

DATE IN <u>3.23.12</u>	SUSPENSE	ENGINEER <u>DB</u>	LOGGED IN <u>3.23.12</u>	TYPE <u>NSL</u>	APP NO. <u>1208351170</u>
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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* 147179

*PLU BIG SWK 3-25-30 USA #1/H*

## 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 \_\_\_\_\_

### [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]*  
Signature

ATTORNEY

Title

03/22/12

Date

agrarkin@hollandhart.com  
e-mail Address



March 22, 2012

**VIA HAND DELIVERY**

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

RECEIVED OGD  
2012 MAR 22 P 3:19

**Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its PLU Big Sinks 3 25 30 USA No. 1H well in the Bone Spring Pool Section 3, Township 25 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 3 25 30 USA No. 1H well to be located in Section 3, Township 25 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. The proposed wildcat well is to be drilled at a surface location 200 feet from the South line with a projected penetration point 330 feet from the South line and 2130 feet from the East line of Section 3. The bottom-hole location will be 100 feet from the North line and 2130 feet from the East line of Section 3. A 163.72-acre project area has been dedicated to this horizontal well comprised of the W/2 E/2 of Section 3.

**Exhibit A** is a land plat for Section 3 and surrounding sections that shows the proposed non-standard location of the PLU Big Sinks 3 25 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 3 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 3 25 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 to the North. The affected working interest is BOPCO, LP. A copy of this application with all attachments was mailed to the notice recipient.

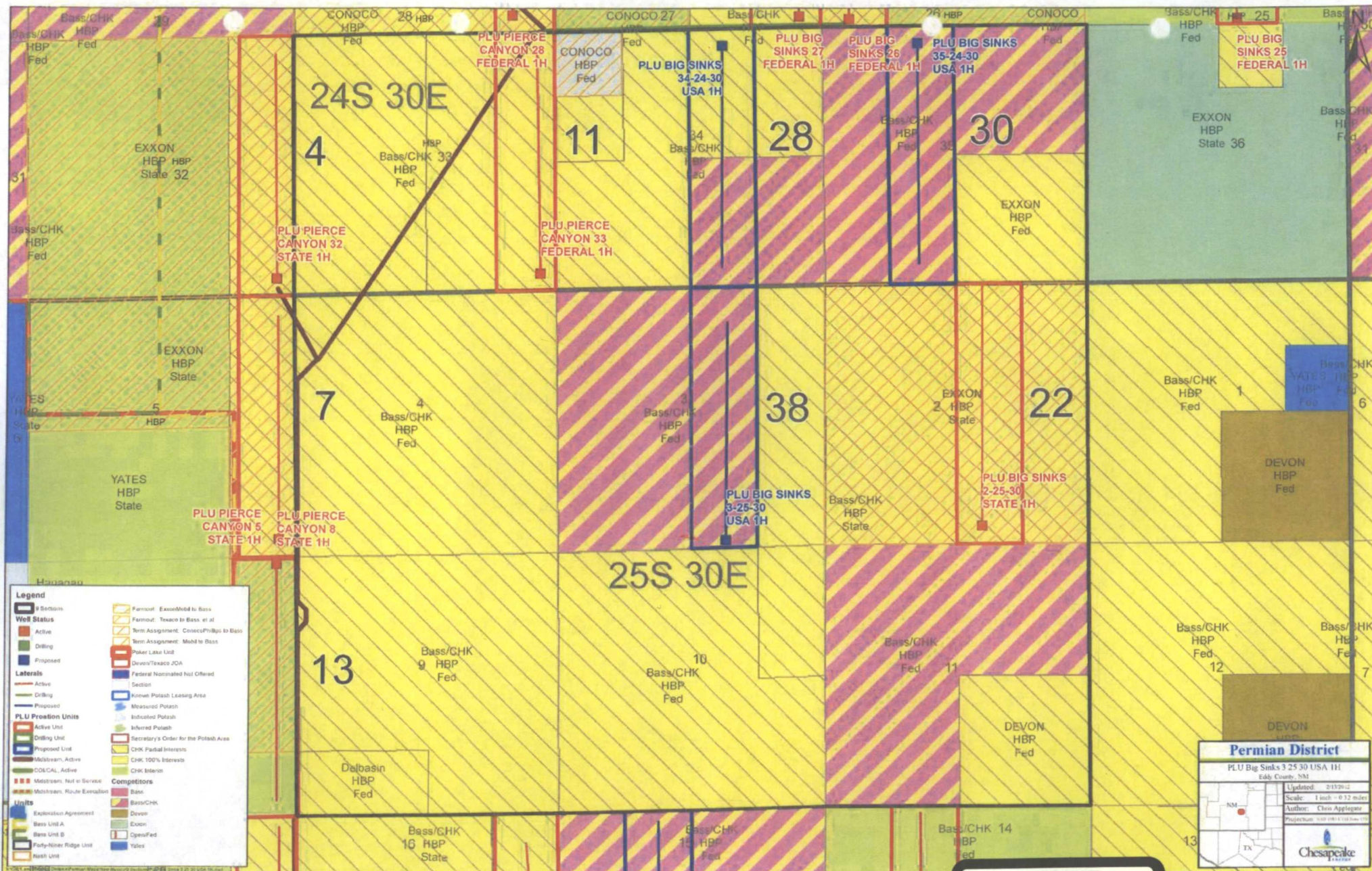
Your attention to this application is appreciated.

