

TO: <b>BILL CARB</b>	FROM: <b>Tom Kellahin</b>	DATE: <b>2/20/98</b>
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JASON KELLAHIN (RETIRED 1991)

February 19, 1998

Ms. Lori Wrotenbery, Chairman  
Oil Conservation Commission  
2040 South Pacheco  
Santa Fe, New Mexico 87505

VIA FACSIMILE

Re: **NMOCD Case 11894 (DeNovo) Division Order R-10937**  
**Application of Chesapeake Operating, Inc. for an**  
**unorthodox oil well location, Lea County, New Mexico**

COPY

Dear Ms. Wrotenbery:

The referenced Division order was issued January 7, 1998 and approved Chesapeake's application for an unorthodox Strawn well location subject to a 10% production penalty. Yates Petroleum Corporation, as the offset operator towards whom this well encroached, took exception to the percentage of the penalty and filed for a DeNovo hearing which is currently set for hearing by the Commission on February 26, 1998.

Because Chesapeake's well is located on a lease which would have expired on February 1, 1998, Chesapeake has now drilled this well and has elected not to complete it in the Strawn formation. Therefore this matter is moot. Accordingly, and with the concurrence of counsel for Yates Petroleum Corporation, Chesapeake has directed me to request that Case 11808 be dismissed.

Very truly yours,



W. Thomas Kellahin

cfx: Lyn Hebert, Esq.

Attorney for the Commission

David R. Catanach

OCD Hearing Examiner

William F. Carr, Esq.

Attorney for Yates Petroleum Corporation

Chesapeake Operating, Inc.

Attn: Mike Hazlip