

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

IN THE MATTER OF THE APPLICATION  
OF SAMSON RESOURCES COMPANY,  
KAISER-FRANCIS OIL COMPANY AND  
MEWBOURNE OIL COMPANY FOR  
CANCELLATION OF A DRILLING PERMIT  
AND APPROVAL OF A DRILLING PERMIT,  
LEA COUNTY, NEW MEXICO

CASE NO. 13492

**CHRONOLOGY – Exhibit 1**

September 30, 2003 (Exhibit 2)	Samson seeks a farmout of Kaiser-Francis lease interests in the S/2 of Sec. 9, T21S, R35E to drill a Morrow test well in the SW/4 of Sec. 9.
May 5, 2004 (Exhibit 3)	Mewbourne proposes an acreage trade for Kaiser Francis lease interests in the SE/4 of Sec. 4 and S/2 Sec. 9, T21S, R35E for a Mewbourne lease interest in T24S, R29E and T20S, R25E.
May 21, 2004 (Exhibit 4)	Mewbourne seeks a term assignment of Kaiser-Francis lease interests in the SE/4 of Sec. 4 and the S/2 of Sec. 9.
March 8, 2005 (Exhibit 5)	Letter Agreement for the exchange of leasehold interest between Kaiser-Francis and Mewbourne, including 33 acres in the South 320 acres of Sec. 4, T21S, R35E.
March 10, 2005	The March 8, 2005 Letter Agreement for the exchange of leasehold interests between Kaiser-Francis and Mewbourne is executed by Mewbourne, with changes.
March 9, 2005 (Exhibit 6)	Chesapeake correspondence proposing a Morrow well to be drilled at an unspecified standard gas well location in the S/2 of Sec. 12. (The proposal was sent on March 11, 2005.)
March 11, 2005	Chesapeake's well proposal was sent and was received at Kaiser-Francis's office on Friday, March 11, 2005 (the well proposal was accompanied by an AFE, but no Operating Agreement was included.)
March 14, 2005	Chesapeake's well proposal is circulated to Jim Wakefield at Kaiser-Francis on Monday, March 14 <sup>th</sup> . Mr. Wakefield calls Lynda Townsend, Chesapeake's landman, to discuss Chesapeake's March 9th well proposal. Townsend indicates that Chesapeake's well may be drilled on Chesapeake's lease on the SW/4 of Sec. 4. Wakefield informs Townsend that Kaiser-Francis plans to drill on the SE/4 of Sec. 4 in order to offset the Osudo State 1-9 well.
March 24, 2005	Effective date of the Kaiser-Francis, Samson Resources Company and Mewbourne Oil Company Joint Operating Agreement forming a standard 320-acre standup gas spacing and proration unit comprised of Lots 9, 10, 15, 16 in the SE/4 of Sec. 4 for the drilling of the Osudo 4 State Com Well No. 1 at a standard gas well location 660' FSL and 1650' FEL of Sec. 4.
April 4, 2005	Kaiser-Francis executes Communitization Agreement
April 4, 2005 (Exhibit 7)	Chesapeake's landman writes to Kaiser-Francis to follow-up on Chesapeake's March 9, 2005 well proposal. A standard form JOA is enclosed. Article VI-A of the JOA reflects a well location 660' FSL and 990' FEL of Sec. 4.

April 5, 2005	Chesapeake's April 4, 2005 letter and standard form Operating Agreement are received by Kaiser-Francis.
April 5, 2005	Lynda Townsend calls Jim Wakefield seeking Kaiser's support for a S/2 unit. Wakefield informs Townsend that Kaiser-Francis entered into an agreement with Mewbourne and Samson to form a voluntary standup unit and to drill a Morrow test well at a location 1650' FEL and 660' FSL of Sec. 4.
April 5, 2005	Lynda Townsend asks Kaiser-Francis "to abandon" its agreement with Samson and Mewbourne. Lynda Townsend states that Chesapeake was ready to move in a drilling rig asap in order to protect "its acreage" from drainage by the Osudo State 1-9 well. Mr. Wakefield informs Ms. Townsend and Chesapeake's geologist, Mike Brown, that Chesapeake's conduct would constitute trespass.
April 14, 2005 (Exhibit 8)	Mike Hazlip, Chesapeake, e-mails Tom Ward, Chief Operating Officer of Chesapeake. The conversation between Lynda Townsend and Jim Wakefield is discussed as well as Kaiser-Francis's agreement with Mewbourne to drill a well on a standup 320-acre unit.
April 15, 2005	Tom Ward, Chesapeake, e-mails Buddy Kleemeier, Vice President adn COO of Kaiser-Francis, regarding the situation in New Mexico.
April 18, 2005	Jim Wakefield e-mails Buddy Kleemeier with the details of the pre-existing agreement with Mewbourne made on March 8, 2005. The conversation with Chesapeake's landman, Lynda Townsend is also discussed and it is noted that Chesapeake had verbally indicated that the location for their proposed well was to be the SE/SW/4 of Sec. 4.
April 18, 2005	Buddy Kleemeier, Kaiser-Francis, responds to Tom Ward's e-mail and informs him of the pre-existing agreement with Mewbourne. Mr. Ward is provided with details of the negotiations between Kaiser-Francis and Mewbourne which had been ongoing for more than a year. Mr. Wakefield's e-mail is included.
April 20, 2005 (Exhibit 9)	Mewbourne files the Communitization Agreement with the State Land Office.
April 27, 2005 (Exhibit 10) (Exhibit 11) (Exhibit 12)	The Commissioner of Public Lands approves that Communitizaton Agreement forming a communitized area comprised of Lots 9, 10, 15, 16 and the SE/4 of Sec. 4. The Communitization Agreement is effective April 1, 2005. (The Communitization Agreement is executed by Kaiser-Francis on April 4, 2005, by Samson on April 12, 2005, and by Mewbourne on April 20, 2005.)
April 27, 2005	Chesapeake moves its drilling rig onto location in the SE/4 of Sec. 4 and begins drilling.