



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

August 16, 2005

**Mark Fesmire**

Director

**Oil Conservation Division**

Chesapeake Operating, Inc.

c/o W. Thomas Kellahin ([kellahin@earthlink.net](mailto:kellahin@earthlink.net))

P. O. Box 2265

Santa Fe, New Mexico 87504

*Administrative Order NSL-5255*

Dear Mr. Kellahin:

Reference is made to the following: (i) your application (*administrative application reference No. pSEM0-522125721*) filed with the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on August 8, 2005 on behalf of the operator, Chesapeake Operating, Inc. ("Chesapeake"); (ii) your e-mail coorespondance with Mr. Michael E. Stogner, Engineer with the Division in Santa Fe on Tuesday, August 16, 2005; and (iii) the Division's records in Santa Fe and Hobbs: all considering Chesapeake's request for an exception to the well location requirements (**Rule 4**) provided within the "*Special Rules and Regulations for the Shipp-Strawn Pool*," as promulgated by Division Order No. R-8062, as amended, for its proposed Bubba "4" State Com. Well No. 1 to be drilled 731 feet from the South line and 1043 feet from the West line (Unit M) of Section 4, Township 17 South, Range 37 East, NMPM, Shipp-Strawn Pool (**55695**), Lea County, New Mexico. The S/2 SW/4 (Units M and N) of Section 4 is to be dedicated to this well in order to form a standard 80-acre lay-down oil spacing and proration unit for this pool (as provided for by **Rule 2** of the special pool rules).

Your application has been duly filed under the provisions of Division Rules 104.F and 1207.A (2).

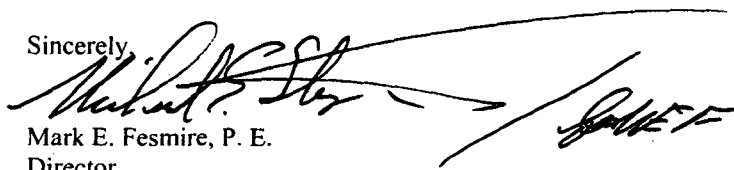
It is the Division's understanding that Chesapeake is seeking this location exception based on: (i) a 3-D seismic survey of the immediate area; and (ii) well control, whereby the Chesapeake as operator contends that a well drilled at this location should penetrate a small algal reef mound within the Strawn formation at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production

By the authority granted me under the provision of the applicable rules governing the Shipp-Strawn Pool and Division Rule 104.F (2), the above-described unorthodox Strawn oil well location is hereby approved.

Further, the aforementioned well and spacing unit will be subject to all existing rules, regulations, policies, and procedures applicable to this pool.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

  
Mark E. Fesmire, P. E.  
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Hobbs  
New Mexico State Land Office – Santa Fe