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2006 JUN 19 PM 2 03

June 19, 2006

Case 13749

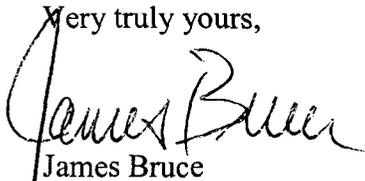
Hand Delivered

Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Magnum Hunter Production, Inc., are an original and one copy of an application for cancellation of an APD, *etc.*, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the July 20, 2006 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

Attorney for Magnum Hunter Production, Inc.

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

**APPLICATION OF MAGNUM HUNTER  
PRODUCTION, INC. FOR CANCELLATION  
OF ONE DRILLING PERMIT AND APPROVAL  
OF A SECOND DRILLING PERMIT, LEA  
COUNTY, NEW MEXICO.**

2006 JUN 19 PM 2 03

Case No. 13749

**APPLICATION**

Magnum Hunter Production, Inc., for its application, states:

1. Applicant is a working interest owner in the E $\frac{1}{2}$  of Section 10, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

2. Applicant proposes to drill its New Sheriff 10 Fed. Com. Well No. 1, to be located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 10. Applicant plans to dedicate the E $\frac{1}{2}$  of Section 10 to the well to form a standard 320 acre gas spacing and proration unit for all formations or pools developed on 320 acre spacing, including the Undesignated West Teas-Morrow Gas Pool.

3. In late 2005 or early 2006, Samson Resources Company ("Samson") filed with the Division's Hobbs District Office an Application for Permit to Drill ("APD") for its Marshall 10 Fed. Com. Well No. 1, to be drilled at a location in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 10 to test the Morrow formation. Samson's APD was approved by the Division on January 4, 2006, with the S $\frac{1}{2}$  of Section 10 to be dedicated to the well to form a standard 320 acre gas spacing and proration unit for all formations or pools developed on 320 acre spacing, including the Undesignated West Teas-Morrow Gas Pool. A copy of a portion of Samson's APD is attached hereto as Exhibit A.

4. Subsequently, Gruy Petroleum Management Co., on applicant's behalf, filed with the Division's Hobbs District Office an APD for its proposed New Sheriff 10 Fed. Com. Well

No. 1. The APD was returned to applicant by the Hobbs District Office, unapproved, apparently because of Samson's previously approved APD. A copy of a portion of applicant's APD is attached hereto as Exhibit B.

5. Applicant is ready and willing to commence the New Sheriff 10 Fed. Com. Well No. 1. Applicant has been verbally informed by Samson that Samson is not ready to commence its Marshall 10 Fed. Com. Well No. 1, nor does it have any specific plans on when to commence the well.

6. Applicant should be allowed to form its proposed E $\frac{1}{2}$  well unit and to drill its New Sheriff 10 Fed. Com. Well No. 1, and applicant's APD should be approved. Such approval will not preclude Samson from later drilling its well, which is in a different quarter section from applicant's well and which could have a W $\frac{1}{2}$  unit dedicated to it.

7. The granting of this application is in the interests of conservation, the protection of correlative rights, and the prevention of waste.

**WHEREFORE**, applicant requests that, after notice and hearing: (i) Samson's APD be cancelled; (ii) a stand-up unit, as proposed by applicant, be approved; and (iii) the decision of the Hobbs District Office be reversed, and applicant's APD be approved.

Respectfully submitted,



James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Magnum Hunter Production, Inc.

New Mexico Oil Conservation Division, District 4  
 1625 N. French Drive  
 UNITED STATES  
 DEPARTMENT OF THE INTERIOR  
 BUREAU OF LAND MANAGEMENT  
 Hobbs, NM 88240

A-49

FORM APPROVED  
 OMB No. 1004-0136  
 Expires November 30, 2010

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.  
**NM-13280**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No. **(35358)**  
**Marshall 10 Federal Com., #1**

9. API Well No.  
**30-025-37627**

10. Field and Pool, or Exploratory  
**Teas Morrow West**

11. Sec., T., R., M., or Blk. and Survey or Area  
**Sec. 10-T20S-R33E**

12. County or Parish  
**Lea**

13. State  
**NM**

1a. Type of Work:  DRILL  REENTER

1b. Type of Well:  Oil Well  Gas Well  Other  Single Zone  Multiple Zone

2. Name of Operator  
**Samson Resources**

3a. Address  
**Samson Plaza—Two W. 2nd St. Tulsa, OK 74103**

3b. Phone No. (include area code)  
**(918) 591-1822**

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)  
 At surface **1980' FSL & 1980' FWL**  
 At proposed prod. zone **same**  
**Unit K R-111-P-POTASH**

14. Distance in miles and direction from nearest town or post office\*  
**37 miles northeast of Carlsbad, NM**

15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)  
**660'**

16. No. of Acres in lease  
**960**

17. Spacing Unit dedicated to this well  
**320**

18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.  
**N/A**

19. Proposed Depth  
**14,000'**

20. BLM/BIA Bond No. on file  
**NM-2037**

21. Elevations (Show whether DF, KDB, RT, GI., etc.)  
**3565' GL**

22. Approximate date work will start\*  
**December 5, 2005**

23. Estimated duration  
**5 weeks**

24. Attachments **Capitan Controlled Water Basin**

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature *George R. Smith* Name (Printed/Typed) **George R. Smith** Date **10/28/05**

Title **Agent for Samson Resources**

Approved by (Signature) */s/ Linda S. C. Rundell* Name (Printed/Typed) **Linda S. C. Rundell** Date **JAN 04 2006**

Title **STATE DIRECTOR** Office **NM STATE OFFICE**

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
 Conditions of approval, if any, are attached. **APPROVAL FOR 1 YEAR**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)*

Lease Responsibility Statement: Samson Resources Co. accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof.

*George R. Smith*  
 George R. Smith, agent

WITNESSES: 16", 11 3/4" and 8 5/8" ELEMENT JOBS

**APPROVAL SUBJECT TO  
 GENERAL REQUIREMENTS AND  
 SPECIAL STIPULATIONS  
 ATTACHED**

EXHIBIT A

DISTRICT I  
1000 N. FRANCIS DR., SUCCO, NM 87540

DISTRICT II  
1000 N. GRAND AVENUE, ALBUQUERQUE, NM 87102

DISTRICT III  
1000 Ely Barrows Rd., Artes, NM 87410

DISTRICT IV  
1000 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102  
Revised JUNE 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number <b>30-025-37627</b>	Pool Code <b>86050</b>	Pool Name <b>Teas Morrow West</b>
Property Code <b>35358</b>	Property Name <b>MARSHALL 10 FEDERAL COM</b>	Well Number <b>1</b>
OCRD No. <b>20165</b>	Operator Name <b>SAMSON RESOURCES</b>	Elevation <b>3565'</b>

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>K</b>	<b>10</b>	<b>20-S</b>	<b>33-E</b>		<b>1980</b>	<b>SOUTH</b>	<b>1980</b>	<b>WEST</b>	<b>LEA</b>

Bottom Hole Location if Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres <b>320</b>	Joint or Infill <input checked="" type="checkbox"/>	Consolidation Code <b>Comm.</b>	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>George R. Smith</i> Signature</p> <p><b>George R. Smith</b> Printed Name</p> <p><b>Agent</b> Title</p> <p><b>October 28, 2005</b> Date</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p><b>OCTOBER 13, 2005</b> Date Surveyed</p> <p>Signature: <i>Donald J. Simpson</i> Professional Surveyor</p> <p><b>1024/05</b></p> <p>Certificate No. <b>DONALD J. SIMPSON 3920</b> REGISTERED PROFESSIONAL SURVEYOR</p>

NM-13280

GEODETIC COORDINATES  
NAD 27 NME

Y=577469.4 N  
X=709619.9 E

LAT.=32°35'08.61" N  
LONG.=103°39'09.98" W

SUBMIT IN TRIPLICATE\*

FORM APPROVED

OMB NO 1004-0136

Expires: February 28, 1995

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

(Other instructions on reverse side)

