

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



November 25, 2008

Ms. Ocean Munds-Dry
Holland & Hart, LLP
P.O. Box 2208
Santa Fe, NM 87504

Administrative Order SD-200826

Re: Chesapeake Operating, Inc.
Langley Getty Well No. 3H
API No. 30-025
Unit L, Section 21, Twsp 22S, Range 36E
Lea County

Dear Ms Munds-Dry:

Reference is made to the following:

(a) your application (**administrative SD application reference No. pKVR08-31145150**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on October 31, 2008, on behalf of Chesapeake Operating, Inc. (Chesapeake); and

(b) the Division's records pertinent to Chesapeake's request.

Chesapeake has requested to simultaneously dedicate the S/2 of Section 21, Township 22 South, Range 36 East in Lea County, New Mexico, in the Devonian formation, to:

(a) its proposed Langley Getty Well No. 3H (the proposed well), a horizontal gas well to be drilled to the Devonian formation from an unorthodox surface location 1960 feet from the South line and 645 feet from the West line (Unit L) of Section 21 to an orthodox point of penetration of the Devonian formation, 1950 feet from the South line and 660 feet from the West line (Unit L) of Section 21, and thence to a terminus, or bottom-hole location, 1980 feet from the South line and 1650 feet from the East line (Unit J) of said section; and

(b) its existing Langley Getty Well No. 2RE (API No. 30-025-32210) (the existing well), a horizontal gas well drilled to the Devonian formation from an orthodox surface location 977



November 25, 2008

Page 2

feet from the South line and 1002 feet from the West line (Unit M) of Section 21 to an orthodox terminus, or bottom-hole location, 832 feet from the South line and 3343 feet from the West line (Unit O) of said section.

The S/2 of Section 21 is a standard 320-acre gas spacing unit in the Langley Devonian Gas Pool (79936). Well density in this pool is governed by statewide Rule 104.C(2), which, as applied to this unit, allows two wells to be completed in the unit, but requires that the wells be in different quarter sections. Because the proposed well will be completed within both quarter sections of this 320-acre unit, and the existing well is also completed in both quarter sections, division approval for simultaneous dedication is required.

Your application on behalf of Chesapeake has been duly filed under the provisions of Division Rules 104.D(3) and 1210.A(2).

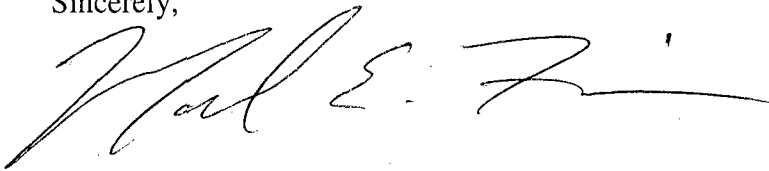
It is our understanding Chesapeake has proposed the simultaneous dedication of this unit to the two wells described for geological reasons, in order to prevent waste and maximize production from this unit.

We further understand that all affected persons in offsetting units within the Devonian formation have been duly notified of the filing of this application.

Pursuant to the authority granted by Rule 104.D(3), the above-described simultaneous dedication is hereby approved.

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 "Mark E. Fesmire", with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs