

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Chesapeake
147179

PLU Big Sinks 147430 USA #14

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

6579

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]**

2012 FEB 28 10:33 AM
 RECEIVED
 WFD

- [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 _____

0-14-24-30
eddy

- [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.

Adam G. Rankin
 Print or Type Name

AG Rankin
 Signature

Attorney
 Title

2/28/12
 Date

agrankin@hollandhart.com
 e-mail Address

February 28, 2012

VIA HAND DELIVERY

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

RECEIVED OOD
2012 FEB 28 P 3:44

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its PLU Big Sinks 14 24 30 USA 1H well in the Bone Spring Pool Section 14, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Dear Ms. Bailey:

Chesapeake Operating, Inc. (OGRID No. 147179) hereby seeks administrative approval pursuant to the provisions of Division Rule 19.15.15.13 NMAC for an unorthodox well location for its PLU Big Sinks 14 24 30 USA No. 1H to be located in Section 14, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. The proposed wildcat well is to be drilled at a surface location 150 feet from the South line with a penetration point 330 feet from the South line and approximately 1980 feet from the East line of Section 14. The bottom-hole location will be 100 feet from the North line and 1980 feet from the East line of Section 14. A 162.14-acre project area has been dedicated to this horizontal well comprised of the W/2 E/2 of Section 14.

Exhibit A is a land plat for Section 14 and surrounding sections that shows the proposed non-standard location of the PLU Big Sinks 14 24 30 USA No. 1H in relation to adjoining units and existing wells. 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. The bottom-hole location of this well will be located 100 feet from the North line of Section 14 for engineering reasons, and is, therefore, closer to the section line than allowed by Division rules.

Exhibit B is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the proposed PLU Big Sinks 14 24 30 USA No. 1H well encroaches on the spacing and proration unit to the North.

Exhibit C is a list of the affected parties. Pursuant to 19.15.4.12(A)(2)(c) NMAC, affected parties are those toward whom the non-standard location encroaches. Here, the proposed bottom-hole location encroaches on the spacing and proration unit to the North. The affected party is BEPCO. A copy of this application with all attachments was mailed to the notice recipient.

Your attention to this application is appreciated.

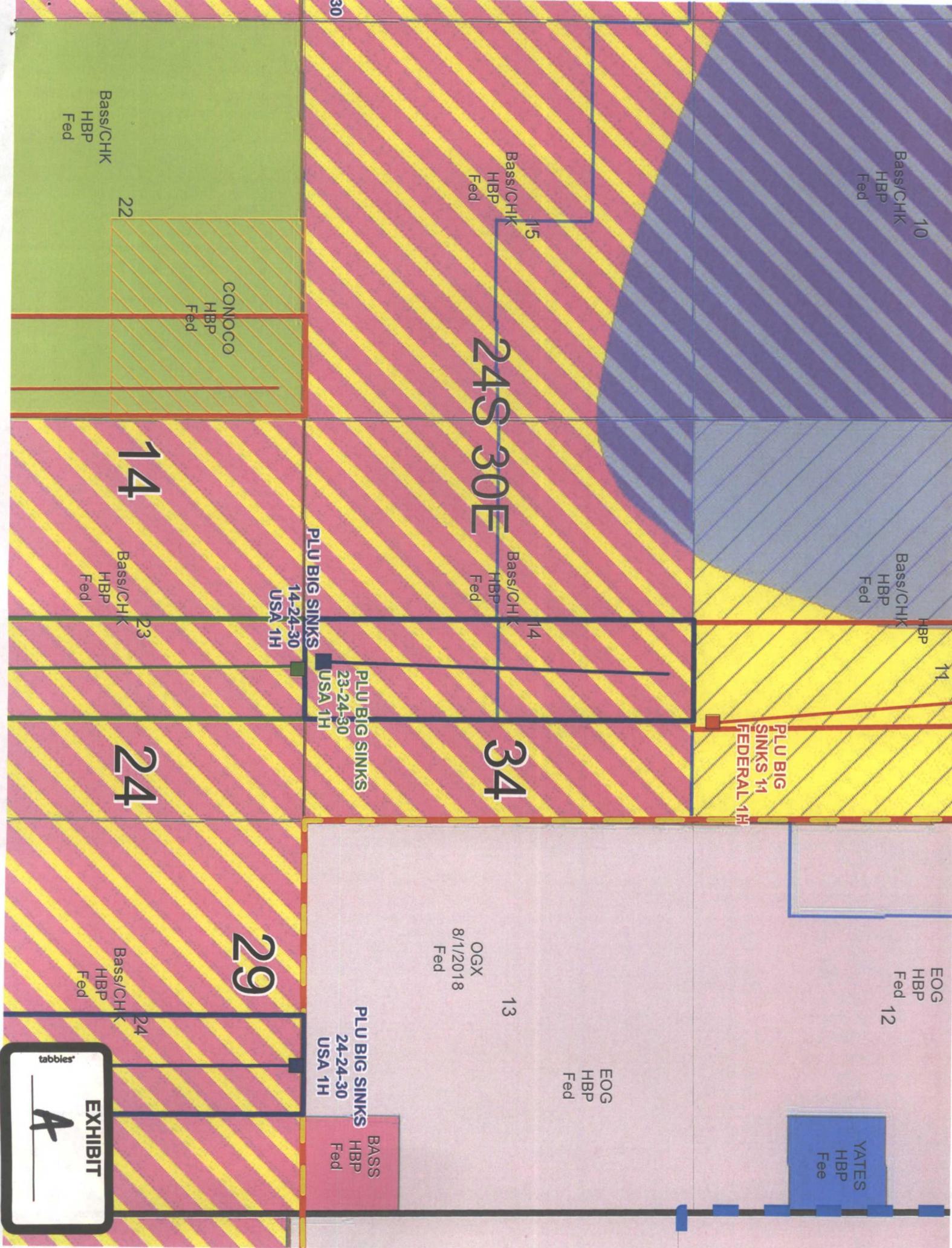
Sincerely,



Adam G. Rankin
ATTORNEY FOR CHESAPEAKE OPERATING, INC.

AGR

cc: Jerris Johnson



10
Bass/CHK
HBP
Fed

11
Bass/CHK
HBP
Fed

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EOG
HBP
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EOG
HBP
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Bass/CHK
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CONOCO
HBP
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23
Bass/CHK
HBP
Fed

24
PLU BIG SINKS
14-24-30
USA 1H

29
PLU BIG SINKS
23-24-30
USA 1H

30
PLU BIG SINKS
24-24-30
USA 1H

34
BASS
HBP
Fed

FEDERAL 1H
PLU BIG SINKS 14

YATES
HBP
Fee

24S 30E

EXHIBIT A

tabbles

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 592-6161 Fax (575) 592-0726

DISTRICT II
611 S. First St., Artesia, NM 88210
Phone (575) 746-1263 Fax (575) 746-0729

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 834-6176 Fax (505) 834-6176

DISTRICT IV
1880 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-5168

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87605

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code 96403	Pool Name WILDCAT; BONE SPRING
Property Code	Property Name PLU BIG SINKS 14 24 30 USA	Well Number 1H
OGRID No. 147179	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
O	14	24 S	30 E		150	SOUTH	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
B	14	24 S	30 E		100	NORTH	1980	EAST	EDDY

Dedicated Acres 162.14	Joint or Infill	Consolidation Code	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

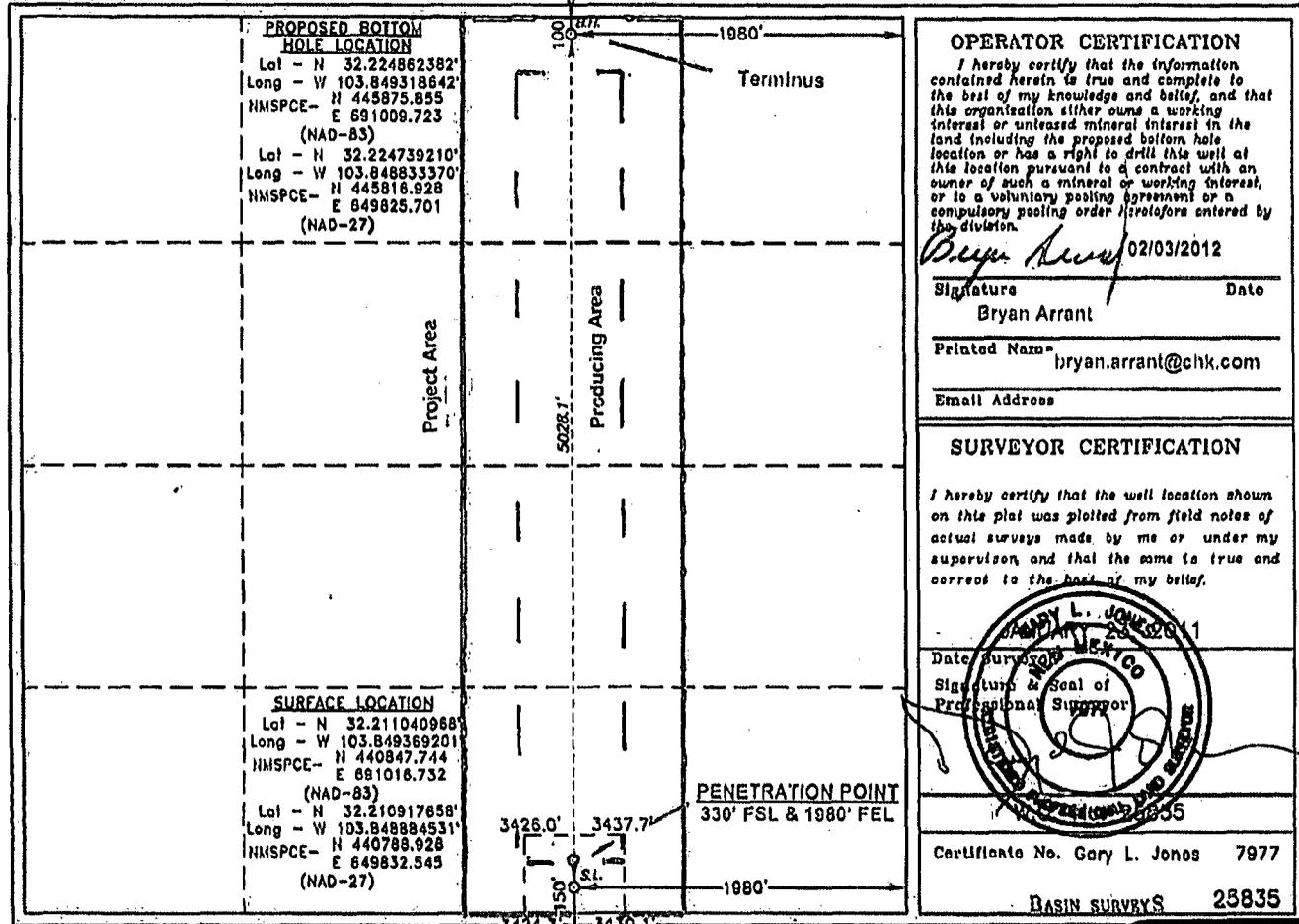


EXHIBIT C

**Chesapeake's NSL Application
PLU Big Sinks 14 24 30 USA No. 1H**

BEPCO
201 Main Street, Suite 3100
Ft. Worth, Texas 76102



Teresa Long
Assistant Landman - Permian District

February 14, 2012

Mr. Monty Montgomery
BEPCO
201 Main Street, Suite 3100
Ft. Worth, TX 76102

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its PLU Big Sinks 14 24 30 USA 1H well in the Bone Spring Pool Section 14, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Montgomery:

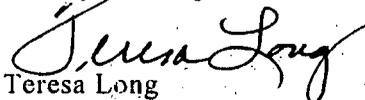
Chesapeake Operating, Inc. has submitted the above-referenced application to the New Mexico Oil Conservation Division for an unorthodox well location for its PLU Big Sinks 14 24 30 USA 1H well. This well is located in Section 14, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, and is to be drilled horizontally in the Bone Spring pool at a surface location 150 feet from the South line with a penetration point 330 feet from the South line and approximately 1980 feet from the East line of Section 14. The bottom-hole location will be 100 feet from the North line and 1980 feet from the East line of Section 14.

Division Rules provide that an application may be approved sooner if the applicant obtains waivers from affected parties. We therefore request your waiver of objection to this administrative application. We respectfully request you that you sign this letter and return it by e-mail or overnight delivery as soon as possible.

