

**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)

January 25, 2001

**Hand Delivered**

Ms. Lori Wrotenbery, Director  
Oil Conservation Division  
1220 S. Saint Francis Drive  
Santa Fe, New Mexico 87504

Case 12595

01 JAN 25 AM 8:30

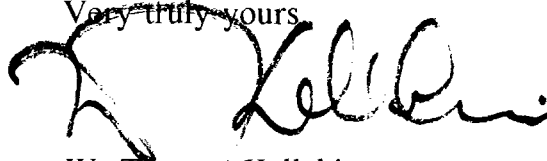
01 JAN 25 PM 1:00

Re: Buchanan "5" Well No. 1  
S/2NE/4 Section 5, T17S, R37E, NMPM  
Application of Chesapeake Operating, Inc.  
for an unorthodox oil well location,  
Lea County, New Mexico

Dear Ms. Wrotenbery:

On behalf of Chesapeake Operating, Inc., please find enclosed our application for an unorthodox oil well location which we request be set for hearing on the next available Examiner's docket now scheduled for February 22, 2001. Also enclosed is our proposed notice for the advertisement.

Very truly yours,



W. Thomas Kellahin

cc: Chesapeake Operating, Inc.  
Attn: Lynda Townsend

Proposed notification/advertisement for OCD docket

Case 12996: Application of Chesapeake Operating, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks approval to drill and produce its proposed Buchanan "5" Well No. 1 at an unorthodox oil well location 2365 feet from the north line and 1641 feet from the east line (Unit G) of Section 5, Township 17 South, Range 37 East, NMPM, for production from the Strawn formation from the Shipp-Strawn Pool to be dedicated to a standard 80-acre oil spacing and proration unit consisting of the S/2NE/4 of this section. This location is located approximately 7 miles southeast of Lovington, New Mexico.

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

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

**CASE:** 12595

OIL CONSERVATION DIV.  
JAN 25 AM 8:30

**APPLICATION**

Comes now CHESAPEAKE OPERATING, INC. ("Chesapeake") by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division ("NMOCD") for approval to drill and produce its proposed Buchanan "5" Well No. 1 at an unorthodox oil well location 2365 feet from the north line and 1641 feet from the east line (Unit G) of Section 5, Township 17 South, Range 37 East, NMPM, for production from the Strawn formation from the Shipp-Strawn Pool to be dedicated to a standard 80-acre oil spacing and proration unit consisting of the S/2NE/4 of this section.

In support thereof, Applicant states:

1. Applicant, Chesapeake, is the proposed operator of the Buchanan "5" Well No. 1 to be drilled as a Strawn oil well at an unorthodox oil well location 2365 feet from the north line and 1641 east line (Unit G) of Section 5, T17S, R37E, Lea County, New Mexico for any production from the Shipp-Strawn Pool.

2. This well location is subject to the Division's special rules for the Shipp-Strawn Pool which provide for 80-acre spacing and proration units and standard well locations within 150 feet of the center of a quarter/quarter section of the spacing unit.


3. Chesapeake's geologic evaluation indicates that the optimum location for this well is at an unorthodox well location.

4. The well encroaches towards the SE/4 of Section 5 in which there is no Strawn oil well. In accordance with the Division's notice rules, notice of this hearing is being sent to all of the working interest owners and unleased mineral owners in that quarter section.

5. Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the gas 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.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

KELLAHIN and KELLAHIN

BY 

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

SE/4 Sec 5-T17S-R37E  
Lea County, NM

MINERAL OWNERS (Unleased or open)

WA Yeager Group  
PO Box 1756  
Midland, TX 79702

Estate of John Fitzgerald  
814 W. Storey  
Midland, TX 79701

Ashland Exploration, Inc.  
PO Box 391  
Ashland, KY 41101

William J. Sanders  
PO Box 201347  
Arlington, TX 76006

LMA Royalties, Ltd.  
PO Box 1778  
Colorado Springs, CO 80901

Mary J. Fitz-Gerald  
PO Box 1585  
Midland, TX 79702

Charles B. Read  
PO Box 1518  
Roswell, NM 88202

Stevens Revocable Trust  
Norman L. Stevens, Jr., Trustee  
PO Box 1  
Hondo, NM 88338

Charles J. Hoffman, III

1125 Rolling Springs Road  
Ft. Worth, TX 76114

W/OWNERS

Amerind Oil Company  
415 West Wall Street, Suite 500  
Midland, TX 79701

Northport Production Company  
1001 NW 63rd, Ste. 305  
Oklahoma City, OK 73118

Quatro Resources LLC

1401 East Bryan  
Sapulpa, OK 74068

Amerac Energy Corp.  
700 Louisiana, Ste. 3330  
Houston, TX 77002

Finlay Energy Company  
3030 NE Expressway, Ste. 1800  
Oklahoma City, OK 73112

JACA Oil and Gas, Inc.  
PO Box 135  
Snyder, TX 79549

Exhibit  
A

SE/4 Sec 5-T17S-R37E  
Lea County, NM

Commonwealth Royalty, (Part.)  
3030 NE Expressway, Ste. 1600  
Oklahoma City, OK 73112

Chester F. Decker  
2700 NW 157th Street  
Edmond, OK 73013

Jan Oil Company  
PO Box 76469  
Oklahoma City, OK 74147

~~Rebin Oil and Gas Corp.~~

## REPLACED BY:

Fremont Exploration Inc.  
12412 St. Andrews Drive  
Oklahoma City, OK 73120

The Langstroth Family, Ltd. I  
c/o LWH Mortgage Funding Group  
3111 N. Andrews Ave., Bldg. 2  
Ft. Lauderdale, FL 33309

~~Thomas J. Lustkemeyer~~  
~~PO Box 78468~~  
~~Oklahoma City, OK 73147~~

## REPLACED BY:

Fremont Exploration Inc.  
12412 St. Andrews Drive  
Oklahoma City, OK 73120

Chat Nelson Mitchell  
PO Box 1705  
Taos, NM 87571

Marvin R. Morgan  
2225 W. Hefner Road  
Oklahoma City, OK 73120

Sundance Resources, IN.  
9500 Forest Lane, Ste. 500  
Dallas, TX 75243

H. Huffman and Company  
204 N. Robinson, Ste. 500  
Oklahoma City, OK 73102

Jones Energy  
210 Park Avenue, Ste. 2300  
Oklahoma City, OK 73102

Chesapeake Exploration LP  
PO Box 18498  
Oklahoma City, OK 73154-0498