



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

March 31, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

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

Attention: W. Thomas Kellahin
kellahin@earthlink.net

Administrative Order NSL-5179

Dear Mr. Kellahin:

Reference is made to the following: (i) your application on behalf of the operator, Chesapeake Operating, Inc. ("Chesapeake") that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on March 4, 2005 (**administrative application reference No. pSEM0-506631436**); and (ii) the Division's records in Santa Fe: all concerning Chesapeake's request for an unorthodox Wolfcamp oil well location for its proposed Burris "23" Well No. 4 to be drilled 2431 feet from the North line and 175 feet from the West line (Unit E) of Section 23, Township 12 South, Range 38 East, NMPM, Lea County, New Mexico. The SW/4 NW/4 of Section 23 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit within the Trinity-Wolfcamp Pool (59890).

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

The geologic interpretation submitted with this application, based on 3-D seismic, indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the potentially productive interval of the Wolfcamp formation than a well drilled at a location considered to be standard within the proposed standard 40-acre oil spacing and proration unit.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Wolfcamp oil well location is hereby approved.

Sincerely,

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: New Mexico Oil Conservation Division - Hobbs