

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

**APPLICATION OF CHESAPEAKE OPERATING INC.  
FOR AN UNORTHODOX SUBSURFACE LOCATION  
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 104 applies to the New Mexico Oil Conservation Division for approval for an unorthodox subsurface well location for its 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 foot 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 at 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) The unorthodox subsurface location encroaches towards a spacing unit operated by Chesapeake for its Warehouse "10" Well No 1 located in the E/2NE/4 of Section 10. Because Chesapeake is the common operator, a copy of this application is being sent to all of the working interest owners in the adjoining spacing unit as set forth on Exhibit 6.