



New Mexico Energy, Minerals and Natural Resources Department

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Division Director
Oil Conservation Division



December 29, 2011

Chesapeake Operating, Inc.
c/o Holland & Hart LLP
Attn: Mr. Michael H. Feldewert

Administrative Order NSL-6458-A
Administrative Application Reference No. pTWG11-36256961

This order supersedes Administrative Order No. NSL-6458 issued on August 30, 2011.

Chesapeake Operating, Inc.
OGRID 147179
PLU Big Sinks 2 24 30 State Well No. 1H
API No. 30-015-39246

Proposed Location:

	Footages	Unit	Sec.	Township	Range	County
Surface	1980 FNL & 200 FWL	E	2	24S	30E	Eddy
Penetration Point	same as surface location					
Terminus	1972 FNL & 93 FEL	H	2	24S	30E	Eddy

Proposed Project Area:

Description	Acres	Pool	Pool Code
S/2 N/2 Section 2	160	Wildcat Bone Spring	

Reference is made to your application received on August 3, 2011.

You have requested approval of the unorthodox "as drilled" oil well location of the referenced well described above in the referenced pool or formation. The "as drilled" location differs from the proposed unorthodox location approved in Order NSL-6458 only in that the terminus is 1972 feet from the North line of Section 2 instead of 1980 feet and 93 feet from the East line of Section 2, instead of 100 feet, as previously approved.

Oil Conservation Division
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This location is governed by statewide Rule 15.9.A [19.15.15.9.A NMAC], which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 15.16.14.B(2) [19.15.16.14.B(2) NMAC] concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed producing interval are less than 330 feet from an outer boundary of the project area.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking approval of this location in order to conform to the actual location of the well as drilled.

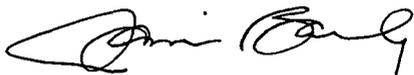
It is also understood that the last perforation in the lateral of this well is 128 feet from the East line of Section 2. Since the last perforation is farther from the section line than the terminus location previously approved, the operators or owners of the adjoining unit in Section 1 will not be adversely affected, and no further notice is necessary.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.5.9 NMAC].

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Artesia
New Mexico State Land Office