



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Jim Noel

Cabinet Secretary

Karen W. Garcia

Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division



November 16, 2010

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

Administrative Order NSL-6299

**Re: Chesapeake Operating, Inc.
Ruth 20 Well No. 1
API No. 30-025-33579
609 feet FNL and 1650 feet FWL
Section 20-16S-36E
Lea County, New Mexico**

Dear Ms. Munds-Dry:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-31956253**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Chesapeake Operating, Inc. [OGRID 147179] (Chesapeake), on November 15, 2010, and

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

Chesapeake has requested to drill the above-referenced well at an unorthodox well location described above in the caption of this letter. The NW/4 of Section 20 will be dedicated to this well in order to form a standard 160-acre spacing unit in the undesignated North Shoe Bar-Wolfcamp Pool (56295). Spacing in this pool is governed by the Special Rules and Regulations for the North Shoe Bar-Wolfcamp Pool, as adopted by Order No. R-4657, issued on November 16, 1973, which provide for 160-acre units, with wells to be located within 150 feet of the center of a quarter-quarter section.

This location is more than 150 feet from the western boundary of the NE/4 NW/4 of Section 20.

Oil Conservation Division

1220 South St. Francis Drive • Santa Fe, New Mexico 87505

Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



Your application on behalf of Chesapeake has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that Chesapeake is seeking this location because in order to utilize an existing wellbore.

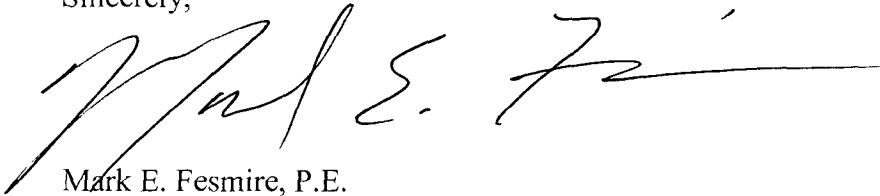
It is also understood that notice of this application to offsetting owners or operators is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

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
New Mexico State Land Office - Santa Fe