

RECEIVED
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 PURPOSES
OF CONSIDERING:**

CASE Nos. 14100 & 14101

**APPLICATION OF CHESAPEAKE OPERATING, INC.
FOR AN ORDER AUTHORIZING THE DRILLING
OF WELLS, LEA COUNTY, NEW MEXICO.**

RESPONSE TO INTREPID'S MOTION FOR CONTINUANCE

Chesapeake Operating, Inc. ("Chesapeake") responds to Intrepid Potash – New Mexico, LLC's ("Intrepid") Motion for Continuance and states as follows:

1. Chesapeake seeks an order approving the drilling of its proposed Lost Tank 16 State Well Nos. 1 and 4 in Section 16, Township 21 South, Range 32 East, NMPM, Lea County New Mexico within the Potash Area. The district office denied Chesapeake's Applications for Permit to Drill ("APD") because they were located within a Life-of-Mine Reserve. Chesapeake filed these applications to be heard on the March 20, 2008 Examiner Hearing Docket.

2. Division Order R-111-P requires notice to be given to "each potash operator holding potash leases within a radius of one mile of the proposed well." Since there are no potash leases within a one mile radius of the proposed wells, Chesapeake did not provide notice to any potash operators when it filed its APD's at the district office. However, Chesapeake did provide notice to both New Mexico potash operators of the hearing on its application to prevent any potential delays of the hearing. This notice was provided as a courtesy and not because Intrepid was entitled to notice pursuant to R-111-P.

3. Intrepid's Chief Geologist filed an Entry of Appearance and a Motion for Continuance on March 13, 2008 for Case Nos. 14100 & 14101. Counsel for Intrepid filed an Entry of Appearance and Pre-Hearing Statement on March 14, 2008.

4. Intrepid asserts that potential witnesses are not available and that it has not been able to assemble its evidence for the scheduled hearing. Intrepid has requested a continuance until May 1, 2008, approximately six weeks later.

5. Notice of the hearing was given pursuant to Division rules and was sent to Intrepid on February 26, 2008. The notice was received by Intrepid on February 29, 2008.

6. The land upon which Chesapeake seeks to drill its wells is held by a State of New Mexico lease. The primary term expires in November 2008. If and when its APD's are granted, Chesapeake must build a location, schedule a drilling rig and begin drilling the well before the end of the primary term. Additionally, if this matter is appealed to the Commission, Chesapeake will be further delayed.

7. The minerals in Section 16 are owned by the State of New Mexico. The minerals under the lands surrounding Section 16 are all federally-owned. There has been extensive oil and gas development to the west in Section 17. Chesapeake seeks to drill these wells as direct offsets to wells located in the SE/4 SE/4 and the NE/4 NE/4 of Section 17 which may be draining State reserves.

8. Therefore, Chesapeake opposes a continuance that could result in the loss of its oil and gas lease or the loss of State of New Mexico reserves.

9. Denying the motion for continuance is in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Chesapeake respectfully requests that Intrepid's motion be denied and the case be heard on the March 20, 2008 Examiner Hearing Docket.

Respectfully submitted,

HOLLAND & HART LLP

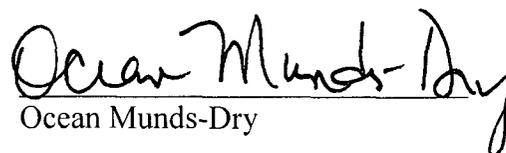
By: Ocean Munds-Dry
William F. Carr
Ocean Munds-Dry
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR CHESAPEAKE
OPERATING, INC.

CERTIFICATE OF SERVICE

I certify that on March 17, 2008 I served a copy of the foregoing document to the following by Facsimile:

Joseph E. Manges
Comeau, Maldegen, Templeman & Indall, LLP
P.O. Box 669
Santa Fe, NM 87504-0669
505-982-4611
505-988-2987 FAX


Ocean Munds-Dry