

CASE NO. 11894
Order No. R-10937
Page -4-

- a) Chesapeake presented extensive and sufficient geophysical and geologic evidence and testimony to justify drilling its Salbar "16" Well No. 1 at the proposed unorthodox location;
- b) Chesapeake's methods of interpreting its 3-D seismic data appear to be highly reliable as evidenced from the fact that it has drilled ten successful Strawn wells in succession in this area;
- c) Chesapeake's geophysical and geologic evidence and testimony demonstrates that the vast majority of this Strawn reservoir is located on its acreage within the S/2 NW/4 of Section 16, and that only a very small portion of the reservoir is located on Yates' acreage in the N/2 SW/4;
- d) the geologic evidence and testimony presented by Yates is insufficient to demonstrate that:
 - i) 60% of this Strawn reservoir is located on its acreage within the SW/4 of Section 16 and 40% of this Strawn reservoir is located on Chesapeake's acreage within the S/2 NW/4 of Section 16;
 - ii) a standard oil well location within the SW/4 NW/4 of Section 16 is geologically preferable to the location proposed by the applicant;
 - iii) the Strawn structure proposed to be drilled by the applicant is in communication with a Strawn structure which is located within the SW/4 of Section 16, which structure will likely be drilled by Yates; and.
 - iv) its correlative rights will be violated unless the proposed unorthodox location is denied or the Salbar '16" Well No. 1, if approved, is assessed a production penalty of 60% or 44%.