5 LEASE DESIGNATION AND SERIAL NO  
NM 2951

6 IF INDIAN, ALLOTTEE OR TRIBE NAME

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK  
DRILL  DEEPEN   
1b. TYPE OF WELL  
OIL  GAS  SINGLE  MULTIPLE   
WELL WELL OTHER ZONE ZONE

7 UNIT AGREEMENT NAME

Pending

2 NAME OF OPERATOR  
Gruy Petroleum Management Co

8 FARM OR LEASE NAME WELL NO

New Sheriff 10 Federal Com No 1

3 ADDRESS AND TELEPHONE NO  
P O. Box 140907 Irving TX 75014 972-401-3111

9 API WELL NO  
30-025-

4 LOCATION OF WELL (Report location clearly and in accordance with any State requirements \*)  
SHL: 330' FSL & 280' FEL  
BHL: 710' FSL & 710' FEL

10 FIELD AND POOL OR WILDCAT

Teas; Morrow, West

11 SEC T R. M BLOCK AND SURVEY

OR AREA

Sec 10-T20S-R33E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
19 miles SE of Maljamar

12 COUNTY OR PARISH  
Lea

13 STATE  
NM

15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE. T O (Also to nearest drig. unit line if any) 280'

16. NO. OF ACRES IN LEASE  
320

17. NO. OF ACRES ASSIGNED TO THIS WELL  
E/2 320

18. DISTANCE FROM PROPOSED LOCATION\* TO NEAREST WELL, DRILLING COMPLETED OR APPLIED FOR, ON THIS LEASE, FT  
N/A

19 PROPOSED DEPTH:  
14200'

20 ROTARY OR CABLE TOOLS  
Rotary

21 ELEVATIONS (Show whether DF RT GR etc.)  
3575' GR

22 APPROX DATE WORK WILL START\*  
01-15-06

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	H-40 13-3/8" ST&C	48#	500'	320sx Prem circ surf
12-1/4"	J-55 9-5/8" LT&C	40#	3500'	2000sx IntC/Prem circ surf
8-3/4"	P-110 5-1/2" LT&C	17#	14200'	1830sx TOC 2700'

From the base of the surface pipe through the running of production casing, the well will be equipped with a 5000 - psi BOP system We are requesting a variance for the 13-3/8" surface casing and BOP testing from Onshore Order No. 2, which states all casing strings below the conductor shall be pressure tested to 0 22 psi per foot or 1500#, whichever is greater, but not to exceed 70% of the manufacturer's stated maximum internal yield. During the running of the surface pipe and the drilling of the intermediate hole, we do not anticipate any pressures greater than 1000# and are requesting a variance to test the 13-3/8" casing and BOP system to 1000# psi and to use rig pumps instead of an independent service company

IN ABOVE SPACE, DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24 SIGNED Zeno Farris TITLE Mgr. Ops. Admin DATE 11-29-05

(This space for Federal or State office use)

PERMIT No. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. CONDITIONS OF APPROVAL IF ANY:

APPROVED BY \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_

\*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

EXHIBIT B

DISTRICT I  
1625 N. FRENCH DR. BOBBS, NM 88240

DISTRICT II  
1301 W. GRAND AVENUE ARTESIA, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102  
Revised JUNE 10, 2003  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
		Teas; Morrow, West
Property Code	Property Name	Well Number
	NEW SHERIFF 10 FEDERAL COM	1
OGRID No. 162683	Operator Name	Elevation
	GRUY PETROLEUM MANAGEMENT COMPANY	3575'

