

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

CASE NO. 11894

**APPLICATION OF CHESAPEAKE OPERATING, INC.
FOR AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.**

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Chesapeake Operating Inc., as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

Chesapeake Operating Inc.
P. O. Box 18496
Oklahoma City, OK 73154-0496
(405) 848-8000
attn: Mike Hazlip

ATTORNEY

W. Thomas Kellahin
KELLAHIN AND KELLAHIN
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

OPPONENT

Yates Petroleum Corporation
105 S. Fourth Street
Artesia, NM
Attn: Randy Patterson

ATTORNEY

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan
P. O. Box 2208
Santa Fe, New Mexico
(505) 988-4421

STATEMENT OF CASE

Applicant, Chesapeake, is the proposed operator of the Gandy "19" Well No. 1 to be located 2523 feet from the north line and 2370 east line (Unit G) of Section 19, T16S, R36E, Lea County, New Mexico.

Chesapeake proposes to drill this well to a depth sufficient to test for oil production from the Strawn formation.

In the event the well is subject to Northeast Shoe Bar-Strawn Pool rules which provide for 80-acre oil spacing, then Chesapeake will dedicated the S/2NE/4 to the well.

In the event the well is subject to statewide 40-acre oil spacing, then Chesapeake proposes to dedicate the SW/4NE/4 of Section 19 to the well if it is capable of oil production from the Strawn formation.

This proposed location is the optimum location in the SW/4NE/4 of said Section 19 at which to drill to test for Strawn oil production.

Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the oil underlying this unit, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

PROPOSED EVIDENCE

APPLICANT:

WITNESSES

EST. TIME EXHIBITS

Mike Hazlip (landman)

15 Min. @ 3 exhibits

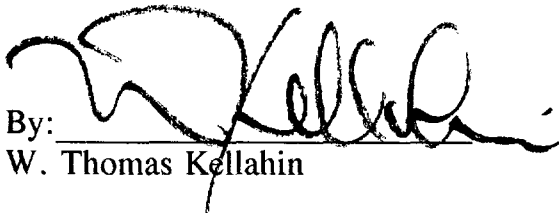
Robert Hefner (geologist)

30 Min. @ 4 exhibits

PROCEDURAL MATTERS

None anticipated at this time

KELLAHIN AND KELLAHIN

By: 
W. Thomas Kellahin