

06/27/12 DATE IN	NA SUSPENSE	Brooks, D. ENGINEER	06/28/12 LOGGED IN	NSL TYPE	PJDD 121 8030232 APP NO.
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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
OGRID 147179
Loc. Name
PLU ROSS RANCH 28 25 30
Located 28-25-30E
6651

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 _____

[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.

Adam Rankin
Print or Type Name

[Signature]
Signature

Attorney
Title

6/27/12
Date

agrankin@hollandhart.com
e-mail Address

RECEIVED OGD
2012 JUN 27 P 4:30



June 27, 2012

VIA HAND DELIVERY

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

RECEIVED OCO
2012 JUN 27 P 4:30

Re: Application of Chesapeake Operating Co. for administrative approval of an unorthodox well location for its PLU Ross Ranch 28 25 30 USA 1H well in Section 28, Township 25 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Dear Ms. Bailey:

Chesapeake Operating Co. (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 Ross Ranch 28 25 30 USA 1H well to be located in Section 28, Township 25 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. The proposed well is to be drilled at a surface location 150 feet from the South line and 660 feet from the West line of Section 28. The first perforations in the well will be at a point 330 feet from the South line and 660 feet from the West line of the project area. The bottom-hole location will be 100 feet from the North line and 660 feet from the West line of Section 28. A 160-acre project area has been dedicated to this horizontal well comprised of the W/2 W/2 of Section 28.

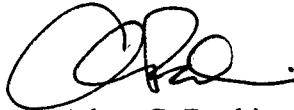
Exhibit A is a land plat for Section 28 and surrounding sections that shows the proposed non-standard location of the PLU Ross Ranch 28 25 30 USA 1H Well in relation to adjoining units and existing wells. This location is unorthodox because the Corral Canyon Bone Spring Pool under this acreage is governed 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 surface location of this well will be located 150 feet from the South line and the bottom-hole location will be located 100 feet from the North line of Section 28 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 Ross Ranch 28 25 30 USA 1H Well encroaches on the spacing and proration unit to North.

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 North. The affected party, BOPCO, LP, agrees to waive objections to this application. A copy of their waiver letter is attached to this application as **Exhibit D**.

Your attention to this application is appreciated.

Sincerely,



Adam G. Rankin
ATTORNEY FOR CHESAPEAKE OPERATING CO.

cc: Teresa Long, Chesapeake Operating Co.

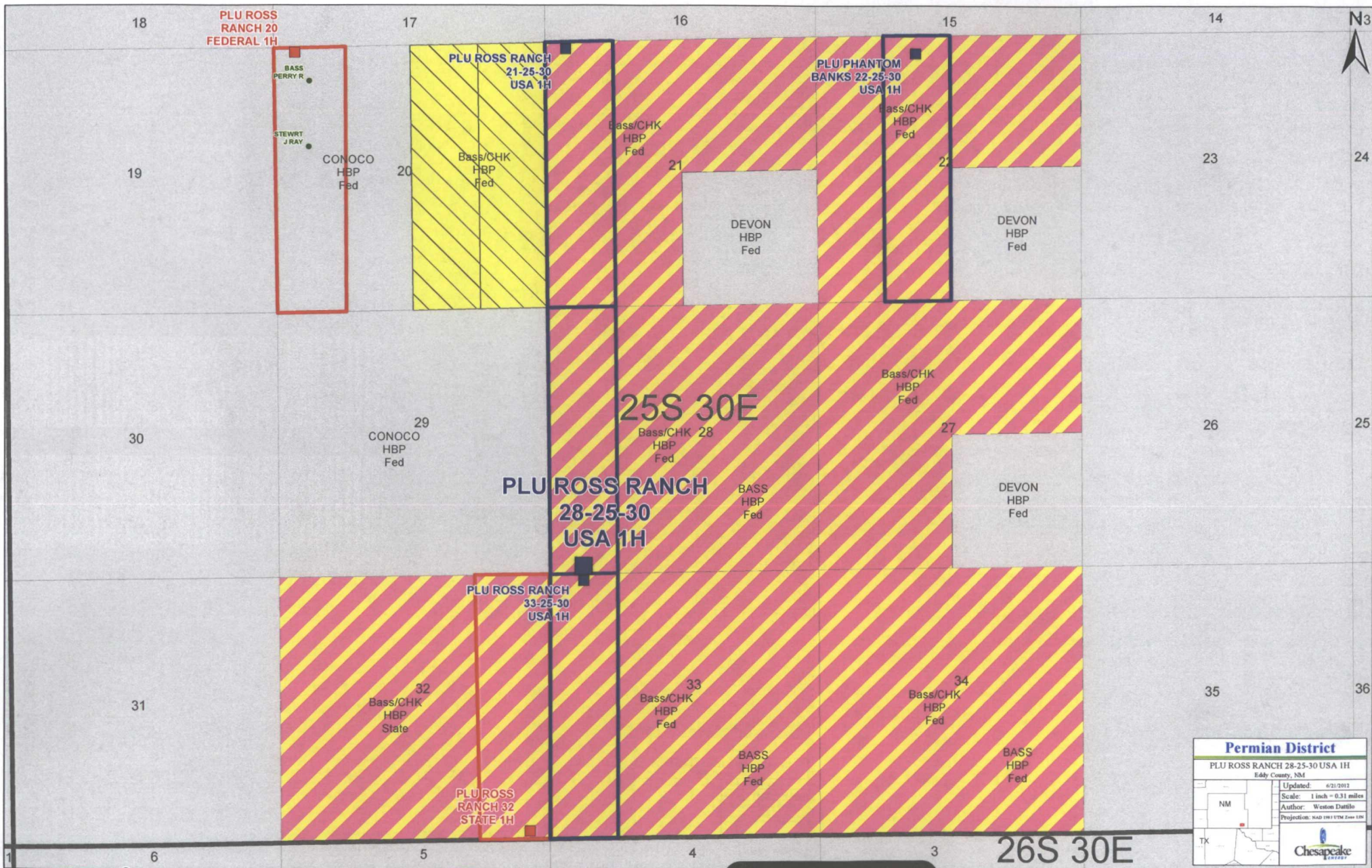


EXHIBIT
A

District I
 1625 N. French Dr., Albuquerque, NM 87110
 Phone: (505) 393-6161 Fax: (505) 393-0120
District II
 811 S. Tenth St., Santa Fe, NM 87505
 Phone: (505) 743-1233 Fax: (505) 743-5710
District III
 1000 Rio Bates Road, Artes, NM 87010
 Phone: (505) 331-6114 Fax: (505) 331-6110
District IV
 1210 S. St. Francis Dr., Santa Fe, NM 87505
 Phone: (505) 476-3150 Fax: (505) 476-3151

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 August 1, 2011
 Submit one copy to appropriate
 District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 13354	Pool Name CORRAL CANYON BONE SPRING, SOUTH
Property Code	Property Name PLU ROSS RANCH 28 25 30 USA	Well Number III
COORD No. 147179	Operator Name CHESAPEAKE OPERATING, INC.	Elevation 3196'

" Surface Location

Ul. or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
M	28	25S	30E		150'	SOUTH	660'	WEST	EDDY

" Bottom Hole Location If Different From Surface

Ul. or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
D	28	25S	30E		100'	NORTH	660'	WEST	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.

Project Area N 00°24'15"W S20°25' Producing Area	PROPOSED BOTTOM HOLE LOCATION X= 636,291 HAD 27 Y= 403,229 LAT. 32.107825 LONG. 103.692193 X= 637,777 HAD 33 Y= 403,287 LAT. 32.107819 LONG. 103.692675	" OPERATOR CERTIFICATION I hereby certify that the location of the well 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. Signature <i>Bryan Arrant</i> Date 05/29/2012 Printed Name Bryan Arrant E-mail Address bryan.arrant@clik.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 of Survey May 29, 2011 Signature and Seal of Professional Surveyor Seal: NEW MEXICO 16070 Certificate Number #15078
	PLU ROSS RANCH 28 25 30 USA NO. III WELL X= 636,627 HAD 27 Y= 398,209 LAT. 32.091024 LONG. 103.692145 X= 677,812 HAD 33 Y= 393,267 LAT. 32.091148 LONG. 103.692628 ELEVATION 3196' MSL	

FIRST PROPOSED PERFORATIONS
 330' FSL 660' FWL



EXHIBIT C
Chesapeake's NSL Application
PLU ROSS RANCH 28 25 30 USA 1H WELL

BOPCO
201 Main Street, Suite 3100
Ft. Worth, TX 76102
Attention: Monty Montgomery



Teresa Long
Assistant Landman - Permian District

June 19, 2012

Mr. Monty Montgomery
BOPCO, L. P.
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 Ross Ranch 28 25 30 USA 1H well in the Corral Canyon Bone Spring, South Pool Section 28, Township 25 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Montgomery:

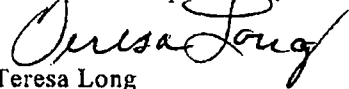
Chesapeake Operating, Inc. has submitted the above-referenced application to the New Mexico Oil Conservation Division for an unorthodox well location for its PLU Ross Ranch 28 25 30 USA 1H well. This well is located in Section 28, Township 25 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, and 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 660 feet from the West line of Section 28. The bottom-hole location will be 100 feet from the North line and 660 feet from the West line of Section 28.

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

BOPCO, L.P. agrees to waive objection to Chesapeake Operating, Inc.'s application for an unorthodox well location for its PLU Ross Ranch 28 25 30 USA 1H well.

EXHIBIT



BOPCO, L.P., a Delaware limited partnership

By: BOPCO GP, L.L.C., a Delaware limited
liability company, general partner

By: W. Frank McCreight
W. Frank McCreight
Sr. Vice President