

DATE IN 6.6.12	SUSPENSE 6-27	ENGINEER DB	LOGGED IN 6.6.12	TYPE NSL	APP NO. 1215840271
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PTGW

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Chesapeake 147179

PLU DIG SINKS 142430 USA

ADMINISTRATIVE APPLICATION CHECKLIST

30-015-40395 # 1H

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 _____

RECEIVED OOD
 2012 JUN -5 P 4:05
 0-14-245-30E

- [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

NSL-6579

[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.

Adam G. Rankin Attorney 6/5/12
 Print or Type Name Signature Title Date
 agrankin@hollandhart.com
 e-mail Address

HOLLAND & HART^{LLP}



Adam G. Rankin
Associate

Phone 505-954-7294
Fax 505-983-6043
agrarkin@hollandhart.com

June 5, 2012

VIA HAND DELIVERY

Jami Bailey, 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 Amendment to Administrative Order NSL-6579 Approving An Unorthodox Well Location for the PLU Big Sinks 14 24 30 USA Well No. 1H in Section 14, Township 24 South, Range 30 East, NMPM, Eddy County, New Mexico.

Dear Ms. Bailey:

By Administrative Order NSL-6579, dated March 30, 2012, the Division approved an unorthodox well location for Chesapeake Operating, Inc.'s ("Chesapeake") PLU Big Sinks 14 24 30 USA Well No. 1H located in Section 14, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. Under the NSL Order, the well is to be drilled in the Bone Spring formation at a surface location 50 feet from the South line and 1980 feet from the East line with a penetration point 330 feet from the South line and 1980 feet from the East line with a terminus location 100 feet from the North line and 1980 feet from the East line of Section 14. Notice was provided to the affected parties and no objection was received by the Division prior to issuance of Order NSL-6579.

As reflected on the attached amended C-102 report, Chesapeake now seeks to amend NSL-6579 to approve a surface location 50 feet from the South line and 2360 feet from the East line with the first perforations in the completed interval at a location 330 feet from the South line and 2339 feet from the East line of Section 14 for engineering reasons.

Exhibit A is a land plat for Section 14 and the surrounding sections that shows the adjoining units and existing wells. The proposed new surface location makes the well unorthodox because the 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. The proposed new surface location will have a completed interval located 2339 feet from the East line of Section 14 for engineering reasons, and is, therefore, closer to the boundary of the spacing unit than allowed by Division rules.

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.

Exhibit B is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the proposed change to the PLU Big Sinks 14 24 30 USA Well No. 1H well will place its first perforation closer than allowed to the spacing and proration unit to the West.

Exhibit C is a list of the affected parties. Pursuant to 19.15.4.12(A)(2)(c) NMAC, affected parties are those toward whom the non-standard location encroaches. Here, the proposed bottom-hole location encroaches to the West upon BOPCO. A copy of this application to amend NSL-6579 with all attachments was mailed to the notice recipient.

Accordingly, Chesapeake respectfully requests that Administrative Order NSL-6579 be amended to reflect approval of a surface location 50 feet from the South line and 2360 feet from the East line with the first perforations in the completed interval at a location 330 feet from the South line and 2339 feet from the East line of Section 14.

Your attention to this application is appreciated.

Sincerely,



Adam G. Rankin
ATTORNEY FOR CHESAPEAKE OPERATING, INC.

Enclosures
AGR

cc: David K. Brooks
Monty Montgomery, BOPCO
Teresa Long, Chesapeake Operating, Inc. w/o encls.

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

JamI Bailey
Division Director
Oil Conservation Division



March 30, 2012

Chesapeake Operating, Inc.
c/o Holland & Hart LLP
Attn: Mr. Adam G. Rankin

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6579
Administrative Application Reference No. pTWG12-06029635

Chesapeake Operating, Inc.
OGRID 147179
PLU Big Sinks 14 24 30 USA Well No. 1H
API No. 30-015

Proposed Location:

	<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Township</u>	<u>Range</u>	<u>County</u>
Surface	50 FSL & 1980 FEL	O	14	24S	30E	Eddy
Penetration Point	330 FSL & 1980 FEL	O	14	24S	30E	Eddy
Terminus	100 FNL & 1980 FEL	B	14	24S	30E	Eddy

Proposed Project Area:

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
W/2 E/2 of Section 14	162.14	Wildcat Bone Spring	

Reference is made to your application received on February 28, 2012.

