

3/30/09 DATE IN	SUSPENSE	D. Brooks ENGINEER	3/30/09 LOGGED IN	NSL TYPE	PKA0909051685 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



30-015  
Sparrowhawk 15  
Chesapeake #1H  
147179

## 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  
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- [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 Monds-Dry Ocean Monds-Dry a Horney 1-20-09  
Print or Type Name Signature Title Date  
omondsdry@hollandhart.com  
e-mail Address

2009 JUN 20 PM 3 57  
RECEIVED



March 30, 2009

**HAND-DELIVERED**

David K. Brooks  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

*SW Willow Lake Draw*

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its Sparrowhawk 15 Fee Well No. 1H to be drilled from a surface location and penetration point 350 feet from the North line and 1470 feet from the East line and a bottomhole location 350 feet from the North and West lines of Section 15, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico.

Dear Mr. Brooks:

Chesapeake Operating, Inc. ("Chesapeake") re-submits its application for an unorthodox well location for its Sparrowhawk 15 Fee Well No. 1H. Pursuant to your e-mail communication of February 18, 2009, Chesapeake notified the operator in the SE/4 SE/4 of Section 10, Township 25 South, Range 28 East. A copy of that notice letter is attached along with the green card.

Your attention to this application is appreciated.

Sincerely,

*Ocean Munds-Dry*

Ocean Munds-Dry  
Attorney for Chesapeake Operating, Inc.

Enclosures

## Ocean Munds-Dry

---

**From:** Brooks, David K., EMNRD [david.brooks@state.nm.us]  
**Sent:** Wednesday, February 18, 2009 2:44 PM  
**To:** Ocean Munds-Dry  
**Subject:** Chesapeake Sparrow Hawk 15 Fee 1H; NSL Application  
**Follow Up Flag:** Follow up  
**Flag Status:** Red

Dear Ocean

You have stated that Marbob is the offset lessee in Section 15. However, it seems this location also encroaches toward the SE/4 SE/4 of Section 10 on the diagonal.

Please advise if there is a different owner in that quarter-quarter section, and provide proof of notice if there is.

Sincerely,

David

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3/29/2009

HOLLAND & HART<sup>LLP</sup>



March 6, 2009

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO: Nearburg Producing Co.**  
**PO Box 823085**  
**Dallas, TX 75382-3085**

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox penetration point for its Sparrowhawk 15 Fee Well No. 1H which it proposes to drill as a horizontal wellbore in the Willow Lake- Delaware Pool in Section 15, Township 25 South, Range 28 East, N.M.P.M., Eddy 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 penetration point for its Sparrowhawk 15 Fee Well No. 1H. This well is located in Section 15, Township 25 South, Range 28 East, N.M.P.M., and will be drilled to test the Delaware formation from an unorthodox surface location and penetration point 350 feet from the North line and 1470 feet from the East line to a standard bottomhole location 350 feet from the North and West lines of Section 15, Eddy County, New Mexico.

As an owner of an interest that may be affected by the proposed well, you may object to this application. 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.

Sincerely,

*Ocean Munds-Dry*

Ocean Munds-Dry  
Attorney for Chesapeake Operating, Inc.

Enclosures

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 [www.hollandhart.com](http://www.hollandhart.com)

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ♻

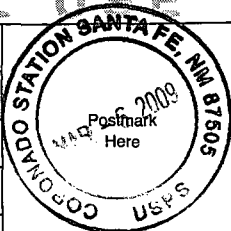
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Certified Fee	2.70
Return Receipt Fee (Endorsement Required)	2.20
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.49



Nearburg Producing Co.  
 PO Box 823085  
 Dallas, TX 75382-3085

or Instructions

<p><b>SENDER: COMPLETE</b></p> <p><b>CERTIFIED MAIL™</b></p> <p>PLACE TICKET AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS. FOLD AT DOTTED LINE.</p>		<p><b>ON DELIVERY</b></p>	
<p>1. Article Addressed to:</p> <p>Nearburg Producing Co.            PO Box 823085            Dallas, TX 75382-3085</p>		<p>2. Article Number            (Transfer from service label) <b>7006 0100 0005 0627 4341</b></p>	
<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
<p>5. Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>6. Print your name and address on the reverse so that we can return the card to you.</p> <p>7. Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>8. Received by (Printed Name) <b>JIMMY SIMPSON</b></p> <p>9. Date of Delivery <b>3/10/09</b></p> <p>10. Is delivery address different from item 1? <input type="checkbox"/> Yes</p> <p>If YES, enter delivery address below: <input type="checkbox"/> No</p>	

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540



January 20, 2009

**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 Sparrowhawk 15 Fee Well No. 1H to be drilled from a surface location and penetration point 350 feet from the North line and 1470 feet from the East line and a bottomhole location 350 feet from the North and West lines of Section 15, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico.

Dear Mr. Fesmire:

Chesapeake Operating, Inc. ("Chesapeake") hereby seeks administrative approval pursuant to the provisions of Division Rules 19.15.15.13 and 19.15.16.14 for an unorthodox well location for its Sparrowhawk 15 Fee Well No. 1H. This well is located in Section 15, Township 25 South, Range 28 East, N.M.P.M., Eddy County, New Mexico and will be drilled in the Delaware formation, Willow-Lake Delaware Pool at an unorthodox surface location and penetration point 350 feet from the North line and 1470 feet from the East line of Section 15 to a standard bottomhole location 350 feet from the North and the West lines of Section 15, Eddy County, New Mexico. A 120-acre project area has been dedicated to this horizontal well comprised of the N/2 NW/4 and the NW/4 NE/4 of Section 15.

This location is unorthodox because the Delaware formation under this acreage is governed by the Division's statewide rules which provide for wells on 40-acre spacing units to be located no closer than 330 feet to the outer boundary of the spacing unit. Division Rule 19.15.16.14 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 Delaware formation at a point 150 feet from the eastern boundary of the spacing and is therefore 180 feet closer than allowed by Division rules.

HOLLAND & HART, LLP



Although the wellbore penetrates the top of the Delaware at an unorthodox location, the well will be at a standard location at the producing interval. Chesapeake is targeting the Willow Lake zone which is estimated at 4846 feet. Therefore, once Chesapeake reaches the targeted formation, it will be at a standard location.

Exhibit A is a plat showing the location of the well and the offset lessee towards which Chesapeake is encroaching.

A copy of this application with all attachments was mailed to Marbob Energy Corporation who is the offset lessee in Section 15 towards which Chesapeake is encroaching. Marbob 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,

Ocean Munds-Dry  
Attorney for Chesapeake Operating, Inc.

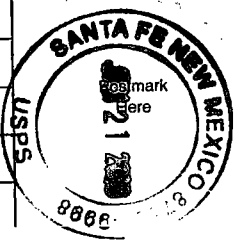
Enclosures

cc: OCD/Artesia, District 2




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Postage	\$ .59
Certified Fee	2.70
Return Receipt Fee (Endorsement Required)	2.20
Restricted Delivery Fee (Endorsement Required)	
<b>Total Postage &amp; Fees</b>	<b>\$5.49</b>



Marbob Energy Corporation  
 2208 W. Main Street  
 Post Office Box 227  
 Artesia, NM 88211-0227

for Instructions

<b>CERTIFIED MAIL™</b>	
<b>SENDER: COM</b>	<b>ON DELIVERY</b>
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature  <input checked="" type="checkbox"/> <i>T. Baker</i> <span style="float: right;"><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</span></p> <p>B. Received by (Printed Name)  <i>T. Baker</i> <span style="float: right;">C. Date of Delivery</span></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes        If YES, enter delivery address below: <input type="checkbox"/> No</p> <div style="text-align: center;">  </div>
<p>1. Article Addressed to:</p> <p>Marbob Energy Corporation          2208 W. Main Street          Post Office Box 227          Artesia, NM 88211-0227</p>	<p>3. Service type  <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>
<p>2. Article Number          (Transfer from service label)</p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>7006 2760 0001 6391 3751</p>	

HOLLAND & HART LLP



Ocean Munds-Dry  
omundsdry@hollandhart.com

January 20, 2009

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**TO: Marbob Energy Corporation**

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Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ♻

March 30, 2009

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Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

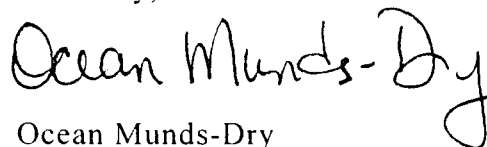
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**Follow Up Flag:** Follow up  
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3/29/2009

HOLLAND & HART



March 6, 2009

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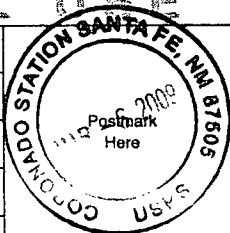
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or Instructions

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1. Article Addressed to:

Nearburg Producing Co.  
 PO Box 823085  
 Dallas, TX 75382-3085

B. Received by (Printed Name)

*JINNY SIMPSON*

C. Date of Delivery

*3/10/09*

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

7006 0100 0005 0627 4341

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	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



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☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

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U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
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**Note:** Statement must be completed by an individual with managerial and/or supervisory capacity.

Ocean Munds-Dry Ocean Munds Dry Attorney 1-20-09  
 Print or Type Name Signature Title Date  
omundsdry@hollandhart.com  
 e-mail Address

2009 JUN 20 PM 1:11  
 RECEIVED



January 20, 2009

**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 Sparrowhawk 15 Fee Well No. 1H to be drilled from a surface location and penetration point 350 feet from the North line and 1470 feet from the East line and a bottomhole location 350 feet from the North and West lines of Section 15, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico.

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HOLLAND & HART



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Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry  
Attorney for Chesapeake Operating, Inc.

Enclosures

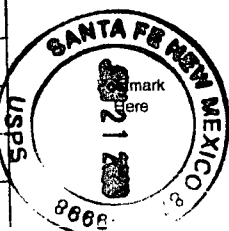
cc: OCD/Artesia, District 2



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Marbob Energy Corporation  
 2208 W. Main Street  
 Post Office Box 227  
 Artesia, NM 88211-0227

for instructions

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<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul> <p>1. Article Addressed to:</p> <p>Marbob Energy Corporation          2208 W. Main Street          Post Office Box 227          Artesia, NM 88211-0227</p> <p>2. Article Number  <i>(Transfer from service label)</i></p>	<p>A. Signature          X <i>[Signature]</i> <span style="float: right;"><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</span></p> <p>B. Received by <i>(Printed Name)</i>  <i>[Signature]</i> C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service type  <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? <i>(Extra Fee)</i> <input type="checkbox"/> Yes</p>
<p>7006 2760 0001 6391 3751</p>	

HOLLAND & HART LLP



Ocean Munds-Dry  
omundsdry@hollandhart.com

January 20, 2009

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO: Marbob Energy Corporation**

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox penetration point for its Sparrowhawk 15 Fee Well No. 1H which it proposes to drill as a horizontal wellbore in the Willow Lake- Delaware Pool in Section 15, Township 25 South, Range 28 East, N.M.P.M., Eddy 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 penetration point for its Sparrowhawk 15 Fee Well No. 1H. This well is located in Section 15, Township 25 South, Range 28 East, N.M.P.M., and will be drilled to test the Delaware formation from an unorthodox surface location and penetration point 350 feet from the North line and 1470 feet from the East line to a standard bottomhole location 350 feet from the North and West lines of Section 15, Eddy County, New Mexico.

As an owner of an interest that may be affected by the proposed well, you may object to this application. 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.

Sincerely,

*Ocean Munds-Dry*

Ocean Munds-Dry  
Attorney for Chesapeake Operating, Inc.

Enclosures

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 [www.hollandhart.com](http://www.hollandhart.com)

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ☺



**Ocean Munds-Dry**  
omundsdry@hollandhart.com

March 30, 2009

**HAND-DELIVERED**

David K. Brooks  
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 Sparrowhawk 15 Fee Well No. 1H to be drilled from a surface location and penetration point 350 feet from the North line and 1470 feet from the East line and a bottomhole location 350 feet from the North and West lines of Section 15, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico.

Dear Mr. Brooks:

Chesapeake Operating, Inc. ("Chesapeake") re-submits its application for an unorthodox well location for its Sparrowhawk 15 Fee Well No. 1H. Pursuant to your e-mail communication of February 18, 2009, Chesapeake notified the operator in the SE/4 SE/4 of Section 10, Township 25 South, Range 28 East. A copy of that notice letter is attached along with the green card.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry  
Attorney for Chesapeake Operating, Inc.

Enclosures

## Ocean Munds-Dry

---

**From:** Brooks, David K., EMNRD [david.brooks@state.nm.us]  
**Sent:** Wednesday, February 18, 2009 2:44 PM  
**To:** Ocean Munds-Dry  
**Subject:** Chesapeake Sparrow Hawk 15 Fee 1H; NSL Application  
**Follow Up Flag:** Follow up  
**Flag Status:** Red

Dear Ocean

You have stated that Marbob is the offset lessee in Section 15. However, it seems this location also encroaches toward the SE/4 SE/4 of Section 10 on the diagonal.

Please advise if there is a different owner in that quarter-quarter section, and provide proof of notice if there is.

Sincerely,

David

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.

3/29/2009



March 6, 2009

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO: Nearburg Producing Co.**  
**PO Box 823085**  
**Dallas, TX 75382-3085**

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox penetration point for its Sparrowhawk 15 Fee Well No. 1H which it proposes to drill as a horizontal wellbore in the Willow Lake- Delaware Pool in Section 15, Township 25 South, Range 28 East, N.M.P.M., Eddy 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 penetration point for its Sparrowhawk 15 Fee Well No. 1H. This well is located in Section 15, Township 25 South, Range 28 East, N.M.P.M., and will be drilled to test the Delaware formation from an unorthodox surface location and penetration point 350 feet from the North line and 1470 feet from the East line to a standard bottomhole location 350 feet from the North and West lines of Section 15, Eddy County, New Mexico.

As an owner of an interest that may be affected by the proposed well, you may object to this application. 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.

Sincerely,

*Ocean Munds-Dry*  
Ocean Munds-Dry  
Attorney for Chesapeake Operating, Inc.

Enclosures

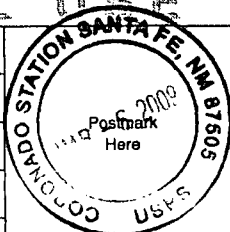
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Certified Fee	2.70
Return Receipt Fee (Endorsement Required)	2.20
Restricted Delivery Fee (Endorsement Required)	
<b>Total Postage &amp; Fees</b>	<b>\$ 5.49</b>



Nearburg Producing Co.  
 PO Box 823085  
 Dallas, TX 75382-3085

or Instructions

<b>SENDER COMPLETE</b>		<b>RECEIVED BY ADDRESSEE</b>	
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>Agent <input checked="" type="checkbox"/> Addressee <input type="checkbox"/></p>	
<p>1. Article Addressed to:</p> <p>Nearburg Producing Co.          PO Box 823085          Dallas, TX 75382-3085</p>		<p>B. Received by (Printed Name) <u>JIMMY SIMPSON</u> C. Date of Delivery <u>3/10/09</u></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>2. Article Number          (Transfer from service label) <u>7006 0100 0005 0627 4341</u></p>		<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	

PS Form 3811, February 2004

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DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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## 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

Print or Type Name

Ocean Munds-Dry

Signature

Attorney

Title

1-20-09

Date

omundsdry@hollandhart.com

e-mail Address



January 20, 2009

**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 Sparrowhawk 15 Fee Well No. 1H to be drilled from a surface location and penetration point 350 feet from the North line and 1470 feet from the East line and a bottomhole location 350 feet from the North and West lines of Section 15, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico.

Dear Mr. Fesmire:

Chesapeake Operating, Inc. ("Chesapeake") hereby seeks administrative approval pursuant to the provisions of Division Rules 19.15.15.13 and 19.15.16.14 for an unorthodox well location for its Sparrowhawk 15 Fee Well No. 1H. This well is located in Section 15, Township 25 South, Range 28 East, N.M.P.M., Eddy County, New Mexico and will be drilled in the Delaware formation, Willow-Lake Delaware Pool at an unorthodox surface location and penetration point 350 feet from the North line and 1470 feet from the East line of Section 15 to a standard bottomhole location 350 feet from the North and the West lines of Section 15, Eddy County, New Mexico. A 120-acre project area has been dedicated to this horizontal well comprised of the N/2 NW/4 and the NW/4 NE/4 of Section 15.

This location is unorthodox because the Delaware formation under this acreage is governed by the Division's statewide rules which provide for wells on 40-acre spacing units to be located no closer than 330 feet to the outer boundary of the spacing unit. Division Rule 19.15.16.14 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 Delaware formation at a point 150 feet from the eastern boundary of the spacing and is therefore 180 feet closer than allowed by Division rules.

HOLLAND & HART



Although the wellbore penetrates the top of the Delaware at an unorthodox location, the well will be at a standard location at the producing interval. Chesapeake is targeting the Willow Lake zone which is estimated at 4846 feet. Therefore, once Chesapeake reaches the targeted formation, it will be at a standard location.

**Exhibit A** is a plat showing the location of the well and the offset lessee towards which Chesapeake is encroaching.

A copy of this application with all attachments was mailed to Marbob Energy Corporation who is the offset lessee in Section 15 towards which Chesapeake is encroaching. Marbob 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,

Ocean Munds-Dry  
Attorney for Chesapeake Operating, Inc.

Enclosures

cc: OCD/Artesia, District 2



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 Restricted Delivery Fee (Endorsement Required)  
 Total Postage & Fees \$ 5.49



Marbob Energy Corporation  
 2208 W. Main Street  
 Post Office Box 227  
 Artesia, NM 88211-0227

For Instructions

SENDER COM		CERTIFIED MAIL		ON DELIVERY	
<p>1. Article Addressed to:</p> <p>Marbob Energy Corporation            2208 W. Main Street            Post Office Box 227            Artesia, NM 88211-0227</p>		<p>A. Signature</p> <p><u>X</u> <u>T. Baker</u></p>		<p><input type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p>	
<p>2. Article Number            (Transfer from service label)</p> <p>7006 2760 0001 6391 3751</p>		<p>B. Received by (Printed Name)</p> <p><u>T. Baker</u></p>		<p>C. Date of Delivery</p> <p><u>Feb 22 2004</u></p>	
<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>		<p>4. Restricted Delivery? (Extra Fee)</p> <p><input type="checkbox"/> Yes</p>		<p>D. Is delivery address different from Item 1? <input type="checkbox"/> Yes            If YES, enter delivery address below: <input type="checkbox"/> No</p>	

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102595-02-M-1540

HOLLAND & HART LLP



**Ocean Munds-Dry**  
omundsdry@hollandhart.com

January 20, 2009

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO: Marbob Energy Corporation**

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox penetration point for its Sparrowhawk 15 Fee Well No. 1H which it proposes to drill as a horizontal wellbore in the Willow Lake- Delaware Pool in Section 15, Township 25 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

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Sincerely,

*Ocean Munds-Dry*

Ocean Munds-Dry  
Attorney for Chesapeake Operating, Inc.

Enclosures

**Holland & Hart LLP**

Phone [505] 988-4421 Fax [505] 983-6043 [www.hollandhart.com](http://www.hollandhart.com)

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ☎