

**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
CONSIDERING:**

**CASE NO. 12464
ORDER NO. R-11450**

**APPLICATION OF CHESAPEAKE OPERATING, INC. FOR AN UNORTHODOX
SUBSURFACE OIL WELL LOCATION, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 24, 2000, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 1st day of September, 2000, the Division Director, having considered the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Chesapeake Operating, Inc. ("Chesapeake"), seeks an exception to Rule 4 of the "*Special Rules and Regulations for the Northeast Lovington-Pennsylvanian Pool*," as promulgated by Division Order No. R-3816, as amended, and Division Rule 111.A (7), within a project area [see Division Rule 111.A (9)] comprising the S/2 NE/4 of Section 10, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, being a standard 80-acre oil spacing and proration unit for the Northeast Lovington-Pennsylvanian Pool, for its proposed Warehouse "10" Well No. 2 to be drilled from a surface location 1196 feet from the North line and 2463 feet from the East line (Unit B) of Section 10 to an unorthodox bottomhole oil well location that is within 100 feet of a point 1842 feet from the North line and 2213 feet from the East line (Unit G) of Section 10.

(3) Chesapeake originally filed this application with the Division on June 23, 2000, for administrative review pursuant to the provisions of: (i) Division Rule 104.F; (ii) Division Rule 111.C (2); and (iii) Rule 5 of the special Northeast Lovington-Pennsylvanian Pool rules.