You have requested to drill this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 15.9.A [19.15.15.9.A NMAC], which provides for 40-acre units with wells located at least 330 feet from a unit outer boundary, and Rule 15.16.14.B(2) [19.15.16.14.B(2) NMAC] concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are less than 330 feet from an outer boundary of the project area.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

March 30, 2012
Page 2

It is our understanding that you are seeking this location for engineering reasons, in order to maximize the productive length of the wellbore lateral within the producing area.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.15.9 NMAC].

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division -- Artesia
United States Bureau of Land Management

DATE: 2-29-12	SUSPENSE	ENGINEER: DB	LOGGED IN	TYPE: NSL	APP NO: 1206029635
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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
147179

PLU Big Sinks 147430 USA #14

ADMINISTRATIVE APPLICATION CHECKLIST

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- [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]**

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 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
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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.

Adam G. Rankin
 Print or Type Name

[Signature]
 Signature

Attorney
 Title

2/28/12
 Date

aarankin@hollandhart.com
 e-mail Address

6579
 2012 FEB 28 3:44
 RECEIVED
 0-14-24-30
 eddy



Adam G. Rankin
Associate
Phone 505-954-7294
Fax 505-983-6043
agrarkin@hollandhart.com

February 28, 2012

VIA HAND DELIVERY

Jami Bailey
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED OOD
2012 FEB 28 P 3 41 PM

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its PLU Big Sinks 14 24 30 USA 1H well in the Bone Spring Pool Section 14, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Dear Ms. Bailey:

Chesapeake Operating, Inc. (OGRID No. 147179) hereby seeks administrative approval pursuant to the provisions of Division Rule 19.15.15.13 NMAC for an unorthodox well location for its PLU Big Sinks 14 24 30 USA No. 1H to be located in Section 14, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. The proposed wildcat well is to be drilled at a surface location 150 feet from the South line with a penetration point 330 feet from the South line and approximately 1980 feet from the East line of Section 14. The bottom-hole location will be 100 feet from the North line and 1980 feet from the East line of Section 14. A 162.14-acre project area has been dedicated to this horizontal well comprised of the W/2 E/2 of Section 14.

Exhibit A is a land plat for Section 14 and surrounding sections that shows the proposed non-standard location of the PLU Big Sinks 14 24 30 USA No. 1H in relation to adjoining units and existing wells. 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. The bottom-hole location of this well will be located 100 feet from the North line of Section 14 for engineering reasons, and is, therefore, closer to the section line than allowed by Division rules.

Exhibit B is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the proposed PLU Big Sinks 14 24 30 USA No. 1H well encroaches on the spacing and proration unit to the North.

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

Exhibit C is a list of the affected parties. Pursuant to 19.15.4.12(A)(2)(c) NMAC, affected parties are those toward whom the non-standard location encroaches. Here, the proposed bottom-hole location encroaches on the spacing and proration unit to the North. The affected party is BEPCO. A copy of this application with all attachments was mailed to the notice recipient.

Your attention to this application is appreciated.

