

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**APPLICATION OF CHESAPEAKE OPERATING INC.  
FOR A DIRECTIONAL WELLBORE  
LEA COUNTY, NEW MEXICO**

**ADMINISTRATIVE APPLICATION**

Comes now Chesapeake Operating, Inc. ("Chesapeake"), by and through its attorneys, Kellahin & Kellahin, and in accordance with Division Rule 111 applies to the District Supervisor-Hobbs of the New Mexico Oil Conservation Division for approval for a Directional Wellbore for it Warehouse "10" Well No. 2 and in support states:

(1) Chesapeake proposes to drill its Warehouse "10" Well No. 2 at a surface location 1196 feet from the north line and 2463 feet from the east line (Unit B) of Section 10, T16S, R36E to an unorthodox subsurface location at the top of the Strawn formation within 100 radius of a point 1842 feet from the north line and 2213 feet from the east line (Unit G) of the Northeast Lovington Pennsylvanian Pool and to dedicate the well to a standard 80-acre oil spacing unit consisting of the S/2NE/4 of this section.

(2) The special rules for the Northeast Lovington-Pennsylvanian Pool provide for 80-acre oil spacing with a standard location to be within 150 feet of the center of a quarter-quarter section.

(3) Chesapeake has conducted a 3-D seismic geologic investigation and has concluded that the optimum subsurface location for a well in this spacing unit would be an the proposed unorthodox subsurface location in order to maximize structural attitude and stratigraphic growth over any standard location in this spacing unit.

(4) The directional wellbore is necessitated by being within the City of Lovington and complying with the various topographical and regulatory limitation of this community.

(5) Chesapeake proposes the following:

- (a) **Project Area:**  
80-acre oil dedication  
(S/2NE/4 Section 10)