



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



September 5, 2008

Ms. Ocean Munds-Dry
Holland & Hart, LLP
P.O. Box 2208
Santa Fe, NM 87504

Administrative Order NSP-1925

Re: Chesapeake Operating, Inc.
EW Walden Well No. 8
API No. 30-025-22983
SW/4 of Section 15-22S-37E
Lea County

Dear Ms. Munds-Dry:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-19837108**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on July 14, 2008, on behalf of Chesapeake Operating, Inc. (Chesapeake); and

(b) the Division's records pertinent to Chesapeake's request.

Chesapeake has requested approval of a non-standard 160-acre gas spacing unit in the Eumont-Yates/Seven Rivers/Queen Gas Pool (22730), consisting of the SW/4 of Section 15, Township 22 South, Range 37 East, NMPM, in Lea County, New Mexico. Spacing for gas wells in this pool is governed by Rule 2.A of the Special Rules for the Eumont Gas Pool, as amended by Order R-8170-P, effective December 14, 2001, which provides that a standard spacing unit for a gas well shall consist of 640 acres, comprising an entire governmental section. The proposed non-standard gas spacing unit will be dedicated to Chesapeake's EW Walden Well No. 8 (API No. 30-025-22983), located at a non-standard Eumont gas well location, 2280 feet from the South line and 1980 feet from the West line (Unit K) of Section 15, Township 22 South, Range 37 East, NMPM in Lea County, New Mexico. The non-standard location of this well is this day approved by Administrative Order NSL-5916.



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Your application on behalf of Chesapeake has been duly filed under the provisions of Division Rules 104.D(2) and 1210.A(3).

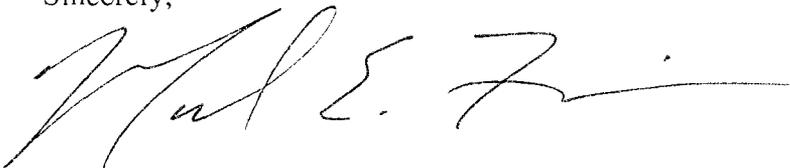
We understand that you are seeking establishment of this non-standard unit based on engineering evidence of the drainage area of Queen gas wells in this vicinity.

No tract in this quarter section is excluded from the proposed unit. It is our understanding that you have duly notified all offsetting operators of this application.

Pursuant to the authority granted me under the provisions of Rule 4.C(1)(a) of the Special Rules for the Eumont Gas Pool, as amended by Order R-8170-P, effective December 14, 2001, the above-described non-standard 160-acre Eumont spacing unit is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Hobbs
United States Bureau of Land Management - Carlsbad



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