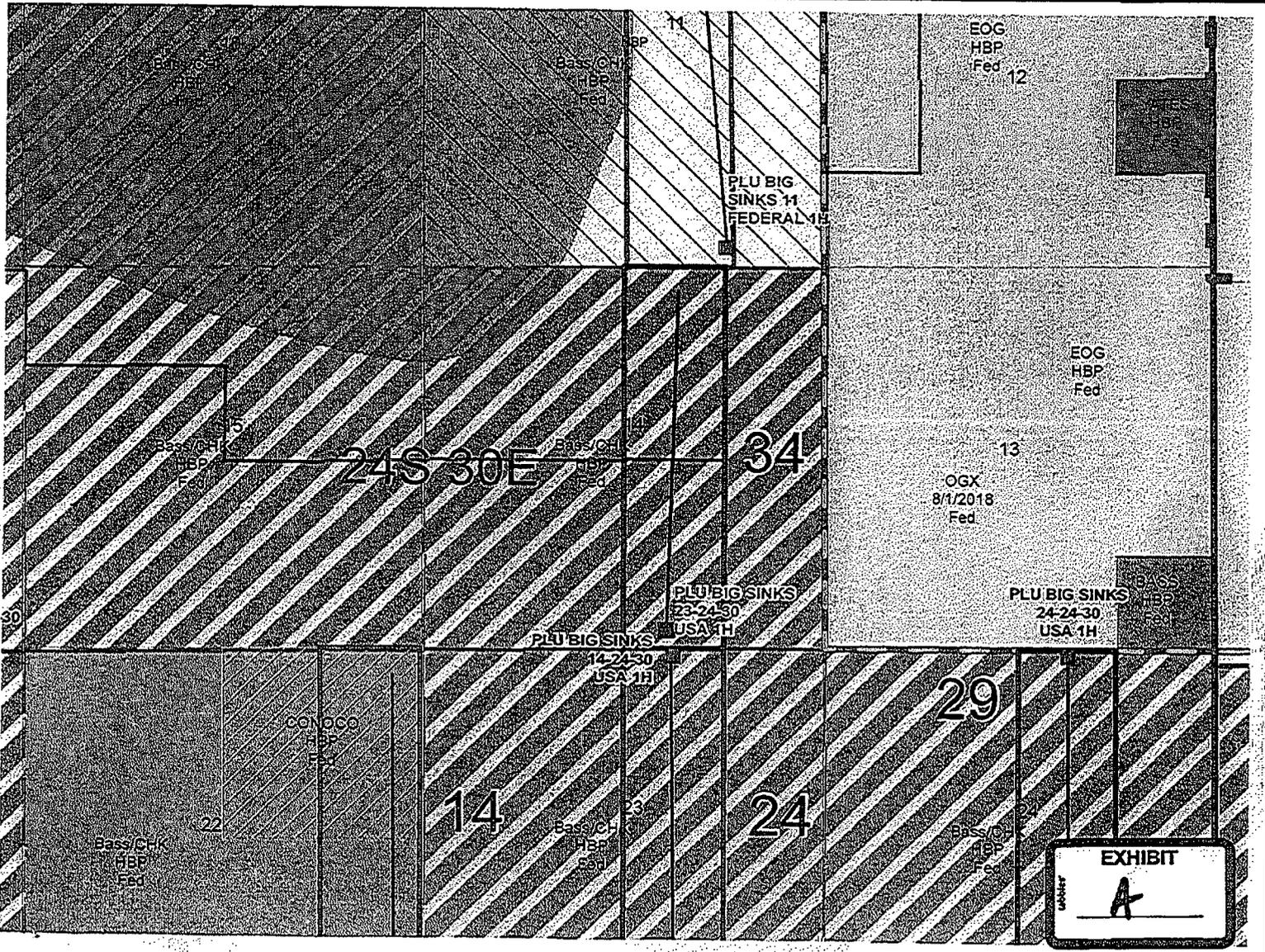
Sincerely,



Adam G. Rankin
ATTORNEY FOR CHESAPEAKE OPERATING, INC.

AGR

cc: Jerris Johnson



DISTRICT I
1815 N. Fourth St., Hobbs, NM 88240
Phone (505) 535-4122 Fax (505) 535-3118

DISTRICT II
911 S. RIVA St., Artesia, NM 88210
Phone (505) 745-5125 Fax (505) 745-5118

DISTRICT III
1620 N.W. Highway, PA, Aztec, NM 87410
Phone (505) 834-5118 Fax (505) 834-5118

DISTRICT IV
1815 N. 4th, Roswell, NM 88203
Phone (505) 834-5122 Fax (505) 834-5118

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011
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 PLAN □ AMENDED REPORT

API Number	Pool Code	Pool Name
	98403	WILDCAT; BONE SPRING
Property Code	Property Name	Well Number
	PLU BIG SINKS 14 24 30 USA	1H
COORD No.	Operator Name	Elevation
147179	CHESAPEAKE OPERATING CO.	3428'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	14	24 S	30 E		150	SOUTH	1980	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
B	14	24 S	30 E		100	NORTH	1980	EAST	EDDY

Dedicated Acre	Joint or Infill	Consolidation Code	Order No.
162.14			

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</p> <p>Lot - N 32.22482382' Long - W 103.849318642' INSPCE - E 891099.723 (NAD-83)</p> <p>Lot - N 32.224739210' Long - W 103.848833370' INSPCE - E 848818.828 (NAD-83)</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 application reflects and a working interest or surface mineral interest in the land underlying the proposed bottom hole location or has a right to drill this well if the location proposed is in contrast with an owner of such a mineral or working interest, or is a voluntary pooling agreement or a compulsory pooling order previously entered by the Division.</p> <p><i>Bryan Arrant</i> 02/03/2012 Signature Date Bryan Arrant Related Name bryan.arrant@chx.com Email Address</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plan 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><i>Gary L. Jones</i> Date Surveyed 02/03/2012 Signature and Seal of Professional Surveyor Certificate No. Gary L. Jones 7077 DRAIN SURVEYS 28838</p>
<p>SURFACE LOCATION</p> <p>Lot - N 32.211010918' Long - W 103.849369201' INSPCE - E 891018.744 (NAD-83)</p> <p>Lot - N 32.410917858' Long - W 103.848805331' INSPCE - E 848832.845 (NAD-83)</p>		

