



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

January 4, 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Chesapeake Operating, Inc.
c/o Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504

Attention: **W. Thomas Kellahin**
kellahin@earthlink.net

30-015-34534

RECEIVED

JAN 11 2006

OCU-ARTESIA

Administrative Order NSL-5324

Dear Mr. Kellahin:

Reference is made to the following: (i) your application on behalf of the operator, Chesapeake Operating, Inc. of Oklahoma City, Oklahoma ("Chesapeake"), dated and filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on December 12, 2005 (*administrative application reference No. pSEM0-534730170*); and (ii) the Division's records in Artesia and Santa Fe, New Mexico: all concerning Chesapeake's request to drill its Clark "7" Federal Well No. 1 at an unorthodox Delaware oil well location 2310 feet from the North line and 1000 feet from the West line (Lot 6/Unit E) of Section 7, Township 22 South, Range 28 East, NMPM, Eddy County, New Mexico. Lot 6 (the SW/4 NW/4 equivalent) of Section 7 is to be dedicated to this well in order to form a standard 35.46-acre oil spacing and proration unit within the Undesignated Indian Draw-Delaware Pool (33720).

Your application for Chesapeake has been duly filed under the provisions of Division Rules 104.F and 1210.A (2) [formerly Division Rule 1207.A (2), see Division Order No. R-12327-A, issued by the New Mexico Oil Conservation Commission in Case No. 13482 on September 15, 2005].

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Delaware oil well location is hereby approved.

Sincerely,

Mark E. Fesmire, P. E.

Director

MEF/ms

cc: New Mexico Oil Conservation Division – Artesia
U. S. Bureau of Land Management – Carlsbad