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March 9, 2001

Hand Delivered

Lori Wrotenbery
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 12653

OIL CONSERVATION DIV.
01 APR -9 PM 4:26

Dear Ms. Wrotenbery:

Enclosed are an original and one copy of an application for an unorthodox location, and a proposed advertisement, filed on behalf of Chesapeake Operating, Inc. Please set this matter for the May 3, 2001 Examiner hearing. Thank you.

The advertisement is also on the enclosed disk under "COI."

Very truly yours,



James Bruce

Attorney for Chesapeake Operating, Inc.

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: 12653

01 APR -9 PM 4:26
OIL CONSERVATION DIV.

APPLICATION

Comes now CHESAPEAKE OPERATING, INC. ("Chesapeake") by and through its attorney, James Bruce, 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 W/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/4NE/4 and 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 and quarter-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.


BY _____
James Bruce, Esq.
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PROPOSED ADVERTISEMENT

Case 12653: Application of Chesapeake Operating, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks approval to drill and produce its 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 (Shipp-Strawn Pool). The $W\frac{1}{2}NE\frac{1}{4}$ of Section 5 will be dedicated to the well, forming a standard 80 acre oil spacing and proration unit. The unit is located approximately 7 miles southeast of Lovington, New Mexico.

OIL CONVEYANCE DIV
01 APR -9 PM 4:26