



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor

March 10, 2005

**Mark E. Fesmire, P.E.**  
Director  
Oil Conservation Division

**Joanna Prukop**  
Cabinet Secretary

**Chesapeake Operating, Inc.**  
c/o W. Thomas Kellahin  
P. O. Box 2265  
Santa Fe, New Mexico 87504

*Administrative Order NSL-5165*

Dear Mr. Kellahin:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-504234986*) filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe on February 10, 2005 on behalf of the operator, Chesapeake Operating, Inc. ("Chesapeake"); and (ii) the Division's records in Santa Fe and Hobbs: all considering Chesapeake's request for an unorthodox Morrow gas well location for its proposed Gurney "3" State Well No. 1 (API No. 30-025-37082) to be drilled 2260 feet from the South line and 1880 feet from the West line (Unit K) of Section 3, Township 23 South, Range 33 East, NMPM, Lea County, New Mexico.

Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of Section 3, being a standard 319.73-acre stand-up deep gas spacing unit pursuant to Division Rule 104.C (2) for a wildcat Morrow gas test, is to be dedicated to this well.

Your application has been duly filed under the provisions of Division Rule 104.F.

The geologic interpretation submitted with this application, based on 3-D seismic, indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Morrow formation than a well drilled at a location considered to be standard within the eastern portion of the subject 319.73-acre unit.

It is the Division's understanding that the W/2 equivalent of Section 3, along with Lot 2 and the N/2 SE/4 of Section 3, comprises a single state lease issued by the New Mexico State Land Office (State Lease No. V-07248) with common mineral interest in which Chesapeake is the leasehold operator.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Morrow gas well location for Chesapeake's proposed Gurney "3" State Well No. 1 within the W/2 equivalent of Section 3 is hereby approved.

Sincerely,

Mark E. Fesmire, P. E.  
Director

MEF/mes

cc: New Mexico Oil Conservation Division – Hobbs  
New Mexico State Land Office – Santa Fe