

DATE IN <b>3-10-10</b>	SUSPENSE	ENGINEER <b>DB</b>	LOGGED IN <b>3-10-10</b>	TYPE <b>NSL</b>	PTG-W APP NO <b>1006930371</b>
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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  
 PLU Ross Ranch  
 19 Fed #114*

**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

**6172**

**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 \_\_\_\_\_

RECEIVED OOD  
 2010 MAR - 9 P 3:51

**[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 3-9-10  
 Print or Type Name Signature Title Date  
omundsdry@hollandhart.com  
 e-mail Address



March 9, 2010

**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

RECEIVED OGD  
2010 MAR -9 PM 3:51

**Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its PLU Ross Ranch "19" Federal Well No. 1H to be drilled from a surface location and penetration point 100 feet from the South line and 400 feet from the East line and a bottomhole location 350 feet from the North line and 400 feet from the East line of Section 19, Township 25 South, Range 30 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 PLU Ross Ranch "19" Federal Well No. 1H. This well is located in Section 19, Township 25 South, Range 30 East, N.M.P.M., Eddy County, New Mexico and is to be drilled in the Bone Spring formation at a surface location and a penetration point 100 feet from the South line and 400 feet from the East line and a bottomhole location 350 feet from the North line and 400 feet from the East line of Section 19, Eddy County, New Mexico. A 160-acre project area has been dedicated to this horizontal well comprised of the E/2 E/2 of Section 19.

This location is unorthodox because the Bone Spring 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 Bone Spring formation at a point 100 feet from the South line of Section 19 and is therefore closer than allowed by Division rules.

HOLLAND & HART<sup>LLP</sup>



Although the wellbore penetrates the top of the Bone Spring at an unorthodox location, the well will be at a standard location at the producing interval. Chesapeake is targeting the Lower Avalon Shale at 7954 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. This location is within the Poker Lake Unit which is operated by BEPCo., LP. Chesapeake is drilling this well pursuant to a contract with BEPCo., LP. **Exhibit B** is the C-102 for this well.

A copy of this application with all attachments was mailed to BEPCo., LP who is the operator of the Unit. BEPCo. 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

EOG  
HBP  
11  
State

Yates  
HBP  
12  
State

**CHK**  
CHK  
02/01/2012  
State

7

Yates  
HBP  
08/01/2018  
State

8  
SCHUTZ  
HBP  
State

Bass  
HBP  
Fed

**25S 29E**

EOG  
HBP  
14  
Fed

EOG  
HBP  
13  
Fed

CHK/Bass  
08/01/2018  
Fed

Bass  
HBP  
Fed

Bass  
HBP  
17  
Fed

Bass  
HBP  
16  
State

PLU Pierce  
Canyon 16  
State 1H

**FARMING: EXXONMOBIL TO BASS  
PRIM. TERM: 4/18/2007 - 4/18/2010  
ORRI: DIFF. BETWEEN 22% AND  
EXISTING BURDENS**

**INITIAL WELL: DELAWARE TEST**

881.58 GA @ \$300/AC

**DEPTH RESTRICTIONS ON ALL AC.  
(APPLIES TO SEC. 19 & 30 ONLY)**

23  
OGX  
7/31/2018  
Fed

OGX  
7/31/2018  
Fed

24

26  
EOG  
03/01/2010  
Fed

Atlantic Operating  
HBP 25  
Fed

ExxonMobil  
HBP  
35  
Fed

Southwest Roy  
Yates  
HBP 36  
State

Bass  
HBP  
Fed

Bass  
HBP  
Fed

ExxonMobil  
HBP  
Fed

Conoco  
HBP  
Fed 29

Bass  
HBP  
28  
Fed

Devon  
HBP  
Fed

Ross Ranch 19 FED 1H  
XOM F/O 120 CD  
MS 6/17/10

Ross Ranch 30 FED #1H  
XOM F/O 120 CD  
MS 6/17/10 + 120 Day CD

**25S 30E**

Conoco  
HBP  
Fed 20

Bass  
HBP  
Fed

Bass  
HBP  
Fed

21

Devon  
HBP  
Fed

**1ST REVISION  
80/AC**

8  
SCHUTZ  
HBP  
State

**13**

tabbies

**EXHIBIT**

**A**

N

under 5 Corral Canyon BS

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 80210  
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

Form C-102  
Revised October 15, 2009

Submit one copy to appropriate  
District Office

**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

☐ AMENDED REPORT

API Number	Pool Code	Pool Name Wildcat; Bone Spring
Property Code	Property Name PLU ROSS RANCH "19" FEDERAL	Well Number 1H
OGRID No. 147179	Operator Name CHESAPEAKE OPERATING CO.	Elevation 3181'

**Surface Location**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	19	25 S	30 E		100	SOUTH	400	EAST	EDDY

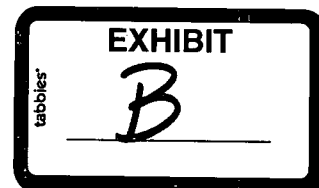
**Bottom Hole Location If Different From Surface**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	19	25 S	30 E		350	NORTH	400	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

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

	<b>OPERATOR CERTIFICATION</b>  I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  Signature: <u>Bryan Arrant</u> Date: <u>03/03/2010</u>  Printed Name: <u>Bryan Arrant</u>
	<b>SURVEYOR CERTIFICATION</b>  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.  Date Surveyed: <u>FEBRUARY 10, 2010</u> Signature: <u>[Signature]</u> Professional Surveyor M.O. No. <u>25345</u> Certificate No. <u>Gary L. Jones 7977</u>  BASIN SURVEYS







March 9, 2010

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

**BEPCo., LP**  
**201 W. Main Street, Suite 3100**  
**Fort Worth, Texas 76102**

**Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its PLU Ross Ranch "19" Federal Well No. 1H to be drilled as a horizontal wellbore in Section 19, Township 25 South, Range 30 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 well location for its PLU Ross Ranch "19" Federal Well No. 1H. This well is located in Section 19, Township 25 South, Range 30 East, N.M.P.M., to be drilled to the Bone Spring formation from a surface location and a penetration point 100 feet from the South line and 400 feet from the East line to a bottomhole location 350 feet from the North line and 400 feet from the East line of Section 19, 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  
**ATTORNEY FOR**  
**CHESAPEAKE OPERATING, INC.**

Enclosures

**Brooks, David K., EMNRD**

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**From:** Brooks, David K., EMNRD  
**Sent:** Thursday, March 11, 2010 3:02 PM  
**To:** 'Ocean Munds-Dry'  
**Subject:** Chesapeake - PLU Ross Ranch 19 Federal #1H

Dear Ocean

Your application indicates that this location (presumably Section 19) is in the Poker Lake Unit which is operated by BEPCO, L.P. What I need to know to comply ascertain if the notice rules have been complied with is who is the operator of the adjoining acreage encroached upon, in this case, the NE/NE of Section 30. Our database does not show any wells in that unit.

Is Section 30 also within the unit operated by BEPCO?

Sincerely

David K. Brooks

## Brooks, David K., EMNRD

---

**From:** Brooks, David K., EMNRD  
**Sent:** Thursday, March 11, 2010 3:24 PM  
**To:** 'Ocean Munds-Dry'  
**Subject:** FW: Chesapeake - PLU Ross Ranch 19 Federal #1H

Dear Ocean

Please consider this a correction of the below email

---

**From:** Brooks, David K., EMNRD  
**Sent:** Thursday, March 11, 2010 3:02 PM  
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**Subject:** Chesapeake - PLU Ross Ranch 19 Federal #1H

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Are Sections 29 and 30 also within the unit operated by BEPCO?

Sincerely

David K. Brooks



## Brooks, David K., EMNRD

---

**From:** Ocean Munds-Dry [Omundsdry@hollandhart.com]  
**Sent:** Thursday, March 11, 2010 4:52 PM  
**To:** Brooks, David K., EMNRD  
**Subject:** RE: Chesapeake - PLU Ross Ranch 19 Federal #1H

David:

Yes, the NE/4 of Section 30 and all of Section 29 is in the Poker Lake Unit. Please let me know if you have any further questions.

Thanks,  
Ocean

---

**From:** Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]  
**Sent:** Thursday, March 11, 2010 3:24 PM  
**To:** Ocean Munds-Dry  
**Subject:** FW: Chesapeake - PLU Ross Ranch 19 Federal #1H

Dear Ocean

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Sincerely

David K. Brooks

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