

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

**IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF HEARING:**

**APPLICATION OF CHESAPEAKE OPERATING, INC.  
TO RE-INSTATE DIVISION ORDER R-11993-A  
FOR COMPULSORY POOLING,  
LEA COUNTY NEW MEXICO**

**CASE 14340**

**PRE-HEARING STATEMENT**

**Chesapeake Operating, Inc. submits this pre-hearing statement as required by the  
New Mexico Oil Conservation Division.**

**APPEARANCES OF THE PARTIES**

**APPLICANT**

**Chesapeake Operating, Inc.  
6100 N. Western Ave  
Oklahoma City, OK 73118  
Attn: Kevin Pfister  
405-767-4752**

**ATTORNEY**

**Thomas Kellahin, Esq.  
706 Gonzales Road  
Santa Fe, New Mexico 87501  
505-982-4285**

**OPPONENT**

**None**

**ATTORNEY**

*AS*

## STATEMENT OF THE CASE

### APPLICANT:

CHESAPEAKE ENERGY CORPORATION, L.L.C. ("Chesapeake"), and in accordance with Section 70-2-17(c) NMSA (1978), applies to the New Mexico Oil Conservation Division, seeks to amend Order R-11993 to authorize subsequent operations for the recompletion of the Duncan Well No. 1 (API #30-025-36235) located in Unit A of Section 19, T20S, R39E into the Tubb and Drinkard formations and to commingle that production with the existing Abo formation.

This wellbore is currently dedicated to production from the DK-Abo Pool underlying the NE/4NE/4 in Section 19, T20S, R39E, NMPM.

Effective May 7, 2004, Chesapeake Operating, Inc., on behalf of Chesapeake Exploration Company, L.L.C., succeeded Xeric Oil & Gas Corporation as the operator of this spacing unit and this wellbore.

Previously in Case 14165, the Division entered Order R-11993-A, dated October 8, 2008. This order was required because Division Rule 36 does not provide the necessary subsequent operations procedure for this situation.

Order R-11993-A expired on December 31, 2008 because, as a result of a clerical oversight, Chesapeake failed to request an extension of the commencement date for the work-over of this well.

With the exception of the circumstances involved with the expiration of the order, the estimated work-over well costs and other facts for this pooling order remain the same as on October 2, 2008 the date of the original hearing for Order R-11993-A.

At this point, Chesapeake still has not been able to obtain a written voluntary agreement from all the party listed on Exhibit "A."

Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, the applicant needs an order of the Division amended Order R-11993 to include a method for sequent operations in order to recover incremental hydrocarbons, protect correlative rights and prevent waste.

**PROPOSED EVIDENCE**

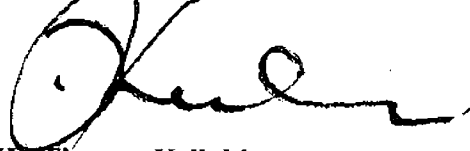
**APPLICANT**

<b>WITNESSES</b>		<b>EST. TIME</b>	<b>EST. EXHIBITS</b>
Ed Birdshead (land)	by affidavit	@ 10 min	@ 3-4

**PROCEDURAL MATTERS**

None

**KELLAHIN & KELLAHIN**



W. Thomas Kellahin  
706 Gonzales Road  
Santa Fe, New Mexico 875041  
Phone 505-982-4285  
Fax 505-982-2047  
E-mail: tkellahin@comcast.net