

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.
TO RE-INSTATE DIVISION ORDER R-11993-A
FOR COMPULSORY POOLING,
LEA COUNTY NEW MEXICO

CASE 14340

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: Kevin Pfister
405-767-4752

ATTORNEY

Thomas Kellahin, Esq.
706 Gonzales Road
Santa Fe, New Mexico 87501
505-982-4285

OPPONENT

None

ATTORNEY

AK

STATEMENT OF THE CASE

APPLICANT:

CHESAPEAKE ENERGY CORPORATION, L.L.C. ("Chesapeake"), and in accordance with Section 70-2-17(c) NMSA (1978), applies to the New Mexico Oil Conservation Division, seeks to amend Order R-11993 to authorize subsequent operations for the recompletion of the Duncan Well No. 1 (API #30-025-36235) located in Unit A of Section 19, T20S, R39E into the Tubb and Drinkard formations and to commingle that production with the existing Abo formation.

This wellbore is currently dedicated to production from the DK-Abo Pool underlying the NE/4NE/4 in Section 19, T20S, R39E, NMPM.

Effective May 7, 2004, Chesapeake Operating, Inc., on behalf of Chesapeake Exploration Company, L.L.C., succeeded Xeric Oil & Gas Corporation as the operator of this spacing unit and this wellbore.

Previously in Case 14165, the Division entered Order R-11993-A, dated October 8, 2008. This order was required because Division Rule 36 does not provide the necessary subsequent operations procedure for this situation.

Order R-11993-A expired on December 31, 2008 because, as a result of a clerical oversight, Chesapeake failed to request an extension of the commencement date for the work-over of this well.

With the exception of the circumstances involved with the expiration of the order, the estimated work-over well costs and other facts for this pooling order remain the same as on October 2, 2008 the date of the original hearing for Order R-11993-A

At this point, Chesapeake still has not been able to obtain a written voluntary agreement from all the party listed on Exhibit "A."

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 amended Order R-11993 to include a method for sequent operations in order to recover incremental hydrocarbons, protect correlative rights and prevent waste.

PROPOSED EVIDENCE

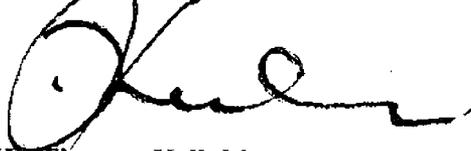
APPLICANT

WITNESSES		EST. TIME	EST. EXHIBITS
Ed Birdshead (land)	by affidavit	@ 10 min	@ 3-4

PROCEDURAL MATTERS

None

KELLAHIN & KELLAHIN



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