



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



December 23, 2008

Mr. W. Thomas Kellahin
Kellahin & Kellahin
706 Gonzales Rd
Santa Fe, NM 87501

Administrative Order NSL-5977

**Re: Chesapeake Operating, Inc.
Chicken Hawk 11 State Com. Well No. 1
API No. 30-025-
660 feet FSL and 2110 feet FWL
Unit N, Section 11-9S-33E
Lea County, New Mexico**

Dear Mr. Kellahin:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-33056141**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Chesapeake Operating, Inc. (Chesapeake), on November 24, 2008, and

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

Chesapeake has requested to drill the above-referenced well at an unorthodox gas well location as described above in the caption of this letter. The W/2 of Section 11 will be dedicated to this well in order to form a standard 320-acre, more or less, wildcat Morrow spacing unit. Wildcat Morrow spacing is governed by statewide Rule 15.10.B, which provides for 320-acre units, with wells located at least 660 feet from a unit outer boundary or quarter section line. This location is less than 660 feet from the eastern unit boundary.

Your application on behalf of Chesapeake has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location for geologic reasons.



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It is also understood that notice of this application to offsetting operators or owners is unnecessary due to common ownership.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to Chesapeake's being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9

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". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark E. Fesmire, P.E.
Director

MEF/db

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