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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)

January 30, 20001

HAND DELIVERED

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87504

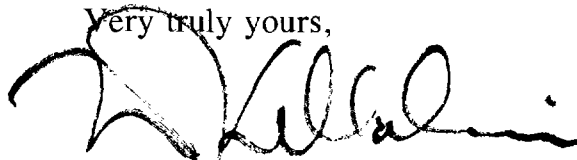
Re: **MOTION FOR PARTIAL DISMISS**
NMOCD Case 12591
Application of ~~David H.~~ Arrington Oil & Gas Inc.
for pool contraction, pool extension, unorthodox
well location and simultaneous dedication
Lea County, New Mexico

01 JAN 30 PM 3:14
01 JAN 30 11:04 AM

Dear Mr. Stogner:

On behalf of Chesapeake Operating Inc., an adversely affected interest operator, please find enclosed our motion to dismiss that portion of the referenced case which requests simultaneous dedication. This case is currently set for hearing on the Examiner's Docket scheduled for February 8, 2001.

Very truly yours,



W. Thomas Kellahin

cfx:

William F. Carr, Esq.,
attorney for David H. Arrington
Chesapeake Operating, Inc.
Attn: Lynda Townsend

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

IN THE MATTER OF THE APPLICATION
OF DAVID H. ARRINGTON OIL & GAS, INC.
FOR POOL CONTRACTION, POOL EXTENSION
UNORTHODOX GAS WELL LOCATION AND
SIMULTANEOUS DEDICATION
LEA COUNTY, NEW MEXICO

CASE NO. 12591

MOTION FOR PARTIAL DISMISSAL

Comes now CHESAPEAKE OPERATING INC. ("Chesapeake"), by its attorneys, Kellahin and Kellahin, and moves the New Mexico Oil Conservation Division ("Division") to dismiss that portion of the application of David H. Arrington Oil & Gas Inc. ("Arrington") which seeks approval for the simultaneous dedication of three (3) gas wells in the same 320-acre gas proration and spacing unit in the North Shoe Bar-Atoka Gas Pool;

And in Support States:

- (1) Chesapeake and Arrington are offsetting competing operators in the Atoka formation with Chesapeake operating wells in the E/2 of Section 15 while Arrington operates wells in the W/2 of adjoining Section 14. **See Exhibit A.**
- (2) Arrington and Chesapeake are primarily competing for Atoka gas production from the "Brunson Interval" which is located in the Lower Atoka portion of the North Shoe Bar-Atoka Gas Pool.

(3) Arrington erroneously predicates its request for three (3) Atoka gas wells in the W/2 of Section 14, T16S, R35E upon Division Order R-11432-A (Case 12448-Reopened) which approved Chesapeake's request for two (2) Atoka gas well in the NE/4 of a 320-acre spacing unit consisting of the E/2 of Section 15, T16S, R35E.

(4) On October 30, 2000, Chesapeake advised Arrington that Arrington's two gas well, one in the NW/4¹ and the other in the SW/4² and dedicated to the W/2 of Section 14 were incorrectly classified at wells in the Townsend-Morrow Gas Pool and requested that Arrington properly reclassify those wells as Brunson Interval wells in the North Shoe Bar-Atoka Gas Pool. **See Exhibit B**

(5) On November 28, 2000, the Division entered Order R-11432-A in case 12448 (Reopened) and approved Chesapeake's request to:

(1) reclassify Chesapeake's Boyce 15-#3 Well (Unit H) of Section 15 from the Townsend-Morrow Gas Pool and to recomple it in the Brunson Interval (Lower Atoka) of the North Shoe Bar Atoka Gas Pool.

(2) allowing Chesapeake's Boyce 15-#1 Well (Unit A) of Section 15 to continue to produce from the Upper Atoka of the North Shoe Bar Atoka Gas Pool.³

(6) Chesapeake applied for simultaneous dedication of these two wells because they produced from different portions of the pool and the Chesapeake spacing unit was being drained by Arrington's offsetting MayFly Well No. 1 which was producing from the Brunson Interval.⁴

¹ Arrington's Mayfly 14 Well No 1 is at an unorthodox well location in Unit D and is producing from the Brunson Interval of the Atoka formation.

² Arrington's Monstano Well No. 1 (now called the Mayfly Well No. 6 is located in Unit K of Section 14, is completed in the Brunson Interval of the Atoka. Arrington has no working interest in this well and there currently is a dispute among the working interest owners over whether Arrington is the properly elected and qualified operator.

³ The Brunson Interval is not productive in this wellbore.

⁴ Arrington was notified of Chesapeake's application and did not object.

(7) In approving Chesapeake's application the Division Order R-11432-A (**See attached Exhibit C**) **specifically limited** Chesapeake to:

- (a) producing **only** the Upper Atoka within the Boyce "15" Well No. 1;
- (b) producing **only** the Brunson Interval of the Lower Atoka within the Boyce "15" Well No. 3; and
- (c) **precluded** Chesapeake from drilling or recompleting additional infill wells within the E/2 of Section 15.

