

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Directional Drilling

- NSL NSP DD SD

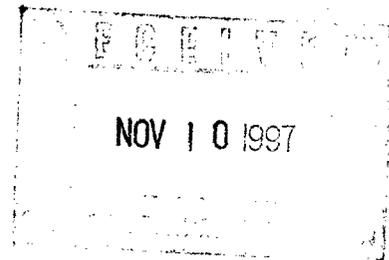
Check One Only for [B] and [C]

[B] Commingling - Storage - Measurement

- DHC CTB PLC PC OLS OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

- WFX PMX SWD IPI EOR PPR



[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply

[A] Working, Royalty or Overriding Royalty Interest Owners

[B] Offset Operators, Leaseholders or Surface Owner

[C] Application is One Which Requires Published Legal Notice

[D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

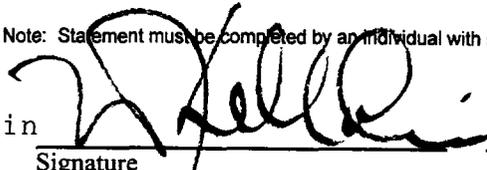
[E] For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] Waivers are Attached

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

W. Thomas Kellahin  attorney 11/10/97
 Print or Type Name Signature Title Date

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

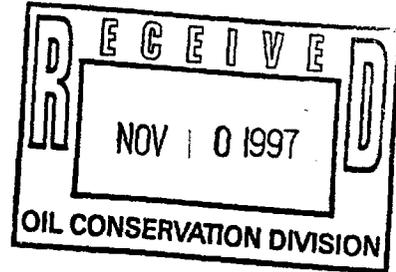
TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

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)

November 10, 1997



HAND DELIVERED

Mr. William J. LeMay, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: **ADMINISTRATIVE APPLICATION**
Salbar "16" Well No. 1
SW/4NW/4 Section 16, T16S, R36E, NMPM
Administrative Application of Chesapeake Operating, Inc.
for an Unorthodox Oil Well Location,
Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Chesapeake Operating, Inc., please find enclosed our administrative application for an unorthodox oil well location.

Very truly yours,

W. Thomas Kellahin

cc: Chesapeake Operating, Inc.
Attn: Mike Hazlip

Tom
11-14-97
This location is 1/2 mile
from the NE Shoe Bar-Strawn
Pool w/ 80-acre spacing. Care &
address this issued?
M. Sloan

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

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

ADMINISTRATIVE APPLICATION

Comes now CHESAPEAKE OPERATING, INC. ("Chesapeake") by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division ("NMOCD") for approval to drill its proposed Salbar "16" Well No. 1 at an unorthodox oil well location 2456 feet from the north line and 1023 feet from the west line (Unit E) of Section 16, Township 16 South, Range 36 East, NMPM, to the base of the Strawn formation, said location being unorthodox for any and all oil producing formations, and, if productive, to be dedicated to a standard 40-acre oil spacing and proration unit consisting of the SW/4NW/4 of said Section 19.

In support thereof, Applicant states:

1. Applicant, Chesapeake, is the proposed operator of the Salbar "16" Well No. 1 to be located 2456 feet from the north line and 1023 east line (Unit E) of Section 16, T16S, R36E, Lea County, New Mexico.
2. Chesapeake proposes to drill this well to a depth sufficient to test for oil production from the Strawn formation.
3. The well location is subject to state wide oil spacing and well location rules because this well is more than one mile from the current boundaries of any pool spaced on other than 40-acre state wide oil spacing.
4. Therefore, well location is subject to the Division's General Rule 104 which provides for 40-acre spacing units and standard well locations not closer than 330 feet to any boundary of said spacing unit.

5. Chesapeake proposes to dedicate the SW/4NW/4 of Section 16 to the well if it is capable of oil production from the Strawn formation. See Form C-120, Exhibit "A" attached

6. This proposed location is the optimum location in the SW/4NW/4 of said Section 16 at which to drill to test for Strawn oil production. See Exhibit "B" attached.

7. Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the oil underlying this unit, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

8. Notification of this application has been sent to all adjoining and offsetting operators/owners as set forth on Exhibit "C" attached.

WHEREFORE, Applicant requests that 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

DISTRICT I
P.O. Box 1000, Hobbs, NM 88241-1000

DISTRICT II
P.O. Drawer 09, Lordsburg, NM 88321-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. Box 2068, Santa Fe, N.M. 87504-2088

STATE OF NEW MEXICO

State of New Mexico

Energy, Minerals and Natural Resources Department

11704787 13:24 1.0067000

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
Property Code	Property Name SALBAR 15		Well Number 1
OGRID No.	Operator Name CHESAPEAKE OPERATING INC.		Elevation 3918

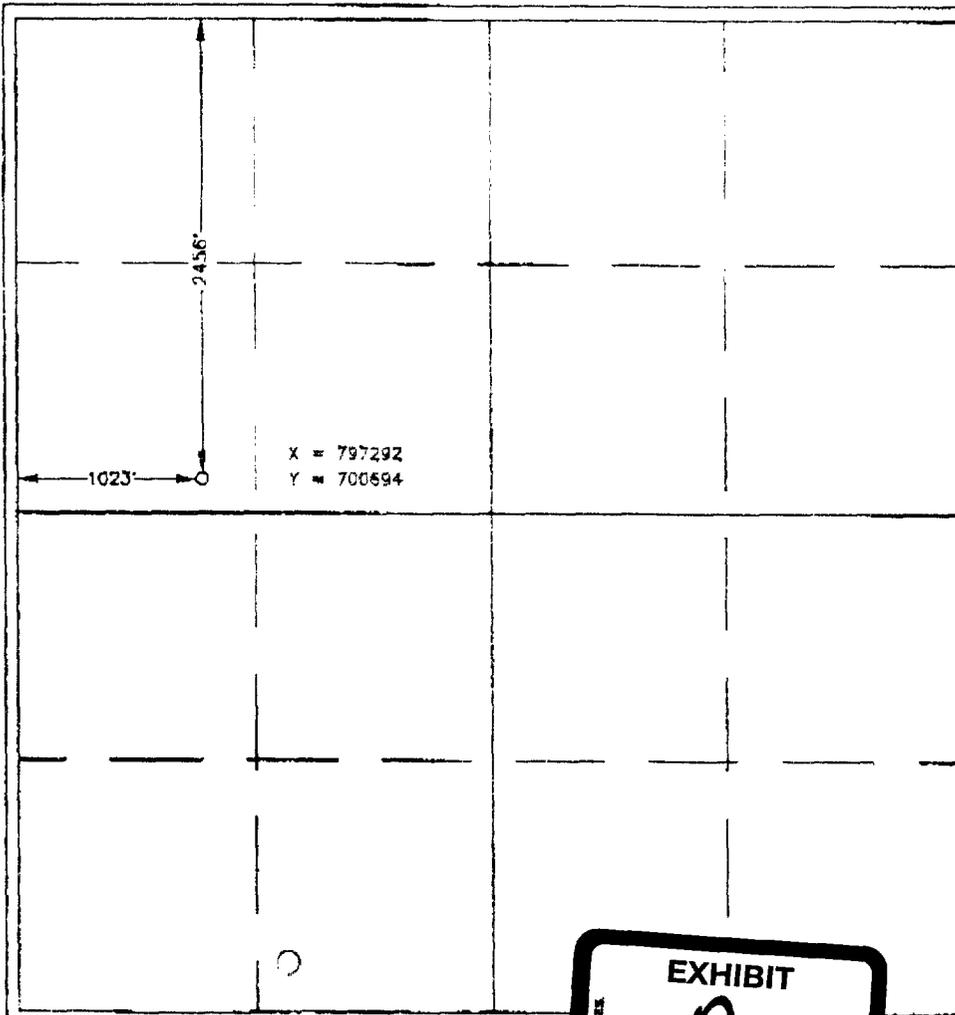
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	16	16 S	36 E		2456	NORTH	1023	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres		Joint or Infill		Consolidation Code		Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature _____

Printed Name _____

Title _____

Date _____

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

SEPTEMBER 14, 1997

Date Surveyed _____ BMCC

Signature & Seal of Professional Surveyor

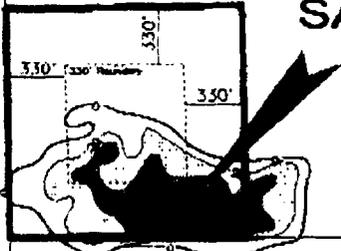
Ronald E. Edson 9-18-97
97-11-1513

Certificate No. JOHN W. WEST 676
RONALD E. EDSON 3239
GARY EDSON 12641

EXHIBIT
A

COI - 320 (100%)

CHESAPEAKE SALBAR 1-16



VA0788
C.S.

320.0 acres

16

Yates - 160 (100%)

COI (Mobil)
100%

B02⁸⁴⁴
C.S.

40.0 acres

VA0946
Yates

Yates - 120 (100%)

YATES
BRISTOL ARM 1-16



160.0 acres

120.0 acres



CHESAPEAKE OPERATING, INC.

Lovington 3D Seismic Survey
SALBAR 1-16 UNORTHODOX LOCATION
16-16S-36E of Lea County, New Mexico

Cliff A. Haroch	1"=1,000'	Mike Hazlip
Robert A. Hehr IV	11/5/97	Aaron Reyna

EXHIBIT

B

EXHIBIT "C"

**Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210**

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

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

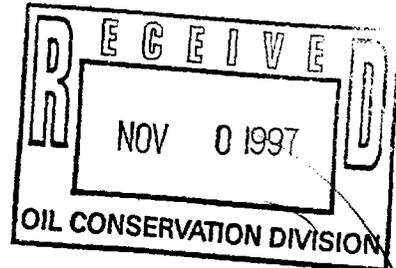
JASON KELLAHIN (RETIRED 1991)

November 10, 1997

HAND DELIVERED

Mr. William J. LeMay, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: **ADMINISTRATIVE APPLICATION**
Salbar "16" Well No. 1
SW/4NW/4 Section 16, T16S, R36E, NMPM
Administrative Application of Chesapeake Operating, Inc.
for an Unorthodox Oil Well Location,
Lea County, New Mexico



*Case File:
11894*

Dear Mr. LeMay:

On behalf of Chesapeake Operating, Inc., please find enclosed our administrative application for an unorthodox oil well location.

Very truly yours,

W. Thomas Kellahin

cc: Chesapeake Operating, Inc.
Attn: Mike Hazlip

11-19-97
Tom
This location is 1/2 mile
from the NE Shoe Bar-Strawn
Pool w/ 80-acre spacing. Care &
address this issued?
M. Sloan