

HOLLAND & HART^{LLP}



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October 30, 2007

HAND-DELIVERED

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Energy, Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

OLD
Case 14027

2007 OCT 30 PM 4 57
RECEIVED

**Re: Application of Chesapeake Operating, Inc. for compulsory pooling,
Lea County, New Mexico.**

Dear Mr. Fesmire:

Enclosed is the application of Chesapeake Operating, Inc. in the above-referenced case as well as copies of a legal advertisement and notice. Chesapeake Operating, Inc. requests that this matter be placed on the docket for the November 29, 2007 Examiner hearings.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry
Attorney for Chesapeake Operating, Inc.

Enclosures

cc: Ed Birdshead, Chesapeake Operating, Inc.

Holland & Hart^{LLP}

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

**IN THE MATTER OF THE APPLICATION
OF CHESAPEAKE OPERATING, INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

OLD

CASE NO. 14027

APPLICATION

CHESAPEAKE OPERATING, INC., ("Chesapeake") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all mineral interests from the surface to the base of the Devonian formation in the following described spacing and proration units located in the N/2 of Section-21, Township 22 South, Range 36 East, N.M.P.M., Lea County, New Mexico: Section 21 for all formations and/or pools developed on 640-acre spacing which includes but is not limited to the Jalmat-Tansill-Yates-Seven Rivers Gas Pool; the N/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Langley-Devonian Gas Pool and the Langley-Ellenburger Gas Pool; and the W/2 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not limited to the South Eunice-Seven Rivers-Queen Pool, the Langely-Strawn Pool or the Undesignated Southwest Arrowhead-Grayburg Pool. In support of its application, Chesapeake states:

1. Chesapeake is a working interest owner in the N/2 of said Section 21 and has the right to drill thereon.
2. Chesapeake proposes to dedicate the above-referenced spacing or proration units to its Langley Greer Well No. 3H. This well is located in Section 21, Township 22 South, Range 36 East, N.M.P.M., and will be drilled to test the Devonian formation, Langley-Devonian

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Gas Pool, from an unorthodox surface location 2440 feet from the South line and 660 feet from the West line, intersecting the Devonian formation at an unorthodox penetration point 2310 feet from the North and West line, and to a standard bottomhole location 660 feet from the North and West lines of said Section 21, Lea County, New Mexico.

3. Chesapeake has sought and been unable to locate and obtain a voluntary agreement for the development of these lands from certain interest owners in the subject spacing units. These owners are identified on Exhibit A to this application.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit Chesapeake to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Chesapeake should be designated the operator of the well to be drilled.

WHEREFORE, Chesapeake Operating, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 29, 2007 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units;
- B. designating Chesapeake Operating, Inc. operator of these units and the well to be drilled thereon;
- C. authorizing Chesapeake Operating, Inc. to recover its costs of drilling, equipping and completing the well;
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

GLD

E. imposing a penalty for the risk assumed by Chesapeake Operating, Inc. in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: Ocean Munds-Dry

William F. Carr
Ocean Munds-Dry
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

Attorneys for Chesapeake Operating, Inc.

EXHIBIT A

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**APPLICATION OF
CHESAPEAKE OPERTING, INC.
FOR COMPULSORY POOLING
N/2 OF SECTION 21, TOWNSHIP 22 SOUTH, RANGE 36 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO.**

Alann P. Bedford Trust (Madeleine Alann
Peckham Bedford)
Charlotte Lange, Trustee
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Alexandria, VA 22302-3809

Baren Healey 1988 Trust
Baren Healey, Trustee
P.O. Box 888
Davis, OK 73030

Beverly Bowen DeLucia
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P.O. Box 201709
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Steven D. Johnson, JTWS
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Elisabeth B. Butler
Declaration Of Trust
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San Clemente, CA 92672

Ellen Anne W. Williams, Trustee
The Williams Revoc. Living Trust
1801 Crestmont Court
Glendale, CA 91208-2619

Elyse S. Patterson, Trustee (Elyse Saunders
Patteson Trust Investment L.L.C.)
c/o Farmers Natl Co Agent
Commerce Bank NA, Co-Trust
Oil & Gas Dept.
P.O. Box 3480
Omaha, NE 68103-0480

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Glass Glen Burnie Foundation
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Irene Fardon Glaister
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Milton-Under-Wynchwood
OXON OX7GJZ ENGLAND

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Fort Worth, TX 76199-0084

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June Danglede Speight
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Lovington, NM 88260

Lyeth Oil Trust
Kanaly Trust Company
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Houston, TX 77027-3163

Lyman P. Anderson (Deceased)
Executor of Estate
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Port Lavaca, TX 77979

Maecenas Minerals LLP
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Abilene, TX 79604

OLD
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Midland, TX 79705-7427

Marilyn M. Law Rev. Trust dtd 2/3/89
Drawer No. 99084
Forth Worth, TX 76199-0084

Mary H. Cypert
5235 Kingfisher
Houston, TX 77035

Mary Jane Andrews
3908 Lexington Dr.
Alexandria, LA 71303-3527

Exxon Mobil Corporation
New Mexico Inc.
P.O. Box 951027
Dallas, TX 75395-1027

Onez Norman Rooney Test. Trust
Dtd 3/28/77 Fbo James M Morey
P.O. Box 960031
Oklahoma City, OK 73196-0031

Paul & Betty Phillips Trust
Paul G, Paul M, and/or Mark Phillips, Co-
Trustees
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San Diego, CA 92115

PETCO Ltd.
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Breckenridge, TX 76424-0911

Peter Francis Jones
1725 Neil Armstrong St #101c
Montebello, CA 90640-1918

Rachel B. Fardon
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Randy Geiselman
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Midland, TX 79701

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Dallas, TX 75267-8365

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123 Main Street
White Plains, NY 10602.

