

DATE IN 11.15.10	SUSPENSE	ENGINEER DKB	LOGGED IN 11.15.10	TYPE NSL	APP NO 1031956253
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PTG-W

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Chesapeake
 Ruth 20#1

ADMINISTRATIVE APPLICATION CHECKLIST 30-025-33579

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]

Lea

[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 Ocean Munds-Dry Attorney 11-12-10
 Print or Type Name Signature Title Date
 e-mail Address omundsdry@hollandhart.com

November 12, 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. for administrative approval of an unorthodox well location for its Ruth 20 Well No. 1 drilled from a location 609 feet from the North line and 1650 feet from the West line of Section 20, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico.

Dear Mr. Fesmire:

Chesapeake Operating, Inc. ("Chesapeake") hereby seeks administrative approval pursuant to the provisions of Division Rule 19.15.15.13 for an unorthodox well location for its Ruth 20 Well No. 1. This well is located in Section 20, Township 16 South, Range 36 East, N.M.P.M., Lea County, New Mexico to be re-completed in the Wolfcamp formation at a location 609 feet from the North line and 1650 feet from the West line of Section 20, Lea County, New Mexico. A 160-acre spacing unit will be dedicated to this well comprised of the NW/4 of Section 20.

This proposed location in the Wolfcamp formation is unorthodox because it is governed by the Special Rules and Regulations for the North Shoe Bar-Wolfcamp Pool which provide for wells on 160-acre spacing units to be located within 150 feet of the center of a governmental quarter-quarter section or lot. The proposed location is 1650 feet from the western boundary of the spacing unit and therefore outside the 150 feet window in the NE/4 NW/4.

This well was drilled and completed at a standard gas well location in the Strawn formation. Chesapeake now plans to re-complete in the Wolfcamp formation. When this well was drilling, mudlogs revealed a potential productive sand in the Wolfcamp. The proposed location is the most efficient and reasonable way to develop these reserves. It would not be economic to drill a new well to test this zone.



Exhibit A is a C-102 for this well. Chesapeake is the operator of this 160-acre spacing unit towards which the well is encroaching and working interest ownership is common. Therefore, no notice is required pursuant to Division rules.

Your attention to this application is appreciated.

Sincerely,

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

Ocean Munds-Dry
Attorney for Chesapeake Operating, Inc.

Enclosures

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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 15, 2009
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-33579		² Pool Code 56295		³ Pool Name Unders. Shoe Bar; Wolfcamp, North.	
⁴ Property Code 19457		⁵ Property Name Ruth 20			⁶ Well Number 1
⁷ OGRID No. 147179		⁸ Operator Name Chesapeake Operating, Inc.			⁹ Elevation 3943' GR

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	20	16S	36E		609'	North	1650'	West	Lea

¹¹ 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

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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>¹⁶</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>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 as defined or entered by the division.</i></p> <p>Signature: <i>Bryan Arrant</i> Date: 11/02/2010</p> <p>Bryan Arrant Printed Name</p>	
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>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.</i></p>	
	<p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Please Refer to Original Plat.</p>	
	<p>Certificate Number</p>	

