

DATE IN 8/13/08	SUSPENSE	ENGINEER Brooks	LOGGED IN 8/13/08	TYPE NSL	APP NO. PKU0822757447
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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
EW Walden #8

ADMINISTRATIVE APPLICATION CHECKLIST

5916

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 _____

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[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 Munds-Dry
Print or Type Name

Ocean Munds-Dry
Signature

Attorney
Title

8-13-08
Date

omundsdry@hollandhart.com
e-mail Address



August 13, 2008

HAND-DELIVERED

Mark 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 EW Walden Well No. 8 located 2280 feet from the South line and 1980 feet from the West line of Section 15, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

Dear Mr. Fesmire:

Chesapeake Operating, Inc. ("Chesapeake"), pursuant to the provisions of the Special Pool Rules and Regulations for the Eumont Gas Pool, hereby seeks administrative approval of an unorthodox well location for its EW Walden Well No. 8 located 2280 feet from the South line and 1980 feet from the West line in Section 15, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico. By separate application, Chesapeake has requested approval of a non-standard spacing unit comprised of the SW/4 of Section 15.

This location is unorthodox because it is governed by the Special Rules and Regulations for the Eumont Gas Pool which provide for wells on 160-acre non-standard spacing units to be located no closer than 660 feet from the outer boundary of the spacing unit, 660 feet to any governmental quarter section line and 330 feet to any governmental quarter-quarter section line or subdivision inner boundary. The proposed location is unorthodox because it is only 360 feet from the northern boundary of the spacing unit.

This well was originally completed in the Grayburg formation at a standard oil well location. The well has now become uneconomic to produce and Chesapeake would like to test the Queen formation. It would be economic to test the Queen in the existing wellbore rather than drill a new well and will avoid having to plug and abandon this



well. Attached as **Exhibit A** is a plat showing the well location, proposed non-standard spacing unit and Chesapeake's leasehold acreage.

Chesapeake is also the offset operator towards which the well is encroaching and working interest ownership is common in each spacing unit. Therefore, there are no affected parties as defined by Rule 1210 and no notice is required.

The proposed location is the most efficient and reasonable way to develop these potential reserves and would be in the best interest of conservation and the prevention of waste.

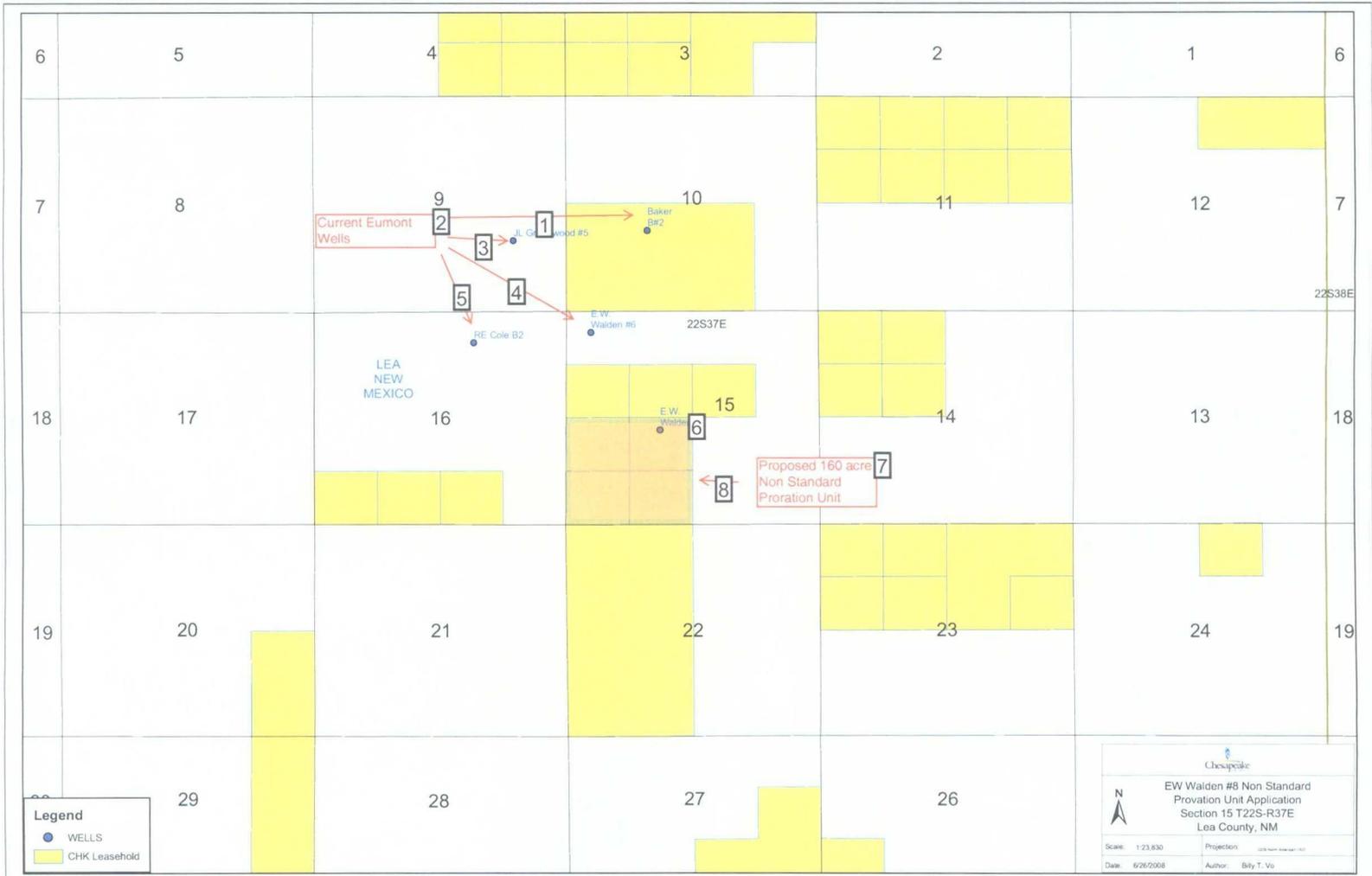
Your attention to this application is appreciated.

Very truly yours,

A handwritten signature in cursive script that reads "Ocean Munds-Dry".

Ocean Munds-Dry
Attorney for Chesapeake Operating, Inc.

cc: Mr. Ed Birdshead



EXHIBIT

A

tablets®