Wendelin Jones
Renate Dymesich Guardian
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Cottonwood, CA 96022

Wilma M. Phillips Trust 11/11/85
Wilma M. Phillips, Trustee
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Sedona, AZ 86340-4539

Windom Royalties LLC
c/o Noble Royalties
P.O. Box 660082
Dallas, TX 75266-0082

Gavin R. Garrett Revocable Trust
Gavin R. Garrett, Trustee 4780
Texas American Bank Ft. Worth Agt
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Malloy Oil And Gas Properties, L.L.P.
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Southland Royalty Company (Now
ConocoPhillips)
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ConocoPhillips Company
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Kathleen Cone Testamentary Trust fbo Tom R.
Cone's Children
Tom R. Cone Childrens Trust
Bank Of Oklahoma Trust
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Tulsa, OK 74101-1588

Randy Lee Cone
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Kathleen Cone Testamentary Trust fbo Cathie
Cone Auvenshine's Children
Children Of Cathie Cone Auvenshine
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Kathleen Cone Testamentary Trust fbo
Kenneth G. Cone's children
Kenneth G. Cone
Katherine Shapira AIF
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The Long Trust
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Billy Glen Spradlin
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Kilgore, TX 75662

Thomas R. Cone (Mortgage Acct)
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Redcliffe Resources L.C.
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Chesapeake Exploration L.L.C.
ADDRESS UNKNOWN

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Albert Walter Goal Testamentary Trust
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Warren, AR 71671

W. A. Pruett Whose Wife Is Pearl R. Pruett
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Sue Hess Edmonson, 769283
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Coeur D Alene, ID 83816-1908

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Redwing Oil L.L.C.
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Winston Salem, NC 27130


Ross M. Phillips Testamentary Trust
Wilma M. Phillips & Curtis Darling, Trustees
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Lynne W. Phillips Trust Dtd 5/11/99
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Idyllwild, CA 92549-2448

Diane Woodard-Frost Revocable Living Trust
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Tulsa, OK 74136

Phillips-Murray Revocable Trust Dtd 8-20-99
G. Phillips & J. Murray Trust
3625 Lake Michael Ct.
Gretna, LA 70056

Sally S. Toles
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Goodrich Marital Ded. Trust #1
Minerals Mgmt Dept, JP Morgan Chase Bank
NA Trust
Acct #23555500
P.O. Box 2605
Ft. Worth, TX 76113

Goodrich Family Trust #2
Minerals Mgmt Dept, JP Morgan Chase Bank
NA Trust
Acct #235556008
P.O. Box 2605
Ft. Worth, TX 76113

Pecos Bend Royalties, Inc.
P.O. Box 2802
Midland, Texas 79702

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CASE 14027: Application of Chesapeake Operating, Inc. for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Devonian formation in certain spacing and proration units located in the N/2 of Section 21, Township 22 South, Range 36 East, N.M.P.M., Lea County, New Mexico. The above-referenced spacing unit will be dedicated to Chesapeake's Langley Greer Well No. 3H which will be drilled to test the Devonian formation, Langley-Devonian Gas Pool, from an unorthodox surface location 2440 feet from the South line and 660 feet from the West line, intersecting the Devonian formation at an unorthodox penetration point 2310 feet from the North and West line, and to a standard bottomhole location 660 feet from the North and West lines of said Section 21. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Chesapeake Operating, Inc. as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 10.1 miles Southwest of Eunice, New Mexico.

NOTICE

To _____: Chesapeake Operating, Inc. has filed an application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests from the surface to the base of the Devonian formation in certain spacing and proration units located in the N/2 of Section 21, Township 22 South, Range 36 East, N.M.P.M., Lea County, New Mexico. The above-referenced spacing unit will be dedicated to Chesapeake's Langley Greer Well No. 3H which will be drilled to test the Devonian formation, Langley-Devonian Gas Pool, from an unorthodox surface location 2440 feet from the South line and 660 feet from the West line, intersecting the Devonian formation at an unorthodox penetration point 2310 feet from the North and West line, and to a standard bottomhole location 660 feet from the North and West lines of said Section 21. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Chesapeake Operating, Inc. as operator of the well and a charge for risk involved in drilling said well. The application is scheduled to be heard at 8:15 a.m. on Thursday, November 29, 2007 at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As an interest owner in the well unit you have the right to enter an appearance and participate in the case. Failure to appear will preclude you from contesting this matter at a later date. The attorney for applicant is William F. Carr, P.O. Box 2208, Santa Fe, New Mexico 87504. Said area is located approximately 10.1 miles Southwest of Eunice, New Mexico.