

DATE IN 7/11/08	SUSPENSE	ENGINEER Brooks	LOGGED IN 07/11/08	TYPE NSL	APP NO. PKVR0819355517
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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 Operating
Emerald 32 Federal
#2H*

2008

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RECEIVED

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.

Ocean Munds-Dry Ocean Munds-Dry Attorney 7-11-08
Print or Type Name Signature Title Date
omundsdry@hollandhart.com
e-mail Address



July 11, 2008

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Application of Chesapeake Operating, Inc. for administrative approval of an unorthodox well location for its Emerald 32 Federal Well No. 2H to be drilled from a surface location and penetration point 990 feet from the South line and 25 feet from the West line and a bottomhole location 990 feet from the South line and 2310 feet from the West line of Section 32, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico.

Dear Mr. Fesmire:

Chesapeake Operating, Inc. ("Chesapeake") hereby seeks administrative approval pursuant to the provisions of Division Rules 104 and 111 for an unorthodox well location for its Emerald 32 Federal Well No. 2H. This well is located in Section 32, Township 24 South, Range 29 East, N.M.P.M., Eddy County, New Mexico and will be drilled in the Delaware formation, Willow Lake-Delaware Pool, from an unorthodox surface location and penetration point 990 feet from the South line and 25 feet from the West line to a standard bottomhole location 990 feet from the South line and 2310 feet from the West line of said Section 32, Eddy County, New Mexico. A 80-acre project area has been dedicated to this horizontal well comprised of the S/2 SW/4 of Section 32.

This location is unorthodox because the Delaware 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. Division Rule 111 defines the "Penetration Point" as "the point where the wellbore penetrates the top of the pool from which it is intended to produce." The wellbore penetrates the Delaware formation at a point 25 feet from the West line of Section 32 and is therefore 305 feet closer than allowed by Division rules.

HOLLAND & HART^{LLP}



Although the wellbore penetrates the top of the Delaware at an unorthodox location, the well will be at a standard location at the producing interval. Chesapeake penetrates the top of the Delaware at approximately 5090 feet (MD) in the vertical portion of the well. Chesapeake is targeting the Cherry Canyon Willow Lake Zone which is estimated at 5111 feet (MD). Therefore, once Chesapeake reaches the target formation, it will be at a standard location.

Exhibit A is a plat showing the location of the well and the project area dedicated to the well.

A copy of this application with all attachments was mailed to those affected parties listed on **Exhibit B** to this application. The affected parties was advised that if they have an objection to this application it must be filed in writing with the Division's Santa Fe office within twenty days from the date notice was sent. It was also advised that if no objections were received by the Division within twenty days, the Division Director could approve the application.

Your attention to this application is appreciated.

Sincerely,

Ocean Munds-Dry

Ocean Munds-Dry
Attorney for Chesapeake Operating, Inc.

Enclosures

cc: OCD/Artesia, District 2

Exhibit B

**Chesapeake Operating, Inc.
Emerald 32 Federal Well No. 2H**

Bettis Brothers, Inc.
P.O. Box 1240
Graham, TX 02116

EOG Resources
Post Office Box 2267
Midland, Texas 79702

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Tuesday, August 05, 2008 8:43 AM
To: 'Ocean Munds-Dry'
Subject: Chesapeake - Emerald 32 Fed #2H - NSL application

Dear Ocean:

I have reviewed the referenced application.

Everything seems to be in order except that the well is called the Emerald 32 Federal, and I am looking at the SLO database that I am reading as saying this is State land. Am I missing something?

Sincerely

David

8/5/2008

Brooks, David K., EMNRD

From: Ocean Munds-Dry [Omundsdry@hollandhart.com]
Sent: Tuesday, August 05, 2008 4:00 PM
To: Brooks, David K., EMNRD
Subject: Emerald 32 Federal Well 2H

Attachments: Document.pdf



Document.pdf (2
MB)

David: I just looked on the SLO website. Please see attached. For some reason they indicate in the "land restriction" column that the oil and gas is federal rather than listing it in the sub-surface owner column. It appears this is a federal well.

Ocean

-----Original Message-----

From: HP 4345 MFP [mailto:DSAdmin@hollandhart.com]
Sent: Tuesday, August 05, 2008 10:50 AM
To: Ocean Munds-Dry
Subject: Scanned from the HP 4345 MFP

Please open the attached document. This document was digitally sent to you using an HP Digital Sending device.

This inbound email has been scanned by the MessageLabs Email Security System.
