

DATE IN 1/3/07	SUSPENSE 1/23/07	ENGINEER W. Jones	LOGGED IN 1/5/07	TYPE NSL	APP NO. TDSO700533451
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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.

Ocean Munds Dry Ocean Munds Dry Attorney 1-3-07  
 Print or Type Name Signature Title Date  
 omundsdry@hollandhart.com  
 e-mail Address

2007 JAN 3 PM 2 52



January 29, 2007

2007 JUN 29 PM 3 03

**HAND DELIVERY**

Mr. William V. Jones  
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 Lou Wortham 11 Well No. 2, to be drilled to the San Andres and Grayburg formations at a location 2310 feet from the North line and 1245 feet from the West line of Section 11, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico.

Dear Mr. Jones:

*30-025-38235*  
*and completed only in the*  
*GRAYBURG.*

In accordance with your requests transmitted in your e-mail communication on January 22, 2007, Chesapeake Operating, Inc. ("Chesapeake") provides the following supplemental information for your review.

~~The Special Rules and Regulations for the South Eunice-San Andres Pool require 80-acre spacing units consisting of the N/2 or the S/2 of a governmental quarter section. Rule 2. The Special Rules also require wells to be located no closer than 330 feet to a quarter-quarter section line. Chesapeake has proposed lay-down spacing unit in the S/2 of the NW/4 of Section 11 but its proposed well location is closer than 330 feet to the quarter-quarter section line. Therefore, Chesapeake seeks approval of the unorthodox well location for both the San Andres and Grayburg formations.~~

Attached as **Exhibit F** is a hand-drawn plat showing the topographic obstacles which must be avoided by the proposed wells. Please let me know if this provides sufficient justification for the well location.

Attached as **Exhibit G** are copies of the certified return receipts pursuant to your request.



Please let me know if you have any additional questions. Thank you for your attention to this application.

Sincerely,

Ocean Munds-Dry  
ATTORNEY FOR CHESAPEAKE  
OPERATING, INC.

Enclosures

Submit 3 Copies To Appropriate District  
Office  
District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Ave., 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

Form C-103  
May 27, 2004

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

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-025-38235
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Chesapeake Operating Inc.		6. State Oil & Gas Lease No.
3. Address of Operator 2010 Rankin Hwy Midland, TX 79701		7. Lease Name or Unit Agreement Name Lou Wortham II
4. Well Location Unit Letter E : 2310 feet from the North line and 990 feet from the West line Section 11 Township 22S Range 37E NMPM County Lea		8. Well Number 002
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3346 GR		9. OGRID Number 147179
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>		10. Pool name or Wildcat <del>Eunice, San Andres, South</del>
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____		
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
TEMPORARILY ABANDON ☐ CHANGE PLANS ☒  
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
CASING/CEMENT JOB ☐

OTHER: Amend Footage ☒

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Chesapeake, respectfully, request the footage on this well be changed from 2310 FNL, 990 FWL to 2310 FNL & 1245 FWL of Sec 11, T22S, R37E.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Shay Stricklin TITLE Regulatory Tech. DATE 02/07/2007

Type or print name Shay Stricklin  
For State Use Only

E-mail address: sstricklin@chkenergy.com Telephone No. (432)687-2992

APPROVED BY: \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
Conditions of Approval (if any): \_\_\_\_\_

