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June 17, 2003

**HAND DELIVERED**

Ms. Lori Wrotenbery, Director  
Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

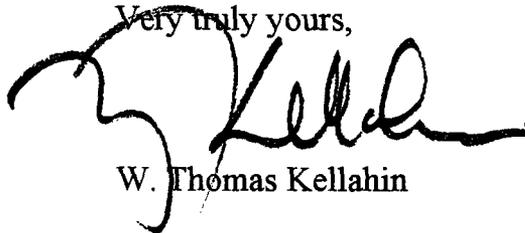
Re: Barber Adkins "8" Well No. 1  
Unit D, NW/4 Section 8, T20S, R37E  
Application of Chesapeake Operating, Inc.  
for Compulsory Pooling  
Lea County, New Mexico

*Case 13101*  
**RECEIVED**  
JUN 17 2003  
Oil Conservation Division

Dear Ms. Wrotenbery:

On behalf of Chesapeake Operating, Inc., please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for July 10, 2003. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: Chesapeake Operating, Inc.  
Attn: Lynda Townsend

**CASE 1310!** Application of Chesapeake Operating, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the Tubb and Abo formations underlying the NW/4 of Section 8, T20S, R37E, NMPM, Lea County, New Mexico, forming a standard 160-acre gas spacing and proration unit for any production from the Tubb formation, including but not limited to the West Monument-Tubb Gas Pool. This unit is to be dedicated to its Barber Adkins "8" Well No. 1 which is to be re-entered and tested in the Tubb formation at a standard well location in Unit D of this section. Also to be considered will be the costs of the re-entering said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 2 miles south from Monument, New Mexico.

**RECEIVED**

JUN 17 2003

Oil Conservation Division

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

**IN THE MATTER OF THE APPLICATION  
OF CHESAPEAKE OPERATING, INC.  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

CASE NO. 13101  
**RECEIVED**  
JUN 17 2003  
Oil Conservation Division

**APPLICATION**

CHESAPEAKE OPERATING, INC. ("Chesapeake") by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17.C NMSA (1978) seeks an order pooling all mineral interests in the Tubb formation underlying the NW/4 of Section 8, T20S, R37E, NMPM, Lea County, New Mexico, forming a standard 160-acre gas spacing and proration unit for any production from the Tubb formation including but not limited to the West Monument-Tubb Gas Pool. This unit is to be dedicated to its Barber Adkins "8" Well No. 1 which is to be re-entered and tested in the Tubb formation at a standard well location in Unit D of this section. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well.

In support of its application Chesapeake states:

1. Chesapeake has a working interest ownership in the oil and gas minerals from the Tubb formation underlying the NW/4 of Section 8, T20S, R37E, NMPM, Lea County, New Mexico.
2. The subject tract is located within the boundaries of the West Monument-Tubb Gas Pool.

3. The Barber Adkins "8" Well No. 1 was originally drilled to the Ellenburger formation. Chesapeake plans to re-enter this wellbore to test the Tubb and/or Abo formations. The well is located at a standard gas well location in the Unit D of Section 8 .

4. If the re-entry is productive from the Abo formation, the Chesapeake controls 100% of the Working interest Ownership and no compulsory pooling order is required.

5. In the alternative, if the re-entry is productive from the Tubb formation, the Chesapeake controls 15% of the working interest ownership and a compulsory pooling order is not required.

6. Chesapeake despite its efforts has been unable to obtain the voluntary agreement the remaining working interest owner(s) in the proposed 160-acre Tubb gas spacing unit as identified on Exhibit "A."

7. Pursuant to Section 70-2-17.C NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Chesapeake needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

8. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled 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 July 10, 2003.

WHEREFORE, Chesapeake, as applicant, requests that this application be set for hearing on July 10, 2003 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for this well at a standard well location upon terms and conditions which include:

(1) Chesapeake Operating, Inc. be named operator;

(2) Provisions for applicant and all working interest owners to participate in the costs of re-entering, completing, equipping and operating the well;

(3) In the event a mineral interest or working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;

(4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;

(5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read "W. Thomas Kellahin". The signature is fluid and cursive, with a large initial "W" and "K".

W. THOMAS KELLAHIN  
KELLAHIN & KELLAHIN  
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**Exhibit "A"**

Doyle Hartman  
P.O. Box 10426  
Midland, Texas 79702

Arch Petroleum, Inc.  
P.O. Box 10340  
Midland, Texas 79702