

DATE IN 9/13/12	SUSPENSE NA	ENGINEER Brooks	LOGGED IN 9/18/12	TYPE NSL	APP NO. PKVR12210239016
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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 Operating INC  
PLU Big Sinks 142430 USA  
# 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

6684

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

2012 SEP 13 P 2:02  
RECEIVED OGD

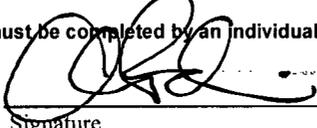
[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

- [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 Rankin  Attorney 9/13/12  
 Print or Type Name Signature Title Date  
 agrankin@hollandhart.com  
 e-mail Address



September 13, 2012

**VIA HAND DELIVERY**

Jami Bailey  
Oil Conservation Division  
New Mexico Department of  
Energy, Minerals and Natural Resources  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

**Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its PLU Big Sinks 15 24 30 USA 1H well in Section 15, Township 24 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 Big Sinks 15 24 30 USA 1H well to be located in Section 15, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. The proposed well is to be drilled horizontally at a surface location 450 feet from the South line and 770 feet from the East line of Section 15. The first perforations in the well will be at a point 450 feet from the South line and approximately 770 feet from the East line of the project area. The bottom-hole location will be 100 feet from the North line and 660 feet from the East line of Section 15. A 160-acre project area has been dedicated to this horizontal well comprised of the E/2 E/2 of Section 15.

**Exhibit A** is a land plat for Section 15 and surrounding sections that shows the proposed non-standard location of the PLU Big Sinks 15 24 30 USA 1H well in relation to adjoining units and existing wells. This location is unorthodox because 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 100 feet from the North line and of Section 15 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 Big Sinks 15 24 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 to the North. The affected party, BOPCO, LP, agrees to waive objections to this application. A copy of their waiver letter is attached to this application as **Exhibit D**.

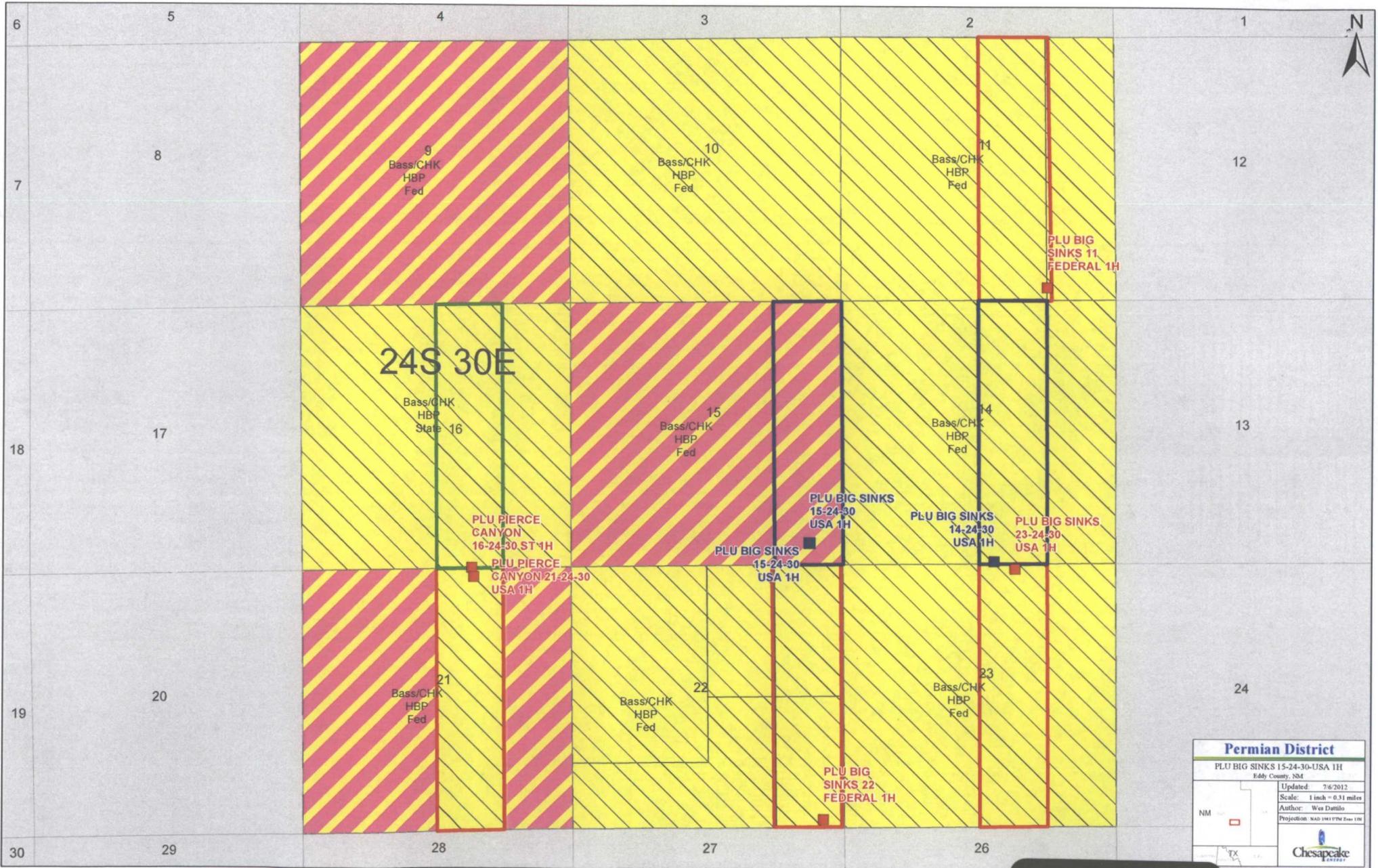
Your attention to this application is appreciated.