SECTION 11, TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO

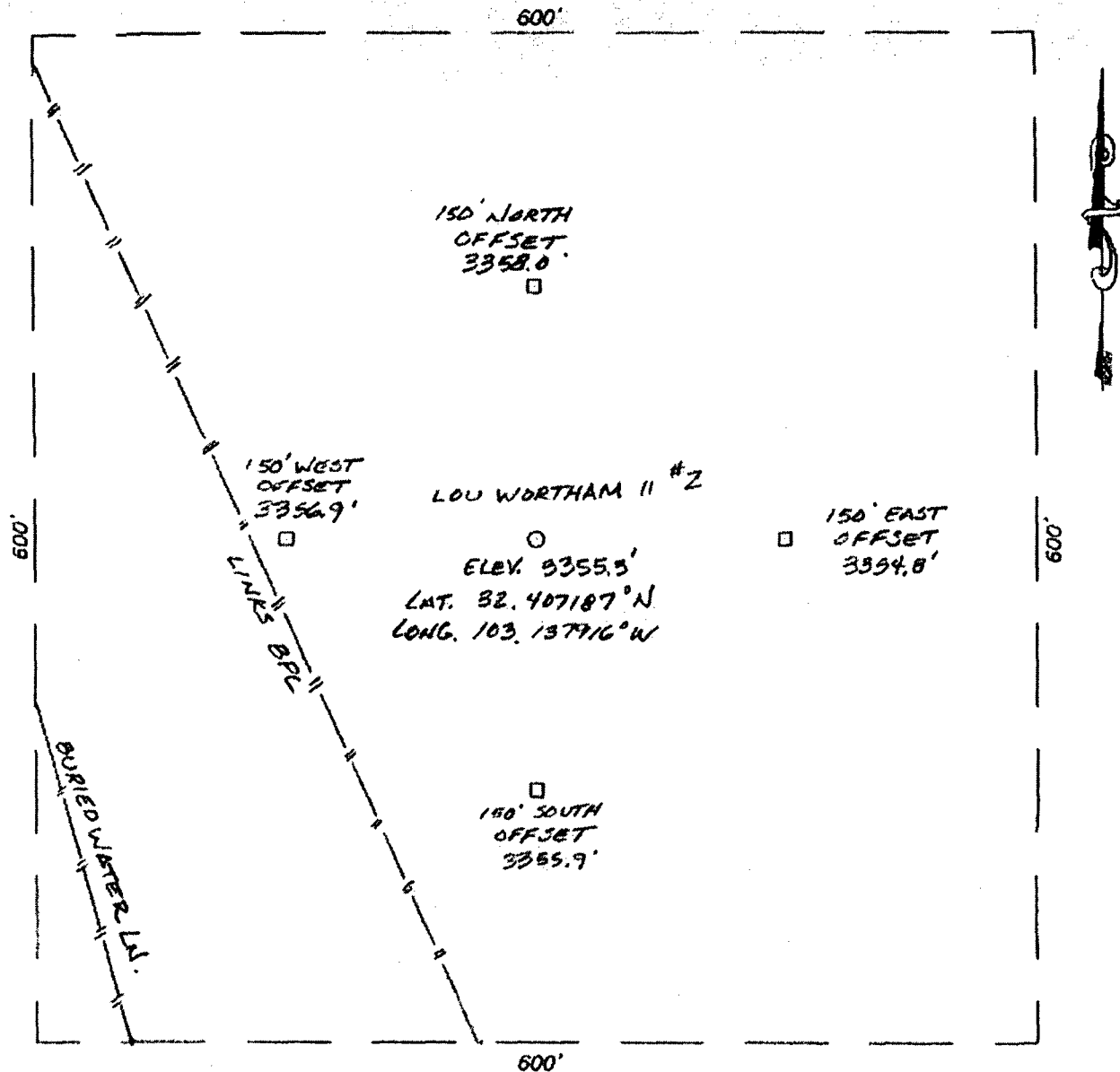
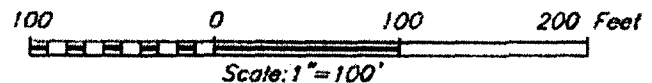


EXHIBIT F

DIRECTIONS TO LOCATION

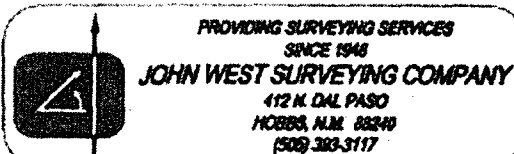
FROM THE INTERSECTION OF ST. HWY. #18 AND ST. HWY. #176, GO SOUTH ON ST. HWY. #18 APPROX. 1.7 MILES. TURN RIGHT AND GO WEST APPROX. 0.3 MILES. TURN LEFT AND GO SOUTH APPROX. 0.1 MILE. TURN RIGHT AND GO WEST APPROX. 0.2 MILES. TURN LEFT AND GO SOUTH TO AN EXISTING WELL PAD. THIS LOCATION IS APPROX. 600 FEET SOUTH.



CHESAPEAKE OPERATING, INC.

LOU WORTHAM 11 #2 WELL  
LOCATED 2310 FEET FROM THE NORTH LINE  
AND 1245 FEET FROM THE WEST LINE OF SECTION 11,  
TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO.

Survey Date: 12/12/06	Sheet 1 of 1 Sheets
W.O. Number: 06.11.1872	Dr By: LA
Date: 12/15/06	Disk: CD#5
06111872	Scale: 1"=100'





January 3, 2007

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED****AFFECTED INTEREST OWNERS**

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its proposed Lou Wortham 11 Well No. 2 to be drilled at a location 2310 feet from the North line and 1245 feet from the West line of Section 11, Township 22 South, Range 37 East, N.M.P.M., Lea 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, Inc. for administrative approval of an unorthodox well location for its Lou Wortham 11 Well No. 2, to be drilled to the San Andres formation with a ~~secondary~~ target in the Grayburg formation from a location 2310 feet from the North line and 1245 feet from the West line of Section 11, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. A standard ~~80~~ 40-acre spacing unit will be dedicated to the well. If Chesapeake ~~decides to abandon the San Andres formation and instead~~ completes in the Grayburg formation, a standard 40-acre spacing unit will be dedicated to the well.

As an owner of an interest that may be affected by the proposed well, you may object to this application. Chesapeake respectfully requests that you waive objection to this application by signing a copy of this letter in the space below. 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.

HOLLAND & HART<sup>LLP</sup>



Sincerely,

*Ocean Munds-Dry*

Ocean Munds-Dry  
ATTORNEY FOR CHESAPEAKE  
OPERATING, INC.

