

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
 1925

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]

2008 JUL 14 PM 5:07

RECEIVED

- [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.

Olivia Ita
 Print or Type Name

Olivia Ita
 Signature

Legal Secretary
 Title

7-14-08
 Date

ogita@hollandhart.com
 e-mail address

HOLLAND & HART LLP



Ocean Munds-Dry
omundsdry@hollandhart.com

July 14, 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 a 160-acre non-standard gas spacing unit for its EW Walden Well No. 8 in 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 Special Pool Rules for the Eumont Gas Pool, hereby seeks administrative approval of a 160-acre non-standard gas spacing and proration unit for the EW Walden Well No. 8 to be re-completed in the Queen formation from a location 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.

This non-standard gas spacing and proration unit is necessary for geologic reasons. Attached as **Exhibit A** is a drainage bubble map for the EW Walden Well No. 8. As the map shows, the well is projected to drain approximately 100 acres. The EW Walden No. 6 located in the NW/4 NW/4 of Section 15 produces from the Queen formation and has drained 100 acres. The map also shows the other Eumont producers in a 9-section area along with the total gas, oil and water production for each well. **Exhibit B** is a plat showing the proposed non-standard spacing unit, Chesapeake's leasehold acreage and the location of the closest producers in the pool. **Exhibit C** is the current wellbore schematic for the recompletion. This well was originally completed in the Grayburg formation. **Exhibit D** is a copy of Administrative Order NSP-318 which approved an 80-acre non-standard spacing unit for the EW Walden No. 6 located in the N/2 NW/4 of Section 15.

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ♻️

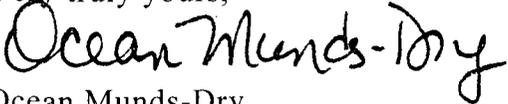
50-025-22983

HOLLAND & HART  LLP

Exhibit E is a list of offset operators of units adjacent to the proposed non-standard spacing unit. Chesapeake has sent notice to affected parties listed on **Exhibit E** with a copy of this application (with attachments) and has been 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 this notice was sent.

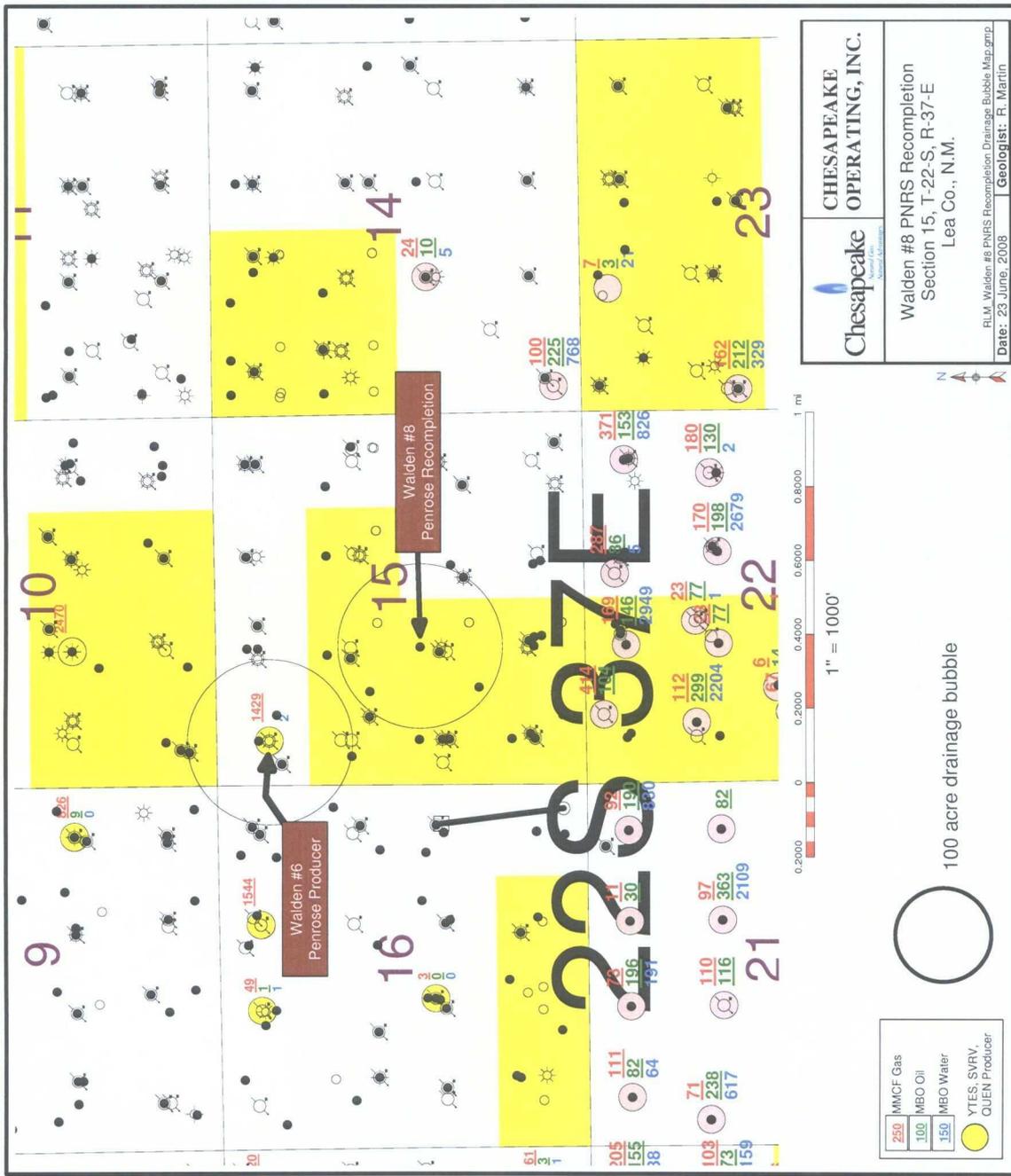
Your attention to this application is appreciated.

