



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

November 27, 2007

Administrative Order NSL-5720

Chesapeake Operating, Inc.
C/o Holland & Hart
P.O. Box 2208
Santa Fe, NM 87504-2208

Attention: Ms. Munds-Dry

Chesapeake's NSL Application: Langley Greer Com Well No. 3 (API No. 30-025-38612)

SHL: 2440' FSL, 660' FWL, Unit L

Penetration Point: 2310' FNL, 660' FWL, Unit E (Non-Standard)

BHL: 660' FNL, 660' FWL, Unit D

Section 21 T22S, R36E, NMPM, Lea County, New Mexico

320 Acre, N/2 of Section 21 Deep Gas Spacing Unit in the Langley-Devonian Gas Pool (79936)

Reference is made to: Chesapeake Operating, Inc.'s ("Chesapeake") application for a non-standard well location (*administrative application reference No. pKVR0729953253*) for the subject well that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on October 23, 2007; and the Division's records pertinent to Chesapeake's request.

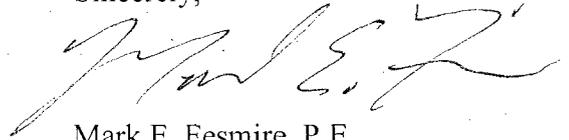
Chesapeake requests authority to horizontally drill this well and penetrate the Devonian formation at a non-standard penetration point. This well is to be dedicated to the N/2 of Section 21 and will be the only current producer in this deep gas spacing unit. The Langley-Devonian Gas Pool has no special pool rules and is governed by Division Rule 104. The subject well is planned to penetrate the Devonian at 530 feet from the southern edge of the spacing unit instead of the mandated 660 feet setback.

Chesapeake's application stated that the unorthodox well design is needed in order to maximize that portion of the horizontal wellbore at the highest structural position, in order to recover more gas and prevent waste.

Chesapeake is the operator of the affected spacing unit to the south, but these spacing units have diverse working interest ownership. Chesapeake has provided notice of this application to the affected parties and no objections have been received.

Pursuant to the authority granted under the provisions of Division Rule 104, the above-described unorthodox penetration point for the Langley-Devonian Gas Pool is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', written in a cursive style.

Mark E. Fesmire, P.E.
Division Director

MEF/wvjj

cc: New Mexico Oil Conservation Division - Hobbs