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July 7, 2003

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Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

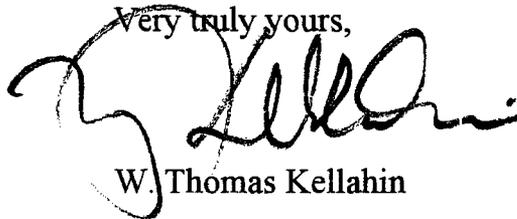
Oil Conservation Division

Re: NMOCD Case 13101
Barber Adkins "8" Well No. 1 Unit D, NW/4 Section 8, T20S, R37E
First Amended Application of Chesapeake Operating, Inc.
for compulsory pooling or, in the alternative, for approval of a 120-acres
gas spacing unit, Lea County, New Mexico

Dear Ms. Wrotenbery:

On behalf of Chesapeake Operating, Inc., please continue Case 13101 from July 10, 2003 and re-advertise this case in accordance with our enclosed first amended application which we request be set for hearing on the next available Examiner's docket now scheduled for August 7, 2003. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: J. E. Gallegos, Esq.
Attorney for Doyle Hartman
Chesapeake Operating, Inc.
Attn: Lynda Townsend

CASE 13101: Continued and re-advertised. Application of Chesapeake Operating, Inc. for compulsory pooling, or in the alternative a 120-acres non-standard gas spacing unit, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the Tubb formations underlying the NW/4 of Section 8, T20S, R37E, NMPM, Lea County, New Mexico, forming a standard 160-acre gas spacing and proration unit for any production from the Tubb formation, including but not limited to the West Monument-Tubb Gas Pool. In the alternative, the application seeks approval of a 120-acre non-standard gas spacing unit consisting of the W/2NW/4 and the SE/4NW/4 for gas production from the Tubb formation. This unit(s) is to be dedicated to its Barber Adkins "8" Well No. 1 which is to be re-entered and tested in the Tubb formation at a standard well location in Unit D of this section. Also to be considered will be the costs of the re-entering said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 2 miles south from Monument, New Mexico.

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

**IN THE MATTER OF THE APPLICATION CASE NO. 13101
OF CHESAPEAKE OPERATING, INC.
FOR COMPULSORY POOLING, OR IN THE
ALTERATIVE FOR A NON-STANDARD GAS
SPACING UNIT, LEA COUNTY, NEW MEXICO.**

APPLICATION

CHESAPEAKE OPERATING, INC. ("Chesapeake") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17.C NMSA (1978) seeks an order pooling all mineral interests in the Tubb formations underlying the NW/4 of Section 8, T20S, R37E, NMPM, Lea County, New Mexico, forming a standard 160-acre gas spacing and proration unit for any production from the Tubb formation, including but not limited to the West Monument-Tubb Gas Pool. In the alterative, the application seeks approval of a 120-acre non-standard gas spacing unit consisting of the W/2NW/4 and the SE/4NW/4 for gas production from the Tubb formation. This unit(s) is to be dedicated to its Barber Adkins "8" Well No. 1 which is to be re-entered and tested in the Tubb formation at a standard well location in Unit D of this section. Also to be considered will be the costs of the re-entering said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well.

In support of its application Chesapeake states:

(1) Chesapeake has a working interest ownership in the oil and gas minerals from the Tubb formation underlying the W/2NW/4 of Section 8, T20S, R37E, NMPM, Lea County, New Mexico.

(2) Doyle Hartman has the operator and working interest owner in the NE/4NW/4 of this section and Arch Petroleum has a working interest ownership in the SE/4NW/4 of this section.

(3) The subject tract is located within the boundaries of the West Monument-Tubb Gas Pool.

(4) The Barber Adkins "8" Well No. 1 was originally drilled to the Ellenburger formation. Chesapeake plans to re-enter this wellbore to test the Tubb formation. The well is located at a standard gas well location in the Unit D of Section 8.

(5) Doyle Hartman as advised the applicant that he wants to be excluded from this proposed gas spacing unit based upon his belief that his Britt "B-8" Well No. 2 will be an oil well when he re-completes it.

(6) Chesapeake despite its efforts has been unable to obtain the voluntary agreement the remaining working interest owner(s) in the proposed 160-acre Tubb gas spacing unit as identified on Exhibit "A."

(7) If Chesapeake's Barber Adkins "8" Well No.1 is classified as an oil well, then in accordance with the Division's rules and orders, Chesapeake will dedicate an 80-acre standard oil spacing unit consisting of the W/2NW/4 of this section to this well (See Monument Tubb Oil Pool rules).

(8) Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, the applicant needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste. In the alternative, the applicant requested that the NE/4NW/4 of this section be excluded that that the Division approve a 120-acre non-standard gas spacing unit for any Tubb production from this well.

(9) In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division.

WHEREFORE, Chesapeake, as applicant, requests that this application be continued and set for hearing on August 7, 2003 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

- (1) Chesapeake Operating, Inc. be named operator;
- (2) Provisions for applicant and all working interest owners to participate in the costs of re-entering, completing, equipping and operating the well;
- (3) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;
- (4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;
- (5) For such other and further relief as may be proper.

In the alternative, the applicant requests that the Division approve a 120-acre non-standard Tubb spacing unit consisting of the W/2NW/4 and SE/4NW/4 of this section to be dedicated to the Barber Adkins "8" Well No 1.

RESPECTFULLY SUBMITTED:



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Exhibit "A"

Doyle Hartman
P.O. Box 10426
Midland, Texas 79702

Arch Petroleum, Inc.
P.O. Box 10340
Midland, Texas 79702