

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
Chicken Hawk #11
State Com #1

ADMINISTRATIVE APPLICATION CHECKLIST

5977

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]

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[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.

[Signature]
Print or Type Name

Kellahin & Kellahin
Attorneys At Law
706 Gonzales Rd.
Santa Fe, NM 87501

Title

11/24/08
Date

e-mail Address

KELLAHIN & KELLAHIN
Attorney at Law

W. THOMAS KELLAHIN
706 GONZALES ROAD
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TELEPHONE 505-982-4285
FACSIMILE 505-982-2047
TKELLAHIN@COMCAST.NET

November 24, 2008

HAND DELIVERED

Mr. Mark E. Fesmire, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

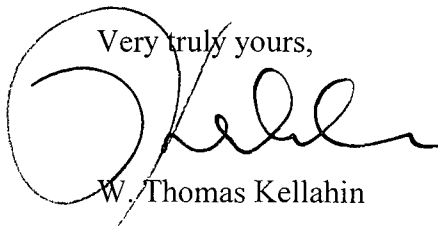
Re: Administrative Application of Chesapeake Operating Company
for an unorthodox gas well location,
Morrow Formation (Wildcat)
Lea County, New Mexico

Chicken Hawk "11" State Com Well No. 1
Unit N of Section 11, T9S, R33E
Location: 2110 feet FWL and 660 feet FSL
Dedication: W/2 of Section 11

Dear Mr. Fesmire:

On behalf of Chesapeake Operating Company, please find enclosed our
referenced administrative application.

Very truly yours,



W. Thomas Kellahin

cc: Chesapeake Operating, Inc.
Attn: Jared Boren

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**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**ADMINISTRATIVE APPLICATION
OF CHESAPEAKE OPERATING, INC.
FOR AN UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.**

ADMINISTRATIVE APPLICATION

CHESAPEAKE OPERATING, INC. ("Chesapeake") by its attorneys, Kellahin & Kellahin, seeks an order authorizing the drilling and production of its Chicken Hawk "11" State Com Well No. 1 at an unorthodox gas well location 660 feet from the South line and 2110 feet from the West line (Unit N) of Section 11, Township 9 South Range 33 East, NMPM to be dedicate to a standard 320-acre gas spacing unit consisting of the W/2 of this section and dedicated to production from the Morrow formations (Wildcat), Lea County, New Mexico

In support of its application Chesapeake states:

1. Chesapeake proposes to drill its Chicken Hawk "11" State Com Well No. 1 in such a way as to test the Morrow formation. **See Division form C-102 Attached as Exhibit "A"**

2. A Morrow formation test will be too risky if the wellbore is placed at a standard well location in either the NW/4 or the SW/4 of this section. The requested unorthodox well location is the optimal for the Morrow formations in order to reduce that risk associated with this formation. **See Morrow isopach attached as Exhibit "B"**

3. This spacing unit is subject to Division Rule 104

TECHNICAL EVIDENCE

4. Chesapeake, based upon geologic data, believes that this proposed unorthodox gas well location will provide a better opportunity to access potential production in Morrow formations than either of the two standard drilling windows.

5. Chesapeake Chicken Hawk 11 State Com #1 is a proposed well to test the Morrow sands as a twin some 200 feet west of the Coastal State Gas Pure State #1 (API # 30-025-20420).

6. The Coastal well, drilled in 1963 encountered 58' of Morrow sand that should have been productive but the well was plugged and abandoned.

7. The Morrow sand in this area is a narrow fluvial incised valley sand that can thin rapidly in every direction. This can be evidenced by the following wells drilled 350' apart in section 1, T-10-S, R-33-E: The Sunray DX Oil New Mexico F State #1 (API # 30-025-00974) drilled in 1955 with 105' of Morrow sand and Yates Petroleum Gosden BGI State #1 (API # 30-025-37077), approximately 350' north, drilled in 2005, with 53' of Morrow sand.

8. The nearest Morrow formation production is from the Yates Petroleum Corporations' Gosden BGI State No 1 (API # 30-025-37007, located in Sec 1, T10S, R33E

9. Chesapeake would like to stay as close as possible to the known data in the area that is the Coastal well. Geologically the narrow Morrow sand body could actually be found to be further east than predicted which would mean a thinner sand or could be proven to be further west which would mean a thicker sand. Therefore, Chesapeake intends to stay as close as possible to the known Morrow data in the Coastal State Gas Pure State #1.

NOTIFICATION

10. All of Section 11 is subject to two State of New Mexico oil & gas leases:

- (a) N/2 is State lease #VO-7080-0001, dated June 1, 2004, with Chesapeake controlling 100% of the working interest
- (b) S/2 is State lease #VO-7068-0001, dated June 1, 2004, with Chesapeake controlling 100% of the working interest

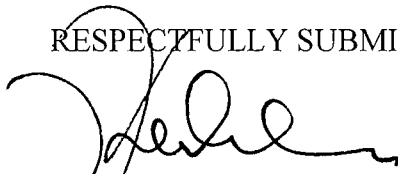
NMOCD Administrative Application
Chesapeake Oil Company
-Page 3-

11. Chesapeake intends for the subject well to be located so that it encroaches towards the SE/4, one of the state leases within the encroaching wellbore's spacing unit.

12. In accordance with the Division's notice requirements, a copy of this application has been sent to Office of the Commission of Public Lands for New Mexico ("SLO")

WHEREFORE, Chesapeake, as applicant, requests that the Division enter its order approving this requested unorthodox well location.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', is written over the printed name and address.

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
706 Gonzales Road
Santa Fe, New Mexico 87501
Telephone: (505) 982-4285
Fax: (505) 982-2047
tkellahin@comcast.net

DISTRICT I

1625 N. FRENCH DR., HOBBBS, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 86210

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 CHICKEN HAWK 11 STATE	Well Number 1
OGRID No.	Operator Name CHESAPEAKE OPERATING, INC.	Elevation 4352'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	11	9-S	33-E		660	SOUTH	2110	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</p> <p>Y=925868.1 N X=742196.1 E</p> <p>LAT.=33.542634° N LONG.=103.538457° 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>Signature _____ Date _____</p> <p>Printed Name _____</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>Date Surveyed _____</p> <p>Signature & Seal of Professional Surveyor _____</p> <p>Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239</p>
	<p>EXHIBIT</p> <p>A</p>
	<p>RECEIVED 000-000-000</p>