Sincerely,

Adam G. Rankin  
**ATTORNEY FOR CHESAPEAKE OPERATING, INC.**

cc: David K. Brooks  
Monty Montgomery, BOPCO  
Teresa Long, Chesapeake Operating, Inc. w/o encls





EXHIBIT

A



**DISTRICT I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone (505) 393-8161 Fax: (505) 393-0720

**DISTRICT II**  
811 S. First St., Artesia, NM 88210  
Phone (505) 745-1203 Fax: (505) 745-0720

**DISTRICT III**  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone (505) 334-8176 Fax: (505) 334-0170

**DISTRICT IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 476-3480 Fax: (505) 476-3482

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 3 25 30 USA		Well Number 1H
OGRID No. 147179	Operator Name CHESAPEAKE OPERATING CO.		Elevation 3317'

**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	3	25 S	30 E		200	SOUTH	2130	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
LOT 2	3	25 S	30 E		100	NORTH	2130	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
163.72			

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><b>LOT 4</b></p> <p><b>PROPOSED BOTTOM HOLE LOCATION</b>          Lat - N 32.166815080°          Long - W 103.866997237°          NMSPCE - N 424734.964          E 685634.482          (NAD-83)          Lat - N 32.166691370°          Long - W 103.866513965°          NMSPCE - N 424676.494          E 644449.809          (NAD-27)</p> <p><b>Projected Penetration Point</b> 330' FSL &amp; 2130' FEL</p> <p><b>SURFACE LOCATION</b>          Lat - N 32.152969578°          Long - W 103.867131160°          NMSPCE - N 419698.033          E 685614.857          (NAD-83)          Lat - N 32.152845726°          Long - W 103.866648474°          NMSPCE - N 419639.673          E 644430.024          (NAD-27)</p>	<p><b>LOT 2</b></p> <p>8.4'</p> <p>100'</p> <p>5037.0'</p> <p>Producing Area</p>	<p><b>LOT 1</b></p> <p>2130'</p>	<p><b>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 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 Arant</i> 02/16/2012 Signature Date Bryan Arant Printed Name bryan.arant@chk.com Email Address</p> <p><b>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><i>Gary L. Jones</i> 02/16/2012 Date Surveyed Signature &amp; Seal of Professional Surveyor Certificate No. Gary L. Jones 7977 N SURVEYS 26052</p>
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**EXHIBIT**  
**B**

**EXHIBIT C**  
**Chesapeake's NSL Application**  
**PLU Big Sinks 3 25 30 USA No. 1H**

BOPCO, LP  
201 Main Street, Suite 3100  
Ft. Worth, TX 76102

**HOLLAND & HART** LLP



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

March 22, 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 3 25 30 USA No. 1H well in the Bone Spring Pool Section 3, 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 Co. for administrative approval of an unorthodox well location for its PLU Big Sinks 3 25 30 USA No. 1H. The proposed wildcat well is to be drilled at a surface location 200 feet from the South line with a projected penetration point 330 feet from the South line and 2130 feet from the East line of Section 3. The bottom-hole location will be 100 feet from the North line and 2130 feet from the East line of Section 3.

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](http://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. ☺