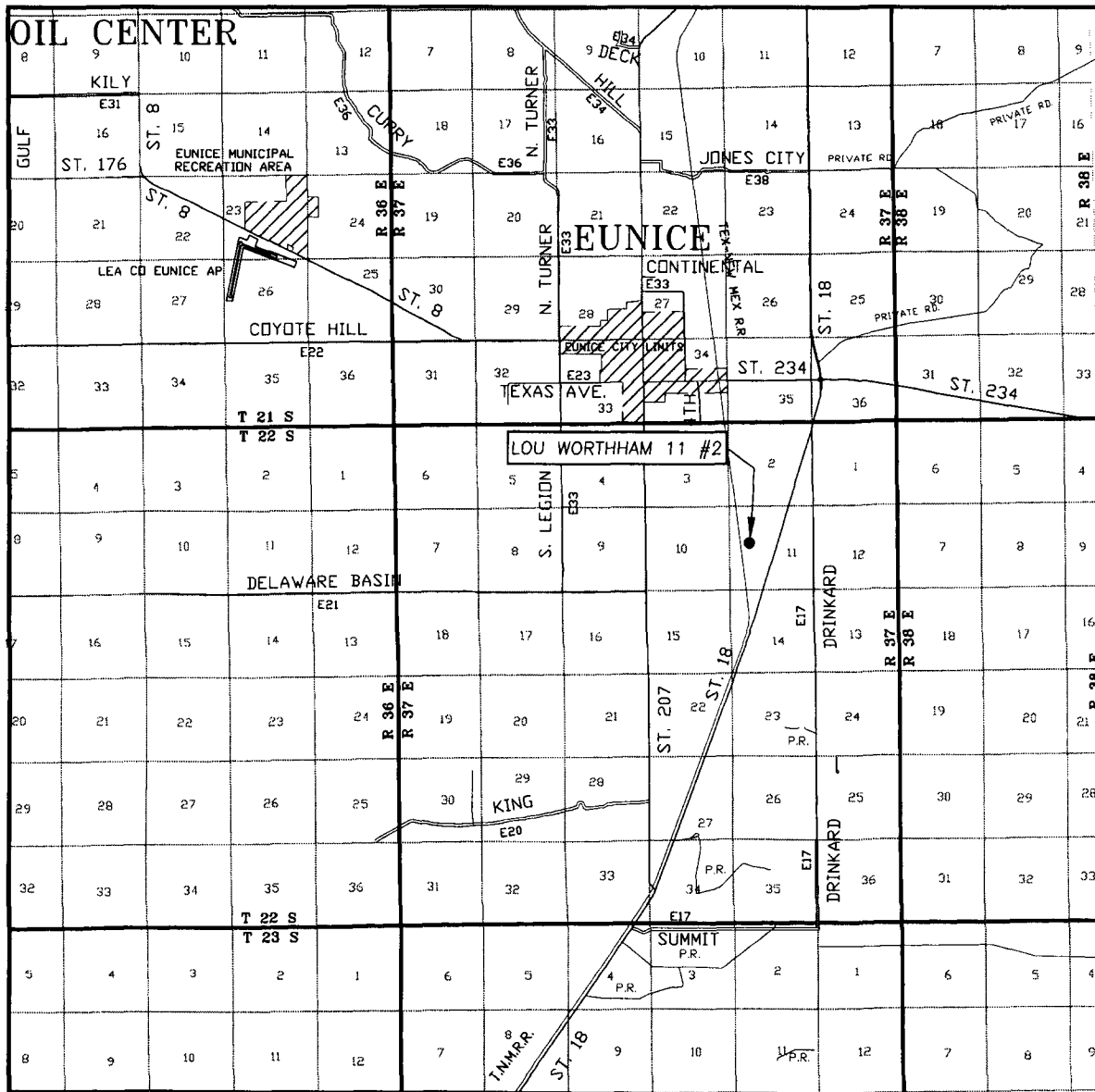
Enclosures

\_\_\_\_\_ agrees to waive objection to Chesapeake Operating,  
Inc.'s application for an unorthodox well location for its Lou Wortham 11 Well No. 2

By: \_\_\_\_\_

Date: \_\_\_\_\_

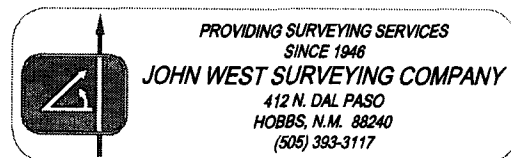
