

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]**

[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	_____ Title	_____ Date
_____ e-mail Address			



Midland Field Office

RECEIVED

January 15, 2007

JAN 18 2007

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Attention: Downhole Commingle Dept.

RE: Hugh 17  
API #: 30-025-37855

Dear Sir:

Chesapeake Operating, Inc., respectfully, request approval to downhole commingle the Penrose Skelly; Grayburg and the Eunice; San Andres South pools. Enclosed, for your consideration, is our application form C-107A along with all of the following attachments:

1. Well Location And Acreage Dedication Plat for both pools.
2. Production history for both pools.
3. All working, royalty and overriding royalty interest are the same.

Your administrative approval of our request would be greatly appreciated.

Yours truly,

A handwritten signature in cursive script that reads "Brenda Coffman".

Brenda Coffman  
Regulatory Analyst  
Chesapeake Permian District

District I  
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised June 10, 2003

District II  
1301 W. Grand Avenue, Artesia, NM 88210

**Oil Conservation Division**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

APPLICATION TYPE  
 Single Well  
 Establish Pre-Approved Pools  
 EXISTING WELLBORE

District III  
1000 Rio Brazos Road, Aztec, NM 87410

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

**APPLICATION FOR DOWNHOLE COMMINGLING**

Yes  No

**DHC-3847**

Chesapeake Operating, Inc. 2010 Rankin Hiway Midland, TX 79701

Operator Address

Hugh 17 D 14 T22S R37E Lea

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 147179 Property Code 301470 API No. 30-025-37855 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Penrose Skelly; Grayburg		Eunice; San Andres South
Pool Code	50350		24170
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3632 - 3829		3873 - 4030
Method of Production (Flowing or Artificial Lift)	Flowing		Pumping
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	38.0 deg. Gravity		
Producing, Shut-In or New Zone	Producing		Shut In
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 11/14/2006 Rates: 10BO 40MCF 90 BW	Date: Rates:	Date: 09/22/2006 Rates: 0BO 106MCF 379BW
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 100 % Gas 27 %	Oil % Gas %	Oil 0 % Gas 73 %

**ADDITIONAL DATA**

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes  No

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes  No

Are all produced fluids from all commingled zones compatible with each other? Yes  No

Will commingling decrease the value of production? Yes  No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes  No

NMOCD Reference Case No. applicable to this well: \_\_\_\_\_

**Attachments:**

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

**PRE-APPROVED POOLS**

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Brenda Coffman TITLE Sr. Regulatory Comp. Specialist DATE 01/15/007

TYPE OR PRINT NAME Brenda Coffman TELEPHONE NO. (\_\_\_\_\_) (432)687-2992

E-MAIL ADDRESS bcoffman@chkenergy.com

State of New Mexico

DISTRICT I  
1625 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II  
1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

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

DISTRICT IV  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-37855	Pool Code 50350	Pool Name Penrose Skelly, Grayburg
Property Code 301470	Property Name HUGH	Well Number 17
OGRID No. 147179	Operator Name CHESAPEAKE OPERATING, INC.	Elevation 3364'

