

HOLLAND & HART^{LLP}



**Ocean Munds-Dry
Associate**

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May 19, 2006

HAND-DELIVERED

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 13730

2006 MAY 19 PM 4 29

Re: Application of Samson Resources Company for compulsory pooling, Lea County,
New Mexico.

Dear Mr. Fesmire:

Enclosed is the Application of Samson Resources Company in the above-referenced case as well as a copy of a legal advertisement. Samson requests that this application be placed on the docket for the June 22, 2006 Examiner hearings.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry

Enclosures

cc: Rita Buress (w/enclosures)
Samson Resources

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

**IN THE MATTER OF THE APPLICATION
OF SAMSON RESOURCES COMPANY,
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

2006 MAY 16 PM 4 09
CASE NO. 13930

APPLICATION

Samson Resources Company, ("Samson") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-17 (2006), for an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the S/2 of Section 12, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Quail Ridge Morrow Gas Pool, the Undesignated East Gem-Morrow Gas Pool and the Undesignated Teas-Pennsylvanian Gas Pool; the SE/4 for all formations and/or pools developed on 160-acre spacing within this vertical extent; and the SE/4 SE/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Teas Bone Spring Pool, the Undesignated Teas-Delaware Pool and the Undesignated Teas-Yates-Seven Rivers Pool and in support of its application states:

1. Samson is a working interest owner in the S/2 of said Section 12 and has the right to drill thereon.

2. Samson proposes to dedicate the above-referenced spacing or proration unit to its Marshall 12 Fed Com Well No. 1 to be drilled as a deviated well from an unorthodox surface location 550 feet from the East line and 660 feet from the South line (Unit P) to a bottomhole location 660 feet from the East line and 660 feet from the South line (Unit P) of said Section 12,

NMPM, Lea County, New Mexico, to an approximate depth of 13,700 feet to test any and all formations from the surface to the base of the Morrow formation.

3. Samson has sought and been unable to obtain a voluntary agreement for the development of these lands from certain interest owners in the subject spacing unit who are identified on **Exhibit A** to this application.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit Samson to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Samson should be designated the operator of the well to be drilled.

WHEREFORE, Samson Resources Company requests this application be set for hearing before a Division Examiner on June 22, 2006 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Samson operator of these units and the well to be drilled thereon,
- C. authorizing Samson to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by Samson in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: Ocean Munds-Dry
WILLIAM F. CARR
OCEAN MUNDS-DRY
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR SAMSON RESOURCES CO.

EXHIBIT A

**APPLICATION OF
SAMSON RESOURCES COMPANY
FOR COMPULSORY POOLING
SECTION 12, TOWNSHIP 20 SOUTH, RANGE 33 EAST, N.M.P.M.
LEA COUNTY, NEW MEXICO.**

ConocoPhillips Company
P.O. Box 2197, WL3 4066
Houston, Texas 77252

Trilogy Operating Inc.
P. O. Box 7606
Midland, Texas 79708

CASE 13730:

Application of Samson Resources Company for compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the S/2 of Section 12, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Quail Ridge Morrow Gas Pool; the Undesignated East Gem Morrow Gas Pool and the Undesignated Teas Pennsylvanian Gas Pool; the SE/4 for all formation and/or pools developed on 160-acre spacing within this vertical extent; and the SE/4 SE/4 for all formation and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Teas Bone Spring Pool, the Undesignated Teas Delaware Pool and the Undesignated Teas-Yates-Seven Rivers Pool. Said unit is to be dedicated to its Marshall 12 Fed Com Well No. 1 to be drilled as a deviated well from an unorthodox surface location 550 feet from the East line and 660 feet from the South line (Unit P) to a bottomhole location 660 feet from the East line and 660 feet from the South line (Unit P) of said Section 12 to an approximate depth 13,700 feet. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Samson Resources Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 7 miles northeast of Halfway, New Mexico.



May 19, 2006

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

AFFECTED INTEREST OWNERS

Re: Application of Samson Resources Company for compulsory pooling, Lea County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Samson Resources Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking the compulsory pooling of certain spacing and proration units in the S/2 of Section 12, Township 20 South, Range 33 East, NMPM, Lea County, New Mexico. Said units will be dedicated to Samson's Marshall 12 Fed Com Well No. 1 which it proposes to drill as a deviated well from a surface location 550 feet from the East line and 660 feet from the South line and a bottomhole location of 660 feet from the East line and 660 feet from the South line of Section 12 to test all formations from the surface to the base of the Morrow formation.

This application has been set for hearing before a Division Examiner on June 22, 2006. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, four days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Sincerely,

Ocean Munds-Dry
Ocean Munds-Dry

ATTORNEY FOR SAMSON RESOURCES CO.