

ABOVE THIS LINE FOR DIVISION USE ONLY

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

RECEIVED



2008 1 PM 4 43

Chesapeake Operating Inc  
 Willow Lake 10-H 1H  
 State

**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

5889

**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.

Ocean Monnds-Dry Ocean Monnds-Dry Attorney 7-1-08  
 Print or Type Name Signature Title Date  
 omondsdry@hollandhart.com  
 e-mail Address



July 1, 2008

**HAND-DELIVERED**

Mark E. Fesmire, P.E.  
Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its Willow Lake 10 State Com Well No. 1H to be drilled from a surface location and penetration point 350 feet from the South line and 150 feet from the West line and a bottomhole location 350 feet from the South line and 1670 feet from the East line of Section 10, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico.

*(admit M)*

Dear Mr. Fesmire:

*(admit O)*

*SW*

Chesapeake Operating, Inc. ("Chesapeake") hereby seeks administrative approval pursuant to the provisions of Division Rules 104 and 111 for an unorthodox well location for its Willow Lake 10 State Com Well No. 1H. This well is located in Section 10, Township 25 South, Range 28 East, N.M.P.M., Eddy County, New Mexico and will be drilled in the Delaware formation, Willow Lake-Delaware Pool, from an unorthodox surface location and penetration point 350 feet from the South line and 150 feet from the West line to a standard bottomhole location 350 feet from the South line and 1670 feet from the East line of said Section 10, Eddy County, New Mexico. A 120-acre project area has been dedicated to this horizontal well comprised of the S/2 SW/4 and the SW/4 SE/4 of Section 10 of Section 34.

This location is unorthodox because the Delaware 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. Division Rule 111 defines the "Penetration Point" as "the point where the wellbore penetrates the top of the pool from which it is intended to produce." The wellbore penetrates the Delaware formation at a point 150 feet from the West line of Section 10 and is therefore 180 feet closer than allowed by Division rules.

Although the wellbore penetrates the top of the Delaware at an unorthodox location, the well will be at a standard location at the producing interval. Chesapeake penetrates the top of the Delaware at approximately 3460 feet (MD) in the vertical portion of the well. Chesapeake is targeting the Cherry Canyon Willow Lake Zone which is estimated at 4780-811 feet (MD). Therefore, once Chesapeake reaches the target formation, it will be at a standard location.

**Exhibit A** is a plat which shows the subject area and the 120-acre horizontal well project area for this well comprised of the S/2 SW/4 and SW/4 SE/4 of Section 10.

**Exhibit B** is a list of affected parties as defined by Division Rules. A copy of this application with all attachments was mailed to affected parties listed on Exhibit B. The affected parties were advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date notice was sent. It was also advised that if no objections were received by the Division within twenty days, the Division Director could approve the application.

Your attention to this application is appreciated.

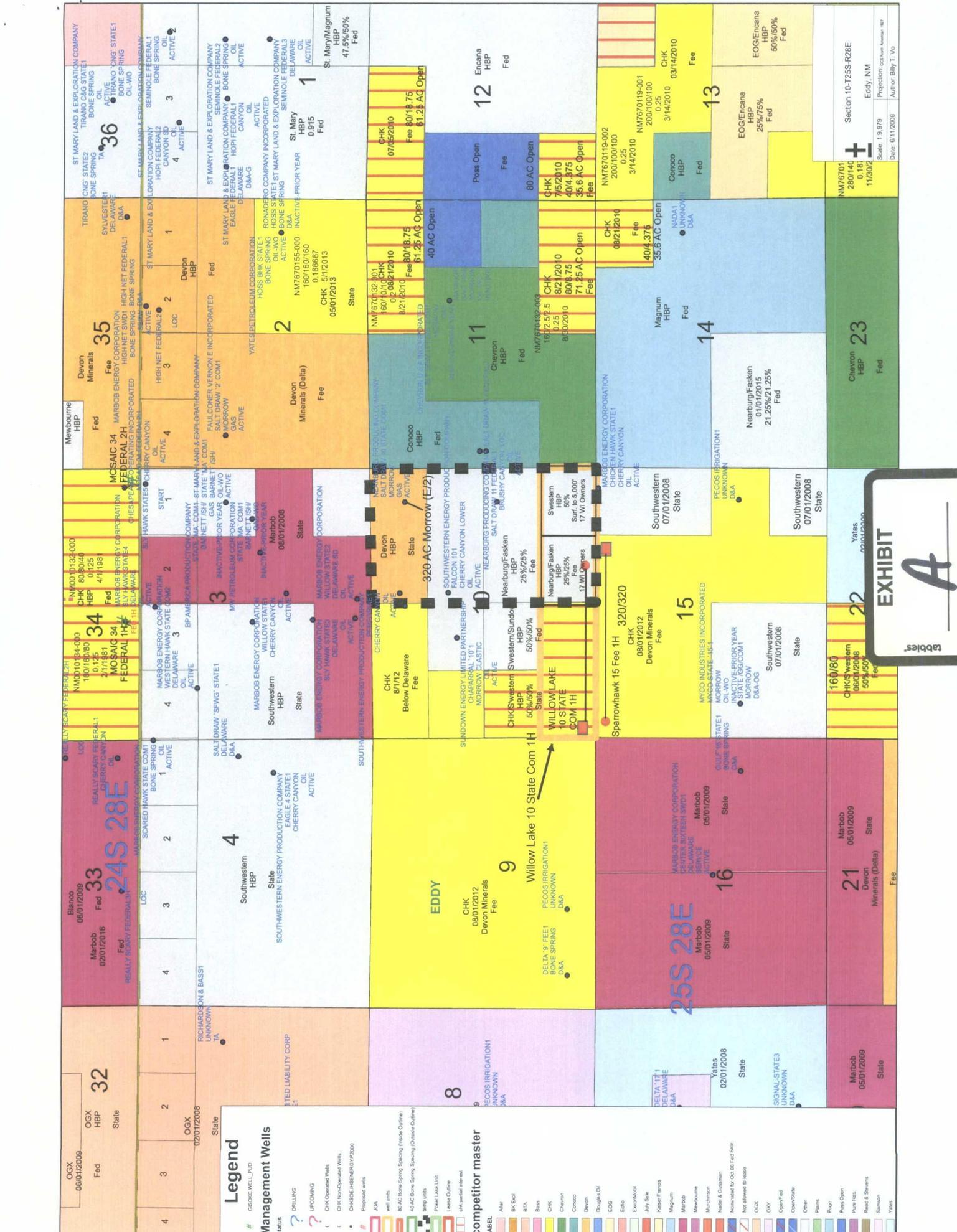
Sincerely,



Ocean Munds-Dry  
Attorney for Chesapeake Operating, Inc.

Enclosures

cc: OCD/Artesia, District 2



**Legend**  
 # GEOLOC WELL\_PVD  
**Management Wells**  
 Status  
 ? DRILLING  
 ? UPCOMING  
 ( ) CHK Operated Wells  
 ( ) CHK Non-Operated Wells  
 • CHSDE JHS/NE/IG/7200  
 Proposed wells  
 # JDA  
 well units  
 80 AC Bone Spring Spacing (Inside Outline)  
 40 AC Bone Spring Spacing (Outside Outline)  
 Polecat Lake Unit  
 Well Unit  
 Lease Outline  
 chk permit nearest  
**competitor master**  
 LABEL  
 Aar  
 BK Expl  
 BTA  
 Bats  
 CHK  
 Chevron  
 Conoco  
 Conoco  
 Devon  
 Douglas Oil  
 EOG  
 Etno  
 EconMud  
 July Sale  
 Kiser Farms  
 Magnum  
 Marbob  
 Mewbourne  
 Murkinson  
 Neel & Gresham  
 Not allowed to lease  
 OXY  
 Oxy  
 OpenState  
 Other  
 Plains  
 Pogo  
 Poss Open  
 Pure Res  
 Reed & Stevens  
 Samson  
 Yates

Section 10-125S-R28E  
 Eddy, NM  
 Projection: ocs hwp hwa hwt 187  
 Scale: 1:8,979  
 Date: 6/11/2008  
 Author: Billy T. Vo

NM76701  
 280140  
 0.161  
 11/30/02

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**Exhibit B**  
**Application of Chesapeake Energy Corporation**  
**Willow Lake 10 State Com #1H**

Marbob Energy Corporation  
2208 W. Main Street  
Post Office Box 227  
Artesia, NM 88211-0227

Devon Energy Production Company, L.P.  
20 North Broadway  
Suite 1500  
Oklahoma City, OK 73102-8260