Surface Location

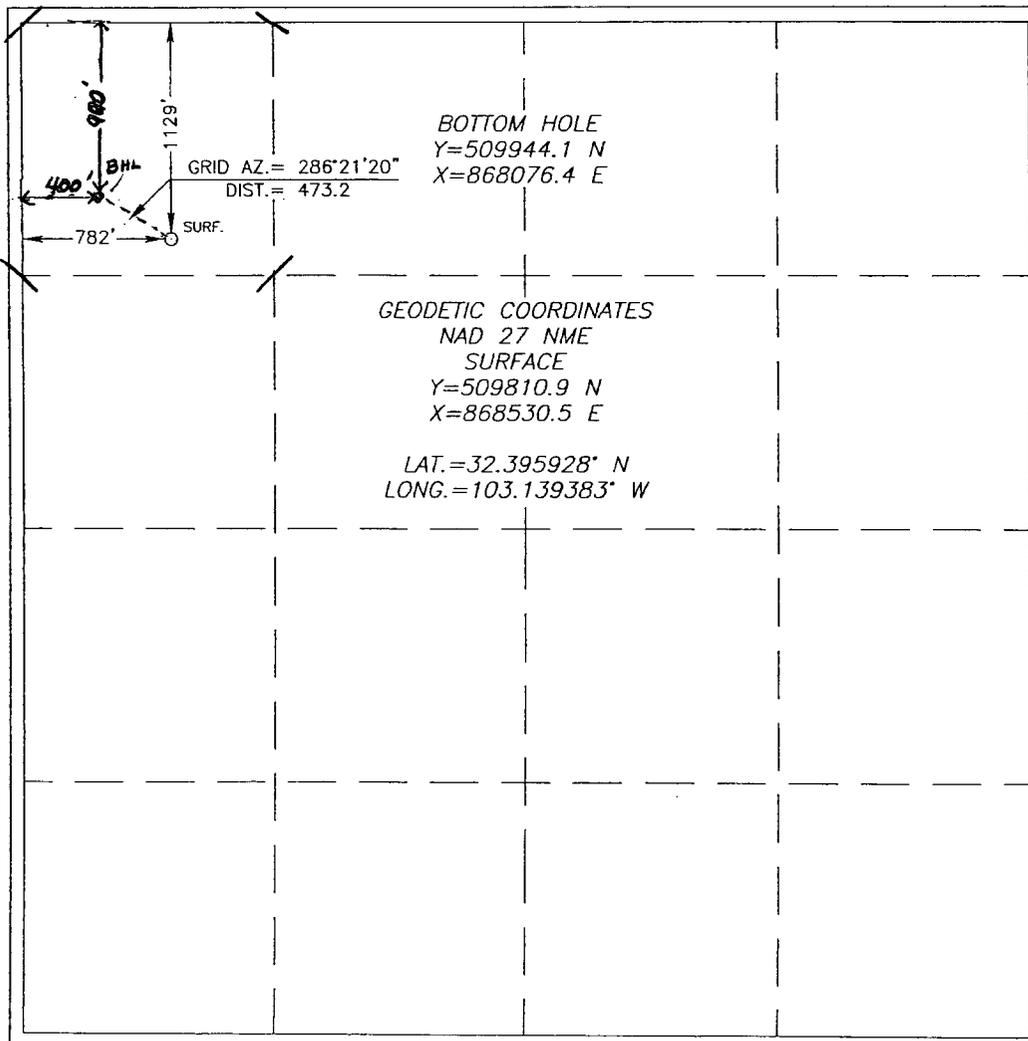
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	14	22-S	37-E		1129	NORTH	782	WEST	LEA

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
D	14	22-S	37-E		900	North	400	West	LEA

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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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 that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Brenda Coffman* 1-15-07  
Signature Date  
Brenda Coffman  
Printed Name  
Regulatory Analyst

**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.

GARY G. EIDSON  
APRIL 10, 2006  
Date Surveyed  
Signature & Seal of Professional Surveyor  
*Gary G. Eidson* 06.11.0632  
Certificate No. GARY EIDSON 12641

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, 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 & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised June 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-37855		Pool Code 24170	Pool Name Eunice;San andres South
Property Code 301470	Property Name Hugh		Well Number 17
OGRID No. 147179	Operator Name Chesapeake Operating, Inc.		Elevation 3364 GR

<sup>10</sup>Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	14	22S	37E		1129	North	782	West	Lea

