

**Stogner, Michael**

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**From:** Catanach, David  
**Sent:** Tuesday, October 05, 2004 2:53 PM  
**To:** Stogner, Michael  
**Subject:** FW: Case 13346

OK?

DRC

-----Original Message-----

**From:** Thomas Kellahin [mailto:kellahin@earthlink.net]  
**Sent:** Tuesday, October 05, 2004 2:50 PM  
**To:** David R Catanach  
**Cc:** BILL CARR  
**Subject:** Case 13346

October 7th docket.

This application was originally filed as an administrative application, but after I was told Yates would protest, I filed a refile to a hearing and asked Mr. Stogner to withdraw the administrative application.

This afternoon, I received a waiver from Yates and now request your permission to re-instate the administrative application and dismiss the hearing.

Please let me know if that is okay so that I can tell my witness that they need not appear at Thursday's hearing.

----- Original Message -----

**From:** Stogner, Michael  
**To:** 'Thomas Kellahin'  
**Cc:** William F. Carr (E-mail)  
**Sent:** Thursday, September 09, 2004 2:50 PM  
**Subject:** RE: Chesapeake NSL for Hillburn "13" Well No. 4

**RE: Division administrative application reference No. pSEM0-424626014.**

Per your e-mail this morning (see below), the referenced administrative application filed on September 1, 2004 is hereby withdrawn. This administrative application will be placed in the case file and made part of the official record in that matter.

Thank you.

Regards, *Stogner*

-----Original Message-----

**From:** Thomas Kellahin [mailto:kellahin@earthlink.net]  
**Sent:** Thursday, September 09, 2004 10:13 AM  
**To:** Michael E. Stogner  
**Subject:** Chesapeake NSL for Hillburn "13" Well No. 4

10/5/2004

On September 1, 2004, I filed an administrative application for Chesapeake requesting approval of an NSL for the Hillburn "13" Well No. 4 located 335 feet FNL and 1738 feet FWL of Section 13, T16S, R35E, Lea County.

I am aware that Yates Petroleum Corporation will object and accordingly today filed for a hearing of this matter to be set on the October 7th Examiner's docket. I also have E-mailed the notice to Sally for publication

Regards, Tom

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10/5/2004

**KELLAHIN & KELLAHIN**  
**Attorney at Law**

**W. Thomas Kellahin**  
Recognized Specialist in the Area of  
Natural Resources-oil and gas law-  
New Mexico Board of Legal Specialization

P.O. Box 2265  
Santa Fe, New Mexico 87504  
117 North Guadalupe  
Santa Fe, New Mexico 87501

Telephone 505-982-4285  
Facsimile 505-982-2047  
kellahin@earthlink.net

September 8, 2004

**HAND DELIVERED**

*Case 13346*

Mr. Mark E. Fesmire, Director  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

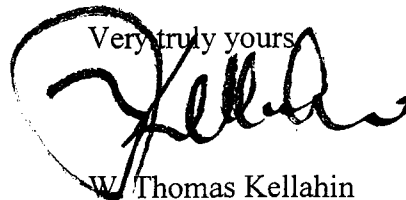
Re: Hillburn "13" Well No. 4  
Unit C, NW/4 of Section 13, T16S, R35E  
Application of Chesapeake Operating Company  
for an unorthodox oil well location and  
For simultaneous dedication  
Lea County, New Mexico

2004 SEP 9 AM 8 46

Dear Mr. Fesmire:

On behalf of Chesapeake Operating Company, please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for October 7, 2004. Also enclosed is our proposed advertisement of this case for the NMOCD docket. This request was originally filed administratively but because of an objection by Yates Petroleum Corporation is being refiled for an Examiner's hearing.

Very truly yours



W. Thomas Kellahin

cc: Chesapeake Operating, Inc.  
Attn: Lynda Townsend  
William F. Carr, Esq.  
Attorney for Yates Petroleum Corporation

**CASE 13346**: Application of Chesapeake Operating Company for an unorthodox oil well location and simultaneous dedication, Lea County, New Mexico. Applicant seeks an order authorizing the drilling and production of its Hillburn "13" Well No. 4 at an unorthodox oil well location 335 feet from the North line and 1738 feet from the West line of Section 13, Township 16 South Range 35 East, NMPM to be dedicate to a standard 160-acre oil spacing unit consisting of the NW/4 of this section for any production for any formation/pools developed on 160-acre oil spacing within that Strawn formation including the North Shoe Bar-Strawn Pool. Applicant further seeks approve to simultaneous dedication of this well and the Hillburn Well No. 1 (API 30-035-24473) and the Hillburn Well No. 3 (API 30-025-35596) to this spacing unit. This well is located approximately 4.5 miles southwest from Lovington, New Mexico.

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION  
OF CHESAPEAKE OPERATING COMPANY  
FOR AN UNORTHODOX OIL WELL LOCATION  
AND SIMULTANEOUS DEDICATION,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 13346**

**APPLICATION**

CHESAPEAKE OPERATING COMPANY ("Chesapeake") by its attorneys, Kellahin & Kellahin, and seeks an order authorizing the drilling and production of its Hillburn "13" Well No. 4 at an unorthodox oil well location 335 feet from the North line and 1738 feet from the West line of Section 13, Township 16 South Range 35 East, NMPM to be dedicate to a standard 160-acre oil spacing unit consisting of the NW/4 of this section for any production for any formation/pools developed on 160-acre oil spacing within that vertical extent including the North Shoe Bar-Strawn Pool. Applicant further seeks approve to simultaneous dedication of this well and the Hillburn Well No. 1 (API 30-035-24473) and the Hillburn Well No. 3 (API 30-025-35596) to this spacing unit.

In support of its application Chesapeake states:

1. Chesapeake proposes to drill its Hillburn "13" Well No. 4 at an unorthodox oil well location 335 feet FNL and 1738 feet FWL (Unit C) of Section 13, T16S, R35E, Lea County, New Mexico and dedicated to a 160-acre oil spacing unit consisting of the NW/4 of this section.
2. This spacing unit is subject, among other things, to the Special Rules and Regulations for the North Shoe Bar-Strawn Pool (Order R-4658-B) providing for standard 160-acre oil spacing unit and locations within 150 feet of the center of a governmental quarter-quarter section.

3. Chesapeake, based upon geologic data, believes that its proposed unorthodox well location will provide a better opportunity to access potential production in the Strawn formation within this spacing unit than at the closest standard well location and that cannot be produced by any other Strawn well within this spacing unit
4. In accordance with the Division's notice requirements, a copy of this application has been sent to those parties affected by the unorthodox well location as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for October 7, 2004.

WHEREFORE, Chesapeake, as applicant, requests that this application be set for hearing on October 7, 2004 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order approving this well location and the requested simultaneous dedication.

RESPECTFULLY SUBMITTED:



W. THOMAS KELLAHIN  
KELLAHIN & KELLAHIN  
P. O. Box 2265  
Santa Fe, New Mexico 87504  
Telephone: (505) 982-4285  
Fax: (505) 982-2047

**EXHIBIT "A"**

Offsetting Notice:

Section 12: South Half

Operator: Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

**Stogner, Michael**

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**Cc:** William F. Carr (E-mail)  
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*Case 13346*

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9/9/2004

**Stogner, Michael**

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9/9/2004

**DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 7, 2004**

8:15 A.M. - 1220 South St. Francis  
Santa Fe, New Mexico

Docket Nos. 29-04 and 30-04 are tentatively set for October 21, 2004 and November 4, 2004. Applications for hearing must be filed at least 23 days in advance of hearing date. OCD Rule 1208.B requires parties who intend to present evidence at an adjudicatory hearing to file a pre-hearing statement no later than the Friday before the hearing, and serve a copy on opposing counsel of record. If the OCD does not receive a pre-hearing statement from the applicant by the close of business on the Friday before the hearing, the hearing may be continued or dismissed by order of the examiner. If a protesting party fails to submit a timely pre-hearing statement, the hearing may be continued at the applicant's request. The following cases will be heard by an Examiner.

**CASE 13314: Reopened**

***Second Amended Application of Burlington Oil & Gas Company LP for Surface Commingling, Rio Arriba County, New Mexico.*** At the request of the applicant, this case is being re-opened to correct the named county from San Juan County to Rio Arriba County. In this case, the applicant seeks an order granting an exception to Rule 303.A and, in accordance with Rule 303.B (4), approving surface commingling of oil production as a "pre-approved" allocation and measurement method other than individual well/lease metering for the following described wells/leases:

San Juan 29-7 Unit #191 Well, NW/4SE/4 Section 22-T29N-R7W, Basin Fruitland Coal and Blanco Pictured Cliffs Gas Pools;

San Juan 29-7 Unit #65A Well, NW/4SE/4 Section 22-T29N-R7W, Basin Dakota and Blanco Mesaverde Gas Pools;

San Juan 29-7 Unit #193 Well, SE/4SE/4 Section 36-T29N-R7W, Blanco PC South Gas Pool;

San Juan 29-7 Unit #55A Well, SE/4SE/4 Section 36-T29N-R7W, Blanco Mesaverde Gas Pool;

which shall be stored and measured at its centralized facilities located on each of the production pads located in the sections listed above. If the Division approves this application, then the applicant intends to utilize this approved method for the surface commingling of oil production from other wells and areas with notification made in accordance with Rule 303.B(4)(d)(iii). The #191 and #65A facilities are located approximately 24 miles East of Bloomfield, New Mexico. The #193 and #55A facilities are located approximately 25 miles East-Southeast of Bloomfield, New Mexico

**CASE 13346: Application of Chesapeake Operating Company for an Unorthodox Oil Well Location and Simultaneous Dedication, Lea County, New Mexico.** Applicant seeks an order authorizing the drilling and production of its Hillburn "13" Well No. 4 at an unorthodox oil well location 335 feet from the North line and 1738 feet from the West line of Section 13, Township 16 South, Range 35 East, to be dedicated to a standard 160-acre oil-spacing unit consisting of the NW/4 of this section for any production from any formation/pools developed on 160-acre oil spacing within that Strawn formation including the North Shoe Bar-Strawn Pool. Applicant further seeks approval of simultaneous dedication of this well and the Hillburn Well No. 1 (API 30-035-24473) and the Hillburn Well No. 3 (API 30-025-35596) to this spacing unit. This well is located approximately 4.5 miles southwest from Lovington, New Mexico.

**CASE 13326: Continued from September 16, 2004, Examiner Hearing**

***Application of Mewbourne Oil Company for Compulsory Pooling, Eddy County, New Mexico.*** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the W/2 of Section 30, Township 20 South, Range 29 East: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated Scanlon-Morrow Gas Pool and the Undesignated Scanlon Strawn Gas Pool; the SW/4 for all formations and/or pools developed on 160-acre spacing; the E/2 SW/4 for all formations and/or pools developed on 80-acre spacing; and the NE/4 SW/4 for any and all formations/pools developed on 40-acre spacing. Said units are to be dedicated to a well to be drilled at a standard gas well location 1650 feet from the South and West lines (Unit K) of said Section 30. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 30 miles southwest of Lovington, New Mexico.