

7/10/08 DATE IN	SUSPENSE	BROOKS ENGINEER	7/11/08 LOGGED IN	NSL TYPE	PKVR0819330078 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 Operating INC
Langley Deep #2H

2008 JUL 10

RECEIVED

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.

<u>Ocean Munds-Dry</u>	<u>Ocean Munds-Dry</u>	<u>Attorney</u>	<u>7-10-08</u>
Print or Type Name	Signature	Title	Date
		<u>omundsdry@hollandhart.com</u>	
		e-mail Address	



July 10, 2008

HAND-DELIVERED

Mark E. Fesmire, P.E.
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 administrative approval of an unorthodox well location for its Langley Deep Well No. 2H to be drilled from a surface location 330 feet from the North line and 1990 feet from the East line and a penetration point 330 feet from the North line and 1980 feet from the East line and a bottomhole location 1980 feet from the North line and 660 feet from the East line of Section 28, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

Dear Mr. Fesmire:

Chesapeake Operating, Inc. ("Chesapeake") hereby seeks administrative approval pursuant to the provisions of Division Rules 104 and 111 for an unorthodox well location for its Langley Deep Well No. 2H. This well is located in Section 28, Township 22 South, Range 36 East, N.M.P.M., Lea County, New Mexico and will be drilled in the Devonian formation, Langley Devonian Gas Pool, from an unorthodox surface location 330 feet from the North line and 1990 feet from the East line and penetration point 330 feet from the North line and 1980 feet from the East line to a standard bottomhole location 1980 feet from the North line and 660 feet from the East line of said Section 28, Lea County, New Mexico. A 320-acre project area has been dedicated to this horizontal well comprised of the N/2 of Section 28.

This location is unorthodox because the Devonian formation under this acreage is governed by the Division's statewide rules which provide for wells on 320-acre spacing units to be located no closer than 660 feet to the outer boundary of the quarter section. Division Rule 111 defines the "Penetration Point" as "the point where the wellbore penetrates the top of the pool from which it is intended to produce." The wellbore penetrates the Devonian formation at a point 330 feet from the North line of Section 28 and is therefore 330 feet closer than allowed by Division rules.



Although the wellbore penetrates the top of the Devonian at an unorthodox location, the well will be at a standard location, 800 feet from the North line, at the producing interval. See attached geological prognosis, attached as Exhibit A. Exhibit B is a copy of the C-102 filed for this well.

A copy of this application with all attachments was mailed to those affected parties listed on Exhibit C to this application. The affected parties was advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date notice was sent. It was also advised that if no objections were received by the Division within twenty days, the Division Director could approve the application.

Your attention to this application is appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Ocean Munds-Dry".

Ocean Munds-Dry
Attorney for Chesapeake Operating, Inc.

Enclosures

cc: OCD/Artesia, District 2

Exhibit C
Chesapeake Operating, Inc.
Langley Deep Well No. 2H

Breck Operating Corp.
P.O. Box 911
Breckenridge, Texas 76424

Arena Resources, Inc.
4920 S. Lewis Ave., Ste 107
Tulsa, OK 74105

BP America Production Co.
200 Westlake Park Blvd.
Houston, TX 77070-2663

Geological Prognosis
Permian North District – CBP Region
CBP NM Project - Langley Prospect
Robert Martin – Geologist/Cliff Hanoch - Geophysicist
April 1, 2008

WELL NAME: Langley Deep Fed #2H
SURFACE LOCATION: Section 28-22S-36E, Lea County, New Mexico
330' FNL & 1990' FEL, Section 28-22S-36E (entry, also called penetration point, at Top of Devonian will be approximately 330' FNL & 1980' FEL in Section 28)
ANTICIPATED BHL: 1980' FNL & 660' FEL, Section 28-22S-36E (approx. 1750' lateral not including curve)
FIELD NAME: Langley (Devonian) Field
ELEVATIONS: GL (est.) 3,508' KB (est.) 3,532'
CASING IN WELLBORE: 13 3/8" @ 400'; 9 5/8" @ 4600'; 7" @ 12200 (TVD)'

EXPECTED FORMATION TOPS:

FORMATION	SUBSEA DRILL DEPTH	
Rustler	2140	1392
Yates	348	3184
**Seven Rivers	150	3382' OIL
**Queen	-226	3758' OIL
*Strawn Marker_4	-5625	9157' GAS/OIL
*Barnett (TVD)	-7437	10969' GAS
Mississippian Lime (TVD)	-7856	11388'
Woodford (TVD)	-8346	11878'
*Devonian (TVD)	-8660	12192' GAS/OIL
TVD for lowest part of heal		12500'
TVD for end of lateral		12350'
Measured Depth	Approx. 14460'	

*Potentially productive zones

**Productive zone by another operator

Offset Logs: Arco Langley Getty Com #1 (21N-22S-36E)

OPEN HOLE LOGS: Company: To be determined Phone:

Log Types & Depths: Triple Combo (Spectral Gamma Ray/Neutron/Density/Pe/Dual Laterolog/MSFL) and Sonic from vertical TD of approximately 12,200' up to casing at 4600'. Gamma Ray while drilling from approximately 12,200' to end of lateral for up-to-date correlation purposes.

MUDLOGGER: Company: Suttles Mudlogging Phone:
2-Man Unit Depth: 4600' to TD (end of lateral)



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 LANGLEY DEEP		Well Number 2H
OGRID No.	Operator Name CHESPEAKE OPERATING, INC.		Elevation 3512'

Surface Location

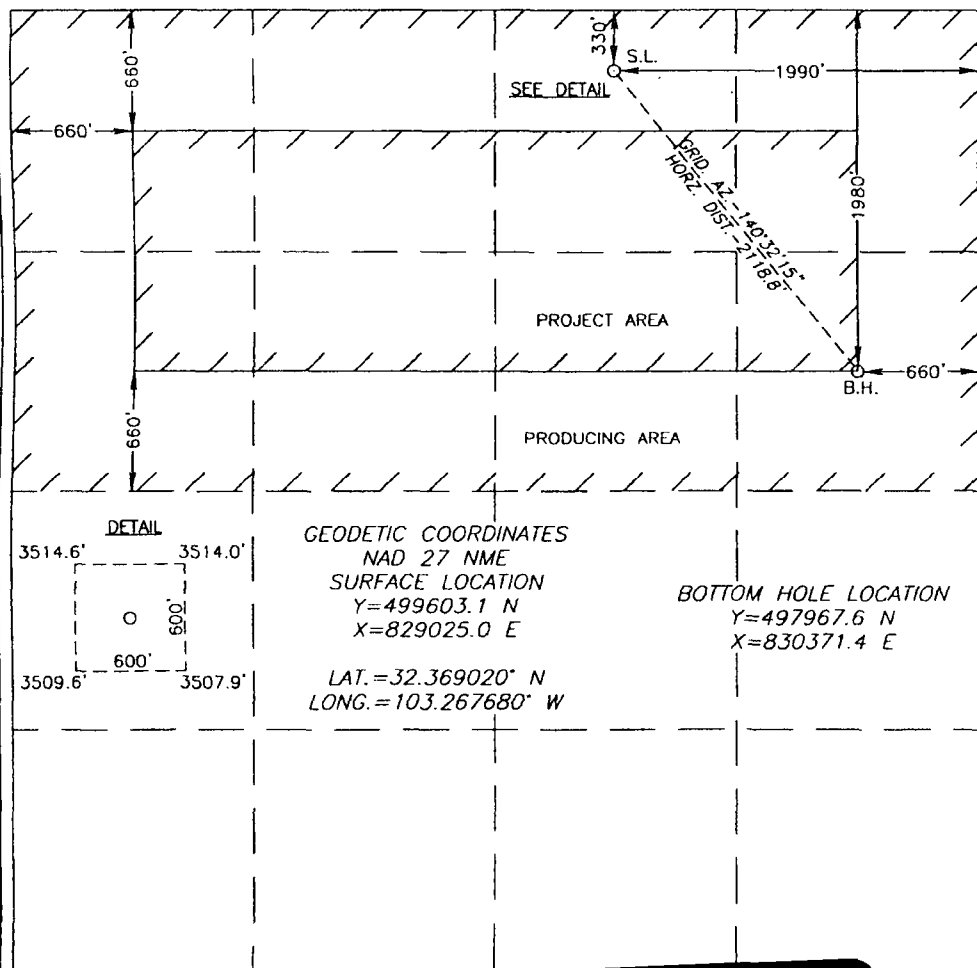
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	28	22-S	36-E		330	NORTH	1990	EAST	LEA

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
H	28	22-S	36-E		1980	NORTH	660	EAST	LEA

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

	OPERATOR CERTIFICATION <i>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.</i> Signature _____ Date _____ Printed Name _____
	SURVEYOR CERTIFICATION <i>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.</i> Date Surveyed _____ Signature & Seal of Professional Surveyor _____ Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239

EXHIBIT

tabbies

B

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, August 05, 2008 7:52 AM
To: 'Ocean Munds-Dry'
Subject: Chesapeake - Langley Deep No. 2H - NSL application

Dear Ocean

I have reviewed the referenced application.

You indicate that you have notified Breck, Arena and BP. Please advise what affected acreage these parties own, so I can assess the adequacy of the notice.

A roundabout map such as you have furnished with SD applications is not necessary on NSL applications because only the owners of affected acreage (here presumably the S/2 and E/2 of Section 21) need be noticed, but I would still like to have the basis disclosed for the selection of the particular parties selected for notification.

Thanks

David

8/5/2008

Brooks, David K., EMNRD

From: Ocean Munds-Dry [Omundsdry@hollandhart.com]
Sent: Tuesday, August 05, 2008 3:37 PM
To: Brooks, David K., EMNRD
Subject: RE: Chesapeake - Langley Deep No. 2H - NSL application

David:

Thank you for your email. Breck is the offset operator to the north in Section 21. Arena and BP are offset operators in Section 27 who did not technically need notice because we are at a standard bottomhole location but we did it anyway.

Thanks,
Ocean

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Tuesday, August 05, 2008 8:52 AM
To: Ocean Munds-Dry
Subject: Chesapeake - Langley Deep No. 2H - NSL application

Dear Ocean

I have reviewed the referenced application.

You indicate that you have notified Breck, Arena and BP. Please advise what affected acreage these parties own, so I can assess the adequacy of the notice.

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Thanks

David

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8/6/2008