

DATE IN 9/13/12	SUSPENSE NA	ENGINEER Brooks	LOGGED IN 9/18/12	TYPE NSL	APP NO. PKVR12210239016
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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 Operating INC
PLU Big Sinks 142430 USA
#1H

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

Attorney 9/13/12

Title

Date

agrankin@hollandhart.com
e-mail Address

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2012 SEP 13 P 2:02

6684



September 13, 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

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its PLU Big Sinks 15 24 30 USA 1H well in Section 15, 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 15 24 30 USA 1H well to be located in Section 15, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. The proposed well is to be drilled horizontally at a surface location 450 feet from the South line and 770 feet from the East line of Section 15. The first perforations in the well will be at a point 450 feet from the South line and approximately 770 feet from the East line of the project area. The bottom-hole location will be 100 feet from the North line and 660 feet from the East line of Section 15. A 160-acre project area has been dedicated to this horizontal well comprised of the E/2 E/2 of Section 15.

Exhibit A is a land plat for Section 15 and surrounding sections that shows the proposed non-standard location of the PLU Big Sinks 15 24 30 USA 1H well in relation to adjoining units and existing wells. This location is unorthodox because 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 100 feet from the North line and of Section 15 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 15 24 30 USA 1H Well encroaches on the spacing and proration unit to the North.

HOLLAND & HART^{LLP}



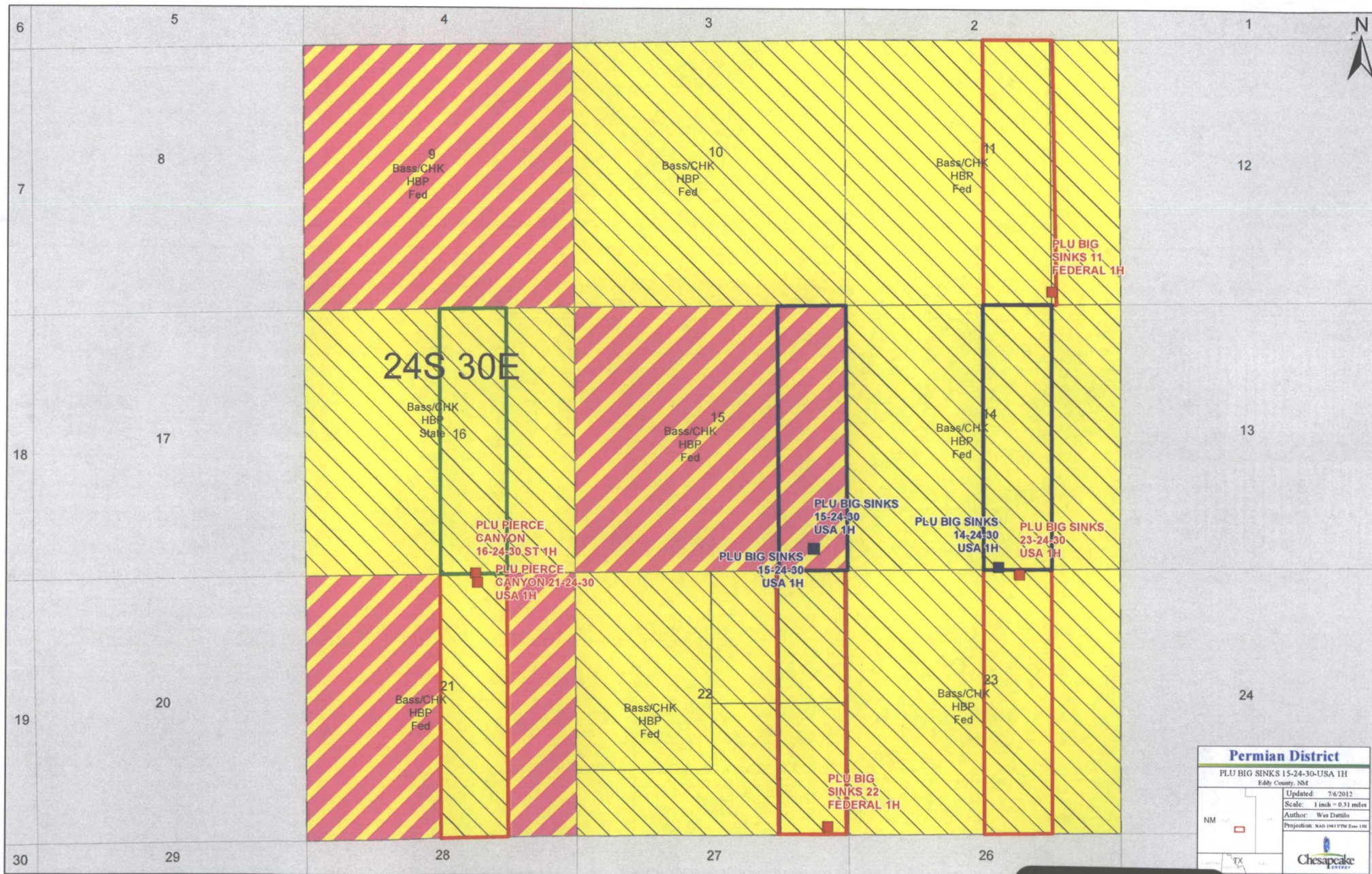
Exhibit C is a list of the affected parties. Pursuant to 19.15.4.12(A)(2)(c) NMAC, affected parties are those toward whom the non-standard location encroaches. Here, the proposed bottom-hole location encroaches to the North. The affected party, BOPCO, LP, agrees to waive objections to this application. 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 INC.