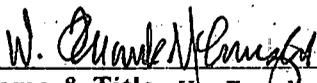
Thank you for your consideration of this matter. Should you wish to discuss, please feel free to call me at 405-935-9175.

Sincerely,

Chesapeake Exploration, L.L.C.


Teresa Long

BEPCO agrees to waive objection to Chesapeake Operating, Inc.'s application for an unorthodox well location for its PLU Big Sinks 14 24 30 USA 1H well.

By: 
Name & Title W. Frank McCreight, Sr. Vice President 

Date: 2.27.12

February 28, 2012

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its PLU Big Sinks 14 24 30 USA 1H well in the Bone Spring Pool Section 14, Township 24 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 Co. for administrative approval of an unorthodox well location for its PLU Big Sinks 14 24 30 USA Well No. 1H. The proposed wildcat well is to be drilled at a surface location 150 feet from the South line and a penetration point 330 feet from the South line, and approximately 1980 feet from the East line of Section 14. The bottom-hole location will be 100 feet from the North line and 1980 feet from the East line of Section 14.

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,



Adam G. Rankin
ATTORNEY FOR CHESAPEAKE OPERATING, INC.

Enclosures

Brooks, David K., EMNRD

From: Adam Rankin [AGRankin@hollandhart.com]
Sent: Monday, March 12, 2012 3:52 PM
To: Brooks, David K., EMNRD
Subject: Chesapeake: Corrected Surface Location for NSL Application for PLU Big Sinks 14 24 30 USA 1H
Attachments: Revised C-102.pdf

David,

I filed on February 28 an administrative application on behalf of Chesapeake for a non-standard location for the PLU Big Sinks 14 24 30 USA 1H. BLM just informed Chesapeake that the BLM wants the surface location of this well moved.

On the application and in accordance with the C-102 filed, we requested a surface location 150 feet from the South line of Section 14 with a penetration point 330 feet from the South line. The BLM has requested that Chesapeake place the surface location 50 feet from the South line and 1980 from the East line. The penetration point will remain unchanged at 330 feet from the South line. I've attached the amended C-102 form indicating the changed surface location per BLM instruction.

To be sure that any order issued by the Division correctly states the surface location, can you please accept this email as a correction to Chesapeake's application for a non-standard surface location for its PLU Big Sinks 14 24 30 USA 1H well? Please let me know if I need to provide you with any other information or make a more formal written request.

All best,
Adam

Adam G. Rankin

Holland & Hart LLP
110 North Guadalupe Suite 1
P.O. Box 2208
Santa Fe, NM 87504
Office: (505) 988-4421
Direct: (505) 954-7294
Cell: (505) 570-0377
Fax (505) 983-6043
E-mail: agrarkin@hollandhart.com
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CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240
Phone (575) 893-8101 Fax: (575) 893-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brozos Rd., Aztec, NM 87410
Phone (505) 334-8170 Fax: (505) 334-8170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87605
Phone (505) 478-3460 Fax: (505) 478-3462

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

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 96403	Pool Name WILDCAT; BONE SPRING
Property Code	Property Name PLU BIG SINKS 14 24 30 USA	Well Number 1H
OGRID No. 147179	Operator Name CHESAPEAKE OPERATING CO.	Elevation 3427'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	14	24 S	30 E		50	SOUTH	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
B	14	24 S	30 E		100	NORTH	1980	EAST	EDDY

Dedicated Acres 162.14	Joint or Infill	Consolidation Code	Order No.
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<p>PROPOSED BOTTOM HOLE LOCATION Lat - N 32.224862382' Long - W 103.849318642' NMSPC- N 445875.855 E 691009.723 (NAD-83) Lat - N 32.224739210' Long - W 103.848833370' NMSPC- N 445816.928 E 649825.701 (NAD-27)</p>		<p>OPERATOR CERTIFICATION 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.</p> <p>Signature: <i>Bryan Arrant</i> Date: 03/12/2012 Printed Name: Bryan Arrant Email Address: bryan.arrant@chk.com</p>
		<p>SURVEYOR CERTIFICATION 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: _____ Signature & Seal of Professional Surveyor: <i>Gary L. Jones</i> W.O. No. 2557</p> <p>Certificate No. Gary L. Jones 7977 BASIN SURVEYS 26337</p>

PROJECTED PENETRATION POINT
330' FSL & 1980' FEL