# VICINITY MAP



SCALE: 1" = 2 MILES

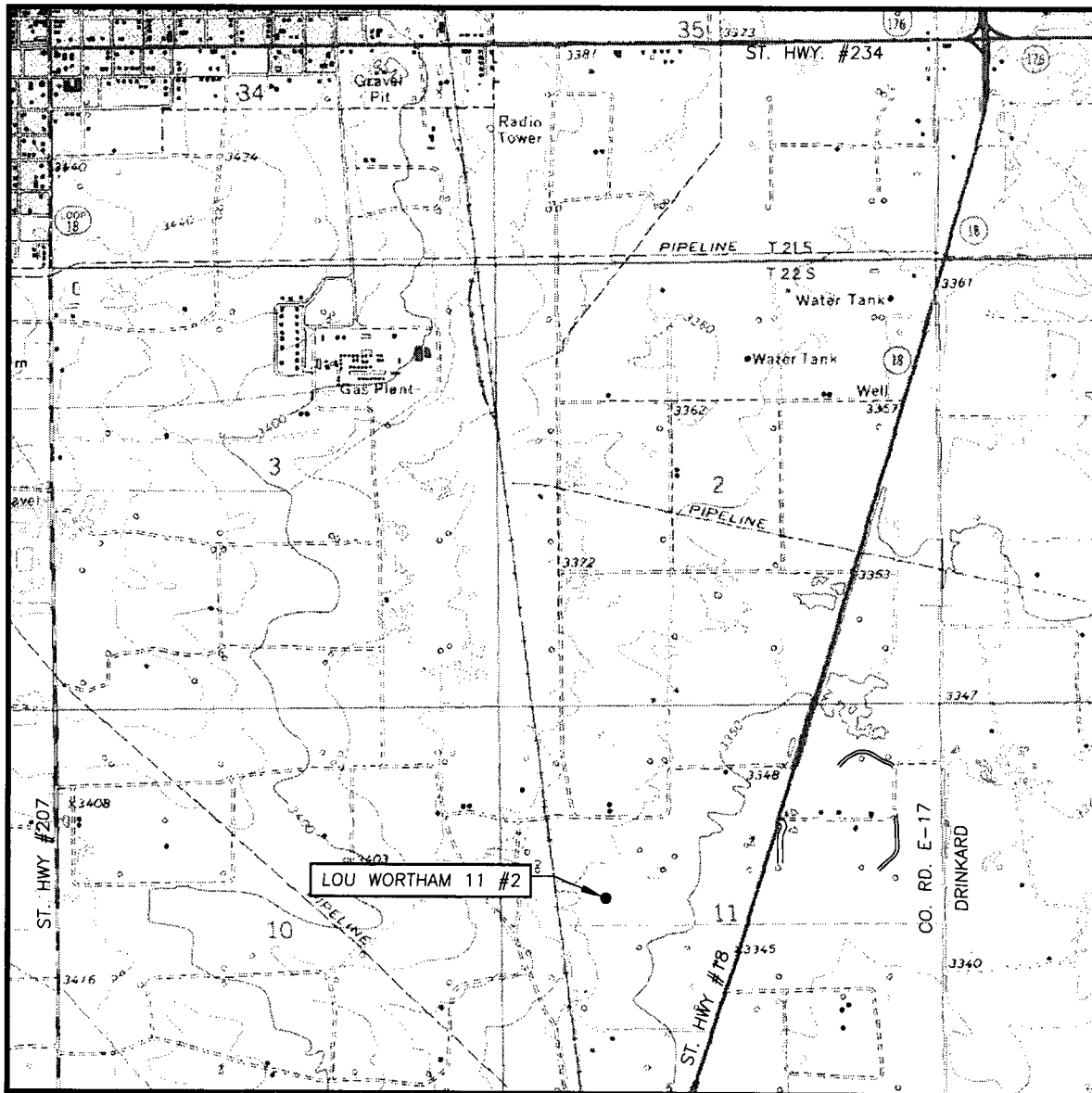
SEC. 11 TWP. 22-S RGE. 37-E  
 SURVEY N.M.P.M.  
 COUNTY LEA STATE NEW MEXICO  
 DESCRIPTION 2310' FNL & 1245' FWL  
 ELEVATION 3355'  
 OPERATOR CHESAPEAKE OPERATING, INC.  
 LEASE LOU WORTHAM 11

