



May 6, 2004

VIA HAND DELIVERY

Ms. Joanna Prukop, Acting Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RECEIVED

MAY - 6 2004

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: Case No. 13267: Application of Chesapeake Operating, Inc. for an unorthodox gas well location and to terminate Order No. R-11432-A, Lea County, New Mexico.

Dear Ms. Prukop:

The Notice of Hearing provided to Yates by Chesapeake in this case erroneously identified the subject well as being located in **Section 5** of Township 16 South, Range 35 East, NMPM instead of **Section 15**. Because of this error, Yates did not realize that Chesapeake was seeking approval of a well only 330 feet from its acreage and its witnesses now have conflicts in their schedules that will prevent them from being present at the May 13th examiner hearing.

Yates Petroleum Corporation requests that the hearing on the above referenced application currently scheduled for May 13th be continued to the May 27, 2004 examiner hearing docket.

Your attention to this request is appreciated.

Very truly yours,

William F. Carr
Attorney for Yates Petroleum Corporation

cc: Mr. David Catanach
Oil Conservation Division
W. Thomas Kellahin, Esq.
Attorney for Chesapeake Operating, Inc.

BEFORE THE
NEW MEXICO ENERGY, MINERALS AND
NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 13267

APPLICATION OF CHESAPEAKE OPERATING,
INC. FOR AN UNORTHODOX GAS WELL
LOCATION AND TO TERMINATE ORDER
R-11432-A, LEA COUNTY, NEW MEXICO.

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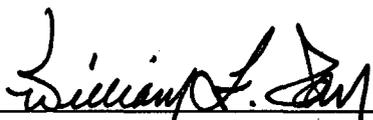
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

ENTRY OF APPEARANCE

COMES NOW HOLLAND & HART, LLP and hereby enters its appearance in the
above referenced case on behalf of Yates Petroleum Corporation.

Respectfully submitted,

HOLLAND & HART, LLP

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

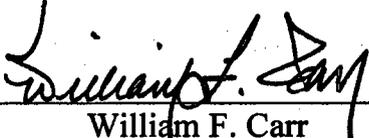
ATTORNEYS FOR YATES PETROLEUM
CORPORATION

CERTIFICATE OF SERVICE

I certify that on May 6, 2004 I served a copy of the foregoing document to the following by

- U.S. Mail, postage prepaid
- Hand Delivery
- Fax
- Electronic Service by LexisNexis File & Serve

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
117 North Guadalupe
Post Office Box 2265
Santa Fe, NM 87504-2265
(505) 982-4285
(505) 982-2047 facsimile



William F. Carr

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

**IN THE MATTER OF THE HEARING CALLED BY THE
OIL CONSERVATION DIVISION FOR THE PURPOSE OF
CONSIDERING:**

CASE NO. 13267

**APPLICATION OF CHESAPEAKE OPERATING, INC. FOR
AN UNORTHODOX GAS WELL LOCATION AND TO
TERMINATE ORDER R-11432-A, LEA COUNTY, NEW
MEXICO.**

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PRE-HEARING STATEMENT

**Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505**

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Chesapeake Operating, Inc.

ATTORNEY

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265
(505) 982-4285
(505) 982-2047 facsimile

OPPOSITION

Yates Petroleum Corporation
Attn: Mr. Randy Patterson
105 South Fourth Street
Artesia, New Mexico 88210-2118
(505) 748.1471

ATTORNEY

William F. Carr, Esq.
Holland & Hart LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988.4421

STATEMENT OF CASE

OPPOSITION

Yates Petroleum Corporation opposes the application of Chesapeake for approval of an unorthodox location for its Boyce "15" Well No. 5 in Unit B of Section 15, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico, in the North Shoe Bar-Atoka Gas Pool. Although this well was only permitted as a Strawn test, Chesapeake drilled through the Strawn formation and completed the well in the deeper Atoka formation. While the well location was standard in the Strawn it is unorthodox in the Atoka. Yates is the operator of the offsetting acreage on which the Chesapeake well encroaches. A well at the Chesapeake location will drain Atoka reserves from Yates and its location 330 feet from the common spacing unit boundary line could prevent Yates from drilling an economic offset Atoka well. If this location is approved, the Division should severely penalize the well to offset the advantage Chesapeake is gaining on Yates and to discourage future disregard for Oil Conservation Division rules.

PROPOSED EVIDENCE

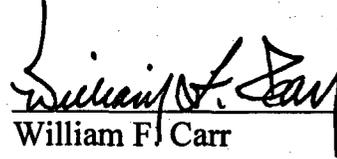
OPPOSITION

WITNESSES (Names and Expertise)	ESTIMATED TIME	EXHIBITS
Unknown at this time	Approx.	Approx.

PROCEDURAL MATTERS

Pre-Hearing Statement
NMOCD Case No. 13267
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The Notice of Hearing provided to Yates incorrectly identified the location of the well. Yates did not discover the error until its witnesses had conflicts that prevent them from being at the hearing. Yates Petroleum Corporation will request that the hearing be continued to the May 27th examiner hearing docket.



William F. Carr

Attorney for Yates Petroleum Corporation