

1-22-13 DATE IN	NA SUSPENSE	ENGINEER	DB LOGGED IN	1-23	TYPE NSL	APP NO. PDKBL302341490
--------------------	----------------	----------	-----------------	------	-------------	---------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

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



*Chevron USA, Inc.
 Big Sinks 16-2431
 St # 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

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 _____

2013 JAN 22 P 4: 06
 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 G. Rankin
 Print or Type Name

[Signature]
 Signature

Attorney
 Title

1/22/13
 Date

agrankin@hollandhart.com
 e-mail Address



January 22, 2013

VIA HAND DELIVERY

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

RECEIVED OGD
2013 JAN 22 P 4:06

Re: Application of Chesapeake Operating, Inc., agent for Chevron USA, Inc., for administrative approval of an unorthodox well location for its Big Sinks 16 24 31 State 1H well in the Cotton Draw-Bone Spring Pool in Section 16, Township 24 South, Range 31 East, N.M.P.M., Eddy County, New Mexico.

Dear Ms. Bailey:

Chesapeake Operating, Inc., (OGRID No. 147179) agent for Chevron USA, Inc. (OGRID No. 4323) hereby seeks administrative approval pursuant to the provisions of Division Rule 19.15.15.13 NMAC for an unorthodox well location for its Big Sinks 16 24 31 State 1H well to be located in Section 16, Township 24 South, Range 31 East, N.M.P.M., Eddy County, New Mexico. The proposed well is to be drilled horizontally in the Cotton Draw-Bone Spring pool at a surface location 150 feet from the South line with a penetration point 330 feet from the South line and 400 feet from the West line of Section 16. The last perforation in this proposed well will be at an unorthodox location approximately 240 feet from the North line and 400 feet from the West line of Section 16. A 160-acre project area has been dedicated to this horizontal well comprised of the W/2 W/2 of Section 16.

Exhibit A is a land plat for Section 16 and surrounding sections that shows the proposed non-standard location of the Big Sinks 16 24 31 State 1H well in relation to adjoining units and existing wells. This location is unorthodox because the 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. The last perforation in this proposed well of this well will be located approximately 240 feet from the North line of Section 16 for engineering reasons, and is, therefore, unorthodox under the Division rules. The final perforation will be located approximately 40 feet from the bottom-hole location or greater than 467 feet from the Northwest corner of the project area in Section 16.

Exhibit B is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the proposed Big Sinks 16 24 31 State 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 last perforation encroaches on the spacing and proration unit to the North. The operator of spacing and proration unit to the North is Chevron, the applicant for this non-standard location; therefore, the affected party under the rules are the working interest owners in the encroached-upon spacing and proration unit to the North. In this case, Chevron owns 100 percent of the working interest in the encroached-upon spacing and proration unit to the North.

Your attention to this application is appreciated.

