

06/27/12 DATE IN	NA SUSPENSE	Brooks, D ENGINEER	66/28/12 LOGGED IN	NSL TYPE	PJD01218030223 APP NO.
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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
OGRID 1417179
Loc Name
PLU PIERCE CANYON -
4-25-30
Located 4-25-30E

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 _____

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2012 JUN 27 P 4:30

[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 Rankin
Print or Type Name

Signature

Title

Date

Attorney
agranton@hollandhart.com
e-mail Address



June 27, 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 JUN 27 PM 4:30

Re: Application of Chesapeake Operating Co. for administrative approval of an unorthodox well location for its PLU Pierce Canyon 4 25 30 USA 1H well in Section 4, Township 25 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Dear Ms. Bailey:

Chesapeake Operating Co. (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 Pierce Canyon 4 25 30 USA 1H well to be located in Section 4, Township 25 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. The proposed well is to be drilled at a surface location 300 feet from the South line and 400 feet from the East line of Section 4. The first perforations in the well will be at a point 330 feet from the South line and 400 feet from the East line of the project area. The bottom-hole location will be 100 feet from the North line and 660 feet from the East line of Section 4. A 160-acre project area has been dedicated to this horizontal well comprised of the E/2 E/2 of Section 4.

Exhibit A is a land plat for Section 28 and surrounding sections that shows the proposed non-standard location of the PLU Pierce Canyon 4 25 30 USA 1H Well in relation to adjoining units and existing wells. This location is unorthodox because the Bone Spring Pool 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 surface location of this well will be located 300 feet from the South line and the bottom-hole location will be located 100 feet from the North line of Section 4 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 Pierce Canyon 4 25 30 USA 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 party, BOPCO, LP, agrees to waive objections to this application. A copy of their waiver letter is attached to this application as **Exhibit D**.

Your attention to this application is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam G. Rankin". The signature is fluid and cursive, with a large initial "A" and "R".

Adam G. Rankin
ATTORNEY FOR CHESAPEAKE OPERATING CO.

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9220
District III
1000 Rio Brazos Road, Artesia, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3450 Fax: (505) 476-3162

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 96473	³ Pool Name PIERCE CROSSING; BONE SPRING, EAST
⁴ Property Code	⁵ Property Name PLU PIERCE CANYON 4 25 30 USA	⁶ Well Number 1H
⁷ OGRID No. 147179	⁸ Operator Name CHESAPEAKE OPERATING, INC.	⁹ Elevation +3292'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	4	25S	30E		300'	SOUTH	400'	EAST	EDDY

11 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
A	4	25S	30E		100'	NORTH	660'	EAST	EDDY

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

<div style="text-align: center;">Project Area</div>	<div style="text-align: center;">Producing Area</div>	PROPOSED BOTTOM HOLE LOCATION X= 640,556 NAD 27 Y= 424,623 LAT. 32.166589 LONG. 103.879099 X= 681,740 NAD83 Y= 424,681 LAT. 32.166713 LONG. 103.879582	<div style="text-align: center;">164.46 ACRES</div>	11 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 undivided 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. Signature: <i>Bryan Arrant</i> Date: 06/13/2012 Printed Name: bryan.arrant@chk.com E-mail Address:
	PLU PIERCE CANYON 4 25 30 USA NO. 1H WELL X= 640,831 NAD 27 Y= 419,683 LAT. 32.153006 LONG. 103.878277 X= 682,016 NAD83 Y= 419,741 LAT. 32.153130 LONG. 103.878760 ELEVATION +3292' NAD83	12 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of the day/survey made by me or under my supervision and that the same is true and correct to the best of my belief. Date of Survey: May 23, 2011 Signature and Seal of Professional Surveyor: <i>[Signature]</i> Certificate Number: #15078		

FIRST PROJECTED PERFORATIONS
330' FSL & 400' FEL

EXHIBIT

B

EXHIBIT C
Chesapeake's NSL Application
PLU PIERCE CANYON 4 25 30 USA 1H WELL

BOPCO
201 Main Street, Suite 3100
Ft. Worth, TX 76102
Attention: Monty Montgomery



Teresa Long
Assistant Landman - Permian District

June 19, 2012

Mr. Monty Montgomery
BOPCO, L. P.
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 Pierce Canyon 4 25 30 USA 1H well in the Pierce Crossing; Bone Spring, East Pool Section 4, Township 25 South, Range 30 East, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Montgomery:

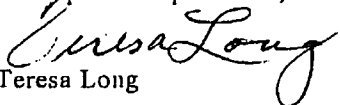
Chesapeake Operating, Inc. has submitted the above-referenced application to the New Mexico Oil Conservation Division for an unorthodox well location for its PLU Pierce Canyon 4 25 30 USA 1H well. This well is located in Section 4, Township 25 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, and is to be drilled horizontally in the Bone Spring pool at a surface location 300 feet from the South line with a penetration point 330 feet from the South line and approximately 400 feet from the East line of Section 4. The bottom-hole location will be 100 feet from the North line and 660 feet from the East line of Section 4.

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.

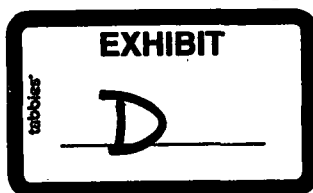
Sincerely,

Chesapeake Exploration, L.L.C.


Teresa Long

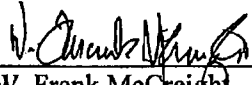
BOPCO, L.P. agrees to waive objection to Chesapeake Operating, Inc.'s application for an unorthodox well location for its PLU Pierce Canyon 4 25 30 USA 1H well.

Chesapeake Energy Corporation
P.O. Box 18496 • Oklahoma City, OK 73154-0496 • 6100 N. Western Avenue • Oklahoma City, OK 73118
405-935-9175 • fax 405-935-4251 • teresa.long@chk.com



BOPCO, L.P., a Delaware limited partnership

By: BOPCO GP, L.L.C., a Delaware limited
liability company, general partner

By: 

W. Frank McCreight
Sr. Vice President