year period is divided into a primary term of five years, followed by a secondary term of five years. If no production is had during the primary term, the rental for the secondary term is double the rental of the primary term, or equal to the highest prevailing rental rate in the district, whichever is higher. Rentals continue even though production is had.
3. FIXED FIVE-YEAR LEASE: This Lease provides for a fixed five-year term, and for so long as oil and gas is produced in paying quantities. The fixed five-year Lease has no secondary term. Rentals continue even though production is had.
4. FILING: All Assignments must be filed in the State Land Office in triplicate, with original signatures on all three copies, within one hundred days from the date of signing, and must be accompanied by the recording fee.
5. RECORDING FEE: The recording fee for each Assignment is thirty dollars (\$30.00). If, however, the Assignment is filed more than one hundred days from the date of signing, an additional fee of seventy-five dollars (\$75.00) is charged.
6. PERSONAL CHECKS: When an Assignment is accompanied by a personal check, the Commissioner of Public Lands reserves the right to withhold approval of the Assignment until the check is paid.
7. ASSIGNMENT DISAPPROVAL: An Assignment will not be approved when it is made:
 - A. to more than two persons;
 - B. for less than a regular subdivision. "Regular subdivision" means forty acres or a tract described by lot number, which tract may be more or less than forty acres;
 - C. for an undivided interest;
 - D. in the name of a trusteeship, unless the trust document is attached or on file, and not more than two persons are named as trustee;
 - E. after a lis pendens is filed;
 - F. including any change or addition to the language contained in the Assignment form;
 - G. where surety requirements have not been met; or
 - H. where the lease is not in good standing; provided, however, that approval by the Commissioner does not waive any rights or claims the Commissioner may have to rentals, royalties, or other obligations due to the Commissioner by the Assignor under the lease.
8. COMPLETE ADDRESS: An Assignment must show the complete post office address of the Assignee.
9. ACKNOWLEDGMENT: An Assignment must be executed before an officer authorized to take acknowledgments of deeds. Persons executing on behalf of a corporation or other business entity must indicate title or authority to execute.
10. MARITAL STATUS: An Assignment must show whether the Assignors are married or single; if married, both husband and wife must sign the Assignment. The Certificates of Acknowledgment must show the marital status of the Assignors.
11. COMMUNICATIONS: All official business, letters and communications must be addressed directly to the Commissioner of Public Lands, Oil, Gas, & Minerals Division.
12. PAYMENT: Make all payments for annual rental, recording, and approval of fees to:

COMMISSIONER OF PUBLIC LANDS
P.O. Box 1148
Santa Fe, NM 87504-1148

Stogner, Michael

From: Williams, Chris
Sent: Monday, February 14, 2005 9:17 AM
To: Stogner, Michael
Subject: FW: NSL-Chesapeake Gurney #3 State Well #1 -ULK W/2 Sec 3-T23E-33E Rule 104 Exception

-----Original Message-----

From: Williams, Chris
Sent: Friday, February 11, 2005 11:21 AM
To: Fesmire, Mark
Subject: NSL-Chesapeake Gurney #3 State Well #1 -ULK W/2 Sec 3-T23E-33E Rule 104 Exception

I don't see a problem with the location. Based on what I can see in the seismic data this location would probably be the most productive. The offset wells are completed in Bone Springs and Wolfcamp. The Morrow tests on these wells were non-productive. I think approval is warranted. Chris

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

03/10/05 13:42:33
OGOMES -TPWT
PAGE NO: 1

Sec : 03 Twp : 23S Rng : 33E Section Type : NORMAL

Section	Area	Value	Company	Date
4	3	39.93	CS	
	2	39.66	CS	
V07248 0000	1	39.53	CS	
			V06275 0000	
UPLAND CORPORATIO			DEVON ENERGY PROD	07/01/06
12/01/09				
E	F	40.00	CS	
	G	40.00	CS	
40.00			V06275 0000	
			DEVON ENERGY PROD	07/01/06
V07248 0000				
UPLAND CORPORATIO				
12/01/09				
L	K	40.00	CS	
	J	40.00	CS	
40.00			V07248 0000	
			UPLAND CORPORATIO	12/01/09
V07248 0000				
UPLAND CORPORATIO				
12/01/09				
M	N	40.00	CS	
	O	40.00	CS	
40.00			V06275 0000	
			DEVON ENERGY PROD	07/01/06
V07248 0000				
UPLAND CORPORATIO				
12/01/09				
I		40.00	CS	
			V06275 0000	
40.00			DEVON ENERGY PROD	07/01/06
V07248 0000				
UPLAND CORPORATIO				
12/01/09				