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April 26, 2005

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

*Case 13492*

2005 APR 27 AM 8 55

Dear Florene:

Enclosed for filing, on behalf of Mewbourne Oil Company, are an original and one copy of an application to cancel one drilling permit and approve another permit, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the May 19, 2005 hearing. Thanks.

Very truly yours,



James Bruce

Attorney for Samson Resources Company

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MEWBOURNE OIL  
COMPANY FOR CANCELLATION OF A  
DRILLING PERMIT AND APPROVAL  
OF A DRILLING PERMIT, LEA COUNTY,  
NEW MEXICO.

2005 APR 27 AM 8 55

Case No. 13492

APPLICATION

Mewbourne Oil Company ("Mewbourne"), for its application, states:

1. Mewbourne is a working interest owner in Lots 9, 10, 15, 16, and the SE¼ of irregular Section 4, Township 21 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and has the right to drill a well thereon.
2. The only other working interest owners in Lots 9, 10, 15, 16, and the SE¼ of Section 4 are Kaiser-Francis Oil Company ("Kaiser-Francis") and Samson Resources Company ("Samson"). The mineral interest under said acreage is owned entirely by the State of New Mexico: Lots 9, 10, 15, and 16 of Section 4 are subject to State Oil and Gas Lease V-7054; and the SE¼ of Section 4 is subject to State Oil and Gas Lease B-1481-14.
3. The working interests of Mewbourne, Kaiser-Francis, and Samson in Lots 9, 10, 15, 16, and the SE¼ of Section 4 are subject to an operating agreement among said parties covering all depths, and they have agreed to drill the Osudo "4" State Com. Well No. 1, to be located 660 feet from the south line and 1650 feet from the east line of Section 4. Said acreage is to be dedicated to the well, forming a standard 320 acre gas spacing proration unit for all formations or pools developed on 320 acre spacing, including the South Osudo-Morrow Gas Pool. In addition, Mewbourne, Kaiser-Francis, and Samson have executed a communitization

agreement for said acreage as to all Pennsylvanian-age formations, which has been submitted to the Commissioner of Public Lands (the "Commissioner").

4. On March 10, 2005, Chesapeake Operating, Inc. ("Chesapeake") filed with the Division's Hobbs District Office an Application for Permit to Drill ("APD") its proposed KF 4 State Well No. 1, to be drilled to test the Morrow formation. The APD was approved on March 11, 2005, and the S½ of Section 4 is allegedly dedicated to the well. However, Chesapeake, its affiliates and working interest partners, own no interest in the SE¼ of Section 4, which includes the drillsite for said well.

5. On March 30, 2005, Mewbourne filed with the Division's Hobbs District Office an APD for its proposed Osudo "4" State Com.Well No. 1. The APD was returned to Mewbourne, unapproved, by the Hobbs District Office, apparently because of the approval of Chesapeake's APD described above. In addition, Mewbourne's communitization agreement has not been approved by the Commissioner due to the Division's approval of Chesapeake's APD.

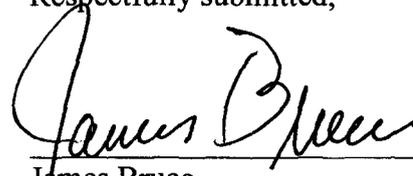
6. Mewbourne, Kaiser-Francis, and Samson have voluntarily committed 100% of the working interest in Lots 9, 10, 15, 16, and the SE¼ of Section 4 to the proposed Osudo "4" State Com. Well No. 1, and are ready and able to commence and drill said well.

7. Mewbourne, Kaiser-Francis, and Samson should be allowed to drill their well, and the denial of approval of Mewbourne's APD by the Hobbs District Office was improper.

8. The granting of this application is in the interests of conservation and the prevention of waste.

**WHEREFORE**, Mewbourne requests that, after notice and hearing, (i) Chesapeake's APD be cancelled, and (ii) the Hobbs District Office be reversed, and Mewbourne's APD be approved.

Respectfully submitted,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

James Bruce  
Post Office Box 1056  
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(505) 982-2043

Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 13492 : **Application of Mewbourne Oil Company for cancellation of two drilling permits and approval of a drilling permit, Lea County, New Mexico.** Applicant seeks an order canceling drilling permits issued to Chesapeake Operating, Inc. covering (i) the S/2 of Section 4, Township 21 South, Range 35 East, NMPM, and (ii) Lots 9-16 of Section 4, and requiring the Division's Hobbs District office to approve a drilling permit filed by applicant covering Lots 9, 10, 15, 16, and the SE/4 of Section 4, to form a standard 320-acre gas spacing and proration unit in the South Osudo-Morrow Gas Pool. The units are located approximately 6-1/2 miles west of Oil Center, New Mexico.

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