



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

March 19, 1998

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

*Administrative Order NSL-3980*

Dear Mr. Hazlip:

Reference is made to the following: (i) Chesapeake Operating, Inc.'s ("Chesapeake") original application to the Division, dated March 9, 1998; (ii) the Division's initial response to said application by letter from Mr. Michael E. Stogner dated March 9, 1998; (iii) your response by faxed letter dated March 18, 1998; and, (vi) the records of the Division in Santa Fe: all concerning Chesapeake's request 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, seeking authorization to drill the proposed Carlisle "7" Well No. 1 (API No. **30-025-34340**) to be drilled at an unorthodox oil well location 2238 feet from the South line and 1087 feet from the West line (Lot 3/Unit L) of Section 7, Township 16 South, Range 36 East, NMPM, Undesignated Northeast Shoe Bar-Strawn Pool, Lea County, New Mexico.

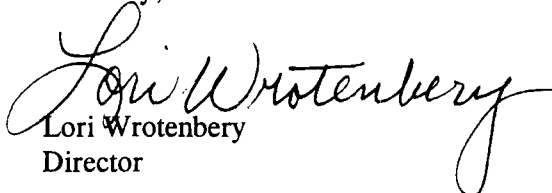
Lot 3 and the NE/4 SW/4 (N/2 SW/4 equivalent) of said Section 7 being a standard 76.49-acre oil spacing and proration unit for said pool is to be dedicated to said well.

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,

  
Lori Wrotenberg  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Hobbs