



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

June 27, 1997

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

Administrative Order NSL-3811

Dear Mr. Kellahin:

Reference is made to your application dated May 27, 1997 on behalf of the operator Chesapeake Operating, Inc. ("Chesapeake") for an unorthodox oil well location in both the Devonian and Strawn formations for their Jess "19" Well No. 1 (API No. 30-025-33933), currently being drilled 1650 feet from the North line and 1360 feet from the West line (Unit F) of Section 19, Township 16 South, Range 38 East, NMPM, Lea County, New Mexico. The SE/4 NW/4 of said Section 19, being a standard 40-acre oil spacing and proration unit for both intervals, is to be dedicated to said well.

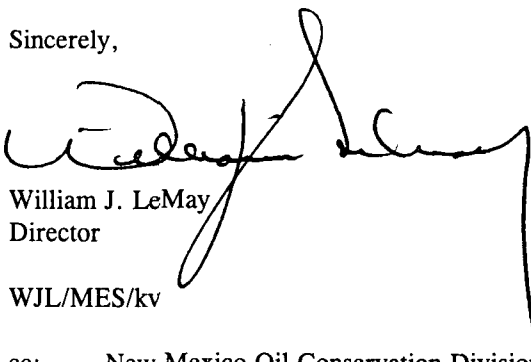
The geologic interpretation submitted indicates that a well drilled at the current location in the NW/4 of said Section 19 will be at a more favorable geologic position within both the Strawn and Devonian formations thereby increasing the likelihood of obtaining commercial production from these zones.

As further indicated by the applicant the entire NW/4 of said Section 19 is a single Fee lease in which Chesapeake is the operator; therefore, there are no effected offsets to the subject 40-acre tract other than Chesapeake.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10533, issued by the Oil Conservation Commission in Case 11,351 on January 18, 1996.

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

Sincerely,


William J. LeMay
Director

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs