



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

December 3, 1997

Mr. James Bruce
Post Office Box 1056
Santa Fe, NM 87504

Mr. William F. Carr
Post Office Box 2208
Santa Fe, NM 87504-2208

**Re: Application of Chesapeake Operating, Inc. for an Unorthodox Well Location
Case No. 11844 (*de novo*)**

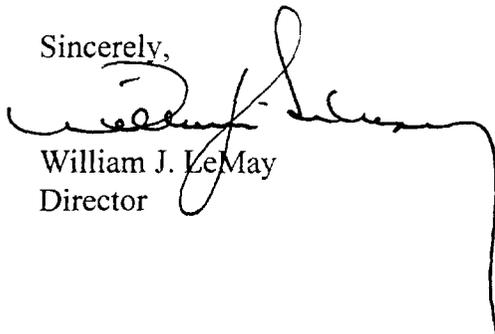
Gentlemen:

On November 14, 1997, at the request of Marathon Oil Company ("Marathon") a subpoena duces tecum was issued to Chesapeake Operating, Inc. ("Chesapeake"). On November 24, 1997, Chesapeake filed a motion to quash the subpoena duces tecum to which Marathon responded on December 1, 1997.

The motion to quash is denied, in part, because the Oil Conservation Division order itself, Order No. R-10891, states in paragraph 16: "The production penalty imposed on the Gandy "19" Well No. 1 should be based upon the location and general configuration of the Strawn structure as determined from applicant's [Chesapeake] 3-D seismic data."

However, in the event that Chesapeake does not intend to present any part of its 3-D seismic data at the *de novo* hearing before the Oil Conservation Commission, then Chesapeake need not produce the data requested in the subpoena duces tecum earlier issued.

Sincerely,



William J. LeMay
Director