

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

**IN THE MATTER OF THE APPLICATION  
OF CHESAPEAKE OPERATING, INC.  
FOR AN UNORTHODOX GAS WELL LOCATION,  
AND TO AMEND DIVISION ORDER R-11432  
LEA COUNTY, NEW MEXICO**

**CASE: 12448 (Reopened)**

**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") to reopen Case 12448 and amend Division Order R-11432 so that its Boyce "15" Well No. 3 which was drilled at an unorthodox gas well location 2310 feet from the north line and 341 feet from the east line (Unit H) of Section 15, Township 16 South, Range 35 East, NMPM, can be produced from the "Brunson Interval" of the Atoka formation within the proposed North Shoe Bar-Lower Atoka Gas Pool to be dedicated to a 320-acre gas spacing and proration unit consisting of the E/2 of this section.

In support thereof, Applicant states:

1. Applicant, Chesapeake, is the operator of the Boyce "15" Well No. 3 which was drilled as a Strawn oil well at a standard oil well location 2310 feet from the north line and 341 east line (Unit H) of Section 15, T16S, R35E, Lea County, New Mexico for any production from the Northwest Shoebar-Strawn Pool.
2. This well location is subject to the Division's General Rule 104 which provides for 320-acre gas spacing units and standard gas well locations not closer than 660 feet to any boundary of that 160 acre portion of the 320-acre spacing unit in which the well is located.
3. The well was unsuccessful in the Strawn formation and was deepened to the Morrow formation within the Townsend-Morrow Gas Pool.
4. On August 3, 2000, the Division issued Order R-11432 in Case 12448 which approved this well unorthodox gas well location for any production from the Townsend-Morrow Gas Pool.

5. Chesapeake completed this well in the Morrow formation which is of poor reservoir quality and therefore is marginally economic and now desires to test and produce this well from the "Brunson Interval" of the Atoka formation within the proposed North Shoe Bar-Lower Atoka Gas Pool to be dedicated to a 320-acre gas spacing and proration unit consisting of the E/2 of this section.

6. On September 7, 2000, the Division will conduct a hearing in Case 12482 to consider Chesapeake's application to contract the lower vertical limits of the North Shoe Bar-Atoka Gas Pool to exclude the "Brunson Interval" and to redesignate the pool as the North Shoe Bar-Upper Atoka Gas Pool and the concomitant creation of a new gas pool consisting of the Brunson Interval of the Lower Atoka formations to be designated as the North Shoe Bar-Atoka Gas Pool.

7. Chesapeake proposes to dedicate the E/2 of Section 15 to the well if it is capable of gas production from the Brunson Interval.

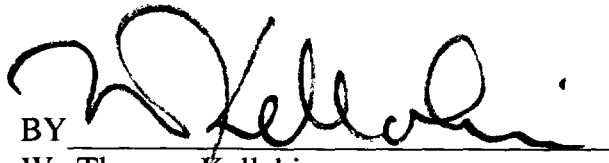
8. Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the gas underlying this unit, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number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

9. David H. Arrington Oil & Gas, Inc., pursuant to a joint operating agreement, is the operator of Section 14 towards whom this location encroaches.

10. Chesapeake has sent notification of this application and hearing to David H. Arrington Oil & Gas, Inc. as set forth on Exhibit A.

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

KELLAHIN and KELLAHIN

  
BY \_\_\_\_\_  
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EXHIBIT "A"

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Midland, Texas 79702  
Attn: Bill Baker, Jr.