



Case No. 12448

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson

Governor

Joanna Prukop

Cabinet Secretary

July 11, 2003

Lori Wrotenberg

Director

Oil Conservation Division

Chesapeake Operating, Inc.
c/o **W. Thomas Kellahin**
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

Administrative Order NSL-4914

Dear Mr. Kellahin:

Reference is made to the following: (i) your application on behalf of the operator, Chesapeake Operating, Inc. ("Chesapeake") dated July 8, 2003 (*administrative application reference No. pMES0-319234117*); and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe, including the file in Division Case No. 12448: all concerning Chesapeake's request for an exception to the provisions of Division Rule 104.C (2) (b) for an infill gas well to be drilled at an unorthodox deep gas well location within an existing standard 320-acre stand-up gas spacing unit in the North Shoe Bar-Atoka Gas Pool (96763) comprising the E/2 of Section 15, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

This 320-acre unit is currently dedicated to Chesapeake's Boyce "15" Well No. 3 (API No. 30-025-35006) located at an unorthodox subsurface gas well location (approved by Division Order No. R-11432-A, issued in Division Reopened Case No. 12448 on November 28, 2000) in Unit "H" of Section 15.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox infill gas well location will be at a more favorable geologic position within the Atoka interval than a well drilled at a location considered to be standard within the SE/4 of Section 15.

By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled at an unorthodox infill North Shoe Bar-Atoka gas well location within this 320-acre unit is hereby approved:

Boyce "15" Well No. 4
2310' FSL & 660' FEL (Unit I).

Chesapeake is hereby authorized to simultaneously dedicate production attributed to the North Shoe Bar-Atoka Gas Pool from its existing Boyce "15" Well No. 3 with the proposed Boyce "15" Well No. 4.

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

Sincerely,

Lori Wrotenberg
Director

LW/mes

cc: New Mexico Oil Conservation Division - Hobbs
File: Division Case No. 12448