

HOLLAND & HART LLP



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November 17, 2009

HAND-DELIVERY

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

Case 14406

2009 NOV 17 P 2:54
RECEIVED OCD

**Re: Application of Chesapeake Operating, Inc. for approval of a
unit agreement, Eddy County, New Mexico.**

Dear Mr. Fesmire:

Enclosed in triplicate is the Application of Chesapeake Operating, Inc. in the above-referenced case as well as a copy of the legal advertisement. Chesapeake Operating, Inc. requests that this matter be placed on the December 17, 2009 Examiner Hearing docket.

Sincerely,

Ocean Munds-Dry

Ocean Munds-Dry

Enclosures

cc: Justin Zerkle (via email)

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

**APPLICATION OF CHESAPEAKE
OPERATING, INC. FOR APPROVAL
OF A UNIT AGREEMENT,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 14406

APPLICATION

CHESAPEAKE OPERATING, INC. ("Chesapeake"), through its undersigned attorneys, hereby makes application for an order approving its Forehand Ranches Exploratory Unit and in support of this application states:

1. The proposed Unit Area consists of 640 acres, more or less, of State of New Mexico lands, situated in Eddy County, New Mexico. The horizontal limits of said unit are described as follows:

Township 25 South, Range 26 East, N.M.P.M.

Section 36: All

2. The Unit Agreement has been approved by a sufficient percentage of the interest owners within the proposed Unit Area to provide effective control of unit operations.

3. The Applicant, Chesapeake Operating, Inc., is designated as Unit Operator in said Unit Agreement and all oil and gas in all formations are unitized.

4. The unit boundaries are consistent and substantially supported by the geological limits of the unitized formations.

5. Said Unit Agreement and the unitized operation and management of the Unit Area will be in the interest of conservation and the prevention of waste, and it will protect the correlative rights of all parties concerned.

WHEREFORE, Chesapeake Operating, Inc. requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 17, 2009, that notice be given as required by law and the rules of the Division, and that the Forehand Ranches Exploratory Unit be approved.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

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Santa Fe, New Mexico 87504
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ATTORNEYS FOR CHESAPEAKE
OPERATING INC.

CASE NO. 14406:

Application of Chesapeake Operating, Inc., for approval of a Unit Agreement, Eddy County, New Mexico. Applicant seeks approval of the Forehand Ranches Exploratory Unit from the surface to the base of the Bone Spring formation in an area comprising 640 acres of State of New Mexico lands in Section 36 in Township 25 South, Range 26 East, NMPM, which is located approximately 10 miles south of Carlsbad, New Mexico.