

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

**APPLICATION OF CHESAPEAKE OPERATING
INC. FOR A NON-STANDARD DEEP GAS
SPACING UNIT, LEA COUNTY, NEW MEXICO**

CASE NO. 13646

APPLICANT'S PRE-HEARING STATEMENT

Applicant hereby submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Chesapeake Operating, Inc.
6100 North Western Ave.
Oklahoma City, OK 73118

ATTORNEY

Michael H. Feldewert, Esq.
Holland & Hart, LLP
P. O. Box 2208
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OPPONENT

None

OPPONENT'S ATTORNEY

None

2006 FEB 7 PM 3 24

APPLICANT'S STATEMENT OF CASE

Applicant seeks an order approving a 160-acre non-standard deep gas spacing and proration unit comprised of the SE/4 of Section 25, Township 20 South, Range 32 East, NMPM. Chesapeake is the operator of the Little Eddy Unit Well No. 1 (formerly the Audie Richards Well No. 1) located in the SE/4 of Section 25 at a standard location 660 feet from the south line and 660 feet from the east line. The Little Eddy Unit Well No. 1 is a participating well in the Little Eddy Unit and is currently producing from the South Salt Lake Morrow Gas Pool. A non-standard spacing unit comprised of the SE/4

of Section 25 is currently dedicated to this well under the authority of Division Order R-4689 (issued December 6, 1973).

Chesapeake proposes to re-complete the Little Eddy Unit Well No. 1 in the Atoka formation (South Salt Lake Atoka Gas Pool) and to continue to dedicate to this well the non-standard spacing comprised of the SE/4 of Section 25. The N/2 of Section 25 is dedicated to the Felmont Federal Well No. 1, which is operated by Samson Resources Company and is presently producing from the South Salt Lake Morrow Gas Pool. The SW/4 of Section 25 is dedicated to the Felmont Federal Well No. 2 pursuant to the authority of Amended Order NSL-2191, and is currently operated by Breck Operating Corporation. Applicant believes that because of the unique configuration of the existing spacing units in Section 25, any Atoka or other deep gas development should continue under the existing spacing units.

APPLICANT'S PROPOSED EVIDENCE

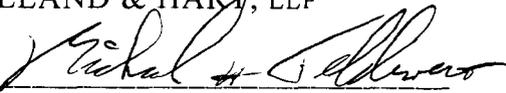
WITNESS (Name and Expertise)	ESTIMATED TIME	EXHIBITS
Jim Ball (landman)	Approx. 15 minutes	Approx. 5

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART, LLP

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Attorneys for Chesapeake Operating Inc..