



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joaquin Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

May 3, 2007

Mr. W. Thomas Kellahin  
Kellahin & Kellahin  
P.O. Box 2265  
Santa Fe, NM 87504

**Administrative Order NSL-5615**

**Re: Chesapeake Operating, Inc.  
Sims 13 State Well No. 1  
API No. 30-025-37294  
L-13-20S-35E  
Lea County**

Dear Mr. Kellahin:

Reference is made to the following:

(a) your application (**administrative application reference No. pCLP07-10828083**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on April 17, 2007 on behalf of Chesapeake Operating, Inc. (Chesapeake), and

(b) the Division's records pertinent to this request.

Chesapeake has requested to complete its Sims 13 State Well No. 1 (API No. 30-025-37294) at an unorthodox Bone Spring oil well location, 1980 feet from the South line and 1140 feet from the West line (Unit L) of Section 13, Township 20 South, Range 35 East, N.M.P.M., in Lea County, New Mexico. The NW/4 SW/4 of Section 13 will be dedicated to this well in order to form a standard 40-acre oil spacing unit in the undesignated East Featherstone-Bone Spring Pool (24270). This pool is governed by statewide Rule 104.B, which provides for 40-acres units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the eastern unit boundary.

Your application has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that Chesapeake is seeking this location in order to utilize an existing wellbore that was drilled to the Morrow formation at a standard Morrow gas well location.

It is also understood that notice of this application to offsetting operators or owners is unnecessary because Chesapeake owns 100% of the working interest in the offsetting Bone Spring unit to the east.

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

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

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark E. Fesmire', is written over a horizontal line.

Mark E. Fesmire, P.E.  
Director

MEF/db

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