

DATE IN <u>1/18/07</u>	SUSPENSE <u>—</u>	ENGINEER <u>WSD</u>	LOGGED IN <u>1/18/07</u>	TYPE <u>DHC</u> <u>3847</u>	APP NO. <u>PWTJ 0701855805</u>
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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



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.

Print or Type Name

Signature

Title

Date

e-mail Address



Midland Field Office

RECEIVED

JAN 18 2007

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

January 15, 2007

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Attention: Downhole Commingle Dept.

RE: Hugh 17
API #: 30-025-37855

Dear Sir:

Chesapeake Operating, Inc., respectfully, request approval to downhole commingle the Penrose Skelly; Grayburg and the Eunice; San Andres South pools. Enclosed, for your consideration, is our application form C-107A along with all of the following attachments:

1. Well Location And Acreage Dedication Plat for both pools.
2. Production history for both pools.
3. All working, royalty and overriding royalty interest are the same.

Your administrative approval of our request would be greatly appreciated.

Yours truly,

A handwritten signature in cursive script that reads "Brenda Coffman".

Brenda Coffman
Regulatory Analyst
Chesapeake Permian District

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, 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-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
Single Well
Establish Pre-Approved Pools
EXISTING WELLBORE
Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Chesapeake Operating, Inc. 2010 Rankin Hiway Midland, TX 79701
Operator Address
Hugh 17 D 14 T22S R37E Lea
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 147179 Property Code 301470 API No. 30-025-37855 Lease Type: Federal State X Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Penrose Skelly; Grayburg		Eunice; San Andres South
Pool Code	50350		24170
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3632 - 3829		3873 - 4030
Method of Production (Flowing or Artificial Lift)	Flowing		Pumping
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	38.0 deg. Gravity		
Producing, Shut-In or New Zone	Producing		Shut In
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 11/14/2006 Rates: 10BO 40MCF 90 BW	Date: Rates:	Date: 09/22/2006 Rates: 0BO 106MCF 379BW
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 100 % 27 %	Oil Gas % %	Oil Gas 0 % 73 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No
Are all produced fluids from all commingled zones compatible with each other? Yes X No
Will commingling decrease the value of production? Yes No X
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No X
NMOCD Reference Case No. applicable to this well:

Attachments:
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Brenda Coffman TITLE Sr. Regulatory Comp. Specialist DATE 01/15/ 007
TYPE OR PRINT NAME Brenda Coffman TELEPHONE NO. () (432)687-2992
E-MAIL ADDRESS bcoffman@chkenergy.com

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

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-37855	Pool Code 50350	Pool Name Penrose Skelly, Grayburg
Property Code 301470	Property Name HUGH	Well Number 17
OGRID No. 147179	Operator Name CHESAPEAKE OPERATING, INC.	Elevation 3364'

Surface Location

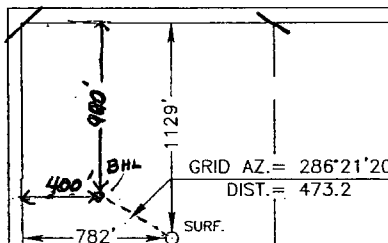
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	14	22-S	37-E		1129	NORTH	782	WEST	LEA

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
D	14	22-S	37-E		900	North	400	West	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

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>BOTTOM HOLE Y=509944.1 N X=868076.4 E</p> <p>GRID AZ.= 286°21'20" DIST.= 473.2</p> <p>GEODETIC COORDINATES NAD 27 NME SURFACE Y=509810.9 N X=868530.5 E</p> <p>LAT.=32.395928° N LONG.=103.139383° W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Brenda Coffman</i> 1-15-07 Signature Date Brenda Coffman Printed Name Regulatory Analyst</p> <p>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>GARY G. EIDSON APRIL 10, 2006 Date Surveyed Signature & Seal of Professional Surveyor 06.11.0632 Certificate No. GARY EIDSON 12641</p>
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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 June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-37855		Pool Code 24170	Pool Name Eunice;San andres South
Property Code 301470	Property Name Hugh		Well Number 17
OGRID No. 147179	Operator Name Chesapeake Operating, Inc.		Elevation 3364 GR

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	14	22S	37E		1129	North	782	West	Lea