(8) Contrary to Chesapeake's approvals, Arrington wants to take the MayFly 14 Well No. 4 in Unit E of Section 14 which is a Strawn well and deepen it to the North Shoe Bar-Atoka Gas Pool.

(9) If Arrington does so and attempts to complete in the Brunson Interval, then he will have two wells in the same 160-acre producing from the same Brunson interval which Chesapeake offsets with only one Brunson Interval well.

(10) In addition, there will be three (3) Atoka gas wells in the W/2 of Section 15 which the Division denied to Chesapeake in its offsetting spacing unit.

(11) Finally, there is no need for Arrington to deepen the MayFly 14 Well No 4 to the Upper Atoka when that zone is currently available to Arrington in the MayFly 14 Well No. 1 which is located in the same 160-acre tract.

(12) In Paragraph 5 of its application, Arrington refers to the Division Order approving Chesapeake simultaneous dedication of two (2) Atoka Gas wells apparently as the basis for its request for simultaneous dedication of three (3) Atoka gas wells in the same 320-acre gas spacing unit. Arrington alleges no other basis as justification for its request.

(13) Chesapeake requested and obtained approval to drill its one optional infill Atoka well in the spacing unit in the same 160-acres as the initial well in order to protect itself from drainage by Arrington's existing one optional infill well. Now Arrington wants a second infill well which only accelerates the competition and undercuts the basic purposes of General Rule 104 and establishes a bad precedent for southeastern New Mexico.

NMOCD Case _____
Chesapeake Operating, Inc.
Motion for Partial Dismissal
-Page 4-

WHEREFORE, Chesapeake requests that the Division grant its motion for partial dismissal because the Arrington application fails to set forth appropriate allegations to support the Division approval of the simultaneous dedication of a third Atoka gas well in the subject spacing unit.




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

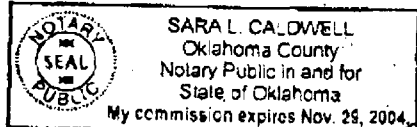
VERIFICATION

State of Oklahoma)
County of Oklahoma) ss.

IV
Comes now Robert Hefner, being first duly sworn, upon his oath deposes and states: That he is a petroleum geologist for Chesapeake Operating, Inc., that he has read the foregoing pleadings and know the contents thereof, and that the same is true and correct of this own knowledge, information and belief.


Robert Hefner IV

SUBSCRIBED AND SWORN to before me by Robert Hefner/^{IV} who personally appeared before me this 24th day of January, 2001.


