

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

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:**

**CASE NO. 11894  
Order No. R-10937**

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

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This cause came on for hearing at 8:15 a.m. on December 4, 1997, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 7<sup>th</sup> day of January, 1998, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

**FINDS THAT:**

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Chesapeake Operating, Inc., seeks authority to drill its Salbar "16" Well No. 1 at an unorthodox oil well location 2456 feet from the North line and 1028 feet from the West line (Unit E) of Section 16, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, to test the Strawn formation. The SW/4 NW/4 of Section 16 is to be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit.

(3) At the time of the hearing, the applicant testified that the actual proposed location of the ~~Salbar~~ "16" Well No. 1 is 2456 feet from the North line and 1023 feet from the West line (Unit E) of Section 16. In addition, subsequent to filing the application for this case, it was determined that the proposed well is located within one mile of the Northeast Shoe Bar-Strawn Pool which is currently governed by Temporary Special Rules and Regulations as promulgated by Division Order No. R-10848 which require standard 80-acre spacing and proration units with wells to be located no closer than 330 feet from the outer boundary of the spacing unit. As a result, applicant now seeks to dedicate the S/2 NW/4 of Section 16 to the subject well thereby forming a standard 80-acre oil spacing and proration unit for said pool.

