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*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

SANTA FE, NEW MEXICO 87504-2265

JASON KELLAHIN (RETIRED 1991)

January 25, 2001

Hand Delivered

Ms. Lori Wrotenbery, Director
Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87504

Case 12595

01 JAN 25 AM 8:30

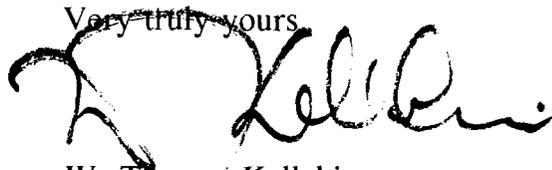
01 03 SPECIAL DM

Re: Buchanan "5" Well No. 1
S/2NE/4 Section 5, T17S, R37E, NMPM
Application of Chesapeake Operating, Inc.
for an unorthodox oil well location,
Lea County, New Mexico

Dear Ms. Wrotenbery:

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 February 22, 2001. Also enclosed is our proposed notice for the advertisement.

Very truly yours,



W. Thomas Kellahin

cc: Chesapeake Operating, Inc.
Attn: Lynda Townsend

Proposed notification/advertisement for OCD docket

Case 12996: Application of Chesapeake Operating, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks approval to drill and produce its proposed Buchanan "5" Well No. 1 at an unorthodox oil well location 2365 feet from the north line and 1641 feet from the east line (Unit G) of Section 5, Township 17 South, Range 37 East, NMPM, for production from the Strawn formation from the Shipp-Strawn Pool to be dedicated to a standard 80-acre oil spacing and proration unit consisting of the S/2NE/4 of this section. This location is located approximately 7 miles southeast of Lovington, New Mexico.

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

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

CASE: 12595

OIL CONSERVATION DIV.
01 JAN 25 AM 8:30

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 approval to drill and produce its proposed Buchanan "5" Well No. 1 at an unorthodox oil well location 2365 feet from the north line and 1641 feet from the east line (Unit G) of Section 5, Township 17 South, Range 37 East, NMPM, for production from the Strawn formation from the Shipp-Strawn Pool to be dedicated to a standard 80-acre oil spacing and proration unit consisting of the S/2NE/4 of this section.

In support thereof, Applicant states:

1. Applicant, Chesapeake, is the proposed operator of the Buchanan "5" Well No. 1 to be drilled as a Strawn oil well at an unorthodox oil well location 2365 feet from the north line and 1641 east line (Unit G) of Section 5, T17S, R37E, Lea County, New Mexico for any production from the Shipp-Strawn Pool.

2. This well location is subject to the Division's special rules for the Shipp-Strawn Pool which provide for 80-acre spacing and proration units and standard well locations within 150 feet of the center of a quarter/quarter section of the spacing unit.

3. Chesapeake's geologic evaluation indicates that the optimum location for this well is at an unorthodox well location.

4. The well encroaches towards the SE/4 of Section 5 in which there is no Strawn oil well. In accordance with the Division's notice rules, notice of this hearing is being sent to all of the working interest owners and unleased mineral owners in that quarter section.

5. Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the gas 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.

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

KELLAHIN and KELLAHIN

BY 

W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

SE/4 Sec 5-T17S-R37E
Lea County, NM

MINERAL OWNERS (Unleased or open)

WA Yeager Group
PO Box 1756
Midland, TX 79702

Estate of John Fitzgerald
814 W. Storey
Midland, TX 79701

Ashland Exploration, Inc.
PO Box 391
Ashland, KY 41101

William J. Sanders
PO Box 201347
Arlington, TX 76008

LMA Royalties, Ltd.
PO Box 1778
Colorado Springs, CO 80901

Mary J. Fitz-Gerald
PO Box 1585
Midland, TX 79702

Charles B. Read
PO Box 1518
Roswell, NM 88202

Stevens Revocable Trust
Norman L. Stevens, Jr., Trustee
PO Box 1
Hondo, NM 88338

Charles J. Hoffman, III

1125 Rolling Springs Road
Ft. Worth, TX 78114

W/OWNERS

Amerind Oil Company
415 West Wall Street, Suite 500
Midland, TX 79701

Northport Production Company
1001 NW 83rd, Ste. 305
Oklahoma City, OK 73118

Quatro Resources LLC

1401 East Bryan
Sapula, OK 74068

Amerac Energy Corp.
700 Louisiana, Ste. 3330
Houston, TX 77002

Finlay Energy Company
3030 NE Expressway, Ste. 1800
Oklahoma City, OK 73112

JACA Oil and Gas, Inc.
PO Box 135
Snyder, TX 79549

Exhibit
A

**SE/4 Sec 5-T17S-R37E
Lee County, NM**

Commonwealth Royalty, (Part.)
3030 NE Expressway, Ste. 1800
Oklahoma City, OK 73112

Chester F. Deckerl
2700 NW 157th Street
Edmond, OK 73013

Jan Oil Company
PO Box 76400
Oklahoma City, OK 74147

~~Robin Oil and Gas Corp.~~

REPLACED BY:

Fremont Exploration Inc.
12412 St. Andrews Drive
Oklahoma City, OK 73120

The Langstroth Family, Ltd. I
c/o LWH Mortgage Funding Group
3111 N. Andrews Ave., Bldg. 2
Ft. Lauderdale, FL 33309

~~Thomas J. Lustkemeyer
PO Box 73400
Oklahoma City, OK 73147~~

REPLACED BY:

Fremont Exploration Inc.
12412 St. Andrews Drive
Oklahoma City, OK 73120

Chat Nelson Mitchell
PO Box 1705
Taos, NM 87571

Marvin R. Morgan
2225 W. Heifer Road
Oklahoma City, OK 73120

Sundance Resources, IN.
9500 Forest Lane, Ste. 500
Dallas, TX 75243

H. Huffman and Company
204 N. Robinson, Ste. 500
Oklahoma City, OK 73102

Jones Energy
210 Park Avenue, Ste. 2300
Oklahoma City, OK 73102

Chesapeake Exploration LP
PO Box 18498
Oklahoma City, OK 73154-0498