Permian District	
PLU BIG SINKS 15-24-30-USA 1H	
Eddy County, NM	
	Updated: 7/6/2012
	Scale: 1 inch = 0.31 miles
	Author: Wes Dattilo
	Projection: NAD 1983 FTM Zone 10N

EXHIBIT
A

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-6170
District II
611 S. First St., Artesia, NM 88210
Phone: (505) 748-1243 Fax: (505) 748-9120
District III
1000 Rio Diazon Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6179
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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

1 API Number		2 Pool Code		3 Pool Name	
		97798		WILDCAT; G-06 S243026M	
4 Property Code		5 Property Name			6 Well Number
		PLU BIG SINKS 15 24 30 USA			1H
7 OURID No.		8 Operator Name			9 Elevation
147179		CHESAPEAKE OPERATING, INC.			3434'

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
P	15	24S	30E		450'	SOUTH	770'	EAST	EDDY

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
A	15	24S	30E		100'	NORTH	660'	EAST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
160			

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>X= 645,181 NAD 27 Y= 445,782 LAT. 32.234600 LONG. 103.041970</p> <p>X= 606,870 NAD 83 Y= 445,841 LAT. 32.221810 LONG. 102.662350</p>	<p>Project Area</p> <p>N 01° 16' 23" E 4725.78'</p> <p>Producing Area</p> <p>162.01 ACRES</p> <p>770'</p> <p>450'</p>	<p>16 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information furnished herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or a mineral interest in the land described in the proposed bottom hole location or has a right to drill this well in the location proposed as a result of a contract with an owner of such an interest or working interest or as a subsidiary party to a contract or a compulsory proceeding to complete the well by the division.</p> <p><i>Bryan Arrant</i> 08/10/2012 Signature Date Bryan Arrant Printed Name bryan.arrant@chh.com E-mail Address</p>
		<p>17 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><i>DANIEL R. [Signature]</i> State of New Mexico Registered Professional Surveyor 15078 Certificate Number</p>

Projected Penetration Point
Same as Surface.



EXHIBIT C
Chesapeake's NSL Application
PLU BIG SINKS 15 24 30 USA 1H WELL

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



Teresa Long
Assistant Landman - Permian District

September 12, 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 Big Sinks 15 24 30 USA 1H well in the Wildcat G-06 S243026M Pool of Section 15, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Montgomery:

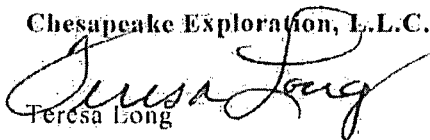
Chesapeake Operating, Inc. has submitted the above-referenced application to the New Mexico Oil Conservation Division for an unorthodox well location for its PLU Big Sinks 15 24 30 USA 1H well. This well is located in Section 15, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, and is to be drilled horizontally in the Wildcat G-06 S243026M pool at a surface location 450 feet from the South line with a penetration point 450 feet from the South line and approximately 770 feet from the East line of Section 15. The bottom-hole location will be 100 feet from the North line and 660 feet from the East line of Section 15.

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 Big Sinks 15 24 30 USA 1H well.



Chesapeake Energy Corporation
P.O. Box 18496 • Oklahoma City, OK 73154-0496 • 6100 N. Western Avenue • Oklahoma City, OK 73118
405-935-9175 • fax 405-935-4251 • teresa.long@che.com

Non-standard Location Waiver Letter
PLU Big Sinks 15 24.30 USA 1H
Page Two

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 *WFM*

Date: 9/12/12

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Wednesday, September 26, 2012 5:41 PM
To: agrankin@hollandhart.com
Subject: Chesapeake - PLU Big Sinks 14 24 30 USA #1; NSL Application

Dear Adam

Can you advise me of the target formation for this well? I have been unable to find a description of the wildcat pool identified on your attached Form C-102 that associates it with a formation.

Sincerely

David

Brooks, David K., EMNRD

From: Adam Rankin <AGRankin@hollandhart.com>
Sent: Thursday, September 27, 2012 10:34 AM
To: Brooks, David K., EMNRD
Subject: RE: Chesapeake - PLU Big Sinks 14 24 30 USA #1; NSL Application

David,

You may have questions regarding other recent NSL applications filed by Chesapeake, so I've included target formation information for those other wells, too.

Big Sinks 14 24 30 USA 1H - First Bone Spring Shale
Phantom Banks 25 25 30 USA 1H - First Bone Spring Shale
Phantom Banks 20 25 31 USA 1H - First Bone Spring Shale

Let me know if you have any questions.

Thanks!

From: Brooks, David K., EMNRD [<mailto:david.brooks@state.nm.us>]
Sent: Wednesday, September 26, 2012 5:41 PM
To: Adam Rankin
Subject: Chesapeake - PLU Big Sinks 14 24 30 USA #1; NSL Application

Dear Adam

Can you advise me of the target formation for this well? I have been unable to find a description of the wildcat pool identified on your attached Form C-102 that associates it with a formation.

Sincerely

David