

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

**APPLICATION OF CHESAPEAKE OIL COMPANY  
FOR POOL CREATION AND SPECIAL RULES  
INCLUDING A DISCOVERY OIL ALLOWABLE,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 11750**

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by Chesapeake Oil Company, as required by the Oil Conservation Division.

**APPEARANCE OF PARTIES**

**APPLICANT**

Chesapeake Oil Company  
P. O. Box 18496  
Oklahoma City, OK 73154  
(405) 848-8000  
attn: Mike Hazlip

**ATTORNEY**

W. Thomas Kellahin  
KELLAHIN & KELLAHIN  
P.O. Box 2265  
Santa Fe, NM 87504  
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**STATEMENT OF THE CASE**

Chesapeake has drilled, completed and now operates its Chambers Well No. 1, located 1700 feet from the North line and 900 feet from the East line (Unit H) of Section 7, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico.

This well constitutes a "new oil discovery" for the production of oil from the Strawn formation.

The nearest Strawn oil production is within one mile to the north in the West Lovington-Strawn Pool.

Based upon this discovery, Chesapeake seeks the creation of a new pool which shall be defined as all of the Strawn formation as identified on the log of the discovery well with an initial pool boundary consisting of N/2NE/4 of Section 7, T16S, R36E.

In addition, Chesapeake requests the adoption of the following Special Rules and Regulations for this pool:

- (a) 80-acre oil spacing and proration units;
- (b) with no more than one producing well for each 80-acre spacing or proration unit;
- (c) well locations within 330 feet of the side boundary of a governmental quarter-quarter section;
- (d) a special limiting gas oil ratio of 2,000 cubic feet of gas per barrel of oil;
- (e) a special depth bracket maximum oil allowable of 445 barrels of oil per day per oil spacing unit; and
- (f) that each well completed or recompleted in this pool or the Strawn formation within one mile thereof, shall be spaced, drilled operated and produced in accordance with these special rules.

Based upon data from the discovery well, the initial rules for the pool should provide for 80-acre oil proration and spacing units combined with the limit of no more than one well per unit to prevent the drilling of unnecessary wells and to protect correlative rights and provide for the orderly development of the reservoir.

Finally, Chesapeake requests the assignment of a discovery oil allowable.

PROPOSED EVIDENCE

APPLICANT:

WITNESSES	EST. TIME	EXHIBITS
Robert Hefner (geologist)	20 Min.	@ 4 exhibits
Ed Gallegos petroleum engineer	20 min.	@ 6 exhibits

**PROCEDURAL MATTERS**

None

KELLAHIN AND KELLAHIN

By: 

W. Thomas Kellahin