## EXHIBIT A





# LOCATION VERIFICATION MAP

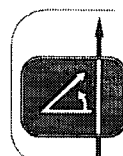


SCALE: 1" = 2000'

CONTOUR INTERVAL:  
EUNICE, N.M. - 10'  
EUNICE NE, N.M. - 5'

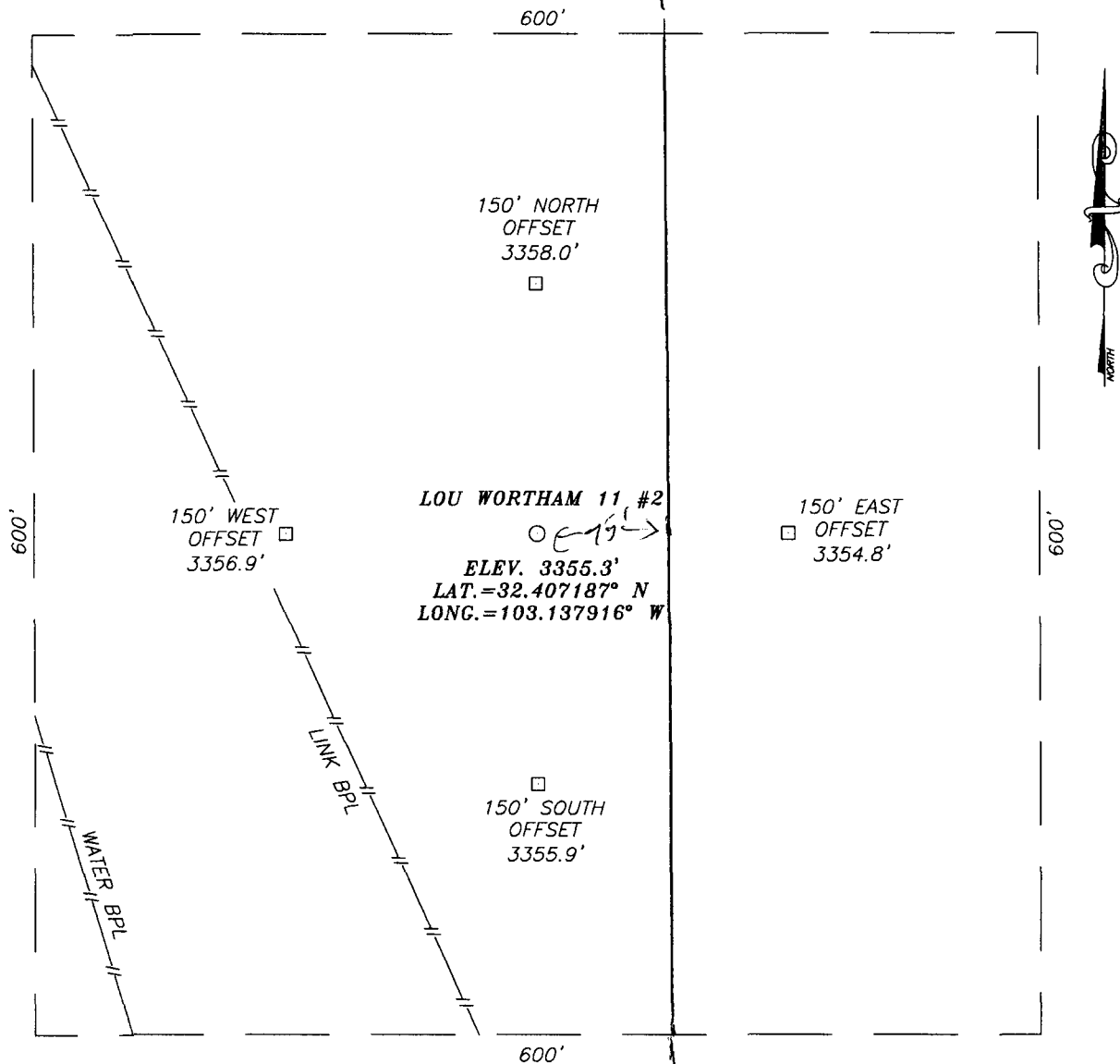
SEC. 11 TWP. 22-S RGE. 37-E  
SURVEY N.M.P.M.  
COUNTY LEA STATE NEW MEXICO  
DESCRIPTION 2310' FNL & 1245' FWL  
ELEVATION 3355'  
OPERATOR CHESAPEAKE OPERATING, INC.  
LEASE LOU WORTHAM 11  
U.S.G.S. TOPOGRAPHIC MAP  
EUNICE, N.M.

## EXHIBIT B



PROVIDING SURVEYING SERVICES  
SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
412 N. DAL PASO  
HOBBS, N.M. 88240  
(505) 393-3117

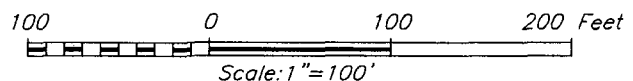
**SECTION 11, TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M.,**  
LEA COUNTY, NEW MEXICO



**EXHIBIT C**

**DIRECTIONS TO LOCATION**

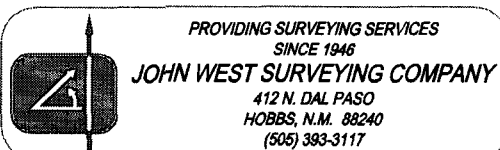
FROM THE INTERSECTION OF ST. HWY. #18 AND ST. HWY. #176, GO SOUTH ON ST. HWY. #18 APPROX. 1.7 MILES. TURN RIGHT AND GO WEST APPROX. 0.3 MILES. TURN LEFT AND GO SOUTH APPROX. 0.1 MILE. TURN RIGHT AND GO WEST APPROX. 0.2 MILES. TURN LEFT AND GO SOUTH TO AN EXISTING WELL PAD. THIS LOCATION IS APPROX. 600 FEET SOUTH.



**CHESAPEAKE OPERATING, INC.**

LOU WORTHAM 11 #2 WELL  
LOCATED 2310 FEET FROM THE NORTH LINE  
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TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO.

