

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

**IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF HEARING:**

**APPLICATION OF CHESAPEAKE OPERATING, INC.  
FOR AN UNORTHODOX GAS WELL LOCATION AND  
SIMULTANEOUS DEDICATION  
LEA COUNTY, NEW MEXICO**

**CASE 13346**

**PRE-HEARING STATEMENT**

Chesapeake Operating, Inc. submits this pre-hearing statement as required by the New Mexico Oil Conservation Division.

**APPEARANCES OF THE PARTIES**

**APPLICANT**

Chesapeake Operating, Inc.  
6100 N. Western Ave  
Oklahoma City, OK 73118  
Attn: Lynda Townsend  
405-879-9414

**ATTORNEY**

Thomas Kellahin, Esq.  
P. O. Box 2265  
Santa Fe, New Mexico 87504  
505-982-4285

**OPPONENT**

Yates Petroleum Company  
Artesia, NM

**ATTORNEY**

William F. Carr, Esq.  
P. O. Box 2208  
Santa Fe, New Mexico 87504  
(505) 988-4421

## STATEMENT OF THE CASE

### APPLICANT:

Chesapeake seeks an order authorizing the drilling and production of its Hillburn "13" Well No. 4 at an unorthodox oil well location 335 feet from the North line and 1738 feet from the West line of Section 13, Township 16 South Range 35 East, NMPM to be dedicate to a standard 160-acre oil spacing unit consisting of the NW/4 of this section for any production for any formation/pools developed on 160-acre oil spacing within that vertical extent including the North Shoe Bar-Strawn Pool. Applicant further seeks approve to simultaneous dedication of this well and the Hillburn Well No. 1 (API 30-035-24473) and the Hillburn Well No. 3 (API 30-025-35596) to this spacing unit.

In support of its application Chesapeake will present evidence that will demonstrate that:

1. Chesapeake proposes to drill its Hillburn "13" Well No. 4 at an unorthodox oil well location 335 feet FNL and 1738 feet FWL (Unit C) of Section 13, T16S, R35E, Lea County, New Mexico and dedicated to a 160-acre oil spacing unit consisting of the NW/4 of this section.
2. This well encroaches towards the S/2 of Section 12 within the South Big Dog-Strawn Pool (Rule 104) which is subject to 40-acre spacing unit and allows standard well locations not closer than 330 feet to the common boundary while Chesapeake's NW/4 of Section 13 is located in the North Shoe Bar-Strawn Pool (Order R-4658-B) which is subject to the 160-acre oil spacing unit and locations within 150 feet of the center of a governmental quarter-quarter section.
3. Chesapeake needs an unorthodox well location in order to do what Yates is already allowed to do.
4. Simultaneous dedication of this well and the Hillburn Well No. 1 (API 30-035-24473) and the Hillburn Well No. 3 (API 30-025-35596) to this spacing unit is appropriate.
5. Based upon geologic data, believes that its proposed unorthodox well location will provide a better opportunity to access potential production in the Strawn formation within this spacing unit than at the closest standard well location and that cannot be produced by any other Strawn well within this spacing unit
6. In accordance with the Division's notice requirements, a copy of this application was sent to Yates Petroleum Corporation who will not be affected by the unorthodox well location.

**PROPOSED EVIDENCE**

**APPLICANT**

<b>WITNESSES</b>	<b>EST. TIME</b>	<b>EST. EXHIBIT</b>
David A. Godsey (Geologist)	30 min.	6
Lynda Townsend (Landman)	15 min	6

**PROCEDURAL MATTERS**

None

**KELLAHIN & KELLAHIN**



W. Thomas Kellahin  
P. O. Box 2265  
Santa Fe, New Mexico 87504  
Phone 505-982-4285  
Fax 505-982-2047  
E-mail: kellahin@earthlink.net.

**CERTIFICATE OF SERVICE**

I certify that on September 24, 2004, I served a copy of the foregoing documents by:

- US Mail, postage prepaid
- Hand Delivery
- Facsimile

to the following:

Oil Conservation Division  
Attn: Florene Davidson

William F. Carr, Esq.  
Attorney for Yates Petroleum Corporation



W. Thomas Kellahin

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

**IN THE MATTER OF THE HEARING CALLED BY THE OIL  
CONSERVATION DIVISION FOR THE PURPOSE OF  
CONSIDERING:**

CASE NO. 13346

**APPLICATION OF CHESAPEAKE OPERATING COMPANY  
FOR AN UNORTHODOX WELL LOCATION AND  
SIMULTANEOUS DEDICATION, LEA COUNTY, NEW  
MEXICO.**

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**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

**APPLICANT**

Chesapeake Operating Company

**ATTORNEY**

**OPPOSITION**

Mr. Randy Patterson  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210-2118  
(505) 748-1471

**ATTORNEY**

William F. Carr, Esq.  
Holland & Hart LLP  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
(505) 988-4421

**STATEMENT OF CASE**

APPLICANT

Applicant seeks an order authorizing the drilling and production of its Hillburn "13" Well No. 4 at an unorthodox oil well location 335 feet from the North line and 1738 feet from the West line of Section 13, Township 16 South, Range 35 East, to be dedicated to a standard 160-acre oil spacing unit consisting of the NW/4 of this section for any production from any formation/pools developed on 160-acre oil spacing within that Strawn formation including the North Shoe Bar-Strawn Pool. Application further seeks approval of simultaneous dedication of this well and the Hillburn Well No. 1 (API 30-035-24473) and the Hillburn Well No. 3 (API 30-025-35596) to this spacing unit. This well is located approximately 4.5 miles southwest from Lovington, New Mexico.

**PROPOSED EVIDENCE**

APPLICANT

WITNESSES (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Chuck Moran (Land)	Approx. 10 Minutes	Approx. 2
John Amiet (Geology)	Approx. 15 Minutes	Approx. 4

**PROCEDURAL MATTERS**

Yates Petroleum Corporation has none at this time.

  
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William F. Carr  
Attorney for Yates Petroleum Corporation