

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



June 12, 2012

Chesapeake Operating, Inc.
c/o Holland & Hart LLP
Attn: Mr. Adam G. Rankin

ADMINISTRATIVE NON-STANDARD LOCATION ORDER

Administrative Order NSL-6576-A
Administrative Application Reference No. pTWG12-15840696

Chesapeake Operating, Inc.
OGRID 147179
PLU Big Sinks 35 24 30 USA Well No. 1H
API No. 30-015-40155

This Order supersedes Administrative Order NSL-6576, issued on March 30, 2012.

Proposed Location:

	Footages	Unit	Sec.	Twsp	Range	County
Surface	360 FNL & 1980 FWL	C	35	24S	30E	Eddy
Penetration Point	360 FNL & 1980 FWL	C	35	24S	30E	Eddy
Terminus	100 FSL & 1980 FWL	N	35	24S	30E	Eddy

Proposed Project Area:

Description	Acres	Pool	Pool Code
E/2 W/2 of Section 35	161.45	Wildcat Bone Spring	

Reference is made to your amended application received on June 5, 2012.

You have requested to drill or complete this horizontal well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by statewide Rule 15.9.A [19.15.15.9.A NMAC], which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary, and Rule 15.16.14.B(2) [19.15.16.14.B(2) NMAC] concerning directional wells in designated project areas. This location is unorthodox because portions of the proposed completed interval are less than 330 feet from an outer boundary of the project area.

Your application has been duly filed under the provisions of Division Rules 15.13 [19.15.15.13 NMAC] and 4.12.A(2) [19.15.4.12.A(2) NMAC].

It is our understanding that you are seeking this location for engineering reasons, in order to maximize the productive length of the wellbore lateral within the producing area.

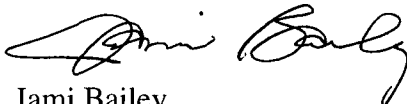
It is also understood that this proposed location does not encroach further toward any adjoining unit that the location approved without objections in Administrative Order NSL-6576..

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9 [19.15.15.9 NMAC].

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey", is written over the printed name and title.

Jami Bailey
Director

JB/db

cc: New Mexico Oil Conservation Division – Artesia
United States Bureau of Land Management