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NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

October 23, 2001

**Via Facsimile and Hand Delivery**

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

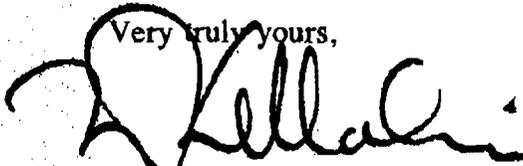
*Case 12767*

Re: Lawrence "32" Well No. 1  
N/2SW/4 Section 32, T16S, 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 their application for an unorthodox oil well location which we request be set for hearing on the next available Examiner's docket now scheduled for November 15, 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 12767: 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 "32" Well No. 1 at an unorthodox oil well location 2520 feet from the south line and ~~1907~~ <sup>1909</sup> feet from the west line (Unit K) of Section 32, Township 16 South, Range 37 East, ~~N27E~~, for production from the Strawn formation from the Northeast Lovington-Pennsylvanian Pool to be dedicated to a standard 80-acre oil spacing and proration unit consisting of the N<sup>1</sup>/<sub>2</sub>SW/4 of this section. This location is located approximately 5-1/2 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: 12767

**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 "32" Well No. 1 at an unorthodox oil well location 2520 feet from the south line and 1907 feet from the west line (Unit K) of Section 32, Township 16 South, Range 37 East, NMPM, for production from the Strawn formation from the Northeast Lovington-Pennsylvanian Pool to be dedicated to a standard 80-acre oil spacing and proration unit consisting of the N/2SW/4 of this section.

In support thereof, Applicant states:

1. Applicant, Chesapeake, is the proposed operator of the proposed Buchanan "32" Well No. 1 to be drilled at an unorthodox oil well location 2520 feet from the south line and 1907 feet from the west line (Unit K) of Section 32, Township 16 South, Range 37 East, NMPM, for production from the Strawn formation from the Northeast Lovington-Pennsylvanian Pool to be dedicated to a standard 80-acre oil spacing and proration unit consisting of the N/2SW/4 of this section.

2. This well location is subject to the Division's special rules for the Northeast Lovington-Pennsylvanian 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.

NMOCD Application  
Chesapeake Operating, Inc.  
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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 S/2NW/4 of Section 32 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 80-acre tract. See Exhibit "A"

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 \_\_\_\_\_  
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