JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213 SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone) (505) 660-6612 (Cell) (505) 982-2151 (Fax)

jamesbruc@aol.com

June 1; 2004

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JUN -1 2004

Oil Conservation Division 1220 S. St. Francis Drive Santa Fe, NM 87505

#### Hand Delivered

Florene Davidson Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505 Case 13281

Dear Florene:

Enclosed are an original and one copy of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Samson Resources Company. Please set this matter for the June 24, 2004 Examiner hearing. Thanks.

The advertisement is also on the enclosed disk.

Very truly yours,

*t*ames Bruce

Attorney for Samson Resources Company

#### PARTIES BEING POOLED

Edward R. Hudson Trusts 1, 2, and 3 Edward R. Hudson, Jr. c/o Hudson Oil Company 616 Texas Street Fort Worth, Texas 76102

Edward R. Hudson Trust 4 Mary Hudson Ard, Trustee 222 West 4th Street PH-5 Fort Worth, Texas 76102

Lindy's Living Trust Delmar Hudson Lewis Living Trust Suite 1005-A 6300 Ridglea Place Fort Worth, Texas 76116

Pure Resources, L.P. 500 West Illinois Midland, Texas 79701

Attention:

J. Robert Ready Land Director

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### BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION 2004

Oil Conservation Division 1220 S. St. Francis Drive Santa Fe, NM 87505

APPLICATION OF SAMSON RESOURCES COMPANY FOR COMPULSORY POOLING AND APPROVAL OF AN UNORTHODOX GAS WELL LOCATION, LEA COUNTY, NEW MEXICO.

Case No. /3281

#### APPLICATION

Samson Resources Company applies for an order pooling all mineral leasehold interests from the surface to the base of the Morrow formation underlying the S% of Section 14, Township 20 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and approving an unorthodox gas well location, and in support thereof, states:

- 1. Applicant is an interest owner in the S% of Section 14, and has the right to drill a well thereon.
- 2. Applicant proposes to drill its Maverick "14" Fed. Well No. 1, at a location approximately 1980 feet from the south line and 1830 feet from the west line (in Unit K) of Section 14, to a depth sufficient to test the Morrow formation, and seeks to dedicate the S% of Section 14 to the well to form a standard 320 acre gas spacing and proration unit for any and all formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated Teas-Pennsylvanian Gas Pool and Undesignated Quail Ridge-Morrow Gas Pool.
- 3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral leasehold interest owners in the S% of Section 14 for the purposes set forth herein.

- 4. Although applicant attempted to obtain voluntary agreements from all mineral leasehold interest owners to participate in the drilling of the well, or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral leasehold interests in the S½ of Section 14, pursuant to NMSA 1978 §70-2-17.
- 5. The Teas-Pennsylvanian Gas Pool is subject to special rules and regulations requiring wells to be located no closer than 990 feet to a quarter section line nor closer than 330 feet to a quarter-quarter section line. See Division Order No. R-2627. The Quail Ridge-Morrow Gas Pool is subject to special rules and regulations requiring wells to be located no closer than 1980 feet to the end line of a well unit nor closer than 660 feet to the side line of a well unit. See Division Order No. R-3890. As a result, the proposed well location is unorthodox, and applicant requests unorthodox location approval in the Teas-Pennsylvanian Gas Pool and Quail Ridge-Morrow Gas Pool.
- 6. The pooling of all mineral leasehold interests underlying the S% of Section 14, and approval of the unorthodox locations, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

A. Pooling all mineral leasehold interests in the S½ of Section 14 from the surface to the base of the Morrow

#### formation;

- B. Approving the unorthodox gas well locations;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

James Bruce

Fost Office Box 1056

Santa Fe, New Mexico 87504

**(**505) 982-2043

Attorney for Samson Resources Company

#### PROPOSED ADVERTISEMENT

Case /328/: Application of Samson Resources Company compulsory pooling and approval of an unorthodox gas well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S% of Section 14, Township 20 South, Range 33 East, NMPM to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Undesignated Teas-Pennsylvanian Gas Pool and Undesignated Quail Ridge-Morrow Gas Pool. The unit will be dedicated to applicant's Maverick "14" Fed. Well No. 1, to be drilled at a location approximately 1980 feet from the south line and 1830 feet from the west line (in Unit K) of Section 14. Applicant also requests unorthodox location approval for the well in the Teas-Pennsylvanian Gas Pool and Quail Ridge-Morrow Gas Pool. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 5% miles east-northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

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