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W. THOMAS KELLAHIN*

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RECOGNIZED SPECIALIST IN THE AREA OF
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August 11, 1997

HAND DELIVERED

11844

Mr. William J. LeMay, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RECEIVED

AUG 11 1997

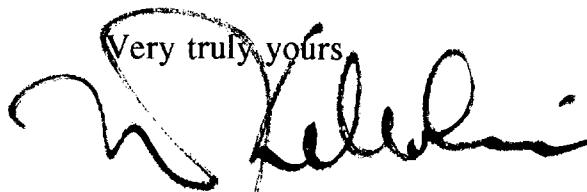
Re: Gandy "19" Well No. 1
SW/4NE/4 Section 19, T16S, R36E, NMPM
Application of Chesapeake Operating, Inc.
for an Unorthodox Oil Well Location,
Lea County, New Mexico

Oil Conservation Division

Dear Mr. LeMay:

On behalf of Chesapeake Operating, Inc., please find enclosed our application for an unorthodox oil well location which we request be set for hearing on the next available Examiner's docket now scheduled for September 4, 1997. Also enclosed is our proposed notice for the advertisement.

Very truly yours,



W. Thomas Kellahin

cc: Chesapeake Operating, Inc.
Attn: Mike Hazlip

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AUG 11 1997

Proposed notification/advertisement for OCD docket

Oil Conservation Division

Case 11844: Application of Chesapeake Operating, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks approval to drill its proposed Gandy "19" Well No. 1 at an unorthodox oil well location 2523 feet from the north line and 2370 feet from the east line (Unit G) of Section 19, Township 16 South, Range 36 East, NMPM, to the base of the Strawn formation, said location being unorthodox for any and all oil producing formations, and, if productive, to be dedicated to a standard 40-acre oil spacing and proration unit consisting of the SW/4NE/4 of said Section 19. Said location is located approximately 3-1/2 miles southwest from Lovington, New Mexico.

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

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Oil Conservation Division

IN THE MATTER OF THE APPLICATION
OF CHESAPEAKE OPERATING, INC.
FOR AN UNORTHODOX OIL WELL,
LEA COUNTY, NEW MEXICO

CASE: 11844

APPLICATION

Comes now CHESAPEAKE OPERATING, INC. ("Chesapeake") by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division ("NMOCD") for an unorthodox oil well location in order to drill its proposed Gandy "19" Well No. 1 at an unorthodox oil well location 2523 feet from the north line and 2370 feet from the east line (Unit G) of Section 19, Township 16 South, Range 36 East, NMPM, to the base of the Strawn formation, said location being unorthodox for any and all oil producing formations, and, if productive, to be dedicated to a standard 40-acre oil spacing and proration unit consisting of the SW/4NE/4 of said Section 19.

In support thereof, Applicant states:

1. Applicant, Chesapeake, is the proposed operator of the Gandy "19" Well No. 1 to be located 2523 feet from the north line and 2370 east line (Unit G) of Section 19, T16S, R36E, Lea County, New Mexico.
2. Chesapeake proposes to drill this well to a depth sufficient to test for oil production from the Strawn formation.
3. The well location is more than one mile from the current boundary of the Northeast Shoe Bar-Strawn Pool which is the nearest Strawn pool in this area spaced on other than 40-acre state wide oil spacing.

4. Therefore, well location is subject to the Division's General Rule 104 which provides for 40-acre spacing units and standard well locations not closer than 330 feet to any boundary of said spacing unit.

5. Chesapeake proposes to dedicate the SW/4NE/4 of Section 19 to the well if it is capable of oil production from the Strawn formation.


6. This proposed location is the optimum location in the SW/4NE/4 of said Section 19 at which to drill to test for Strawn oil production.

7. Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the oil underlying this unit, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

8. Notification of this application has been sent to all adjoining and offsetting operators/owners as set forth on Exhibit "A" attached.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

BY 

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EXHIBIT "A"

Charles B. Read
Read & Stevens, Inc.
P. O. Box 1518
Roswell, New Mexico, 88202

Marathon Oil Company
P. O. Box 552
Midland, Texas 79702

Nearburg Exploration Company, L. L. C.
3300 N. "A" Bldg 2, Suite 120
Midland, Texas 79705

Enserch Exploration, Inc.
4849 Greenville Ave. Suite 1200
Dallas, Texas 75206-4186