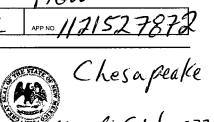
TYPE NSL DATE IN \$, 3 , 1 ENGINEER SUSPENSE

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION



		- Engineering Bureau - 1220 South St. Francis Drive, Santa Fe, NM 87505 ## PLU Big Sinks 232430 in
		ADMINISTRATIVE APPLICATION CHECKLIST
TH	HIS CHECKLIST IS M	ANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE
Applic	[DHC-Down [PC-Po	WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE B: Indard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] Inhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] Inhole Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] INFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] INFX-Water Disposal] [IPI-Injection Pressure Increase] Ified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]
[1]		PLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication NSL NSP SD
	Check [B]	One Only for [B] or [C] 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]	NOTIFICATI [A]	ON REQUIRED TO: - Check Those Which Apply, or Does Not Apply 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]		CURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE
	al is accurate ar	FION: I hereby certify that the information submitted with this application for administrative and complete to the best of my knowledge. I also understand that no action will be taken on this quired information and notifications are submitted to the Division.
Cec Print o		Statement must be completed by an individual with managerial and/or supervisory capacity. S-Dry Ocean Mund-by Atturny 8-2-11 Title Date Omundsdryehollandhart.com e-mail Address
		omundsdryehollandhart.Com e-mail Address



August 2, 2011

HAND-DELIVERED

Jami Bailey
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 PLU Big Sinks 23 24 30 USA Well No. 1H to be drilled from a surface location and penetration point 100 feet from the North line and 1980 feet from the East line and a bottomhole location 350 feet from the South line and 1980 feet from the East line of Section 23, Township 24 South, Range 30 East, NMPM, Eddy County, New Mexico.

Dear Ms. Bailey:

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 Big Sinks 23 24 30 USA Well No. 1H. This well is located in Section 23, Township 24 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 North line and 1980 feet from the East line and a bottomhole location 350 feet from the South line and 1980 feet from the East line of Section 23, Eddy County, New Mexico. A 160-acre project area has been dedicated to this horizontal well comprised of the W/2 E/2 of Section 23.

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 North line of Section 23 and is therefore closer than allowed by Division rules.

HOLLAND&HART.

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 Avalon Shale at approximately 8291 feet (TVD). 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 encroaching to the north of Section 23. This location is within the Poker Lake Unit which is operated by BOPCo. A copy of this application with all attachments was mailed to BOPCo. and 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. They were also advised that if no objections were received by the Division within twenty days, the Division Director could approve the application.

Exhibit B is the C-102 for this well.

Exhibit C is the notice list.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry

ATTORNEY FOR

CHESAPEAKE OPERATING, INC.

Enclosures

cc: OCD District Office



EXHIBIT Rabbies.

DISTRICT I 1025 N. French Dr., Hobbs, NM 68240 DISTRICT II 1301 W. Grand Avenue, Artesle, NM 68210

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102 Revised July 16, 2010

Submit one copy to appropriate

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 67410 OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

District Office

DISTRICT IV

160

1220 S. St. Francis Dr., Santa Pe, NH 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API			Pool Code 96403		Pool Name WILDCAT G-06 S243026;BONE SPRING							
Property Code			Property Name PLU BIG SINKS 23 24 30 USA					Well Number 1H				
ogrid no. 147179 C		Operator Name CHESAPEAKE OPERATING CO.						Elevation , 3428'				
Surface Location												
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County			
В	23	24 S	30 E		100	NORTH	1980	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			
0	23	24 S	30 E		350	SOUTH	1980	EAST	EDDY			
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

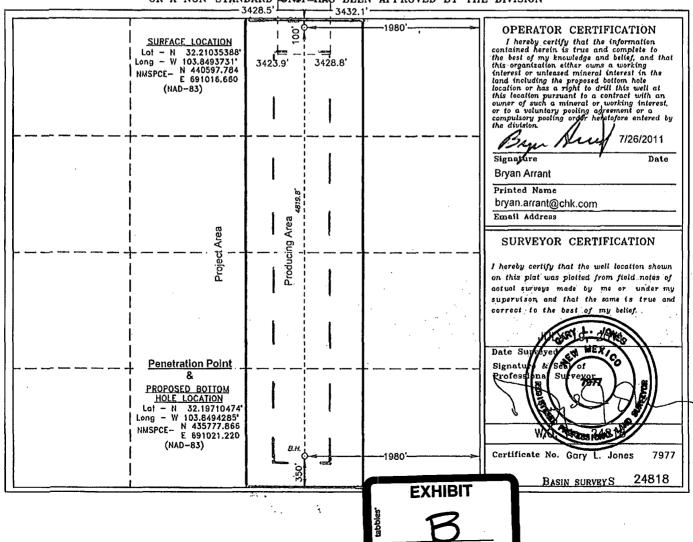


Exhibit C
Chesapeake's NSL Application
PLU Big Sinks 23 24 30 USA Well No. 1H

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