

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 3424 30 USA 1H

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 _____

B-34-245-30E
 2/28/12 12:34:43
 RECEIVED OOD

[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

Signature

Attorney
 Title

2/28/12
 Date

agrantur@hollandhart.com
 e-mail Address

HOLLAND & HART^{LLP}



Adam G. Rankin
Associate
Phone 505-954-7294
Fax 505-983-6043
agrarkin@hollandhart.com

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 3:43

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its PLU Big Sinks 34 24 30 USA 1H well in the Bone Spring Pool Section 34, 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 34 24 30 USA No. 1H to be located in Section 34, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. The proposed well is to be drilled at a surface location 165 feet from the North line with a penetration point 330 feet from the North line and approximately 1980 feet from the East line of Section 34. The bottom-hole location will be at an unorthodox location 100 feet from the South line and 1980 feet from the East line of Section 34. A 162.49-acre project area has been dedicated to this horizontal well comprised of the W/2 E/2 of Section 34.

Exhibit A is a land plat for Section 34 and surrounding sections that shows the proposed non-standard location of the PLU Big Sinks 34 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 South line of Section 34 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 34 24 30 USA No. 1H well encroaches on the spacing and proration unit to the South.

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

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

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

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 South. The affected lessee 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.

24S 30E

28 CONOCO
HBP
Fed
HBP

5

CONOCO
HBP
Fed

27

15

Bass/CHK
HBP
Fed

PLU BIG
SINKS 27
FEDERAL 1H

6

CONOCO
HBP
Fed
HBP
26

PLU BIG
SINKS 26
FEDERAL 1H

4

Bass/CHK 33
HBP
Fed

CONOCO
HBP
Fed

11

31

Bass/CHK 34
HBP
Fed

PLU BIG SINKS
34-24S-30 1H

Bass/CHK
HBP
Fed

35

32

EXXON
HBP
Fed

PLU BIG SINKS
35-24S-30 1H

PLU PIERCE
CANYON 32
FEDERAL 1H

PLU PIERCE
CANYON 33
FEDERAL 1H

7

Bass/CHK 4
HBP
Fed

3

Bass/CHK
HBP
Fed

38

22

EXXON
HBP
State
2

EXHIBIT
A

tabbles

DISTRICT I
1688 N. French Dr., Hobbs, NM 88240
Phone (505) 293-5161 Fax: (505) 293-5190

DISTRICT II
611 S. First St., Artesia, NM 88210
Phone (505) 740-1263 Fax: (505) 740-0740

DISTRICT III
1000 Rio Aragon Rd., Aztec, NM 87410
Phone (505) 851-5170 Fax: (505) 851-5170

DISTRICT IV
1200 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 479-3450 Fax: (505) 479-3458

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 87506

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 34 24 30 USA	Well Number 1H
OGRID No. 147179	Operator Name CHESAPEAKE OPERATING CO.	Elevation 3351'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	34	24 S	30 E		165	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
O	34	24 S	30 E		100	SOUTH	1980	EAST	EDDY

Dedicated Acres 162.49	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

<p>SURFACE LOCATION Lat - N 32.18116994' Long - W 103.86667585' NMSPC- N 428957.454 E 685711.343 (NAD-83) Lat - N 32.1810464' Long - W 103.8661818' NMSPC- N 428888.870 E 644528.835 (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><i>Bryan Arrant</i> 02/03/2012 Signature Date 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: DECEMBER 2011 Signature: [Signature] Professional Surveyor 7977 7977 7977 Certificate No. 7877 BASIN SURVYS 25836</p>
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Terminus

EXHIBIT
B

EXHIBIT C

**Chesapeake's NSL Application
PLU Big Sinks 34 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 34 24 30 USA 1H well in the Bone Spring Pool Section 34, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Montgomery:

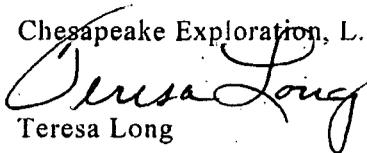
Chesapeake Operating, Inc. has submitted the above-referenced application to the New Mexico Oil Conservation Division for an unorthodox well location for its PLU Big Sinks 34 24 30 USA 1H well. This well is located in Section 34, Township 24 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, and is to be drilled horizontally in the Bone Spring pool at a surface location 165 feet from the North line with a penetration point 330 feet from the North line and approximately 1980 feet from the East line of Section 34. The bottom-hole location will be 100 feet from the South line and 1980 feet from the East line of Section 34.

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 34 24 30 USA 1H well.

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

Date: 2-27-2012

HOLLAND & HART ^{LLP}



Adam G. Rankin
Phone 505-988-4421
Fax 505-983-6043
agrarkin@hollandhart.com

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 34 24 30 USA 1H well in the Bone Spring Pool Section 34, 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 34 24 30 USA Well No. 1H. The proposed wildcat well is to be drilled at a surface location 165 feet from the North line and a penetration point 330 feet from the North line, and approximately 1980 feet from the East line of Section 34. The bottom-hole location will be 100 feet from the South line and 1980 feet from the East line of Section 34.

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

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

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