

**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. 12448 (Reopened)
Order No. R-11432-A**

**APPLICATION OF CHESAPEAKE OPERATING, INC. TO REOPEN CASE
12448 AND AMEND DIVISION ORDER NO. R-11432 WHICH PROVIDED FOR
AN UNORTHODOX GAS WELL LOCATION, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 19 and November 16, 2000, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 28th day of November, 2000, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) By Order No. R-11432 issued in Case No. 12448 on August 3, 2000, the Division authorized Chesapeake Operating, Inc. ("Chesapeake") to complete and produce its Boyce "15" Well No. 3 (API No. 30-025-35006) at an unorthodox surface location 2310 feet from the North line and 341 feet from the East line (Unit H), and at an unorthodox bottomhole location 2382 feet from the North line and 430 feet from the East line (Unit H) of Section 15, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico, in the Morrow formation, Townsend-Morrow Gas Pool. The E/2 of Section 15 was to be dedicated to the well forming a standard 320-acre gas spacing and proration unit.

(3) Chesapeake seeks approval for an unorthodox gas well location for its Boyce "15" Well No. 3 in the Atoka formation, North Shoe Bar-Atoka Gas Pool, Lea County, New Mexico. Chesapeake further seeks authority to simultaneously dedicate the E/2 of Section 15 in the North Shoe Bar-Atoka Gas Pool to the Boyce "15" Well No. 3 and to its existing Boyce "15" Well No. 1 (API No. 30-025-34591) located at a standard

gas well location 800 feet from the North line and 660 feet from the East line (Unit A) of Section 15.

(4) Chesapeake appeared at the hearing through legal counsel and requested that the Division incorporate the hearing transcript and exhibits presented in Case No. 12482, heard by the Division on September 7, 2000, in the immediate case.

(5) By Order No. R-11460, entered in Case No. 12482 on September 28, 2000, the Division denied the application of Chesapeake to: i) contract the lower vertical limits of the North Shoe Bar-Atoka Gas Pool to exclude the "Brunson" interval; ii) redesignate the North Shoe Bar-Atoka Gas Pool as the North Shoe Bar Upper-Atoka Gas Pool; and iii) create a new gas pool for the production of gas from the "Brunson" interval, this pool to be designated the North Shoe Bar Lower-Atoka Gas Pool.

(6) The North Shoe Bar-Atoka Gas Pool currently comprises the following described area:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM

Section 2: Lots 9, 10, 15 and 16, SE/4
Section 10: E/2
Section 11: All
Section 15: E/2

(7) The North Shoe Bar-Atoka Gas Pool is currently governed by Division Rule 104.C.(2), which states, in part:

- (a) the initial well on a 320-acre unit shall be located no closer than 660 feet to the outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary; and
- (b) only one infill well on a 320-acre unit shall be allowed provided that the well is located in the quarter section of the 320-acre unit not containing the initial well and is no closer than 660 feet to the outer boundary of the quarter section and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

