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May 7, 2001

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 12669

01 MAY - 7 PM 2:37

OIL CONSERVATION DIV

**Re: Alice "13" Well No. 1
Application of Chesapeake Operating, Inc.
for Compulsory Pooling
Lea County, New Mexico**

Dear Ms. Wrotenbery:

On behalf of Chesapeake Operating, Inc., please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for May 31, 2001. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: Chesapeake Operating, Inc.
Attn: Lynda Townsend

CASE 12609: Application of Chesapeake Operating Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the following described acreage in Section 13, T15S, R35E, NMPM, in the following manner: (a) the S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent, including the Southwest Austin-Mississippian Gas Pool; (b) the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within said vertical extent; and (c) the SW/4SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent, including the Southwest Austin-Wolfcamp Pool. This unit(s) is to be dedicated to its Alice "13" Well No. 1 which will be located at a standard location within Unit O of this section. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Chesapeake Operating, Inc. as the operator of the well and a charge for risk involved in this well. This unit is located approximately 4 miles north of the center of the City of Lovington, New Mexico.

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

**IN THE MATTER OF THE APPLICATION
OF CHESAPEAKE OPERATING, INC.
FOR COMPULSORY POOLING
LEA COUNTY, NEW MEXICO.**

CASENO. 12669

APPLICATION

Comes now CHESAPEAKE OPERATING, INC. by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) NMSA (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the following described acreage in Section 13, T15S, R35E, NMPM, in the following manner: (a) the S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent, including the Southwest Austin-Mississippian Gas Pool; (b) the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within said vertical extent; and (c) the SW/4SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent, including the Southwest Austin-Wolfcamp Pool. This unit(s) is to be dedicated to its Alice "13" Well No. 1 which will be located at a standard location within Unit O of this section. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Chesapeake Operating, Inc. as the operator of the well and a charge for risk involved in this well.

In support of its application, Chesapeake Operating, Inc. ("Chesapeake") states:

1. Chesapeake has the right to drill and develop the oil and gas minerals from the surface to the base of the Morrow formation underlying the E/2 of Section 15, T16S, R35E, NMPM, Lea County, New Mexico.
2. This well is located within one mile of the pools described above.
3. Chesapeake has proposed this well to the working interest and unleased mineral interest owners in the spacing unit as identified on Exhibit "A."
4. Chesapeake has not been able to obtain a written voluntary agreement from all the parties listed on Exhibit "A."

5. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, the applicant needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

6. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest are to be pooled and whose current addresses are known as listed on Exhibit "A" of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for May 31, 2001.

WHEREFORE, Chesapeake, as applicant, requests that this application be set for hearing on May 31, 2001 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for the drilling of this well location upon terms and conditions which include:

- (1) Chesapeake Operating, Inc. be named operator;
- (2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;
- (4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;
- (5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN
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P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285

COI: Alice 1-13

Alice Pooling List 04.23.01.doc

MI Owner
Deborah Holt Last address of record- Kreuz Strasse 42 6791 Queidersbach West Germany
Claude Adrienne Vaughan, Jr., sole heir of Winnie Vaughan, deceased 700 Topeka Drive Waco, TX 76710
Paul Heard 7914 Maxwell Avenue Dallas, TX 75217 Paul & wife Jennie both deceased. No wills or probates located. Reputed to have an institutionalized (incompetent) son, not located to date.
Madelyn Ingram Poteet (et vir Lee A.) 6806 Rowan Ln Houston, TX 77074
Homer Andrews - deceased. Daughter, Zula Lambert also deceased. No wills/probates located. Zula's last address: 1433 Sheryl Houston, TX 77029
Polly and Harold Massey, h&w PO Box 97 Wickett, TX 79788
Republic Royalty Company Att: Ms. Tem Farmer 200 Crescent Court, Suite 1055 Dallas, TX 75201
Maecenas Minerals, LLP, a Texas Limited Liability Partnership Att: Ms. Linda Buckner P.O. Box 176 Abilene, TX. 79604
North Central Oil Corporation a Delaware corporation 6001 Savoy, Ste. 600 Houston, TX. 77036
Pogo Producing Company Att: Mr. Terry Gant PO Box 10340 Midland, TX 79702