



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

POST OFFICE BOX 1980  
HOBBS, NEW MEXICO 88241-1980  
(505) 393-6161

April 3, 1997

Chesapeake Operating Inc  
ATT: Steven Tipton  
P O Box 18496  
Oklahoma City, OK 73154

RE: Chambers 7 #1-H,  
Sec.7, T-16s, R-36e

Gentlemen:

Per your letter from W Thomas Kellahin on March 25, 1997 a special request to produce the Chamber 7 #1 well in accordance with the 80 acre spacing including a depth bracket allowable of 445 BOPD is granted for 30 days or until your application is ruled on by the Oil Conservation Division in Santa Fe for creation of a new pool. If you are not granted this special pool rule, Chesapeake will have to make up any over production.

If you have any further questions on this matter, please call the Oil Conservation Division District I, Hobbs office (505) 393-6161.

Yours very truly,

OIL CONSERVATION DIVISION

Jerry Sexton  
District I, Supervisor

JS:dp

cc: file  
OCD, Santa Fe - Micheal Stogner  
W Thomas Kellahin

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

March 26, 1996

**VIA FACSIMILE**

Mr. Michael E. Stogner  
Chief Hearing Examiner  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Re: NMOCD Case 11750  
Application of Chesapeake Oil Company  
for Creation of a New Oil Pool with  
Special Rules and a Discovery Oil Allowable  
Lea County, New Mexico

Dear Mr. Stogner:

On behalf of Chesapeake Oil Company I would appreciate you continuing the referenced case from the Examiner docket schedule for April 3, 1997 to the Examiner hearing docket now scheduled for May 1, 1997.

Very truly yours,

W. Thomas Kellahin

cc: Chesapeake Oil Company  
Attn: Mike Hazlip

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

March 25, 1997

W. THOMAS KELLAHIN\*

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RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

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TELEFAX (505) 982-2047

**FEDERAL EXPRESS**

Mr. Jerry Sexton  
Oil Conservation Division  
1000 W. Broadway  
Hobbs, New Mexico 88240

Re: NMOCD Case No. 11750  
Application of Chesapeake Operating, Inc.  
for Creation of a New Strawn Oil Pool and  
Discovery Oil Allowable  
Lea County, New Mexico

*ms.*  
COPY

Dear Mr Sexton:

On March 11, 1997, I filed the enclosed application for Chesapeake Operating, Inc. requesting creation of a new Strawn oil pool including 80-acre oil spacing units with standard well locations being not closer than 330 feet to a quarter-quarter section line and a discovery oil allowable for its Chambers "7" Well No 1 located in Unit H of Section 7, T16S, R36E with the S/2NE/4 of Section 7 dedicated to the well. This case is now pending hearing on April 3, 1997. However, I anticipate that I will continue this case to the May 1, 1997 docket in order for Chesapeake to obtain additional drainage data to establish 80-acre spacing on a temporarily basis.

By letter dated March 10, 1997 (copy enclosed) you advised Chesapeake that the Division had placed this well in the Northeast ShoeBar-Strawn Pool which I believe is on statewide 40-acre spacing.

The purpose of this letter is to request that you allow Chesapeake to continue to produce and operate this well in accordance with the requested 80-acre spacing including a depth bracket allowable of 445 BOPD in order to obtain additional data for this hearing. In the event the Division does not grant this application, Chesapeake recognizes that it will be required to make up any over production.

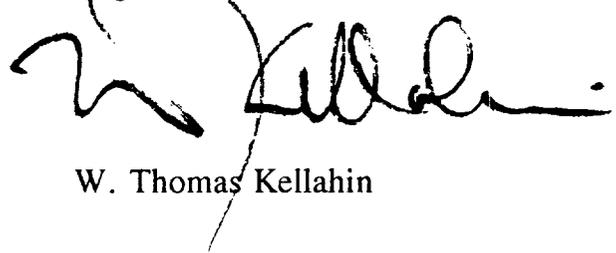
Mr. Jerry Sexton  
March 25, 1997  
Page 2.

I have enclosed for your information a draft of the form C-109 and copies of the Chesapeake geological exhibits. We are still preparing the engineering exhibits.

In addition, I wish to bring to your attention Chesapeake's proposed Alston "8" Well No 1 which has been approved in Unit L of Section 8 (copy of approved APD enclosed). Chesapeake anticipates that this well will be in the same Strawn reservoir as the discovery well, Chambers "7" Well No. 1.

Please let me know if there is anything else I need to do in order to obtain temporary approval to continue to produce the Chamber "7" Well No. 1 in excess of the 40-acre oil allowable currently assigned to the well.

Regards,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name below.

W. Thomas Kellahin

cc: NMOCD-Santa Fe  
Michael E. Stogner  
cc: Chesapeake Operating, Inc.  
Attn: Mike Hazlip