



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

October 27, 2003

Lori Wrotenbery
Director

Oil Conservation Division

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

AMENDED Administrative Order NSL-4912

Dear Mr. Kellahin:

Reference is made to the following: (i) your application on behalf of the operator, Chesapeake Operating, Inc. ("Chesapeake"), dated October 14, 2003 (*administrative application reference No. pLR0-328833844*); (ii) your telefax of October 20, 2003 with supplemental data; (iii) your e-mail message to Mr. Michael E. Stogner, Engineer/Hearing Officer with the New Mexico Oil Conservation Division ("Division") in Santa Fe of October 24, 2003; and (iv) the Division's records in Santa Fe: all concerning Chesapeake's request to amend Division Administrative Order NSL-4912 to reflect a location change for its proposed Caudill "7" Well No. 1 (API No. 30-025-36369) to be drilled within a standard 80-acre stand-up oil spacing and proration unit for the Undesignated Northeast Lovington-(Upper) Pennsylvanian Pool (40760) comprising the E/2 SE/4 of Section 7, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico.

Division Administrative Order NSL-4912, dated July 9, 2003, authorized Chesapeake to drill its proposed Caudill "7" Well No. 1 within the above-described 80-acre unit at a location considered to be unorthodox pursuant to **Rule 4** of the "*Special Rules and Regulations for the Northeast Lovington-(Upper) Pennsylvanian Pool*," as promulgated by Division Order No. R-3816, as amended, 1310 feet from the South line and 560 feet from the East line (Unit P) of Section 7.

It is our understanding the location of the proposed Caudill "7" Well No. 1 will be moved to the east a distance of 60 feet from the 1310'/560' location in order to avoid a buried water/irrigation line that would interfere with the drilling pad, yet maintain the geological integrity originally sought by Chesapeake for a well in this unit.

This amended 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, and the applicable provisions of the rules governing the Northeast Lovington-(Upper) Pennsylvanian Pool.

By the authority granted me under the provisions of: (i) **Rule 5** of these special pool rules; and (ii) Division Rule 104.F (2), Division Administrative Order NSL-4912 is hereby amended to reflect a location change for the proposed well in the E/2 SE/4 of Section 7 to be drilled at an unorthodox oil well location that is 1310 feet from the South line and 500 feet from the East line (Unit P) of Section 7. All other provisions of said Order NSL-4912 shall remain in full force and effect until further notice.

Sincerely,



Lori Wrotenberg
Director

LW/mes

cc: New Mexico Oil Conservation Division - Hobbs
File: NSL-4912
Chesapeake Operating, Inc. (Attn: Lynda F. Townsend) - Oklahoma City
(ltownsend@chkenergy.com)