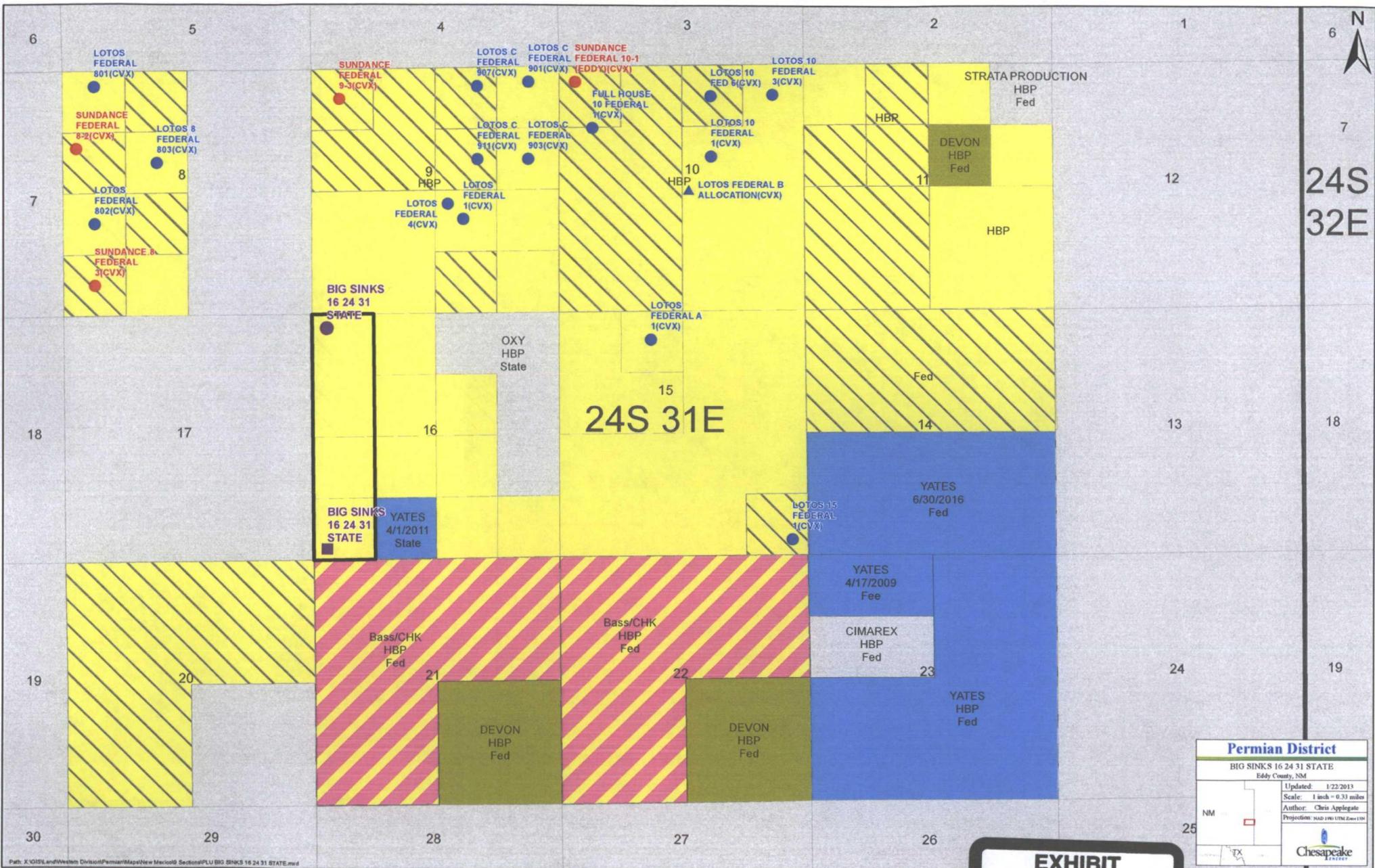
Sincerely,



Adam G. Rankin
ATTORNEY FOR CHESAPEAKE OPERATING, INC.

AGR

Enclosures



Path: X:\GIS\Land\Western Division\Permian\Map\New Macro\09 Section\PLU\BIG SINKS 16 24 31 STATE.mxd

EXHIBIT
A

Permian District
 BIG SINKS 16 24 31 STATE
 Eddy County, NM

Updated: 1/22/2013
 Scale: 1 inch = 0.33 miles
 Author: Chris Applegate
 Projection: NAD 1983 UTM Zone 18N

Chesapeake Energy

District I
1625 N. French Dr., Hobbs, NM 88349
Phone: (575) 393-6161 Fax: (575) 393-9720
District II
411 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1090 Rio Bravo 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) 476-3460 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

¹ API Number	² Pool Code 96546	³ Pool Name COTTON DRAW; BONE SPRING
⁴ Property Code	⁵ Property Name BIG SINKS 16 24 31 STATE	⁶ Well Number III
⁷ OGRID No. 4323	⁸ Operator Name CHEVRON U.S.A. INC.	⁹ Elevation 3508'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	16	24 SOUTH	31 EAST, N.M.P.M.		150'	SOUTH	400'	WEST	EDDY

¹¹ 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
D	16	24 SOUTH	31 EAST, N.M.P.M.		200'	NORTH	400'	WEST	EDDY

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

PROPOSED BOTTOM HOLE LOCATION

X= 668,168 NAD 27
Y= 445,610
LAT. 32.223930
LONG. 103.789526

X= 709,352 NAD83
Y= 445,669
LAT. 32.224053
LONG. 103.790010

BIG SINKS 16 24 31 STATE NO. 1H WELL

X= 668,195 NAD 27
Y= 440,680
LAT. 32.210376
LONG. 103.789519

X= 709,379 NAD83
Y= 440,739
LAT. 32.210500
LONG. 103.790002
ELEVATION +3508' NAVD 83

¹² OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and correct to the best of my knowledge and belief, and that this organization either owns a working interest or retained 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 voluntarily pooling agreement or a compulsory pooling order heretofore entered by the division.

Bryan Arrant 01/18/2013
Signature Date

Bryan Arrant (Agent for Chevron)

Printed Name

bryan.arrant@chk.com
E-mail Address

¹³ 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.

Jan 16 2013
Date of Survey

Wm. J. Daniel III
Signature and Seal of Professional Surveyor

NEW MEXICO
15079
REGISTERED PROFESSIONAL SURVEYOR

#15079
Certificate Number

EXHIBIT
B

EXHIBIT C

**Chesapeake's NSL Application
Big Sinks 15 24 31 USA 1H well**

Chevron U.S.A. Inc.
P.O. Box 2100
Houston, Texas 77252
Attention: MCBU Land Manager
Fax: (713) 372-1580