

DATE IN 1-17-12	SUSPENSE	ENGINEER D13	LOGGED IN 1.18.11	TYPE NSL	APP NO. 1201859346
--------------------	----------	-----------------	----------------------	-------------	-----------------------

PTGW

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Chesapeake #7179  
PLU Pierce Canyon  
20 24 30 #1H

**ADMINISTRATIVE APPLICATION CHECKLIST** 30-015-39692

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

6486-A

**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 \_\_\_\_\_

B-20-745-30E

Fed

- [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 _____	Title _____	Date _____
e-mail Address _____			

**HOLLAND & HART** LLP



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

January 17, 2012

**VIA HAND DELIVERY**

Jami Bailey, 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  
2012 JAN 17 P 3:15

**Re: Application of Chesapeake Operating, Inc. for Amendment to Administrative Order NSL-6486 Approving An Unorthodox Well Location for the PLU Pierce Canyon 20 24 30 USA Well No. 1H in Section 20, Township 24 South, Range 30 East, NMPM, Eddy County, New Mexico.**

Dear Ms. Bailey:

By Administrative Order NSL-6486 dated October 14, 2011, the Division approved an unorthodox well location for Chesapeake Operating, Inc.'s ("Chesapeake") PLU Pierce Canyon 20 24 30 USA Well No. 1H located in Section 20, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. Under the NSL Order, the well is to be drilled in the Bone Spring formation at a surface location and a penetration point 75 feet from the North line and 1725 feet from the East line with a terminus location 350 feet from the South line and 1980 feet from the East line of Section 20. Notice was provided to the affected parties and no objection was received by the Division prior to issuance of Order NSL-6486.

As reflected on the attached amended C-102 report, Chesapeake now seeks to drill the well to a terminus location 100 feet from the South line of Section 20 in order to maximize the length of the completion interval within the target zone. Included with this cover letter is a letter from Bass Operating and Production Company, the only affected interest, waiving any objections to Chesapeake's request for such an amendment.

Accordingly, Chesapeake respectfully requests that Administrative Order NSL-6486 be amended to reflect approval of a terminus location 100 feet instead of 350 feet from the South line of Section 20.

**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.

Your attention to this application is appreciated.

Sincerely,



Adam G. Rankin  
ATTORNEY FOR CHESAPEAKE OPERATING, INC.

Enclosures  
AGR

cc: David K. Brooks  
Monty Montgomery, BOPCO  
Bryan Arrant, Chesapeake Operating, Inc. w/o encls.

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

**DISTRICT II**  
1501 W. Grand Avenue, Artesia, NM 88210

**DISTRICT III**  
1000 Rio Brazos Rd., Asteo, NM 87410

**DISTRICT IV**  
1820 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised July 16, 2010

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 30-015-39692	Pool Code 96403	Pool Name WILDCAT; BONE SPRING
Property Code 38938	Property Name PLU PIERCE CANYON 20 24 30 USA	Well Number 1H
OGRID No. 147179	Operator Name CHESAPEAKE OPERATING CO.	Elevation 3272'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	20	24 S	30 E		75	NORTH	1725	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
N	20	24 S	30 E		100	SOUTH	1980	EAST	EDDY

Dedicated Acres 160	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

<p><b>SURFACE LOCATION</b> Lot - N 32.21021755' Long - W 103.9004616' NMSPC - N 440480.804 E 675216.069 (NAD-83) Lot - N 32.21009439' Long - W 103.89997555' NMSPC - N 440421.980 E 634031.948 (NAD-27)</p> <p><b>PROPOSED BOTTOM HOLE LOCATION</b> Lot - N 32.1961577' Long - W 103.9013241' NMSPC - N 435364.993 E 674969.671 (NAD-83) Lot - N 32.19603443' Long - W 103.90083858' NMSPC - N 435306.278 E 633785.599 (NAD-27)</p>		<p><b>OPERATOR CERTIFICATION</b> 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> 12/29/2011 Signature Date Bryan Arrant Printed Name bryan.arrant@chk.com Email Address</p> <p><b>SURVEYOR CERTIFICATION</b> 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.</p> <p>APPROVED BY: GARY L. JONES Date Surveyed Signature &amp; Seal of Professional Surveyor Certificate No. Gary L. Jones 7977 BASIN SURVEYS 24819</p>
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



Regulatory Department

January 5, 2012

BEPCO  
201 Main Street, Suite 3100  
Forth Worth, TX 76102

Attention: Mr. Monty Montgomery

Re: Chesapeake Operating, Inc., PLU Pierce Canyon 20-24 30 USA Well 1-H, Section 20, Township 24, Range 34, NMPM, Eddy, New Mexico

Mr. Rankin,

Chesapeake Operating, Inc., ("Chesapeake") will be submitting a request to amend Administrative Order NSL-6486 to the New Mexico Oil Conservation Division to change the approved terminus location from 350 feet from the South line of said Section 20 to 100 feet from the South line of said Section 20. A copy of Chesapeake's amended C-102 is enclosed for reference. A copy of Division Order NSL-6486 that Chesapeake seeks to amend also is enclosed for your reference. Notice was previously provided regarding the original administrative application and no objection was received by the Division prior to the issuance of Order NSL-6486.

Chesapeake is seeking an amended order to relocate the well's terminus location to maximize the completed interval within the target zone. The above-referenced well has been spudded and is currently being drilled; therefore, Chesapeake is requesting your waiver of any objection to amending Order NSL-6486 to provide that the well terminus be located 100 feet from the South line.

We respectfully request you that you sign this letter and either return 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) 935-3782.

Sincerely,

Bryan Arrant  
Regulatory Specialist II  
Chesapeake Energy Corporation

BOPCO, L.P. agrees to waive objection to Chesapeake Operating, Inc.'s request to amend Order NSL-6486 for a non-standard location for the PLU Pierce Canyon 20 24 30 USA Well 1-H, Section 20, Township 24, Range 34, NMPM, Eddy, New Mexico.

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 *MM*

**DISTRICT I**  
1025 N. French Dr., Hobbs, NM 88240

**DISTRICT II**  
1801 W. Grand Avenue, Artesia, NM 88210

**DISTRICT III**  
1000 Rio Dixon Rd., Aztec, NM 87410

**DISTRICT IV**  
1820 S. St. Francis Dr., Santa Fe, NM 87503

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised July 16, 2010

Submit one copy to appropriate  
District Office

**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87506

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

AMENDED REPORT

API Number <b>30-015-39692</b>	Pool Code <b>96403</b>	Pool Name <b>WILDCAT; BONE SPRING</b>
Property Code <b>38938</b>	Property Name <b>PLU PIERCE CANYON 20 24 30 USA</b>	Well Number <b>1H</b>
ORD No. <b>147179</b>	Operator Name <b>CHESAPEAKE OPERATING CO.</b>	Elevation <b>3272'</b>

**Surface Location**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>B</b>	<b>20</b>	<b>24 S</b>	<b>30 E</b>		<b>75</b>	<b>NORTH</b>	<b>1725</b>	<b>EAST</b>	<b>EDDY</b>

**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
<b>N</b>	<b>20</b>	<b>24 S</b>	<b>30 E</b>		<b>100</b>	<b>SOUTH</b>	<b>1980</b>	<b>EAST</b>	<b>EDDY</b>

Dedicated Acres <b>160</b>	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**

