



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

March 27, 2007

Jim Bruce, Esq.
Agent for Samson Resources Company
PO Box 1056
Santa Fe, NM 87504

RE: Fast Draw Fed. Well No. 1 (API No 30-015-26145)
2130 feet from the North Line, 660 feet from the East line, Unit H
Section 5, Township 23 South, Range 24 East, NMPM, Eddy County
318.08 Acres, N/2 of Section 5 Dedication

Administrative Order NSL-5594

Dear Mr. Bruce:

Reference is made to the following:

- (a) your application (administrative application reference No. pTDS0706151708 for non-standard location [NSL]) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on March 1, 2007, on behalf of Samson Resources Company, OGRD 20165 ("Samson"); and
- (b) the Division's records pertinent to Samson's request.

Samson proposes to re-enter the above referenced well at the above referenced unorthodox gas well location within Section 5 and requests permission to produce gas from the Cisco/Canyon, the Strawn, the Atoka, and the Morrow formations, which now include but are not limited to, the following pools:

Undesignated Bandana Point-Upper Penn Gas Pool (71500),
Undesignated South Bandana Point-Strawn Gas Pool (71490),
Undesignated Robina Draw-Atoka Gas Pool (83890),
Undesignated Robina Draw-Morrow Gas Pool (83920).

Samson further seeks permission to drill and produce a horizontal well within the Cisco/Canyon formation, Undesignated Bandana Point-Upper Penn Gas Pool. The horizontal well would originate from this unorthodox surface location and be drilled to an orthodox bottom hole location endpoint within the SW/4 NW/4 of Section 5.

Samson is using this abandoned wellbore to test this risky concept in order to defer the additional costs of drilling a new well. The proposed well would be the first well in each of these gas pools within this spacing unit.

Division Rule 104.C(2) requires deep gas wells located in southeast New Mexico to be located no closer than 660 feet from any quarter section line within any standard 320 acre spacing unit. This well location is un-orthodox because it is located approximately 515 feet from the southern boundary of this N/2 of Section 5 gas spacing unit. In addition, the productive portion of this horizontal well would encroach internally on the centerline of this N/2 gas spacing unit.

Division Rule 104.F allows the Division director to grant location exceptions in order to prevent waste and protect correlative rights. Your application on behalf of Samson has been duly filed and notice has been provided as required under the provisions of Division Rules 104.F and 1210.A. All affected offset owners of the S/2 of Section 5 spacing unit have been notified and have not protested this application within the prescribed 20-day waiting period.

In order to prevent waste and protect correlative rights, the above-described non-standard location for the above mentioned formations in the above mentioned pools within a 320-acre spacing unit consisting of the N/2 of Section 5 is hereby approved.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,


Mark E. Fesmire, P.E.
Director

MEF/wvjj

cc: New Mexico Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad