

1-25-11	SUSPENSE	ENGINEER <i>DLB</i>	LOGGED IN 1-25-11	TYPE <i>NSL</i>	APP NO. <i>1102557134</i>
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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*  
*Livestock 9 Fed #2*  
*6334*

## ADMINISTRATIVE APPLICATION CHECKLIST

*30-025-36583*

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]

*lea*  
*Fed*

### [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 \_\_\_\_\_

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### [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* *1-25-11*  
Print or Type Name Signature Title Date  
*omundsdry@hollandhart.com*  
e-mail Address



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January 25, 2011

**HAND-DELIVERED**

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

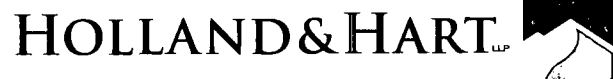
Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its Livestock 9 Federal Well No. 2 drilled from a location 1450 feet from the North line and 1950 feet from the East line of Section 9, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico.

Dear Mr. Sanchez:

Chesapeake Operating, Inc. ("Chesapeake") hereby seeks administrative approval pursuant to the provisions of Division Rule 19.15.15.13 for an unorthodox well location for its Livestock 9 Federal Well No. 2. This well is located in Section 9, Township 22 South, Range 33 East, N.M.P.M., Lea County, New Mexico to be re-entered and re-completed in the 2nd Bone Spring (sand) formation at a location 1450 feet from the North line and 1950 feet from the East line of Section 9, Lea County, New Mexico. A 40-acre spacing unit will be dedicated to this well comprised of the SW/4 NE/4 of Section 9.

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. This location is 130 feet from the North boundary of the spacing unit and is therefore closer than allowed by Division rules.

This well was drilled and completed at a standard gas well location in the Morrow formation. Chesapeake now plans to re-enter and re-complete in the Bone Spring formation. When this well was drilling, mudlogs revealed a potential productive sand in the Bone Spring. The proposed location is the most efficient and reasonable way to develop these reserves. It would not be economic to drill a new well to test this zone.



**Exhibit A** is a plat showing the location of the well. Chesapeake is the operator of the 40-acre spacing unit (Unit B) towards which the well is encroaching and working interest ownership is common. Therefore, no notice is required pursuant to Division rules.

**Exhibit B** is a C-102 for this well.

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 District Office





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 & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised July 16, 2010  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-025-36583	<sup>2</sup> Pool Code 51687	<sup>3</sup> Pool Name Undes. Red Tank; Bone Spring, East
<sup>4</sup> Property Code 33187	<sup>5</sup> Property Name Livestock 9 Federal	<sup>6</sup> Well Number 2
<sup>7</sup> OGRID No. 147179	<sup>8</sup> Operator Name Chesapeake Operating, Inc.	<sup>9</sup> Elevation 3619' GR

<sup>10</sup> Surface Location

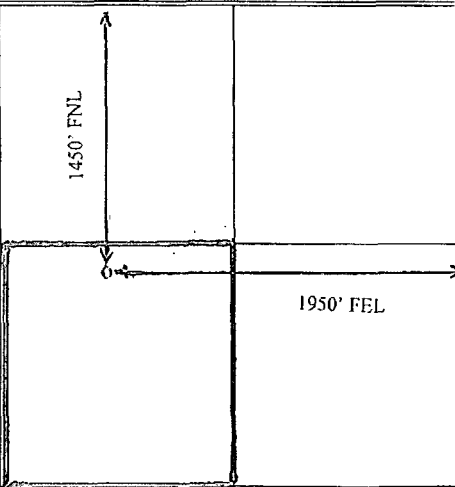
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	9	22S	33E		1450'	North	1950'	East	Lea

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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.

<div>16</div> 	<p><b><sup>17</sup> OPERATOR CERTIFICATION</b></p> <p>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 undivided 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.</p> <p>Signature <u>Bryan Arrant</u> Date <u>01/18/2011</u></p> <p>Printed Name Bryan Arrant</p> <p>E-mail Address bryan.arrant@chk.com</p>
	<p><b><sup>18</sup> SURVEYOR CERTIFICATION</b></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 of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Please Refer to Original Plat</p> <p>Certificate Number</p>