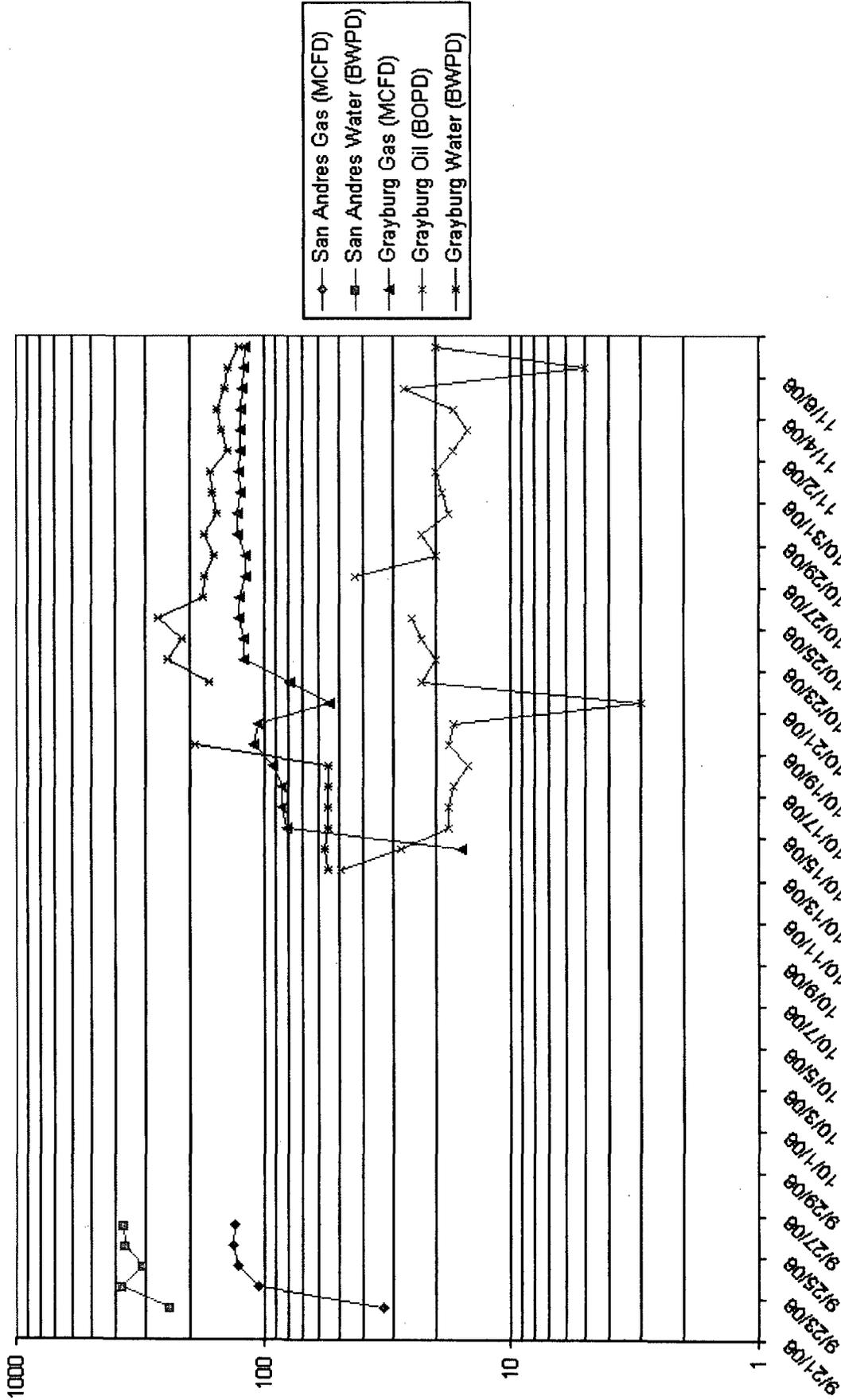
<sup>11</sup>Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	14	22S	37E		900	North	400	West	Lea
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><sup>17</sup> OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Brenda Coffman</i> Signature</p> <p>Brenda Coffman Printed Name Regulatory Analyst bcoffman@chkenergy.com Title and E-mail Address</p> <p>01/15/2007 Date</p>
	<p><sup>18</sup> 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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor:</p>
	<p>Certificate Number</p>

### Chesapeake Energy - Hugh 17



## Chesapeake Energy Daily Production Report 9/21/2006 - 11/7/2006

Date	San Andres	San Andres	San Andres	Grayburg	Grayburg	Grayburg	% San A
	San Andres Gas (MCF)	San Andres Oil (BBL)	San Andres Water (BBL)	Grayburg Gas (MCF)	Grayburg Oil (BBL)	Grayburg Water (BBL)	
9/21/06	0	0	0	0	0	0	
9/22/06	33	0	240	0	0	0	
9/23/06	106	0	379	0	0	0	
9/24/06	128	0	313	0	0	0	
9/25/06	134	0	368	0	0	0	
9/26/06	132	0	372	0	0	0	
9/27/06	0	0	0	0	0	0	
9/28/06	0	0	0	0	0	0	
9/29/06	0	0	0	0	0	0	
9/30/06	0	0	0	0	0	0	
10/1/06	0	0	0	0	0	0	
10/2/06	0	0	0	0	0	0	
10/3/06	0	0	0	0	0	0	
10/4/06	0	0	0	0	0	0	
10/5/06	0	0	0	0	0	0	
10/6/06	0	0	0	0	0	0	
10/7/06	0	0	0	0	0	0	
10/8/06	0	0	0	0	0	0	
10/9/06	0	0	0	0	0	0	
10/10/06	0	0	0	0	0	0	
10/11/06	0	0	0	0	0	0	
10/12/06	0	0	0	0	0	0	
10/13/06	0	0	0	0	0	49	55
10/14/06	0	0	0	16	28		57
10/15/06	0	0	0	81	18		55
10/16/06	0	0	0	85	18		55
10/17/06	0	0	0	84	17		55
10/18/06	0	0	0	93	15		55
10/19/06	0	0	0	110	18		191
10/20/06	0	0	0	105	17		0
10/21/06	0	0	0	54	3		0
10/22/06	0	0	0	78	23		168
10/23/06	0	0	0	121	20		244
10/24/06	0	0	0	121	23		214
10/25/06	0	0	0	126	25		267
10/26/06	0	0	0	126	0		176
10/27/06	0	0	0	118	43		174
10/28/06	0	0	0	119	20		160

10/29/06	0	0	0	128	23	174
10/30/06	0	0	0	128	18	156
10/31/06	0	0	0	124	19	161
11/1/06	0	0	0	126	20	164
11/2/06	0	0	0	125	17	140
11/3/06	0	0	0	125	15	149
11/4/06	0	0	0	124	17	155
11/5/06	0	0	0	122	27	144
11/6/06	0	0	0	120	5	139
11/7/06	0	0	0	118	20	127