

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

CASE NO. 12595

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

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by CHESAPEAKE OPERATING INC. as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Chesapeake Operating Inc.
P. O. Box 18496
Oklahoma City, OK 73154
(405) 848-8000
attn: Lynda Townsend

ATTORNEY

W. Thomas Kellahin
KELLAHIN & KELLAHIN
P.O. Box 2265
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Pre-Hearing Statement
NMOCD CASE 12595
Page 2

STATEMENT OF THE CASE

1. Chesapeake has the right to drill and develop the oil and gas minerals from the surface to the base of the Strawn formation underlying the S/2NE/4 of Section 5, T17S, R37E, NMPM, Lea County, New Mexico.

2. This well is subject to the special rules for the Shipp-Strawn Pool which provide for standard 80-acre spacing unit with well to be located within 150 feet of the center of a governmental quarter-quarter section.

3. This unorthodox well location is necessary due to geologic reasons in order to provide the optimum location within this spacing unit to locate this well.

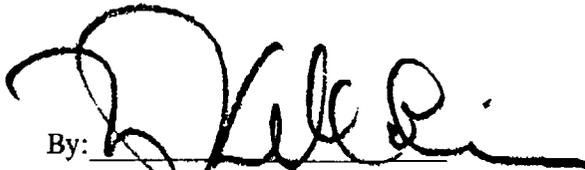
PROPOSED EVIDENCE

APPLICANT:

WITNESSES	EST. TIME	EXHIBITS
Lynda Townsend (landman)	10 min.	@ 2 exhibits
Robert Hefner (geology)	20 Min.	@ 3 exhibits

PROCEDURAL MATTERS

KELLAHIN AND KELLAHIN

By: 
 W. Thomas Kellahin