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December 1, 1997

VIA FACSIMILE

(505) 827-8177

Mr. David R. Catanach
Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: NMOCD Case 11894
Application of Chesapeake Operating, Inc.
for an unorthodox oil well location,
Lea County, New Mexico

Dear Mr. Catanach:

Subsequent to filing the referenced application, Mr. Stogner has advised that this well is within 1/2 mile of the current boundary of the Northeast Shoe Bar-Strawn Pool which is subject to 80-acre oil spacing. Accordingly, Chesapeake proposes to dedicate the S/2NW/4 of Section 16, T16S, R36E to the Salbar "16" Well No. 1 in the event it is productive of oil from the Strawn formation.

For your information, this unorthodox well location case is docketed for hearing on Thursday, December 4, 1997 and will be opposed by Yates Petroleum Corporation.

Very truly yours,



W. Thomas Kellahin

cfx: William F. Carr, Esq.
Attorney for Yates Petroleum Corporation
cfx: Chesapeake Operating, Inc.
Attn: Mike Hazlip