Sincerely

A handwritten signature in black ink, appearing to read "A. Rankin".

Adam G. Rankin

**ATTORNEY FOR CHESAPEAKE OPERATING INC.**



**Permian District**  
 PLU BIG SINKS 15-24-30-USA 1H  
 Eddy County, NM

	Updated: 7/6/2012
	Scale: 1 inch = 0.31 miles
	Author: Wes Dattilo
	Projection: NAD 1983 UTM Zone 10N

Chesapeake ENERGY

tabbles®

**EXHIBIT**

**A**

**District I**  
1625 N. French Dr., Hobbs, NM 88210  
Phone: (575) 393-6161 Fax: (575) 393-6170

**District II**  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1243 Fax: (575) 748-9120

**District III**  
1000 Rio Diazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3160 Fax: (505) 476-3162

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**

API Number		Pool Code	Pool Name
		97798	WILDCAT; G-06 S243026M
Property Code	Property Name		Well Number
	PLU BIG SINKS 15 24 30 USA		IH
GRID No.	Operator Name		Elevation
147179	CHESAPEAKE OPERATING, INC.		3434'

**Surface Location**

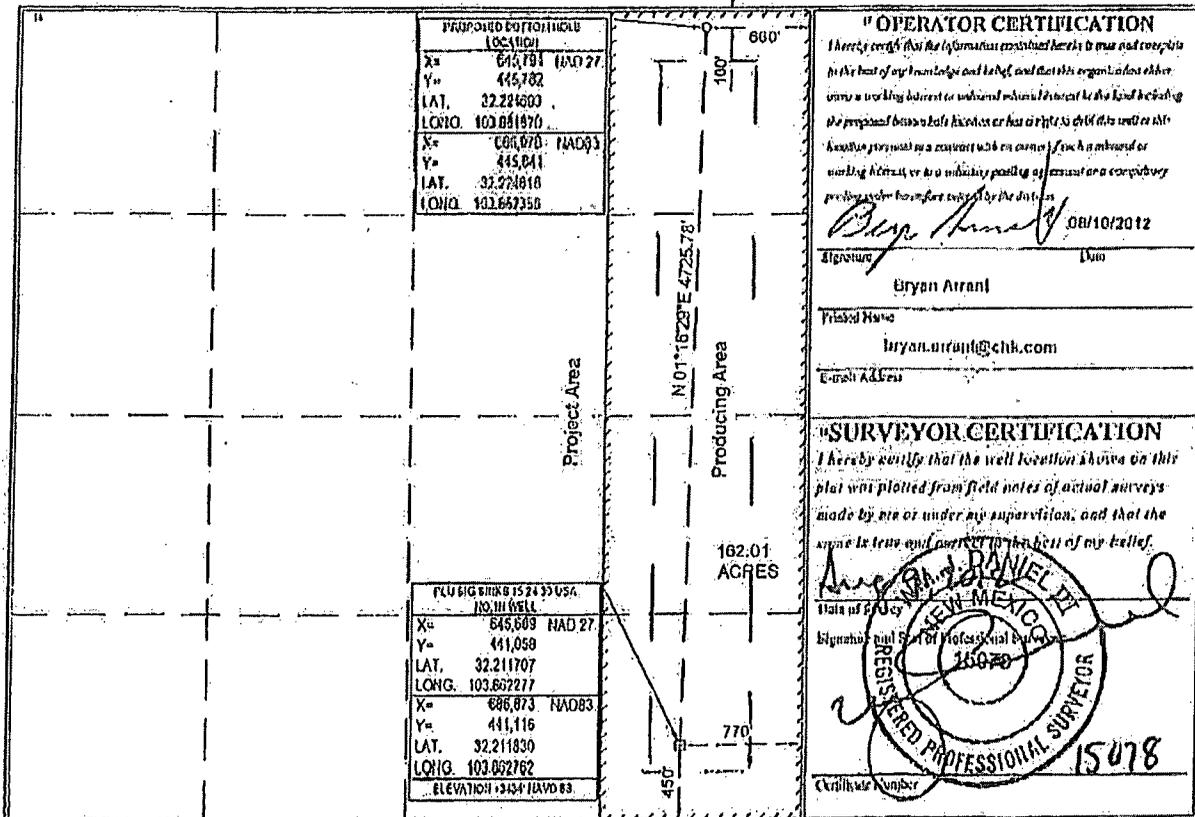
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	15	24S	30E		450'	SOUTH	770'	EAST	EDDY

**Bottom Hole Location If Different From Surface**

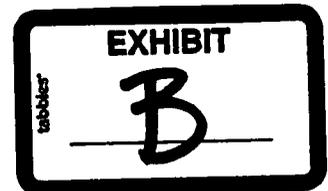
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	15	24S	30E		100'	NORTH	660'	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

No allowable well be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



Projected Penetration Point  
Same as Surface.



**EXHIBIT C**  
**Chesapeake's NSL Application**  
**PLU BIG SINKS 15 24 30 USA 1H WELL**

BOPCO  
201 Main Street, Suite 3100  
Ft. Worth, TX 76102  
Attention: Monty Montgomery



Teresa Long  
Assistant Landman - Permian District

September 12, 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 Big Sinks 15 24 30 USA 1H well in the Wildcat G-06 S243026M Pool of Section 15, Township 24 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 Big Sinks 15 24 30 USA 1H well. This well is located in Section 15, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, and is to be drilled horizontally in the Wildcat G-06 S243026M pool at a surface location 450 feet from the South line with a penetration point 450 feet from the South line and approximately 770 feet from the East line of Section 15. The bottom-hole location will be 100 feet from the North line and 660 feet from the East line of Section 15.

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.

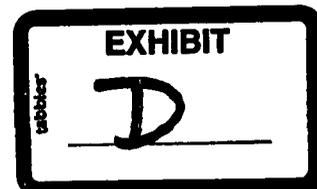
Thank you for your consideration of this matter. Should you wish to discuss, please feel free to call me at 405-935-9175.

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 Big Sinks 15 24 30 USA 1H well.



Non-standard Location Waiver Letter  
PLU Big Sinks 15 24.30 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 *MM*

Date: 9/12/12

**Brooks, David K., EMNRD**

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**From:** Brooks, David K., EMNRD  
**Sent:** Wednesday, September 26, 2012 5:41 PM  
**To:** agrankin@hollandhart.com  
**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

## Brooks, David K., EMNRD

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**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!

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**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