CHESAPEAKE OPERATING, INC.

LAND DEPARTMENT

TELLIATION PIVISION

P.O. BOX 18496 OKLAHOMA CITY, OKLAHOMA 73154-0496 405/848-8000, EXT. 416 405/879-9560 FAX MIKE HAZLIP, CPL LANDMAN

October 17, 1997

VIA FACSIMILE (505) 393-0720 & FEDERAL EXPRESS

Mr. Chris Williams New Mexico OCD 1000 West Broadway Hobbs, New Mexico 88240 Mr. Michael Stogner
New Mexico OCD
2040 South Pacheco

Santa Fe, New Mexico 87505

Re:

Watson 1-6 well - Unorthodox Location

2,857' FSL & 1,417' FWL Section 6-T16S-R36E

Lea County, New Mexico

Dear Chris:

Pursuant to my discussion with you this morning, enclosed is Chesapeake's Application for Permit to Drill, Forms C-101 and C-102 for our Watson 1-6 well to be drilled at the captioned location. In order to drill this well at the optimum geological and surface location, we request that we be granted a permit to drill the captioned location. Because this well is located in an area consisting of some commercial and residential development, we have no viable alternatives to the current surface location without directional drilling. Our location places the well 217 feet from the southern boundary of the proration unit. Chesapeake is the Operator of the proration unit to the south (Little 1-6 well) upon which we are encroaching. Additionally, the natural drift of the borehole will be to the north, as was the case in our Little 1-6 well.

Enclosed are plats showing the land ownership position and the position of the anomaly in relation to the proration unit boundaries. In that Chesapeake is only encroaching upon itself, therefore not adversely affecting other Operators, we would appreciate your timely consideration of our request for an administrative approval of our permit to drill. We have a rig committed to this well at the end of next week to begin drilling. Thank you for your assistance.

Most sincerely,

Mike Hazlip

District I PO Box 1980, Hobbs, NM 88241-1980 District [] PO Drawer DD, Artesus, NM 88211-0719 District III

10-2-97

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION PO Box 2088

Form C-101 Revised February 10, 1994 Instructions on back

Submit to Appropriate District Office State Lease - 6 Copies

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Printed name:	Sonya	Baker				lide:					
Title:	Engin	eering	Techni	cian	/	Approval Date:			Expirati	on Date:	
Date: Phone: 405/848-8000, X-630 Conditions of Approval:											

Attached

DISTRICT I P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

Revised February 10, 1994 Submit to Appropriate District Office State Lease - 4 Copies

DISTRICT II

P.O. Drawer DD, Artesia, NM 88211~0719

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV P.O. BOX 2088, SANTA PE. N.M. 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088 Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name				
	96649	NORTHEAST SHOE BAR STRAW	N			
Property Code	· · · · · · · · · · · · · · · · · · ·					
OGRID No.	Opera CHESAPEAKE O	etor Name PERATING, INC.	Elevation 3957			

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Rottom Hole Location If Different From Surface

Bottom Hole Location if Different From Surface										
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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

		OPERATOR CERTIFICATION
		I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.
		Soura Paler Signature
4 3 2 !		Sonya Baker
		Printed Name
46.85 AC. 50.85 AC. 50.83 AC. 50.81 AC.		Engineering Technician
5 6 7 8		10-2-97
		Date
36.77 AC. 40.00 AC. 40.00 AC. 40.00 AC.		SURVEYOR CERTIFICATION
12 11 10 9		
		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
36.71 AC. 40.00 AC. 40.00 AC. 40.00 AC.		supervisor, and that the same is true and
13 14 15 16		correct to the best of my belief.
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17	90	Signature & Seal of Professional Surveyor
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NORTHEAST SHOE BAR-STRAWN POOL Lea County, New Mexico

Order No. R-10848, Adopting Temporary Operating Rules for the Northeast Shoe Bar-Strawn Pool, Lea County, New Mexico, April 3, 1997.

Application of Chesapeake Oil Company for Pool Creation, Special Pool Rules, and the Assignment of a Discovery Allowable, Lea County, New Mexico.

