

8-21 - See attached ltr

| | | | | | |
|--------------------|-------------------------------|--------------------|---------------------|-------------|---------------------------|
| DATE IN 7/27/12 | SUSPENSE 8/7/12 | ENGINEER Brooks | LOGGED IN 8/6/12 | TYPE NSL | APP NO. PUNK1221936923 |
|--------------------|-------------------------------|--------------------|---------------------|-------------|---------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

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



Chesapeake Operating
Kiehne Ranch 152632
Unite States #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 _____

[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

Signature

Title

Date

e-mail Address

Attorney
agranton@hollandhart.com

7/27/12

6673

RECEIVED OGD
JUL 27 P 2:27



July 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

2012 JUL 27 PM 2:27
RECEIVED OGD

Re: Application of Chesapeake Operating Co. for administrative approval of an unorthodox well location for its Kiehne Ranch 15 26 32 United States No. 1H well in Section 15, Township 26 South, Range 32 East, N.M.P.M., Lea 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 Kiehne Ranch 15 26 32 United States No. 1H well located in Section 15, Township 26 South, Range 32 East, N.M.P.M., Lea County, New Mexico. As drilled, the well has a surface location 100 feet from the South line and 400 feet from the West line of Section 15. The first perforations in the well are at a point 511 feet from the South line and 269 feet from the West line of Section 15. The bottom-hole location is 330 feet from the North line and 400 feet from the West line of Section 15. The last perforations are 473 feet from the North line and 365 feet from the West line of Section 15. A 163.6-acre project area has been dedicated to this horizontal well comprised of the W/2 W/2 of Section 15.

Exhibit A is a land plat for Section 15 and surrounding sections that shows the as-drilled, non-standard location of the Kiehne Ranch 15 26 32 United States No. 1H well in relation to adjoining units and existing wells. This location is unorthodox because the Triste Draw-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. Due to deviation that resulted during drilling, the first perforation point is located 275 feet from the West line of Section 15. As a result, portions of the completed interval between the first perforation and the last perforation in the lateral well bore are, therefore, closer to the western boundary of 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 Kiehne Ranch 15 26 32 United States No. 1H well encroaches on the spacing and proration unit to the West.

HOLLAND & HART^{LLP}



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, a portion of the completed interval encroaches to the West upon EOG Resources' leased mineral interest. The affected party, therefore, is EOG Resources. 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 CO.

cc: David K. Brooks, Oil Conservation Division
Hobbs District Office, Oil Conservation Division
Jerris Johnson, Chesapeake Operating, Inc. (w/o enclosures)

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-9720

DISTRICT II

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

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV

1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico

Energy, Minerals, and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, New Mexico 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

Fee Lease - 3 copies

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

| | | |
|--|---|--|
| ¹ API Number 30-025-40602 | ² Pool Code | ³ Pool Name |
| ⁴ Property Code | ⁵ Property Name KIEHNE RANCH 15 26 32 USA | ⁶ Well Number 1H |
| ⁷ OGRID No. 147179 | ⁸ Operator Name CHESAPEAKE OPERATING, INC. | ⁹ Elevation 3144' |

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 |
|---------------|-----------|-----------------|--------------------------|---------|---------------|------------------|---------------|----------------|------------|
| M | 15 | 26 SOUTH | 32 EAST, N.M.P.M. | | 100' | SOUTH | 400' | WEST | LEA |

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 |
|---------------|-----------|-----------------|--------------------------|---------|---------------|------------------|---------------|----------------|------------|
| D | 15 | 26 SOUTH | 32 EAST, N.M.P.M. | | 343' | NORTH | 371' | WEST | LEA |

| | | | |
|---|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 163.6 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
|---|-------------------------------|----------------------------------|-------------------------|

NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A
NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | | |
|--|--|---|---|
| | BOTTOMHOLE LOCATION X = 705622 X = Y = 382259 LAT.: N 32.0492065 LONG.: W 103.6696755 | OPERATOR CERTIFICATION <i>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.</i> Signature _____ Date _____ Printed Name _____ E-mail Address _____ | |
| | LOWER PERFORATION POINT X = 705618 Y = 382129 LAT.: N 32.0488494 LONG.: W 103.6696923 | | SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual survey made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> Date of Survey _____ Signature and Seal of Professional Surveyor _____ |
| | UPPER PERFORATION POINT & PENETRATION POINT X = 705539 Y = 377763 LAT.: N 32.0368498 LONG.: W 103.6700341 | | |
| | NAD 27 NM E ZONE X = 705667 Y = 377353 LAT.: N 32.0357216 LONG.: W 103.6696304 NAD 83 NM E ZONE X = 746854 Y = 377410 LAT.: N 32.0358468 LONG.: W 103.6701007 | | EXHIBIT B |

Michael Blake Brown R.P.S. #18329
JOB #AD_KEIHNE_RANCH15-26-32_USA_1H/24NE/EUO

EXHIBIT C
Chesapeake's NSL Application
Kiehne Ranch 15 26 32 United States No. 1H

EOG Resources
P.O. Box 4362
Houston, TX 77210-4362



July 27, 2012

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

EOG Resources
P.O. Box 4362
Houston, TX 77210-4362

Re: Application of Chesapeake Operating Co. for administrative approval of an unorthodox well location for its Kiehne Ranch 15 26 32 United States No. 1H well in the Section 15, Township 26 South, Range 32 East, N.M.P.M., Lea 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 Kiehne Ranch 15 26 32 United States No. 1H well. As drilled, the well has a surface location 100 feet from the South line and 400 feet from the West line of Section 15. Because of deviation that resulted during the drilling of this well, the first perforations are at a point 511 feet from the South line and 269 feet from the West line of Section 15. The bottom-hole location is 330 feet from the North line and 400 feet from the West line of Section 15. The last perforations are 473 feet from the North line and 365 feet from the West line of Section 15. As a consequence of this drilling deviation, a portion of the completed interval of this well is at a non-standard location and encroaches on your interests to the West.

As an owner of an interest that may be affected by the 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 CO.

Enclosures

HOLLAND & HART LLP



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

July 31, 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

2012 JUL 31 P 3:15
RECEIVED OGD

Re: Application of Chesapeake Operating Co. for administrative approval of an unorthodox well location for its Kiehne Ranch 15 26 32 United States No. 1H well in Section 15, Township 26 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

Dear Ms. Bailey:

Chesapeake Operating Co. (OGRID No. 147179) filed the above-referenced application with the Division on July 27, 2012. After filing the application and notifying EOG Resources Inc., which was identified as the affected offsetting interest owner, Chesapeake learned that EOG had assigned its interests in the offsetting tract to ConocoPhillips Company. Accordingly, a copy of the application filed on July 27 with all attachments was mailed to ConocoPhillips on July 31.

Your attention to this application is appreciated.

Sincerely,

Adam G. Rankin
ATTORNEY FOR CHESAPEAKE OPERATING CO.

cc: David K. Brooks, Oil Conservation Division
Hobbs District Office, Oil Conservation Division
Jerris Johnson, Chesapeake Operating, Inc. (w/o enclosures)

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

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

HOLLAND & HART ^{LLP}



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

July 31, 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 JUL 31 P 3:15

Re: Application of Chesapeake Operating Co. for administrative approval of an unorthodox well location for its Kiehne Ranch 15 26 32 United States No. 1H well in Section 15, Township 26 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

Dear Ms. Bailey:

Chesapeake Operating Co. (OGRID No. 147179) filed the above-referenced application with the Division on July 27, 2012. After filing the application and notifying EOG Resources Inc., which was identified as the affected offsetting interest owner, Chesapeake learned that EOG had assigned its interests in the offsetting tract to ConocoPhillips Company. Accordingly, a copy of the application filed on July 27 with all attachments was mailed to ConocoPhillips on July 31.

Your attention to this application is appreciated.

Sincerely,

Adam G. Rankin
ATTORNEY FOR CHESAPEAKE OPERATING CO.

cc: David K. Brooks, Oil Conservation Division
Hobbs District Office, Oil Conservation Division
Jerris Johnson, Chesapeake Operating, Inc. (w/o enclosures)

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

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