Surface Location

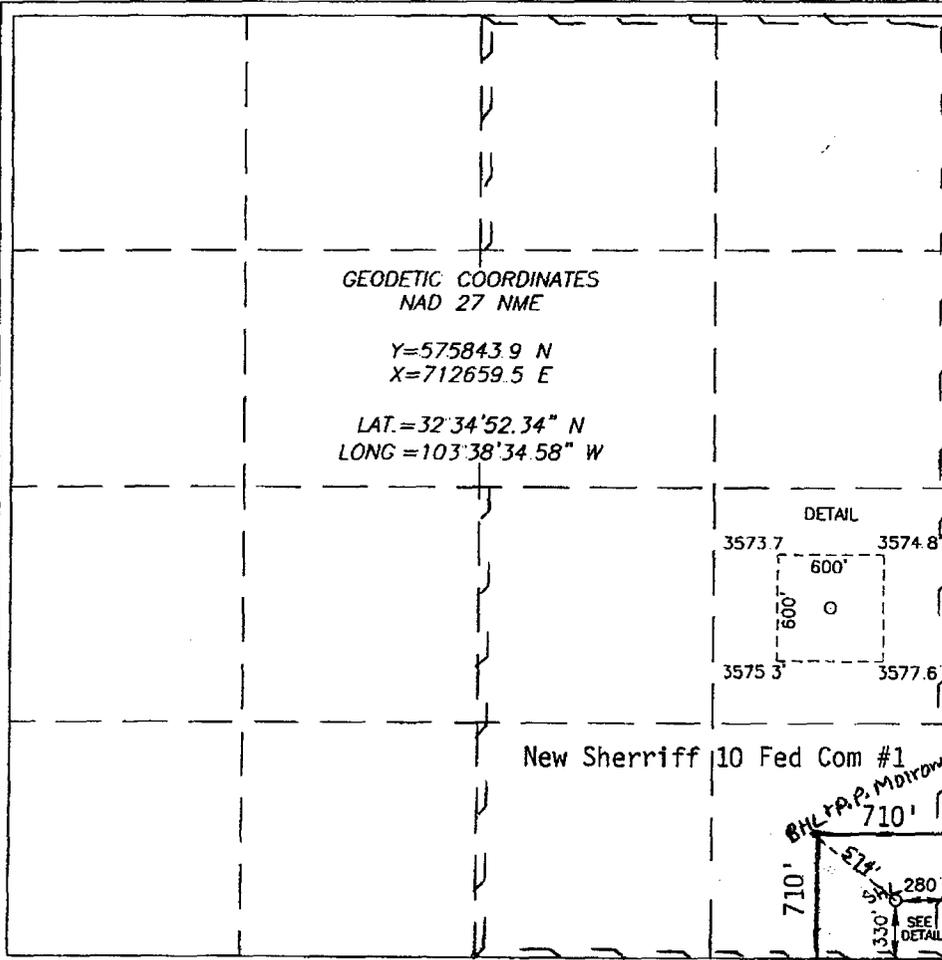
UI or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	10	20-S	33-E		330	SOUTH	280	EAST	LEA

Bottom Hole Location If Different From Surface

UI or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	10	20-S	33-E		710	SOUTH	710	EAST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320	N	C	

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



**OPERATOR CERTIFICATION**

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

*Zeno Farris*  
Signature  
Zeno Farris  
Printed Name  
Mgr Operations Admin  
Title  
November 30, 2005  
Date

**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

NOVEMBER 19, 2005  
Date Surveyed  
JR  
Signature & Seal  
Professional Surveyor  
GARY EIDSON  
NEW MEXICO  
11/24/05  
05.11.1747  
Certification No. GARY EIDSON 12841  
REGISTERED PROFESSIONAL SURVEYOR

PROPOSED ADVERTISEMENT

**Case No. 13749 : Application of Magnum Hunter Production, Inc. for cancellation of one drilling permit and approval of a second drilling permit, Lea County, New Mexico.** Applicant seeks an order canceling a drilling permit issued to Samson Resources Company covering the S/2 of Section 10, Township 20 South, Range 33 East, NMPM, and requiring the Division's Hobbs District Office to approve a drilling permit filed by applicant covering the E/2 of said Section 10, to form a standard 320-acre gas spacing and proration unit in the West Teas-Morrow Gas Pool. Applicant's well unit is located approximately 5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

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