NOMENCLATURE Case No. 11750 Case No. R-10848

ORDER OF THE DIVISION

BY THE DIVISION: This cause came on for hearing at 8:15 a.m. on May 1, 1997 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 31st day of July, 1997, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant in this matter, Chesapeake Oil Company ("Chesapeake"), is the owner and operator of the Chambers "7" Well No. 1 (API No. 30-025-33623), located 1700 feet from the North line and 900 feet from the East line (Unit H) of Section 7, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, which was drilled to a total depth of 12,047 feet and subsequently completed in November, 1996 as a Strawn producing oil well through perforations from 11458 feet to 11468 feet.
- (3) By Division Order No. R-10776, issued in Case 11737, dated February 28, 1997 and made effective March 1, 1997, the Division created and defined the Northeast Shoe Bar-Strawn Pool for the production of oil from the Strawn formation, with its horizontal limits comprising the NE/4 of said Section 7. The discovery well for this pool was the aforementioned Chambers "7" Well No. 1. The poolwide depth bracket allowable was therefore established pursuant to General Rule 505.A as 365 barrels of oil per day.
- (4) By letter of application dated March 11, 1997, Chesapeake requested the Division, after notice and hearing, issue an order:
- (a) creating a new pool for the production of oil from the Strawn formation comprising the S/2 NE/4 of said Section 7; and,
- (b) providing for the promulgation of special poolwide rules and regulations therefor including provisions:
 - (i) for 80-acre oil spacing and proration units;
- (ii) for designated well location requirements whereby wells would be permitted to be located no closer than 330 feet to any quarter-quarter section line with no more than one producing well for each 80-acre unit;
- (iii) for a special limiting gas/oil ratio of 2,000 cubic feet of gas per barrel of oil;
- (iv) for a special depth bracket oil allowable of 445 barrels of oil per day per standard 80-acre unit; and,

- (v) that each well completed or recompleted in this pool or in the Strawn formation within one mile thereof, shall be spaced, drilled, operated, and produced in accordance with these proposed special rules and regulations.
- (5) At the time of the hearing the applicant remained silent as to the assignment of a discovery allowable, per Division General Rule 509, for the above-described Chambers "7" Well No. 1, as indicated by the heading of this order or as advertised; therefore, that portion of this application can be dismissed.
- (6) Also, since many of the requests by Chesapeake in this matter are somewhat redundant with respect to established Division rules, procedures, and policies, as well as standard industry practices, it will be necessary to revise the application in order to address those issues that require a formal Division directive issued subsequent to a hearing.
- (7) That portion of Chesapeake's application seeking a pool creation can be dismissed at this time since Division Order No. R-10776 has already addressed the formation of a new pool for Strawn production attributable to its Chambers "7" Well No. 1.

FINDING: Any order issued in this matter should therefore apply to the Northeast Shoe Bar-Strawn Pool as created and defined by said Division Order No. R-10776.

- (8) The technical evidence presented by the applicant at the time of the hearing indicates that production from the Chambers "7" Well No. 1 is characteristic of other Strawn oil production in the general area such as the West Lovington-Strawn Pool, South Big Dog-Strawn Pool, Northeast Lovington-Pennsylvanian Pool, and Humble City-Strawn Pool, which are primarily Strawn oil producing pools, all of which produce from localized highly porous algal reef mounds within the Strawn formation. Chesapeake's evidence further indicates that the Strawn formation encountered in the above-described well is of high permeability and is capable of draining an area in excess of 40 acres.
- (9) The proposed 330-foot set back requirement is a departure from the established set-back requirements for 80-acre pools which restricts well locations to an area of 150 feet radius of the center of either quarter-quarter section or lot that comprise a single 80-acre unit.
- (10) Numerous location exceptions have been granted over time, not only in the above-mentioned pools but in most of the pools in southeastern New Mexico where these patch reefs/algal mounds are the trapping source of production within the Strawn formation, based on geology so as to increase the likelihood of a well intercepting these small localized geologic features thereby increasing the chances of a well becoming commercially productive.

FINDING: The 330-foot set-back request with a limitation of one well per proration unit would serve to provide the operators in the subject pool maximum flexibility in locating wells at more favorable positions on the reef mound or mounds in the immediate area.

- (11) In order to: (i) assure orderly development of the proposed pool, (ii) prevent the economic loss caused by the drilling of unnecessary wells, (iii) avoid the augmentation of risk arising from the drilling of an excessive number of wells, (iv) prevent reduced recovery which might result from the drilling of too few wells, and (v) to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units along with the proposed well location restrictions should be promulgated for the proposed pool.
- (12) Division General Rule 506.A provides that all pools be limited to a gas/oil ratio of 2,000 cubic feet of gas per barrel of oil unless otherwise provided for by special pool rules; therefore, Chesapeake's request for a special 2,000 to one GOR limitation is currently in effect and can therefore be dismissed.

(NORTHEAST SHOE BAR-STRAWN POOL - cont'd.)

- (13) Pursuant to Division General Rule 505.A the depth bracket oil allowable for production at depths from 11,000 feet to 11,999 feet is 445 barrels of oil per day. Chesapeake's request for a special depth bracket oil allowable of 445 barrels of oil per day per spacing unit can also be dismissed.
- (14) Division General Rule 104.A defines a development well in southeast New Mexico as a well within one mile of a pool and subject to said rules governing that pool; therefore, this rule satisfies the applicant's request that all wells within one mile of a particular pool be spaced, drilled, operated, and produced in accordance with any special pool rules herein adopted.
- (15) The evidence presented in this matter, along with the records on file with the Division indicates a need for the special rules to be adopted for this pool be made retroactive as of April 3, 1997.
- (16) No other operator and/or interest owner appeared at the hearing in opposition to the subject application.
- (17) As suggested by the applicant this case should be reopened at an examiner hearing in February, 1999, at which time the operators in the Pool should be prepared to appear and present evidence and testimony as to the nature of the reservoir with regards to making these rules permanent and to show cause why said pool should not be developed either on standard statewide 40-acre spacing or with an optional second well on each 80-acre tract.

IT IS THEREFORE ORDERED THAT:

- (1) The effective date for this order and all provisions included therein shall be made retroactive back to April 3, 1997.
- (2) The Temporary Special Rules and Regulations for the Northeast Shoe Bar-Strawn Pool, currently comprising the NE/4 of Section 7, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, are hereby promulgated as follows:

TEMPORARY SPECIAL RULES AND REGULATIONS FOR THE NORTHEAST SHOE BAR-STRAWN POOL

- RULE 1. Each well completed or recompleted in the Northeast Shoe Bar-Strawn Pool or in the Strawn formation within one mile thereof, and not nearer to or within the limits of another Strawn oil pool, shall be spaced, drilled, operated and produced in accordance with the Special Rules and Regulations hereinafter set forth.
- RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2 or W/2 of a governmental quarter section.
- RULE 3. The Director of the Oil Conservation Division, hereinafter referred to as the "Division", may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been duly filed under the provisions of Rule 104.d(2) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11351 on January 18, 1996.
- RULE 4. Only one well per 80-acre unit shall be permitted and the location of such well shall be located no closer than 330 feet to any quarter-quarter section line.
- RULE 5. The Division Director may grant an exception to the requirements of Rule 4 without hearing when an application has been duly filed under the provisions of Rule 104.F of said General Rules and Regulations of the Division.

- (3) The locations of all wells presently drilling to or completed in the Northeast Shoe Bar-Strawn Pool or in the Strawn formation within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well within thirty days from the date of this order.
- (4) Pursuant to Paragraph A of Section 70-2-18, NMSA (1978), contained in Chapter 271, Laws of 1969, existing wells in the Northeast Shoe Bar-Strawn Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within sixty days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said sixty-day limitation, each well presently drilling to or completed in the Northeast Shoe Bar-Strawn Pool or in the Strawn formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(5) Unless called earlier upon the motion of the Division, this case shall be reopened at an examiner hearing in February, 1999, at which time the operators in the subject pool should be prepared to appear and show cause why the temporary special pool rules for the Northeast Shoe Bar-Strawn Pool should not be rescinded and said pool not be developed either on statewide 40-acre spacing or with an optional second well on each 80-acre unit.

IT IS FURTHER ORDERED THAT:

- (6) The portion of the application of Chesapeake Oil Company for the:
- (a) creation of a new pool for the production of oil from the Strawn formation comprising the S/2 NE/4 of said Section 7;
- (b) the promulgation of special poolwide rules and regulations therefor including provisions:
- (i) for a special limiting gas/oil ratio of 2,000 cubic feet of gas per barrel of oil;
- (ii) for a special depth bracket oil allowable of 445 barrels of oil per day per standard 80-acre unit; and,
- (iii) that each well completed or recompleted in this pool or in the Strawn formation within one mile thereof, shall be spaced, drilled, operated, and produced in accordance with these proposed special rules and regulations; and,
- (c) the assignment of a discovery allowable, per Division General Rule 509, for its Chambers "7" Well No. 1 (API No. 30-025-33623), located 1700 feet from the North line and 900 feet from the East line (Unit H) of said Section 7;
 - is hereby dismissed.
- (7) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

FAX		Date O	ctober 17, 1997
		Number of page	es including cover sheet 4
TO:	Michael Stogner New Mexico OCD 2040 South Pacheco Santa Fe, NM 87505	FROM:	Mike Hazlip CHESAPEAKE OPERATING, INC. P.O. BOX 18496 OKLAHOMA CITY, OK 73154-0496
Phone Fax Phone	505-827-1389	our file ref. Phone Fax Phone	(405) 848-8000 (405) 879-9562
CC: REMARKS: SEE ATTAC	☑ Urgent ☐ For your review	□ Reply AS	AP
BELONGING TO TRANSMISSION IS COPYING, DISTRI PROHIBITED, IF Y	CONFIDENTIALITY TRANSMISSION (AND THE ACCOMPANYING DOC THE SENDER. THE INFORMATION IS INTENDED FOR ADDRESSED. IF YOU ARE NOT THE INTENDED RECIPION, OR THE TAKING OF ANY ACTION IN RELIANCY TOU HAVE RECEIVED THIS TRANSMISSION IN ERROR, PION THE RETURN OF THE DOCUMENTS. THANK YOU.	UMENTS) MAY CO THE USE OF THE IN ENT. YOU ARE HERI E ON THE CONTENT	IDIVIDUAL OR ENTITY TO WHOM THIS EBY NOTIFIED THAT ANY DISCLOSURE, IS OF THIS INFORMATION IS STRICTLY

appreciate your timely consideration of our request for an administrative approval of our permit to drill. We have a rig committed to this well at the end of next week to begin drilling. Thank you for your assistance.

Most sincerely,

Mike Hazlip

70405_879 9562

District I PO Box 1980, Hobbs, NM 88241-1980 District II PO Drawer DD, Aricaia, NM 88211-0719 District III 1000 Rio Brazos Rd., Azec, NM 87410 State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088 Form C-101 Revised February 10, 1994 Instructions on back Submit to Appropriate District Office State Lease - 6 Copies Fee Lease - 5 Copies

District (V PO Box 2088, Sa	eta Pe, NM i	E7504-208\$								AMEN	DED REPORT
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Title:	Engine	eering [Cechnic	ian	4	Approval Date:			Papirati	na Dale:	
Date:	2-9-	1	4057	848-800	O. X-6309	Conditions of App	OVAL:				

- DISTRICT U P.O. BOX 1980, Hobbs, NM 86841-1980

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised February 10, 1994 Submit to Appropriate District Office

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DISTRICT II

P.O. Drawer DD, Arterie, NM 88211-0719

DISTRICT III 1000 Rjo Brazos Rd., Astec. NM 87410

DISTRICT IV P.O. BOX 2088, SANTA FE. N.M. 87504-2088 OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name	
	96649	NORTHEAST SHOE BAR STRAW	ΛN
Property Code	Ргора	rty Name	Well Number
	WATS(9 NC	1
OGRID No.		tor Name	Elevation
	CHESAPEAKE O	PERATING, INC.	3957

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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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

	OPERATOR CERTIFICATION
	I hereby certify the the information
	contained herein is true and complete to the
	best of my knowledge and belief.
	() -2
	Samp Dater
4 3 2 1	Sonya Baker
	Printed Name
	Engineering Technician
46.85 AC. 50.85 AC. 50.83 AC. 50.81 AC.	Title
5 6 7 8	10-2-47
	Date
36,77 AC. 40.00 AC. 40.00 AC. 40.00 AC.	SURVEYOR CERTIFICATION
12 11 10 9	
	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
35.71 AC. 40.00 AC. 40.00 AC. 40.00 AC.	supervisor, and that the same is true and correct to the best of my being.
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35.65 AC. //	SEPTEMBER 18, 1997
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CHESAPEAKE LAND 6118 IST 10/17/97 12:29 P.001/004

FAX	,	Date O	ctober 17, 1997
		Number of page	es including cover sheet 4
TO:	Michael Stogner New Mexico OCD 2040 South Pacheco Santa Fe, NM 87505	FROM:	Mike Hazlip CHESAPEAKE OPERATING, INC. P.O. BOX 18496 OKLAHOMA CITY, OK 73154-0496
Phone		OUR FILE REF.	
Fax Phone	505-827-1389	Phone	(405) 848-8000
cc:		Fax Phone	(405) 879-9562
REMARKS:	☑ Urgent ☐ Far your review HED	☐ Reply AS	AP Please Comment
PELONGING TO J TRANSMISSION IS COPYING, DISTRII PROHIBITED, IF Y	CONFIDENTIALITY I TRANSMISSION (AND THE ACCOMPANYING DOCI HE SENDER. THE INFORMATION IS INTENDED FOR ADDRESSED. IF YOU ARE NOT THE INTENDED RECIPI BUTJON, OR THE TAKING OF ANY ACTION IN RELIANCE OU HAVE RECEIVED THIS TRANSMISSION IN ERROR, PL THE RETURN OF THE DOCUMENTS, THANK YOU.	UMENTS) MAY CO THE USE OF THE IN ENT, YOU ARE HERE ON THE CONTENT	DIVIDUAL OR ENTITY TO WHOM THIS BY NOTIFIED THAT ANY DISCLOSURE, S OF THIS INFORMATION IS STRICTLY

OCT-17-97 FRI 12:11

405 87<u>9</u>9562 P.01

CHESAPEAKE OPERATING, INC.

LAND DEPARTMENT

MIKE HAZLIP, CPL LANDMAN

RO. BOX 18496 OKLAHOMA CITY, OKLAHOMA 73154-0496 405/848-8000, EXT. 416 405/879-9560 FAX

October 17, 1997

VIA FACSIMILE (505) 393-0720 & FEDERAL EXPRESS

Mr. Chris Williams New Mexico OCD 1000 West Broadway Hobbs, New Mexico 88240 Mr. Michael Stogner New Mexico OCD 2040 South Pacheco Santa Fe, New Mexico 87505

Re: Watson 1-6 well - Unorthodox Location

2,857' FSL & 1,417' FWL Section 6-T16S-R36E

Lea County, New Mexico

Dear Chris:

Pursuant to my discussion with you this morning, enclosed is Chesapeake's Application for Permit to Drill, Forms C-101 and C-102 for our Watson 1-6 well to be drilled at the captioned location. In order to drill this well at the optimum geological and surface location, we request that we be granted a permit to drill the captioned location. Because this well is located in an area consisting of some commercial and residential development, we have no viable alternatives to the current surface location without directional drilling. Our location places the well 217 feet from the southern boundary of the proration unit. Chesapeake is the Operator of the proration unit to the south (Little 1-6 well) upon which we are encroaching. Additionally, the natural drift of the borehole will be to the north, as was the case in our Little 1-6 well.

Enclosed are plats showing the land ownership position and the position of the anomaly in relation to the proration unit boundaries. In that Chesapeake is only encroaching upon itself, therefore not adversely affecting other Operators, we would appreciate your timely consideration of our request for an administrative approval of our permit to drill. We have a rig committed to this well at the end of next week to begin drilling. Thank you for your assistance.

Most sincerely,

Mike Hazlip

District I PO Box 1980, Hobbs, NM 88241-1980 District II PO Drawer DD, Artesia, NM \$\$211-0719 District III 1000 Rio Brazos Rd., Aztee, NM 87410 District (V

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

Form C-101 Revised February 10, 1994 Instructions on back

Submit to Appropriate District Office State Lease - 6 Copies

Fee Lease - 5 Copies

AMENDED	REPORT
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' Prope	rty Code				" h WATSON	Opercy Name				* Well No. 1
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T- DISTRICT I P.O. Box 1980, Hobbs, NM 88241-1980 State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102 Revised February 10, 1994 Submit to Appropriate District Office

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P.O. Box 1980, Hobbs, MM 88241-1980

DISTRICT II P.O. Drawer DD. Artonia, NM 88211-0719

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT (V P.O. HOX 2088, SANTA PE, N.M. 87504-2088

OIL CONSERVATION DIVISION P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name	-
	96649	NORTHEAST SHOE BAR STRAWN	
Property Code	•	orty Name Well Numb	ber
OGRID No.	Oper Chesapeake o	eter Name Elevation PERATING, INC. 3957	_

Surface Location

LOT 14 6 16 S 36 E 2857 SOUTH 1417 WEST LEA	UI	L or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Bottom Hole Location If Different From Surface

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	UL or lot No.	Section	Townsh	ip	Range	Jot Id	ln	Feet from	the	North/South line	Feet from the	East/West line	County
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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

	OPERATOR CERTIFICATION
	I hereby certify the the information
	contained herein is true and complete to the best of my knowledge and belief.
	_
	So. in Policy
	Signature
4 3 2 1	Sonya Baker
	Printed Name
46.85 AC. 50.85 AC. 50.83 AC. 50.81 AC.	Engineering Technician
51 6 71 B	10-2-97
	Date
35.77 AC. 40.00 AC. 40.00 AC. 40.00 AC.	SURVEYOR CERTIFICATION
35.77 AC. 40.00 AC. 40.00 AC. 40.00 AC. 9	
	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
36.71 AC. 40.00 AC. 40.00 AC. 40.00 AC.	correct to the best of my bettef.
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35.65 AC.	SEPTEMBER 18, 1997 Date Surger Hamiltonia DMCC
1417'	Signature & Seal of College
T 17 5 A R	Professional Surveyor
	D SAT ROM
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18 / X = 787093 W	M-17-1440
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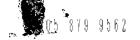


CHESAPEAKE OPERATING, INC. P.O. BOX 18496 OKLAHOMA CITY, OKLAHOMA 73154 (405) 848-8000

Telecopier Number (405) 879-9562

		DATE:_	10/26/97
		TIME:_	4:20 pm.
PLEASE DELIVER THE FOLLOWING	PAGES TO:		
NAME: Michael Stugner			
TELECOPIER NUMBER: (505)	827-1389		
FROM: Mike HAZLIP			Marie Communication (and a secretary state of the language of
OUR FILE REFERENCE:			
			of Z pages
	including this co receive all the pa soon as possible.	versheet. ages, plea Please a	If you do not se call back as sk for:
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CHESAPEAKE OPERATING, INC.

LAND DEPARTMENT

P.O. BOX 18496 OKLAHOMA CITY, OKLAHOMA 73154-0496 405/848-8000, EXT. 416 405/879-9560 FAX MIKE HAZLIP, CPL LANDMAN

October 19, 1997

VIA FACSIMILE (915) 683-1491 AND CERTIFIED MAIL

Charles B. Gillespie, Jr. P.O. Box 8 Midland, Texas 79702

Re: Request for Waiver

Chesapeake's Watson 1-6 2,857' FSL & 1,417' FWL Section 6-T16S-R36E Lea County, New Mexico

Dear Mr. Gillespie:

Pursuant to our recent conversation, please accept this letter as our formal request for your company's waiver of protest to Chesapeake's application for the unorthodox location captioned above. The location encroaches more upon Chesapeake's Little 1-6 proration unit than it does your drilling unit for the proposed Snyder "A" Com No. 1, to which we have agreed to contribute our Lot 18 interest. Chesapeake views its Watson 1-6 location as having absolutely no effect on the unit being formed for the drilling of your proposed well, located 990' FSL and 874' FWL of said Section.

Please indicate Gillespie's waiver to protest Chesapeake's application by signing in the space provided below and returning to us via facsimile to (405) 879-9562 by Wednesday, October 19, 1997. If not received by that time, we will proceed as though Gillespie intends to protest. We appreciate your cooperation and look forward to working with you in the area.

Most sincerely.

Mike Hazlip

AGREE TO WAIVER OF PROTEST this ____ day of October, 1997

CHARLES B. GILLESPIE, JR.

JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

SUITE B 612 OLD SANTA FE TRAIL SANTA FE, NEW MEXICO 87501

(505) 982-2043 (505) 982-2151 (FAX)

November 10, 1997

Hand Delivered

Michael E. Stogner Oil Conservation Division 2040 South Pacheco Street Santa Fe, New Mexico 87505

Re: Administrative application of Chesapeake Operating, Inc. for an unorthodox oil well location in the Strawn formation, Lot 14, Township 16 South, Range 36 East, Lea County, New Mexico

11-13-97 C.M.D.

new objection.

Dear Mr. Stogner:

Charles B. Gillespie, Jr., an offset operator, hereby objects to the above location.

Very truly yours,

tames Bruce

Attorney for Charles B. Gillespie, Jr.