EXHIBIT
B

EXHIBIT C

**Chesapeake's NSL Application
PLU Big Sinks 14 24 30 USA No. 1H**

BEPCO
201 Main Street, Suite 3100
Ft. Worth, Texas 76102



Teresa Long
Assistant Landman - Permian District

February 14, 2012

Mr. Monty Montgomery
BEPCO
201 Main Street, Suite 3100
Ft. Worth, TX 76102

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its PLU Big Sinks 14 24 30 USA 1H well in the Bone Spring Pool Section 14, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Montgomery:

Chesapeake Operating, Inc. has submitted the above-referenced application to the New Mexico Oil Conservation Division for an unorthodox well location for its PLU Big Sinks 14 24 30 USA 1H well. This well is located in Section 14, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, and is to be drilled horizontally in the Bone Spring pool at a surface location 150 feet from the South line with a penetration point 330 feet from the South line and approximately 1980 feet from the East line of Section 14. The bottom-hole location will be 100 feet from the North line and 1980 feet from the East line of Section 14.

Division Rules provide that an application may be approved sooner if the applicant obtains waivers from affected parties. We therefore request your waiver of objection to this administrative application. We respectfully request you that you sign this letter and return it by e-mail or overnight delivery as soon as possible.

Thank you for your consideration of this matter. Should you wish to discuss, please feel free to call me at 405-935-9175.

Sincerely,

Chesapeake Exploration, L.L.C.

Teresa Long

BEPCO agrees to waive objection to Chesapeake Operating, Inc.'s application for an unorthodox well location for its PLU Big Sinks 14 24 30 USA 1H well.

By:
Name & Title W. Frank McCreight, Sr. Vice President JAM

Date: 2-27-12

HOLLAND & HART 

Adam G. Rankin
Phone 505-988-4421
Fax 505-983-6043
agrarkin@hollandhart.com

February 28, 2012

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its PLU Big Sinks 14 24 30 USA 1H well in the Bone Spring Pool Section 14, Township 24 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 Co. for administrative approval of an unorthodox well location for its PLU Big Sinks 14 24 30 USA Well No. 1H. The proposed wildcat well is to be drilled at a surface location 150 feet from the South line and a penetration point 330 feet from the South line, and approximately 1980 feet from the East line of Section 14. The bottom-hole location will be 100 feet from the North line and 1980 feet from the East line of Section 14.

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,



Adam G. Rankin
ATTORNEY FOR CHESAPEAKE OPERATING, INC.

Enclosures

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 2203 Santa Fe, NM 87504-2208
Denver Aspen Boulder Colorado Springs Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Salt Lake City Santa Fe Washington, D.C. ☺

Brooks, David K., EMNRD

From: Adam Rankin [AGRankin@hollandhart.com]
Sent: Monday, March 12, 2012 3:52 PM
To: Brooks, David K., EMNRD
Subject: Chesapeake: Corrected Surface Location for NSL Application for PLU Big Sinks 14 24 30 USA 1H
Attachments: Revised C-102.pdf

David,

I filed on February 28 an administrative application on behalf of Chesapeake for a non-standard location for the PLU Big Sinks 14 24 30 USA 1H. BLM just informed Chesapeake that the BLM wants the surface location of this well moved.

On the application and in accordance with the C-102 filed, we requested a surface location 150 feet from the South line of Section 14 with a penetration point 330 feet from the South line. The BLM has requested that Chesapeake place the surface location 50 feet from the South line and 1980 from the East line. The penetration point will remain unchanged at 330 feet from the South line. I've attached the amended C-102 form indicating the changed surface location per BLM instruction.

To be sure that any order issued by the Division correctly states the surface location, can you please accept this email as a correction to Chesapeake's application for a non-standard surface location for its PLU Big Sinks 14 24 30 USA 1H well? Please let me know if I need to provide you with any other information or make a more formal written request.

