

DATE IN 3-10-10	SUSPENSE	ENGINEER DB	LOGGED IN 3-10-10	TYPE NSL	PTGW APP NO. 1006930371
-----------------	----------	-------------	-------------------	----------	----------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Chesapeake
 PLU Ross Ranch
 19 Fed #114

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

6172

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 _____

RECEIVED OOD
 2010 MAR - 9 P 3:51

[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 Ocean Munds-Dry attorney 3-9-10
 Print or Type Name Signature Title Date
 omundsdry@hollandhart.com
 e-mail Address



March 9, 2010

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

RECEIVED OGD
2010 MAR -9 P 3:51

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its PLU Ross Ranch "19" Federal Well No. 1H to be drilled from a surface location and penetration point 100 feet from the South line and 400 feet from the East line and a bottomhole location 350 feet from the North line and 400 feet from the East line of Section 19, Township 25 South, Range 30 East, NMPM, Eddy County, New Mexico.

Dear Mr. Fesmire:

Chesapeake Operating, Inc. ("Chesapeake") hereby seeks administrative approval pursuant to the provisions of Division Rules 19.15.15.13 and 19.15.16.14 for an unorthodox well location for its PLU Ross Ranch "19" Federal Well No. 1H. This well is located in Section 19, Township 25 South, Range 30 East, N.M.P.M., Eddy County, New Mexico and is to be drilled in the Bone Spring formation at a surface location and a penetration point 100 feet from the South line and 400 feet from the East line and a bottomhole location 350 feet from the North line and 400 feet from the East line of Section 19, Eddy County, New Mexico. A 160-acre project area has been dedicated to this horizontal well comprised of the E/2 E/2 of Section 19.

This location is unorthodox because the Bone Spring 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 19.15.16.14 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 Bone Spring formation at a point 100 feet from the South line of Section 19 and is therefore closer than allowed by Division rules.



Although the wellbore penetrates the top of the Bone Spring at an unorthodox location, the well will be at a standard location at the producing interval. Chesapeake is targeting the Lower Avalon Shale at 7954 feet. Therefore, once Chesapeake reaches the targeted formation, it will be at a standard location.

Exhibit A is a plat showing the location of the well. This location is within the Poker Lake Unit which is operated by BEPCo., LP. Chesapeake is drilling this well pursuant to a contract with BEPCo., LP. **Exhibit B** is the C-102 for this well.

A copy of this application with all attachments was mailed to BEPCo., LP who is the operator of the Unit. BEPCo. was 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,

A handwritten signature in black ink that reads "Ocean Munds-Dry".

Ocean Munds-Dry
ATTORNEY FOR
CHESAPEAKE OPERATING, INC.

Enclosures

cc: OCD/Artesia, District 2

EOG
HBP
State 11

Yates
HBP
State 12

CHK
CHK
02/01/2012
State 13

25S 29E

EOG
HBP
Fed 14

EOG
HBP
Fed 13

**FARMING: EXXONMOBIL TO BASS
PRIM. TERM: 4/18/2007 - 4/18/2010
ORRI: DIFF. BETWEEN 22% AND
EXISTING BURDENS
INITIAL WELL: DELAWARE TEST
881.58 GA @ \$300/AC
DEPTH RESTRICTIONS ON ALL AC.
(APPLIES TO SEC. 19 & 30 ONLY)**

OGX
7/31/2018
Fed 23

OGX
7/31/2018
Fed 24

EOG
03/01/2010
Fed 26

Atlantic Operating
HBP 25
Fed

ExxonMobil
HBP
35
Fed

ScoutWest Roy
Yates
HBP 36
State

**1ST REVISION
80AC**

CHK/Bass
08/01/2018
Fed

Bass
HBP
Fed

ExxonMobil
HBP
Fed 19

Yates
HBP
Fed

ExxonMobil
HBP
Fed

Bass
HBP
Fed

Bass
HBP
Fed

ExxonMobil
HBP
State 8
SCHUTZ

PLU Pierce
Bass Canyon
HBP Federal 1H
Fed 17

25S 30E

Conoco
HBP
Fed 20

Bass
HBP
Fed

Ross Ranch 19 FED 1H
XOM F/O 120 CD
MS 6/17/10

Conoco
HBP
Fed 29

Ross Ranch 30 FED #1H
XOM F/O 120 CD
MS 6/17/10 +120 Day CD

Bass
HBP
State 32

Bass
HBP
Fed

Bass
HBP
State 16

PLU Pierce
Canyon 16
State 1H

Bass
HBP
Fed

Devon
HBP
Fed 21

Bass
HBP
Fed 28

Devon
HBP
Fed

Bass
HBP
State 33



under Scorial Canyon BS

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 W. Grand Avenue, Artesia, NM 80210
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 and Natural Resources Department

Form C-102
Revised October 15, 2009

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name Wildcat; Bone Spring
Property Code	Property Name PLU ROSS RANCH "19" FEDERAL	Well Number 1H
OGRID No. 147179	Operator Name CHESAPEAKE OPERATING CO.	Elevation 3181'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	19	25 S	30 E		100	SOUTH	400	EAST	EDDY

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
A	19	25 S	30 E		350	NORTH	400	EAST	EDDY

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>PROPOSED BOTTOM HOLE LOCATION Lot - N 32.12188541* Long - W 103.9133826* NMSPC- N 408330.330 E 671347.684 (NAD-83)</p>	<p>Project Area</p>	<p>Producing Area</p>	<p>360' B.H. 400'</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Bryan Arrant</i> 03/03/2010 Signature Date</p> <p>Bryan Arrant Printed Name</p>
				<p>SURVEYOR CERTIFICATION</p> <p>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>FEBRUARY 2010 Date Surveyed Signature of Professional Surveyor Professional Surveyor 7977 Certificate No. Cory L. Jones 7977</p> <p>BASIN SURVEYS</p>
<p>Penetration Point & SURFACE LOCATION Lot - N 32.10851338* Long - W 103.9133776* NMSPC- N 403465.872 E 671368.126 (NAD-83)</p>			<p>4865.5'</p> <p>3177.9' 3176.6' S.L. 400'</p>	

3181.8' 3178.2'





March 9, 2010

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

BEPCo., LP
201 W. Main Street, Suite 3100
Fort Worth, Texas 76102

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its PLU Ross Ranch "19" Federal Well No. 1H to be drilled as a horizontal wellbore in Section 19, Township 25 South, Range 30 East, N.M.P.M., Eddy 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 an unorthodox well location for its PLU Ross Ranch "19" Federal Well No. 1H. This well is located in Section 19, Township 25 South, Range 30 East, N.M.P.M., to be drilled to the Bone Spring formation from a surface location and a penetration point 100 feet from the South line and 400 feet from the East line to a bottomhole location 350 feet from the North line and 400 feet from the East line of Section 19, Eddy 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.

Sincerely,

Ocean Munds-Dry
ATTORNEY FOR
CHESAPEAKE OPERATING, INC.

Enclosures

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Thursday, March 11, 2010 3:02 PM
To: 'Ocean Munds-Dry'
Subject: Chesapeake - PLU Ross Ranch 19 Federal #1H

Dear Ocean

Your application indicates that this location (presumably Section 19) is in the Poker Lake Unit which is operated by BEPCO, L.P. What I need to know to comply ascertain if the notice rules have been complied with is who is the operator of the adjoining acreage encroached upon, in this case, the NE/NE of Section 30. Our database does not show any wells in that unit.

Is Section 30 also within the unit operated by BEPCO?

Sincerely

David K. Brooks

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Thursday, March 11, 2010 3:24 PM
To: 'Ocean Munds-Dry'
Subject: FW: Chesapeake - PLU Ross Ranch 19 Federal #1H

Dear Ocean

Please consider this a correction of the below email

From: Brooks, David K., EMNRD
Sent: Thursday, March 11, 2010 3:02 PM
To: 'Ocean Munds-Dry'
Subject: Chesapeake - PLU Ross Ranch 19 Federal #1H

Dear Ocean

Your application indicates that this location (presumably Section 19) is in the Poker Lake Unit which is operated by BEPCO, L.P. What I need to know to comply ascertain if the notice rules have been complied with is who is the operator of the adjoining acreage encroached upon, in this case, the NE/NE of Section 30 and the NW/4 NW/4 of Section 29. Our database does not show any wells in those units.

Are Sections 29 and 30 also within the unit operated by BEPCO?

Sincerely

David K. Brooks

Brooks, David K., EMNRD

From: Ocean Munds-Dry [Omundsdry@hollandhart.com]
Sent: Thursday, March 11, 2010 4:52 PM
To: Brooks, David K., EMNRD
Subject: RE: Chesapeake - PLU Ross Ranch 19 Federal #1H

David:

Yes, the NE/4 of Section 30 and all of Section 29 is in the Poker Lake Unit. Please let me know if you have any further questions.

Thanks,
Ocean

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Thursday, March 11, 2010 3:24 PM
To: Ocean Munds-Dry
Subject: FW: Chesapeake - PLU Ross Ranch 19 Federal #1H

Dear Ocean

Please consider this a correction of the below email

From: Brooks, David K., EMNRD
Sent: Thursday, March 11, 2010 3:02 PM
To: 'Ocean Munds-Dry'
Subject: Chesapeake - PLU Ross Ranch 19 Federal #1H

Dear Ocean

Your application indicates that this location (presumably Section 19) is in the Poker Lake Unit which is operated by BEPCO, L.P. What I need to know to comply ascertain if the notice rules have been complied with is who is the operator of the adjoining acreage encroached upon, in this case, the NE/NE of Section 30 and the NW/4 NW/4 of Section 29. Our database does not show any wells in those units.

Are Sections 29 and 30 also within the unit operated by BEPCO?

Sincerely

David K. Brooks

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message.

This email has been scanned using Webroot Email Security.

This inbound email has been scanned for malicious software and transmitted safely to you using Webroot Email Security.