Survey Date: 12/12/06	Sheet 1 of 1 Sheets
W.O. Number: 06.11.1872	Dr By: LA
Date: 12/15/06	Disk: CD#5
06111872	Scale: 1"=100'



## 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	Pool Code	Pool Name
Property Code	Property Name LOU WORTHAM 11	Well Number 2
OGRID No.	Operator Name CHESAPEAKE OPERATING, INC.	Elevation 3355'

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	11	22-S	37-E		2310	NORTH	1245	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
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

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>GEODETIC COORDINATES NAD 27 NME Y=513912.0 N X=868937.5 E LAT.=32.407187° N LONG.=103.137916° W</p>	<p><b>OPERATOR CERTIFICATION</b></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>Signature _____ Date _____</p> <p>Printed Name _____</p>
	<p><b>SURVEYOR CERTIFICATION</b></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>DECEMBER 12, 2006</p> <p>Date Surveyed _____ LA</p> <p>Signature &amp; Seal of Professional Surveyor _____</p>
	<p>06.11.1872</p>
	<p>Certificate No. GARY EIDSON 12641 CHAD HARCROW 17777</p>
	<p><b>EXHIBIT D</b></p>

**Exhibit E**  
**Chesapeake Operating, Inc.**  
**Section 11, Township 22 South, Range 37 East**  
**Lea County, New Mexico**

Marathon Oil Company  
P.O. Box 552  
Midland, Texas 79702

John H. Hendrix Corporation  
P.O. Box 3040  
Midland, Texas 79702

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
 (Domestic Mail Only - No Insurance Coverage Provided)

**OFFICIAL**

Postage \$ 1.11  
 Certified Fee 2.40  
 Return Receipt Fee (Endorsement Required) 1.85  
 Restricted Delivery Fee (Endorsement Required)  
 Total Postage & Fees \$ 5.36

Sent To John H. Hendrix Corporation  
 Street, Apt. No. or PO Box No P. O. Box 3040  
 City, State, Zip Midland, TX 79702  
 PS Form 3800

FEB 3 2007  
 Postmark Here  
 SANTA FE NM  
 USPS 87501

**SENDER: COMPLETE THIS SECTION**

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.  
 Print your name and address on the reverse so that we can return the card to you.  
 Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 John H. Hendrix Corporation  
 P. O. Box 3040  
 Midland, TX 79702

2. Article Number 7001 1140 0002 9558 9251  
 (Transfer from service)  
 PS Form 3811, February 2004 Domestic Return Receipt

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature *[Signature]*  
 B. Received by (Printed Name) *[Name]*  
 C. Date of Delivery *1-10-07*  
 D. Is delivery address different from item 1? ☐ Yes ☐ No  
 If YES, enter delivery address below:

3. Service Type  
☒ Certified Mail  
☐ Registered  
☐ Insured Mail  
☐ Express Mail  
☐ Return Receipt for Merchandise  
☐ C.O.D.  
 4. Restricted Delivery? (Extra Fee) ☐ Yes

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
 (Domestic Mail Only - No Insurance Coverage Provided)

**OFFICIAL**

Postage \$ 1.11  
 Certified Fee 2.40  
 Return Receipt Fee (Endorsement Required) 1.85  
 Restricted Delivery Fee (Endorsement Required)  
 Total Postage & Fees \$ 5.36

Sent To Marathon Oil Company  
 Street, Apt. No. or PO Box No P. O. Box 552  
 City, State, Zip Midland, Texas 79702  
 PS Form 3800

FEB 3 2007  
 Postmark Here  
 SANTA FE NM  
 USPS 87501

**SENDER: COMPLETE THIS SECTION**

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.  
 Print your name and address on the reverse so that we can return the card to you.  
 Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
 Marathon Oil Company  
 P. O. Box 552  
 Midland, Texas 79702

2. Article Number 7001 1140 0002 9558 9268  
 (Transfer from service)  
 PS Form 3811, February 2004 Domestic Return Receipt

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature *[Signature]*  
 B. Received by (Printed Name) *[Name]*  
 C. Date of Delivery *1-10-07*  
 D. Is delivery address different from item 1? ☐ Yes ☐ No  
 If YES, enter delivery address below:

3. Service Type  
☒ Certified Mail  
☐ Registered  
☐ Insured Mail  
☐ Express Mail  
☒ Return Receipt for Merchandise  
☐ C.O.D.  
 4. Restricted Delivery? (Extra Fee) ☐ Yes

EXHIBIT C