Notary Public

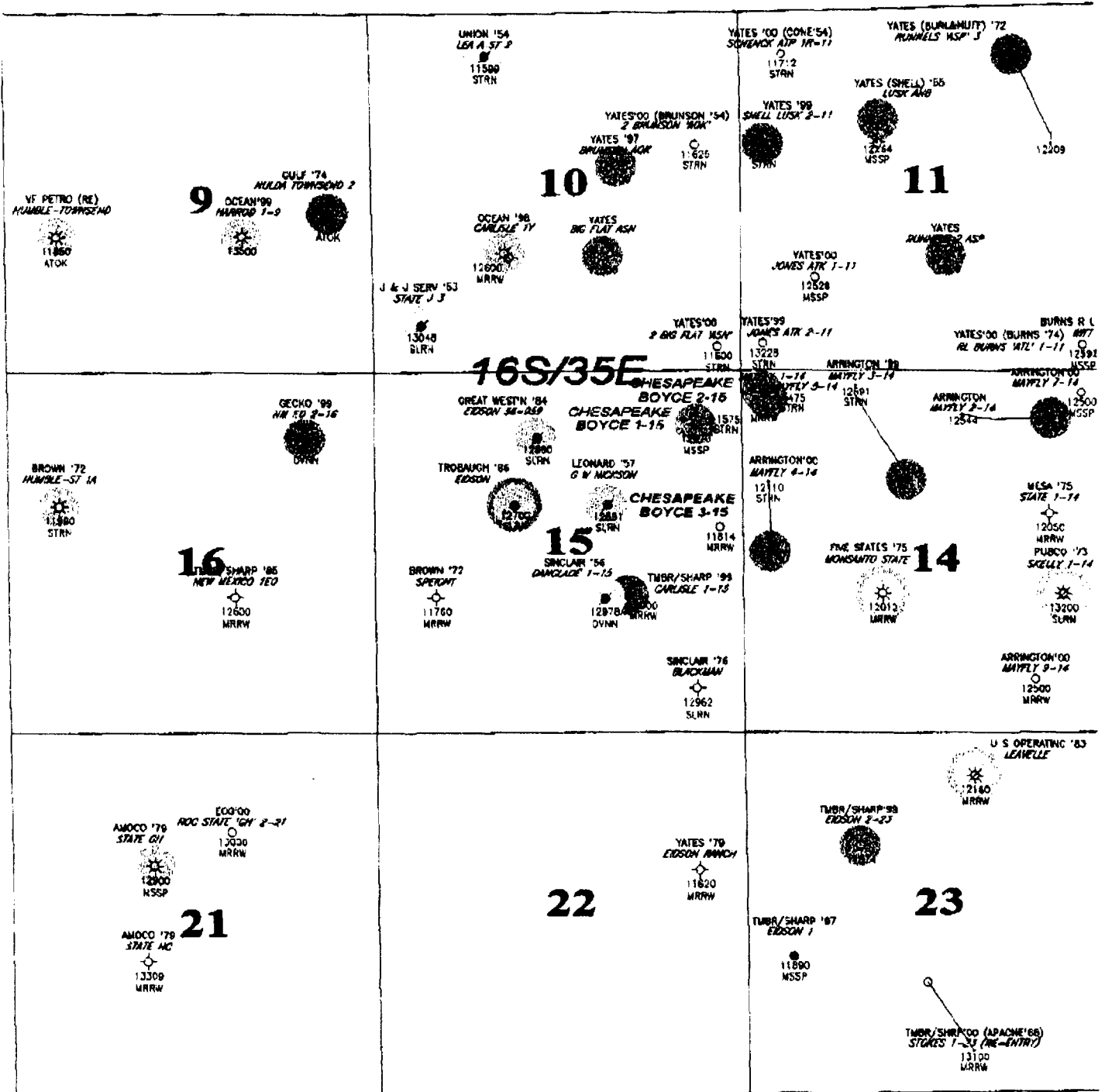
My Commission Expires: 11/29/04

Seal

CERTIFICATE OF SERVICE

I certify that a copy of this pleading was transmitted by Hand delivered to counsel for applicant this 30th day of January, 2001.


W. Thomas Kellahin



ONLY WELLS > 11,000' SHOWN

PRODUCTION INDEX

- Wolfcamp
- Strawn
- Atoka
- Morrow
- Devonian

EXHIBIT NO. _____
HEARING DATE: 7/13/2000



CHESAPEAKE OPERATING, INC.

Big Dog Project
BOYCE 3-15 16S/35E
Lea County, New Mexico

Robert A. Hether IV	8/30/2000	Lynne Townsend
Cliff A. Heneck	1"-2,000'	Randy Quasway

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JASON KELLAHIN (RETIRED 1991)

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

October 30, 2000

Via Facsimile

Mr. William F. Carr, Esq
Campbell & Carr
P. O. Box 2208
Santa Fe, New Mexico 87504

Re: NMOCD Case 12448:
Application of Chesapeake Operating Inc
for simultaneous dedication
Boyce 15-3 Well E/2 Section 15, T16S, R35E,
Lea County NM

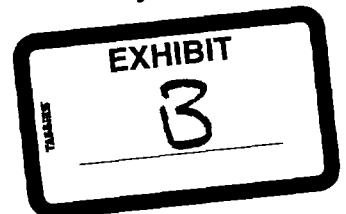
Dear Bill:

On Friday, I transmitted a letter to you which contained errors in describing some of these wells and their locations. This letter correctly identifies the wells and replaces the letter sent on Friday.

After your phone conversation on Monday, I reviewed my Chesapeake file concerning the status of the Chesapeake wells in the E/2 of Section 15 and the Arrington wells in the W/2 of Section 14. This is what I have:

(1) Chesapeake's Boyce 15-#3 Well (Unit H) of Section 15 is in the Townsend Morrow Gas Pool and Chesapeake have requested OCD approval to recomplete in the Brunson Interval (Lower Atoka) of the North Shoe Bar Atoka Gas Pool.

(2) Chesapeake's Boyce 15-#1 Well (Unit A) of Section 15 is producing from the Upper Atoka of the North Shoe Bar Atoka Gas Pool. Chesapeake has applied for simultaneous dedication of these two wells because they produce from different portions of the pool.



William F. Carr, Esq.

October 30, 2000

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(3) Arrington's Monsanto Well No. 1 in Unit K of Section 14 is producing from the Brunson Interval of the North Shoe Bar Atoka Gas Pool **but** is incorrectly dedicated to the Townsend Morrow Gas Pool. Arrington needs to correct this classification.

(4) Arrington's MayFly 14-1 Well in Unit D of Section 14 also is producing from the Brunson Interval of the North Shoe Bar Atoka Gas Pool **but** is incorrectly dedicated to the Townsend Morrow Gas Pool. Arrington needs to correct this classification.

(5) Arrington's MayFly 14-4 Well in Unit E of Section 14 is a Strawn well which Arrington wants to deepen to the North Shoe Bar Atoka Gas Pool. If he does so and attempts to complete in the Brunson Interval, then he will have two wells in the same 160-acre producing from the same Brunson interval which Chesapeake offsets with only one Brunson Interval well. If Arrington seeks to do this, he will be opposed by Chesapeake.

Best regards,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a large, sweeping initial 'W'.

W. Thomas Kellahin

cfx: Chesapeake Operating Inc.

Attn: Lynda Townsend