

October 2, 2007

VIA HAND DELIVERY

Mark E. Fesmire, P.E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 14023

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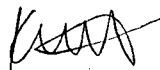
Re: Application of Chesapeake Operating, Inc. for rescission of the Special Rules and Regulations for the T-V Pennsylvanian Gas Pool, Chaves County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of Chesapeake Operating, Inc. in the above-referenced matter. Chesapeake requests that this application be included on the November 1, 2007 examiner hearing docket.

Your attention to this application is appreciated.

Very truly yours,

 for

William F. Carr

Enclosures

cc: Mr. Jim Ball
Chesapeake Operating, Inc.

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION OF CHESAPEAKE OPERATING INC. FOR
RESCISSION OF SPECIAL RULES AND REGULATIONS FOR THE T-V
PENNSYLVANIAN GAS POOL, CHAVES COUNTY, NEW MEXICO.**

CASE NO. 14023

APPLICATION

CHESAPEAKE OPERATING, INC. ("Chesapeake") by its undersigned attorneys, hereby makes application to the Oil Conservation Division for an Order rescinding the Special Pool Rules and Regulations for the TV-Pennsylvanian Gas Pool to permit the pool to be developed under the General Rules and Regulations of the Oil Conservation Division, and in support of this application states:

1. Chesapeake is an operator in the TV-Pennsylvanian Pool which was created by the Oil Conservation Division by Order No. R-1839, dated December 31, 1960, and has since been amended by Order No. R-12646, dated October 1, 2006, to include the following acreage in Chaves County, New Mexico:

TOWNSHIP 11 SOUTH, RANGE 31 EAST, NMPM

Section 22: N/2

Section 23: W/2

2. Order No. R-1839 also promulgated Special Rules and Regulations for the TV-Pennsylvanian Gas Pool that provide for 320-acre spacing (Rule 2) and require wells to be located 990 feet from the outer boundary of the quarter section upon which it is drilled and 330 feet from any governmental quarter-quarter section line (Rule 3.(a)).

3. By letter Dated September 25, 2007, the Oil Conservation Division identified certain wells in the T-V Pennsylvanian Gas Pool that have been drilled at locations that are unorthodox under these Special Rules and Regulations. The Division advised operators that they needed to either file an application with the Hobbs District Office for approval of an unorthodox well location for each well identified in the Division's letter or seek a hearing to change the Pool Rules.

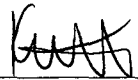

4. Chesapeake hereby seeks an order that rescinds the Special Rules and Regulations for the T-V Pennsylvanian Gas Pool and provides that this pool shall be governed by current General Rule 104.C(2) for deep gas that provides for 320-acre spacing units with wells located no closer than 660 feet from the outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

5. Approval of this application will protect the correlative rights of each owner in the pool by affording them the opportunity to produce their just and equitable share of the reserves in the pool, will prevent waste of hydrocarbons and will otherwise be in the best interest of conservation.

WHEREFORE, Chesapeake Operating, Inc. requests that this application be set for hearing before a Division Examiner on November 1, 2007 and that after notice and hearing as required by law and the rules of the Division, that this application be granted.

Respectfully submitted,

HOLLAND & Hart, LLP

By:  

William F. Carr

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

ATTORNEY FOR CHESAPEAKE
OPERATING INC.

CASE NO. 14023:

Application of Chesapeake Operating, Inc. for rescission of the Special Rules and Regulations for the T-V Pennsylvanian Pool, Chaves County, New Mexico. Applicant seeks rescission of the Special Rules and Regulations for the T-V Pennsylvanian Gas Pool to permit the pool to be developed under the current General Rule 104.C(2) for deep gas that provides for 320-acre spacing units with wells located no closer than 660 feet from the outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary. The T-V Pennsylvanian Pool includes the following acreage in Chaves County, New Mexico: the N/2 of section 22 and the W/2 of section 23, Township 11 South, Range 31 East, NMPM. Said pool is located approximately 7 miles southwest of the Village Caprock, New Mexico.