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|----------------|---------------------|----------------|---------------------|-------------|-----------------------------|
| DATE IN 4/9 | SUSPENSE 4/30/10 | ENGINEER DB | LOGGED IN 4/2/10 | TYPE KSL | APP NO. PUNK 1010235 132 |
|----------------|---------------------|----------------|---------------------|-------------|-----------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

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



PLU Big Sinks 22 Fed
Com #14
amend
6171-A

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 _____

Amend KSL-6171
2010 APR -9 P 2:10
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Chesapeake

- [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 4-9-10
 Print or Type Name Signature Title Date

omundsdry@hollandhart.com
 e-mail Address



Ocean Munds-Dry
omundsdry@hollandhart.com
RECEIVED OGD
2010 APR -9 P 2:12

April 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

**Re: Application of Chesapeake Operating, Inc. to amend Administrative Order
NSL-6171.**

Dear Mr. Fesmire:

Chesapeake Operating, Inc. ("Chesapeake") hereby seeks administrative approval to amend Administrative Order NSL-6171 which approved a non-standard location for the PLU Big Sinks 22 Federal Com Well No. 1H at a surface location 100 feet from the South line and 400 feet from the East line, a penetration point 118 feet from the South line and 400 feet from the East line and a bottomhole location 330 feet from the North line and 400 feet from the East line of Section 22, Township 24 South, Range 30 East, NMPM, Eddy County, New Mexico.

Chesapeake has revised the surface location and penetration point for the horizontal well. As shown on the attached C-102, the surface location will be 175 feet from the South line and 400 feet from the East line and a penetration point 193 feet from the South line and 400 feet from the East line of said Section 22. The bottomhole location remains at a standard location 330 feet from the North line and 400 feet from the East line of Section 22. A 160-acre project area has been dedicated to the well consisting of the E/2 E/2 of Section 22.

This location is unorthodox because the wellbore penetrates the Bone Spring formation at a point 193 feet from the South line of Section 22 and is therefore closer than allowed by Division rules.

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

HOLLAND & HART^{LLP}



Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry

Ocean Munds-Dry

ATTORNEY FOR

CHESAPEAKE OPERATING, INC.

Enclosures

cc: OCD/Artesia, District 2

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 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 BIG SINKS "22" FEDERAL COM | Well Number 1H |
| OGRID No. 147179 | Operator Name CHESAPEAKE OPERATING CO. | Elevation 3400' |

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 | 22 | 24 S | 30 E | | 175 | 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 | 22 | 24 S | 30 E | | 330 | 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 32.20969243° Long - W 103.8615745° NMSPE - N 440340.383 E 687244.026 (NAD-83)</p> | <p>Project Area</p> | <p>Producing Area</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> 3/23/2010 Signature Date</p> <p>Bryan Arrant Printed Name</p> |
| | | | | <p>Penetration Point 193' FSL & 400' FEL</p> <p>SURFACE LOCATION Lot - N 32.19660128° Long - W 103.86159641° NMSPE - N 435577.987 E 687258.143 (NAD-83)</p> |