Very truly yours,



Ocean Munds-Dry
Attorney for Chesapeake Operating, Inc.

cc: Mr. Ed Birdshead



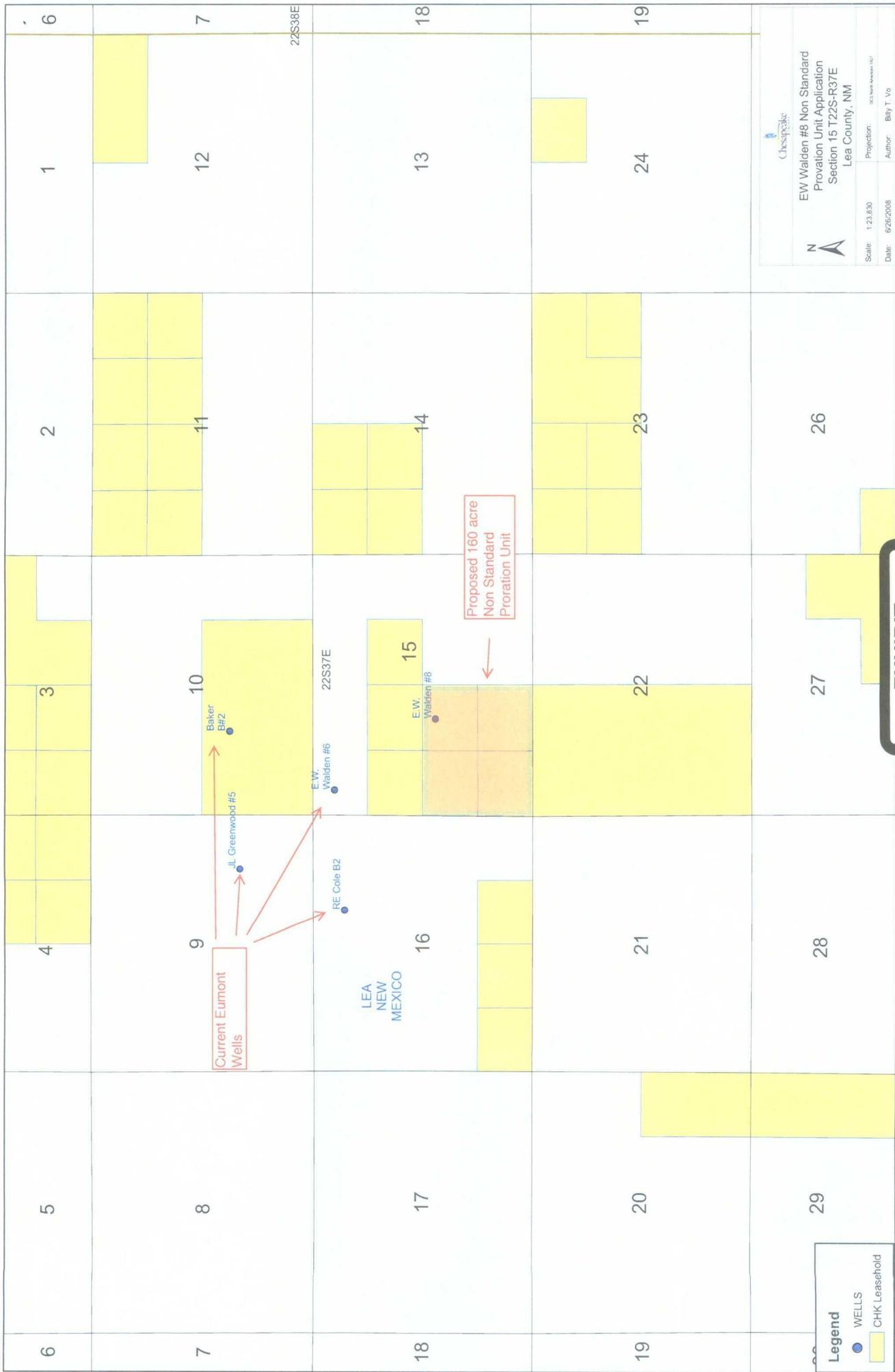
Chesapeake
AN ENERGY SERVICES COMPANY

CHESAPEAKE OPERATING, INC.

Walden #8 PNRS Recompletion
 Section 15, T-22-S, R-37-E
 Lea Co., N.M.

RLM, Walden #8 PNRS Recompletion Drainage Bubble Map.gmp
 Date: 23 June, 2008
 Geologist: R. Martin

EXHIBIT
A
 tables



Tables

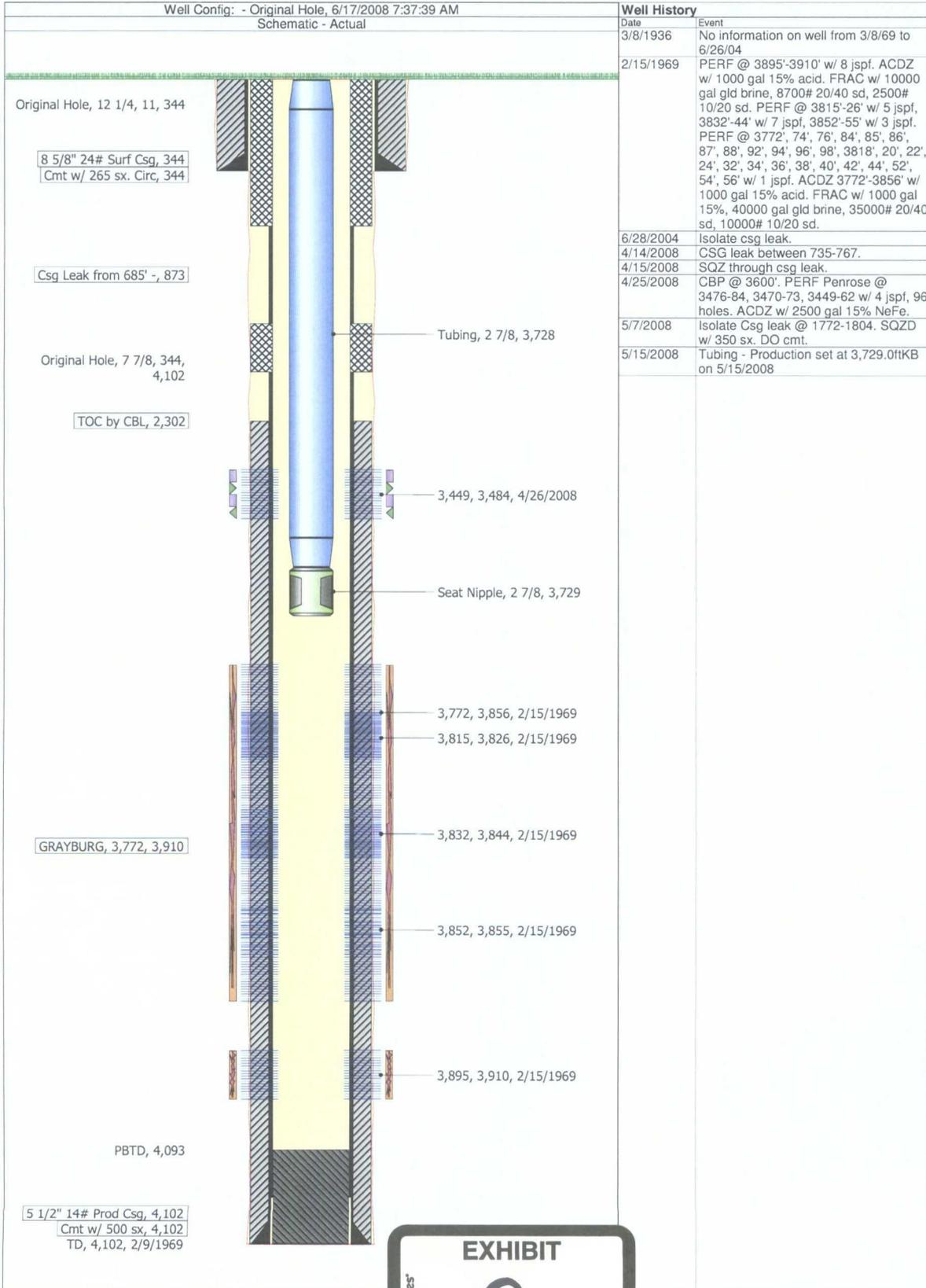


Current Wellbore Schematic

E W WALDEN 8

Field: PENROSE SKELLY
 County: LEA
 State: NEW MEXICO
 Elevation: GL 3,397.00 KB 3,408.00
 KB Height: 11.00
 Location: SEC 15, 22S-37E, 2280 FSL & 1980 FWL

Spud Date: 1/28/1969
 Initial Compl. Date:
 API #: 3002522983
 CHK Property #: 891414
 1st Prod Date: 3/8/1969
 PBTD: Original Hole - 4093.0
 TD: 4,102.0



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

September 19, 1936

C
O
P
Y

Roman Oil Company
6000 Camp Bowie Blvd.
Fort Worth, 16, Texas

Attention: Mr. LeRoy Gideon

Administrative Order MSP-318

Gentlemen:

Reference is made to your application for approval of an 80-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the following acreage:

Township 22 South, Range 37 East
W/2 NW/4 of section 15

It is understood that this unit is to be ascribed to your E. Walden Well No. 6 located 810 feet from the North line and 660 feet from the West line and in the NW/4 NE/4 of Section 15, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

By authority granted me under provisions of Rule 5, Section (b)-6 of the Special Rules and Regulations for the Eumont Gas Pool, as set forth in Order R-520, you are hereby authorized to operate the above described acreage as a non-standard gas proration unit, with allowable to be assigned thereto in accordance with Rule 12 of the pool rules, based upon the unit size of 80 acres.

Very truly yours,

A. L. PORTER, JR.
Secretary-Director

WMS:nc

cc: OCC, Hobbs
NM Oil & Gas Engr. Comm., Hobbs
EPNG, Jal
EPNG, El Paso

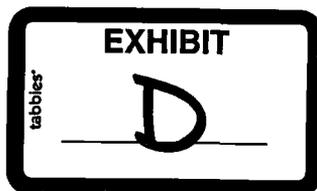


Exhibit E
Application of Chesapeake Operating, Inc.
Non-Standard Spacing Unit
Section 15, Township 22 South, Range 37 East
Lea County, New Mexico

John H. Hendrix Corporation
P.O. Box 3040
Midland, Texas 79702-3040

ConocoPhillips Company
4001 Penbrook Street
Odessa, Texas 79762

Chevron USA Production Inc.
P.O. Box 1150
Midland, Texas 79702

Range Operating New Mexico Inc.
777 Main Street
Ft. Worth, Texas 76102

Legacy Reserves Operating, LP
303 W. Wall Suite 1600
Midland, Texas 79701

Nordstrand Engineering Inc.
905 Kirby Drive
Houston, Texas 77019

Cimarex Energy Company of Colorado
P.O. Box 140907
Irving, Texas 75014-0907

OXY USA, Inc.
P.O. Box 4294
Houston, Texas 77210



July 14, 2008

CERTIFIED MAIL
RETURN RECEIPT REQUESTED**AFFECTED INTEREST OWNERS**

Re: Application of Chesapeake Operating, Inc. for administrative approval of a 160-acre non-standard gas spacing unit for its EW Walden Well No. 8 in Section 15, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

Ladies and Gentlemen:

Enclosed is a copy of the above-referenced application which was filed with the New Mexico Oil Conservation Division on this date by Chesapeake Operating, Inc. for administrative approval of a 160-acre non-standard gas spacing unit for its EW Walden Well No. 8, to be re-completed from a location 2280 feet from the South line and 1980 feet from the West line of Section 15, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

As an owner of an interest that may be affected by the proposed well, you may object to this application. Objections must be filed in writing within twenty days from this date at the Division's Santa Fe office that is located at 1220 South Saint Francis Drive, Santa Fe, New Mexico, 87505. If no objection is received within this twenty-day period, this application for an unorthodox well location may be approved.

Very truly yours,

Ocean Munds-Dry
ATTORNEY FOR CHESAPEAKE
OPERATING, INC..

Enclosures



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ATTORNEY FOR CHESAPEAKE
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Enclosures

HOLLAND & HART



Ocean Munds-Dry
Associate
omundsdry@hollandhart.com

July 14, 2008

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Enclosures

Holland & Hart LLP

Phone (505) 983-4421 Fax (505) 983-6043 www.hollandhart.com

110 North Canal Street, Suite 1, Santa Fe, NM 87501 Mail Stop 2209, Santa Fe, NM 87501-2208

Albuquerque, Billings, Boise, Boulder, Cheyenne, Colorado Springs, Denver, Denver Tech Center, Jackson Hole, Salt Lake City, Santa Fe, Washington, D.C. D

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Wednesday, July 30, 2008 1:46 PM
To: 'Ocean Munds-Dry'
Subject: Chesapeake - EW Walden #8

Dear Ocean

I have received copies of what appear to be notice letters sent with reference to this application.

This appears to be an application for approval of a non-standard unit (NSP).

These letters correctly describe the application in the first paragraph. The last sentence, however, doubtless as a result of use of a form to generate the letters, says, "If no objection is received within the twenty-day period, this application for an unorthodox well location may be approved.

First, am I correct that this is not an NSL application.

Second, if that is the case, this sentence could be confusing, and I think new notices should be sent.

Thanks

David

Brooks, David K., EMNRD

From: Ocean Munds-Dry [Omundsdry@hollandhart.com]
Sent: Wednesday, July 30, 2008 2:07 PM
To: Brooks, David K., EMNRD
Subject: RE: Chesapeake - EW Walden #8

You are correct David - should be for a NSP not NSL. We will get new notice letters out.

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Wednesday, July 30, 2008 2:46 PM
To: Ocean Munds-Dry
Subject: Chesapeake - EW Walden #8

Dear Ocean

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Thanks

David

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This inbound email has been scanned by the MessageLabs Email Security System.

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, August 12, 2008 3:49 PM
To: 'Ocean Munds-Dry'
Subject: Chesapeake EW Walden #8 NSP application

Dear Ocean:

I have before me your application of a non-standard 160-acre Eumont gas unit for this well consisting of the SW/4 of Section 15.

It would appear, however, that the location of this well is non-standard for a Eumont gas well, and that an NSL approval would also be required to re-complete this well as a Eumont gas well, because the location is presumably less than 660 feet from the northern boundary of the proposed unit and of the SW/4.

Please advise if there is an existing NSL approval for this well in the Eumont, or furnish a request for NSL approval with appropriate notices.

Thanks

David

8/12/2008