



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

November 17, 1997

Chesapeake Operating, Inc.
P. O. Box 18496
Oklahoma City, Oklahoma 73154-0496
Attention: Mike Hazlip

Administrative Order NSL-3900

Dear Mr. Hazlip:

Reference is made to your application dated October 17, 1997, as amended by telecopier transmission dated October 26, 1997, for an exception to the "*Special Rules and Regulations for the Northeast Shoe Bar-Strawn Pool*," as promulgated by Division Order No. R-10848, dated July 31, 1997, requesting authorization to drill your proposed Watson "6" Well No. 1 to be drilled at an unorthodox oil well location 2857 feet from the South line and 1417 feet from the West line (Lot 14/Unit N) of irregular Section 6, Township 16 South, Range 36 East, NMPM, Undesignated Northeast Shoe Bar-Strawn Pool, Lea County, New Mexico.

Lots 13 and 14 of said Section 6 being a standard 76.65-acre oil spacing and proration unit for said pool is to be dedicated to said well.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the Strawn formation than a well drilled at a location considered to be standard.

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").

By the authority granted me under the provisions of Rule 3 of said special pool rules and Division General Rule 104.F(2), the above-described unorthodox oil well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay", written over a large, stylized, handwritten "7" that extends down the page.

William J. LeMay
Director

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs