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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

September 25, 1995

114104

HAND DELIVERED

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RECEIVED

SEP 25 1995

Oil Conservation Division

Re: *Shaw "15" Well No. 2*
S/2NE/4 Sec 15, T17S, R37E
Application of Chesapeake Operating, Inc.
for an Unorthodox Oil Well Location,
Humble City-Strawn Oil Pool,
Lea County, New Mexico

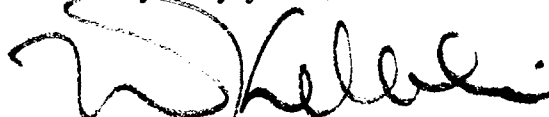
Dear Mr. Stogner:

On behalf of Chesapeake Operating Inc., please find enclosed our application for an unorthodox oil well location for its Shaw "15" Well No. 2 which we request be set for hearing on the next available Examiner's docket now scheduled for October 19, 1995.

By copy of this letter, including the application, to all affected parties, we are notifying all affected parties by certified mail-return receipt requested that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the application

Our proposed advertisement to be used for the OCD docket and for the newspaper publication is enclosed.

Very truly yours,



W. Thomas Kellahin

cc: Chesapeake Operating, Inc.
Attn: Mike Hazlip

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

RECEIVED

SEP 25 1995

IN THE MATTER OF THE APPLICATION OF
CHESAPEAKE OPERATING, INC. FOR APPROVAL
OF AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO

Oil Conservation Division

CASE: 11404

APPLICATION

Comes now CHESAPEAKE OPERATING, INC., by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval to drill its Shaw "15" Well No. 2 at an unorthodox oil well location 2100 feet from the North line and 2310 feet from the East line (Unit G) of Section 15, Township 17 South, Range 37 East, NMPM to be dedicated to a standard 80-acre oil spacing and proration unit consisting of the S/2NE/4 of said Section 15.

In support thereof, Applicant states:

1. Applicant, Chesapeake Operating, Inc. has 100 % of the working interest in the S/2NE/4 of Section 15, T17S, R37E, NMPM, Lea County, New Mexico.

2. Applicant proposes to locate its Shawn "15" Well No. 2 at an unorthodox oil well location 2100 feet from the north line and 2310 feet from the east line of said Section 15 for possible production from the Strawn formation of the Humble City-Strawn Pool.

3. The subject well is within the current boundaries of the Humble City-Strawn Pool which provides for 80-acre oil spacing and proration units and standard well locations within 150 feet of the center of either quarter-quarter section within the spacing unit (Order R-4338, issued June 28, 1972).

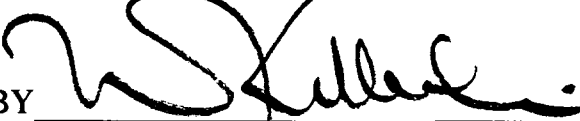
4. The unorthodox location is necessary in order to attempt to locate the point of greatest thickness of potential strawn algal mound development within the spacing unit.

5. In accordance with Division notice rules, notification has been sent to the affected parties towards who the well encroaches as set forth on Exhibit "A" attached.

6. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the hydrocarbons in the Strawn formation and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

BY 

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

EXHIBIT "A"
CHESAPEAKE OPERATING, INC. APPLICATION

BTA Oil Producers
104 S. Pecos
Midland, Texas 79702

PG&E Resources Co.
6688 N. Central Expressway Suite 1000
Dallas, Texas 75206

John T. Stallings
P. O. Box 685
Creedmoor, NC 27522

E. L. Latham Co.
P. O. Box 1392
Hobbs, New Mexico 88240

The Moran Partnership
P. O. Box 1919
Hobbs, NM 88241

Roy G. Barton, Jr.
P. O. Box 978
Hobbs, NM 88240

Roy G Barton, Jr. Trustee
of the Roy G. Barton, Sr
& Opal Barton Revocable Trust
P. O. Box 978
Hobbs, NM 88240

Norma J. Chanley
P. O. Box 729
Hobbs, NM 88240

Marshall & Winston, Inc.
P. O. Box 50880
Midland, Texas 79710-0880

Ken McPeters
P. O. Box 1860
Hobbs, NM 88240

Sun-West Oil & Gas Inc.
P. O. Box 309
Hobbs, NM 88241

Oxy USA Inc.
P. O. Box 50250
Midland, Texas 79710-0250
Attn: Richard Foppiano

Cross Timbers Oil Co.
810 Houston Street Suite 2000
Fort Worth, TX 76102-6298

Charles F. Doornbos Revocable Trust
P. O. Box 639
Bartlesville, OK 74005