¹¹Bottom Hole Location If Different From Surface

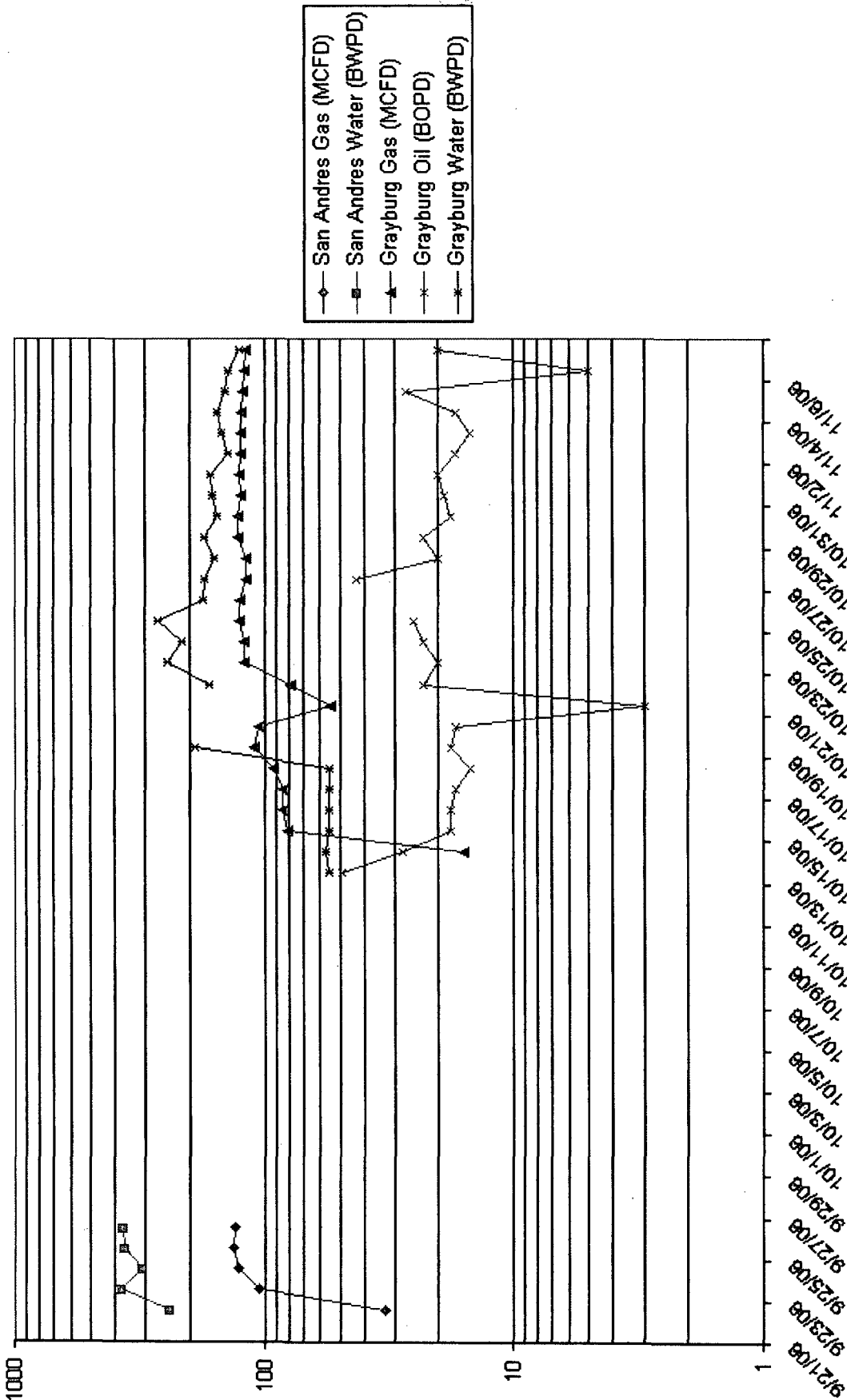
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	14	22S	37E		900	North	400	West	Lea

" Dedicated Acres	" Joint or Infill	" Consolidation Code	" 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

					¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Brenda Coffman Printed Name Regulatory Analyst bcoffman@chkenenergy.com Title and E-mail Address 01/15/2007 Date
					¹⁸ 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 Signature and Seal of Professional Surveyor:
					Certificate Number

Chesapeake Energy - Hugh 17



Chesapeake Energy Daily Production Report 9/21/2006 - 11/7/2006

Date	San Andres	San Andres	San Andres	Grayburg	Grayburg	Grayburg	% San A
	San Andres Gas (MCF)	San Andres Oil (BBL)	San Andres Water (BBL)	Grayburg Gas (MCF)	Grayburg Oil (BBL)	Grayburg Water (BBL)	
9/21/06	0	0	0	0	0	0	
9/22/06	33	0	240	0	0	0	
9/23/06	106	0	379	0	0	0	
9/24/06	128	0	313	0	0	0	
9/25/06	134	0	368	0	0	0	
9/26/06	132	0	372	0	0	0	
9/27/06	0	0	0	0	0	0	
9/28/06	0	0	0	0	0	0	
9/29/06	0	0	0	0	0	0	
9/30/06	0	0	0	0	0	0	
10/1/06	0	0	0	0	0	0	
10/2/06	0	0	0	0	0	0	
10/3/06	0	0	0	0	0	0	
10/4/06	0	0	0	0	0	0	
10/5/06	0	0	0	0	0	0	
10/6/06	0	0	0	0	0	0	
10/7/06	0	0	0	0	0	0	
10/8/06	0	0	0	0	0	0	
10/9/06	0	0	0	0	0	0	
10/10/06	0	0	0	0	0	0	
10/11/06	0	0	0	0	0	0	
10/12/06	0	0	0	0	0	0	
10/13/06	0	0	0	0	49	55	
10/14/06	0	0	0	16	28	57	
10/15/06	0	0	0	81	18	55	
10/16/06	0	0	0	85	18	55	
10/17/06	0	0	0	84	17	55	
10/18/06	0	0	0	93	15	55	
10/19/06	0	0	0	110	18	191	
10/20/06	0	0	0	105	17	0	
10/21/06	0	0	0	54	3	0	
10/22/06	0	0	0	78	23	168	
10/23/06	0	0	0	121	20	244	
10/24/06	0	0	0	121	23	214	
10/25/06	0	0	0	126	25	267	
10/26/06	0	0	0	126	0	176	
10/27/06	0	0	0	118	43	174	
10/28/06	0	0	0	119	20	160	

10/29/06	0	0	0	128	23	174
10/30/06	0	0	0	128	18	156
10/31/06	0	0	0	124	19	161
11/1/06	0	0	0	126	20	164
11/2/06	0	0	0	125	17	140
11/3/06	0	0	0	125	15	149
11/4/06	0	0	0	124	17	155
11/5/06	0	0	0	122	27	144
11/6/06	0	0	0	120	5	139
11/7/06	0	0	0	118	20	127