



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

June 5, 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 JUN -5 PM 4:06
 RECEIVED OGC

Re: Application of Chesapeake Operating Co. for administrative approval of an unorthodox well location for its PLU Remuda Basin 32 23 30 State 1H well in Section 32, Township 23 South, Range 30 East, N.M.P.M., Eddy 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 PLU Remuda Basin 32 23 30 State 1H well to be located in Section 32, Township 23 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. The proposed well is to be drilled at a surface location 150 feet from the South line and 660 feet from the West line of Section 32. The bottom-hole location will be 100 feet from the North line and 660 feet from the West line of Section 32 and the first perforations in the completed interval will be at a point 330 feet from the South line and 660 feet from the West line of Section 32. A 162.87-acre project area has been dedicated to this horizontal well comprised of the W/2 W/2 of Section 32.

Exhibit A is a land plat for Section 32 and surrounding sections that shows the proposed non-standard location of the PLU Remuda Basin 32 23 30 State 1H well in relation to adjoining units and existing wells. This location is unorthodox because the Forty-Niner Ridge; Bone Spring West 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. The bottom-hole location of this well will be located 100 feet from the North line of Section 32 for engineering reasons, and is, therefore, closer to the section line and boundary of the spacing unit than allowed by Division rules.

Exhibit B is the Well Location and Acreage Dedication Plat (Form C-102), which shows that the proposed PLU Remuda Basin 32 23 30 State 1H well encroaches on the spacing and proration unit to North.

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 PO. 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. ☒



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, the proposed bottom-hole location encroaches to the North. The affected party, therefore, is the Devon Energy Corporation, the lessee of record. A copy of this application with all attachments was mailed to the notice recipient.

Your attention to this application is appreciated.

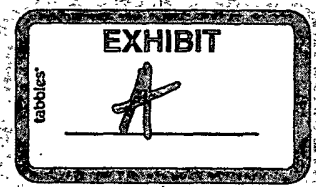
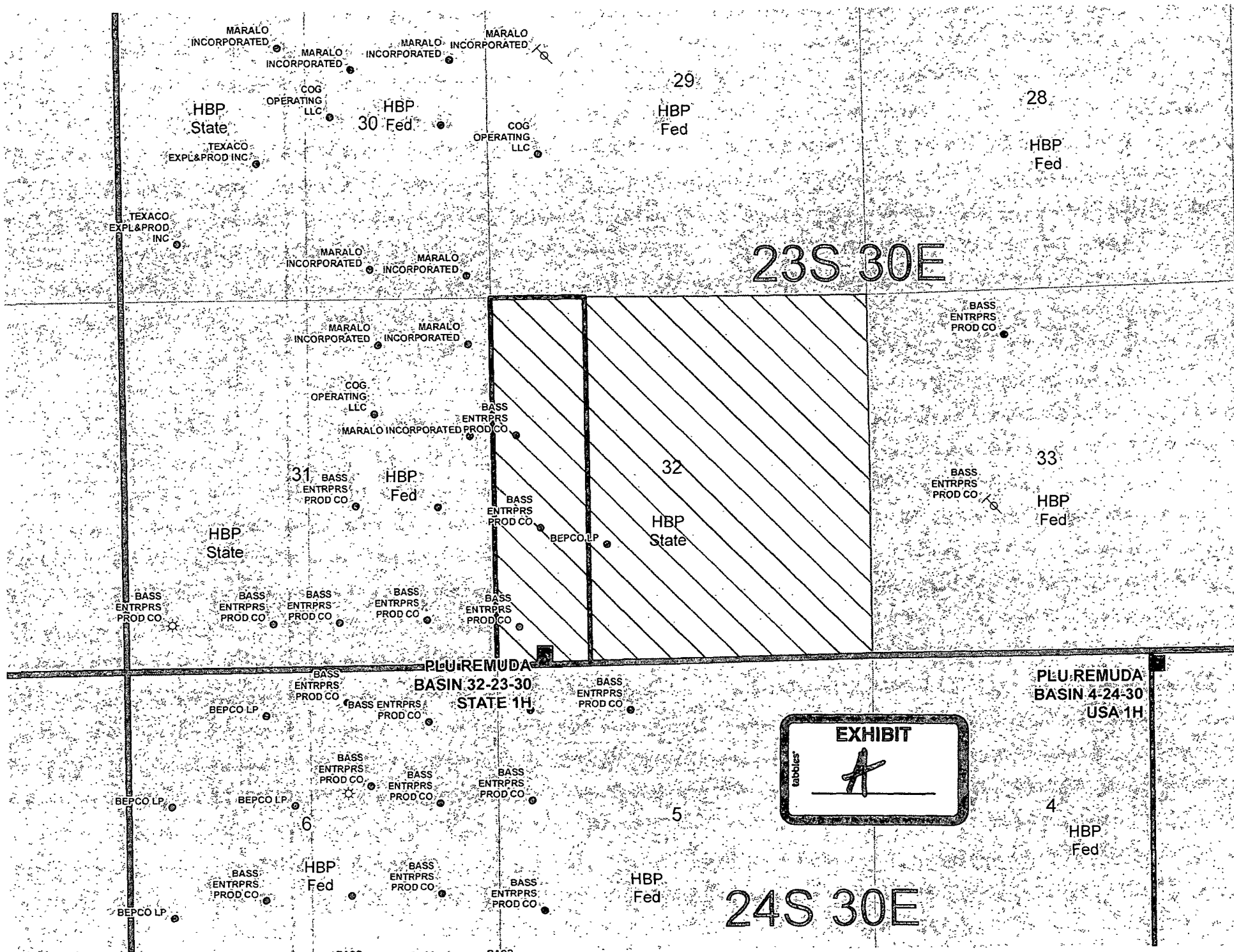
Sincerely,

A handwritten signature in black ink, appearing to read 'Adam G. Rankin'.

Adam G. Rankin

ATTORNEY FOR CHESAPEAKE OPERATING CO.

cc: David K. Brooks, Oil Conservation Division
Teresa Long, Chesapeake Operating, Inc. (w/o enclosures)



District I
1623 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9730
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 331-6178 Fax: (505) 331-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3469 Fax: (505) 476-3463

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-40341	² Pool Code 96526	³ Pool Name FORTY-NINER RIDGE; BONE SPRING WEST
⁴ Property Code 39427	⁵ Property Name PLU REMUDA BASIN 32 23 30 STATE	
⁷ OGRID No. 147179	⁶ Operator Name CHESAPEAKE OPERATING, INC.	
		⁸ Well Number III
		⁹ Elevation 3241'

" 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	32	23S	30E		150'	SOUTH	660'	WEST	EDDY

" 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	32	23S	30E		100'	NORTH	660'	WEST	EDDY

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
162.87			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

	PROPOSED BOTTOM HOLE LOCATION X= 630,976 NAD 27 Y= 461,635 LAT. 32.268165 LONG. 103.809586 X= 672,160 NAD83 Y= 461,594 LAT. 32.268280 LONG. 103.810074	" OPERATOR CERTIFICATION 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 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 or of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <i>Bryan Arrant</i> Date: 5/29/2012 Printed Name: Bryan Arrant E-mail Address: bryan.arrant@chk.com
	PLU REMUDA BASIN 32 23 30 STATE NO. III WELL X= 631,011 NAD 27 Y= 456,482 LAT. 32.254278 LONG. 103.809539 X= 672,194 NAD83 Y= 456,641 LAT. 32.254398 LONG. 103.810027 ELEVATION 3241' NAD83	"SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief. Date of Survey: May 22 2012 Signature and Seal of Professional Surveyor: <i>Wm. S. Davis III</i> Certificate Number: 15078

FIRST PROPOSED PERFORATIONS
330' FSL & 660' FWL

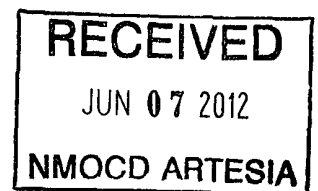
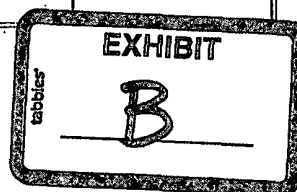


EXHIBIT C
Chesapeake's NSL Application
PLU Remuda Basin 32 23 30 State 1H

Devon Energy
Attn: Sam McCurdy
333 W. Sheridan
Oklahoma City, OK 73102

HOLLAND & HART^{LLP}



Adam G. Rankin
Phone 505-988-4421
Fax 505-983-6043
agrankin@hollandhart.com

June 5, 2012

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED PARTIES

Re: Application of Chesapeake Operating Co. for administrative approval of an unorthodox well location for its PLU Remuda Basin 32 23 30 State 1H well in Section 32, Township 23 South, Range 30 East, N.M.P.M., Eddy 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.

As an owner of an interest that may be affected by the proposed 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

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. ☎

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO
---------	----------	----------	-----------	------	--------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



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
Print or Type Name

Signature

Title

Date

c-mail Address

Attorney
6/5/12
a.granKin@hollandhart.com