All best,
Adam

Adam G. Rankin
Holland & Hart LLP
110 North Guadalupe Suite 1
P.O. Box 2208
Santa Fe, NM 87504
Office: (505) 988-4421
Direct: (505) 954-7294
Cell: (505) 570-0377
Fax (505) 983-6043
E-mail: agrarkin@hollandhart.com
[Download vCard](#)



CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

DISTRICT I
 1210 N. French St., Bldg. 1, Santa Fe, NM 87505
 Phone (505) 825-2111 Fax (505) 825-2120

DISTRICT II
 111 E. Third St., Bldg. 1, Santa Fe, NM 87501
 Phone (505) 716-3123 Fax (505) 716-3124

DISTRICT III
 1000 Rio Grande Rd., Artec, NM 87410
 Phone (505) 244-4100 Fax (505) 244-4112

DISTRICT IV
 1220 N. El Frisco St., Bldg. 1, Santa Fe, NM 87505
 Phone (505) 716-3123 Fax (505) 716-3124

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised August 1, 2011

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

Submit one copy to appropriate District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code 86403	Pool Name WILDCAT; BONE SPRING
Property Code	Property Name PLU BIG SINKS 14 24 30 USA	Well Number 1H
OGRD No. 147170	Operator Name CHESAPEAKE OPERATING CO.	Elevation 3427'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
0	14	24 S	30 E		50	SOUTH	1980	EAST	EDDY

Bottom Hole Location If Different From Surface

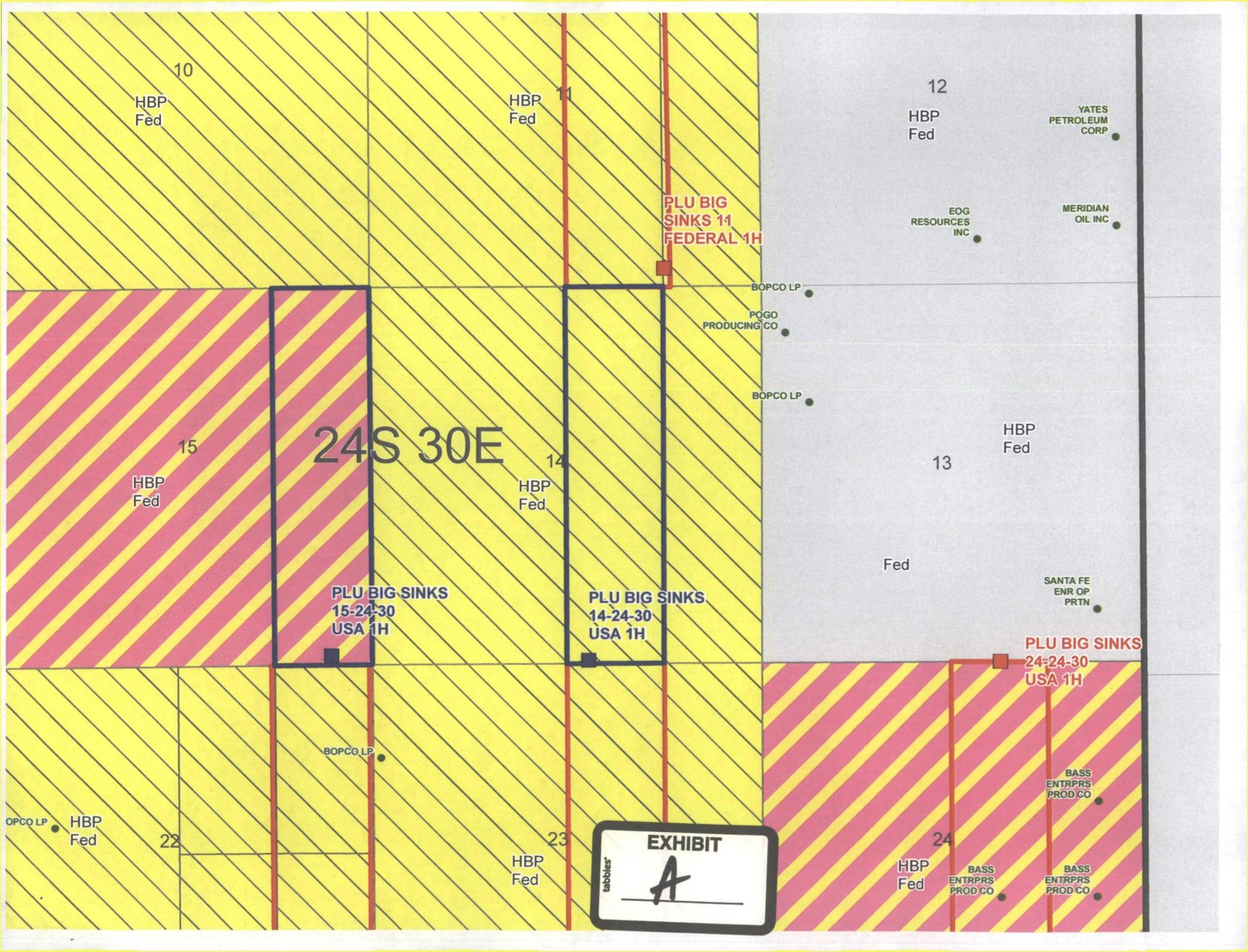
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
B	14	24 S	30 E		100	NORTH	1980	EAST	EDDY

Dedicated Acres 162.14	Joint or Infill	Consolidation Code	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>PROPOSED BOTTOM HOLE LOCATION</p> <p>Lot - N 32.224862382' Long - W 103.849310642' NUSPCE - N 445875.835 E 691009.723 (NAD-83)</p> <p>Lot - N 32.224739210' Long - W 103.848833370' NUSPCE - N 445816.928 E 698829.701 (NAD-27)</p>	<p>Project Area</p>	<p>Producing Area</p>	<p>1980'</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 otherwise retains 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 State.</p> <p><i>Bryan Arant</i> 03/12/2012 Signature Date Bryan Arant Printed Name bryan.arant@chk.com Email Address</p>

PROJECTED PENETRATION POINT
 330' EGL & 1980' FEL



10

HBP Fed

11

HBP Fed

12

HBP Fed

YATES PETROLEUM CORP

PLU BIG SINKS 11 FEDERAL 1H

EOG RESOURCES INC

MERIDIAN OIL INC

BOPCO LP

POGO PRODUCING CO

BOPCO LP

15

HBP Fed

24S 30E

14

HBP Fed

13

HBP Fed

Fed

SANTA FE ENR OP PRTN

PLU BIG SINKS 15-24-30 USA 1H

PLU BIG SINKS 14-24-30 USA 1H

PLU BIG SINKS 24-24-30 USA 1H

BOPCO LP

BASS ENTRPRS PROD CO

22

HBP Fed

23

HBP Fed

24

HBP Fed

BASS ENTRPRS PROD CO

BASS ENTRPRS PROD CO

tabbies EXHIBIT A

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-8161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone (575) 748-1283 Fax: (575) 748-0720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-8178 Fax: (505) 334-8170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-5160 Fax: (505) 476-5162

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

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 96403	Pool Name WILDCAT; BONE SPRING
Property Code	Property Name PLU BIG SINKS 14 24 30 USA	Well Number 1H
OGRID No. 147179	Operator Name CHESAPEAKE OPERATING CO.	Elevation 3423'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	14	24 S	30 E		50	SOUTH	2360	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
B	14	24 S	30 E		100	NORTH	1980	EAST	EDDY

Dedicated Acres 160	Joint or Infill	Consolidation Code	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

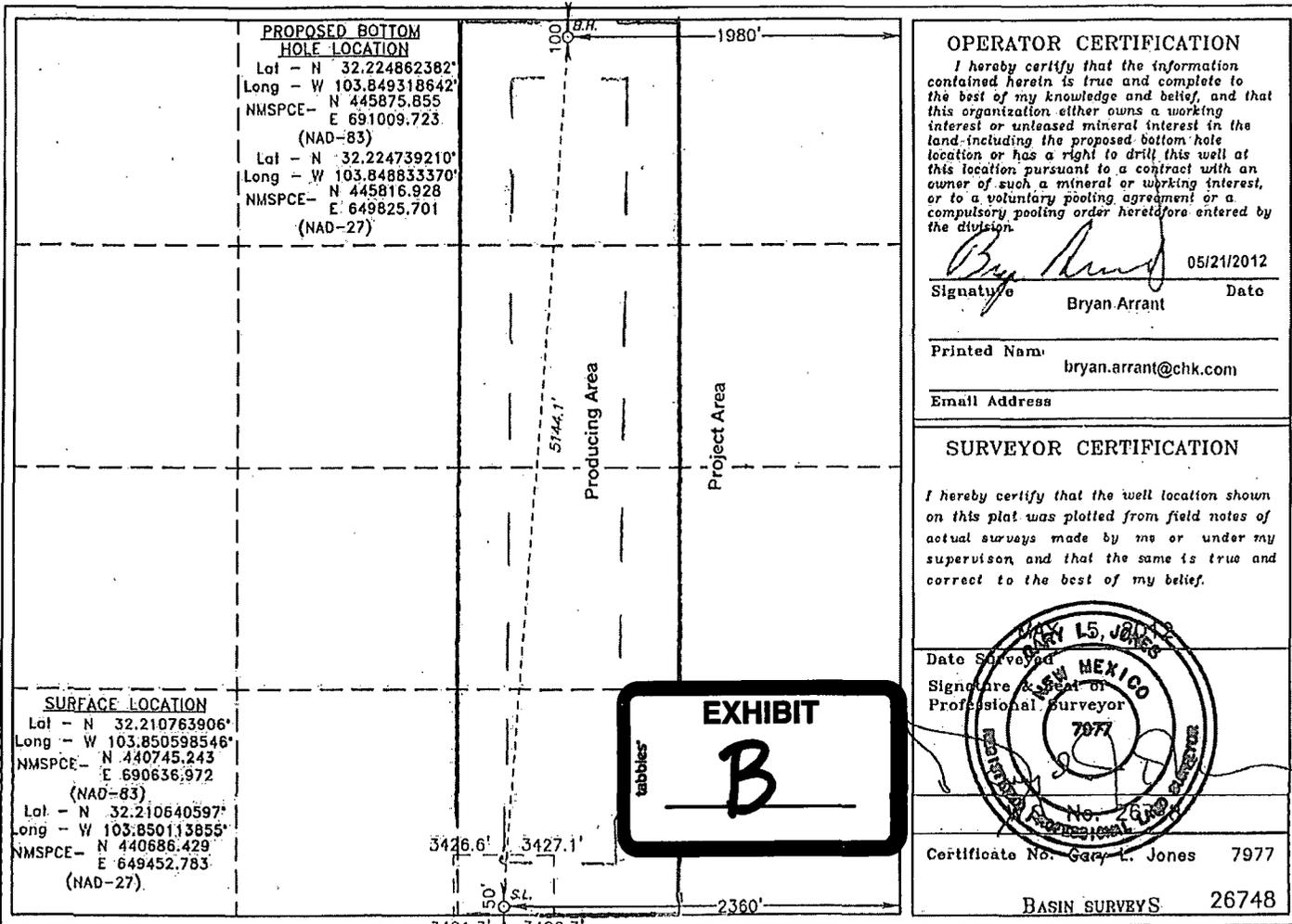


EXHIBIT
B

OPERATOR CERTIFICATION
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.

Signature: *Bryan Arrant* Date: 05/21/2012
Printed Name: Bryan Arrant
Email Address: bryan.arrant@chk.com

SURVEYOR CERTIFICATION
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.

Date Surveyed: MAY 15, 2012
Signature & Seal of Professional Surveyor: *Gary L. Jones*
Certificate No.: Gary L. Jones 7977
BASIN SURVEYS 26748

EXHIBIT C

**Chesapeake's Application to Amend NSL-6579
PLU Big Sinks 14 24 30 USA No. 1H**

BOPCO
201 Main Street, Suite 3100
Ft. Worth, Texas 76102

HOLLAND & HART^{LLP}



Adam G. Rankin
Phone 505-988-4421
Fax 505-983-6043
agrarkin@hollandhart.com

June 5, 2012

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES

Re: Application of Chesapeake Operating, Inc. for Amendment to Administrative Order NSL-6579 Approving An Unorthodox Well Location for the PLU Big Sinks 14 24 30 USA Well No. 1H in Section 14, Township 24 South, Range 30 East, NMPM, 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 Co. for administrative approval of amendment to NSL-6579. As reflected on the attached application, Chesapeake seeks to amend NSL-6579 to approve a surface location 50 feet from the South line and 2360 feet from the East line with the first perforations in the completed interval at a location 330 feet from the South line and 2339 feet from the East line of Section 14 for engineering reasons.

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,

Adam G. Rankin
**ATTORNEY FOR CHESAPEAKE OPERATING,
INC.**

Enclosures

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. ♻