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2005 APR 28 AM 9 28

April 28, 2005

Hand Delivered

Mark Fesmire, P.E.  
Director  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Request for emergency order

IMMEDIATE ATTENTION REQUESTED

Dear Mr. Fesmire:

Enclosed for filing, on behalf of Mewbourne Oil Company, are an original and one copy of an application for an emergency order, related to a previously filed application to cancel two drilling permits and approve another permit.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

Cc: W. Thomas Kellahin w/encl. (via fax)

WTS 5/16/05

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

2005 APR 28 AM 9 29

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

Case No. \_\_\_\_\_

APPLICATION FOR EMERGENCY ORDER

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

1. Mewbourne has filed an application with the Division to cancel two applications for permit to drill ("APD's") filed by Chesapeake Operating, Inc. ("Chesapeake"), one covering the S½ of irregular Section 4, and one covering Lots 9-16 of Section 4, in Township 21 South, Range 35 East, N.M.P.M., and to approve Mewbourne's APD covering Lots 9, 10, 15, 16, and the SE¼ of Section 4. A copy of Mewbourne's Amended Application in this matter is attached hereto as Exhibit A. The application is scheduled to be heard on May 19, 2005, and Mewbourne request that this application be considered part of that proceeding.

2. One of Chesapeake's proposed wells is in the SE¼ of Section 4, and one is in Lots 9, 10, 15, and 16 of Section 4. ~~Chesapeake and its working interest partners own no interest in said acreage.~~

3. The only working interest owners in Mewbourne's proposed well unit (~~Lots 9, 10, 15, 16, and the SE¼ Section 4~~) are ~~Mewbourne, Kaiser-Francis Oil Company ("Kaiser-Francis") and Samson Resources Company ("Samson").~~ ~~The mineral interest under the well unit 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.

4. The working interests of Mewbourne, Kaiser-Francis, and Samson in Lots 9, 10, 15, 16, and the SE $\frac{1}{4}$  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. In addition, Mewbourne, Kaiser-Francis, and Samson have executed a communitization agreement for said acreage, as to all Pennsylvanian-age formations, and the agreement has been approved by the Commissioner of Public Lands (the "Commissioner"). Thus, the Commissioner's considers Mewbourne to be the designated operator for a well in Lots 9, 10, 15, 16, and the SE $\frac{1}{4}$  of Section 4.

5. On April 27, 2005, Chesapeake commenced its proposed KF 4 State Well No. 1, located in the SE $\frac{1}{4}$  of Section 4. **However, Chesapeake and its working interest partners have never obtained a voluntary agreement or compulsory pooling order covering the S $\frac{1}{2}$  of Section 4. Therefore, they have no legal right to drill a well on the SE $\frac{1}{4}$  of Section 4.**

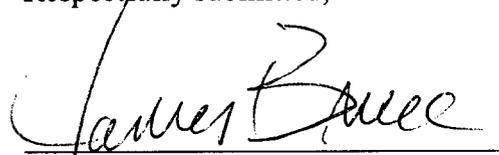
6. This facts set forth herein are supported by the Affidavit of Steven J. Smith, attached hereto as Exhibit B.

7. Mewbourne requests that Chesapeake's APD's be vacated pending a full hearing on Mewbourne's application to cancel Chesapeake's APD's.

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

**WHEREFORE**, Mewbourne requests the Division to enter an emergency order vacating Chesapeake's APD's pending a full hearing on this matter.

Respectfully submitted,



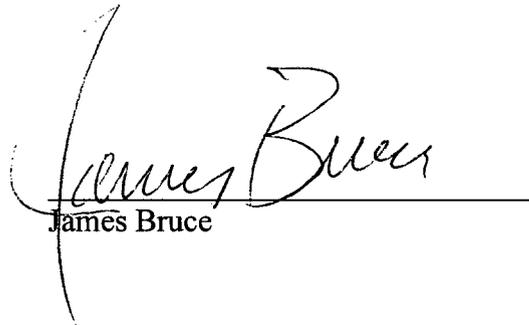
James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Mewbourne Oil Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading has been served upon the following counsel for Chesapeake Operating, Inc. via facsimile transmission this 28<sup>th</sup> day of April, 2005:

W. Thomas Kellahin  
P.O. Box 2265  
Santa Fe, New Mexico 87504  
Fax: (505) 982-2047



James Bruce

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

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

Case No. \_\_\_\_\_

**AMENDED APPLICATION**

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

1. Mewbourne is a working interest owner in Lots 9, 10, 15, 16, and the SE $\frac{1}{4}$  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 SE $\frac{1}{4}$  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 SE $\frac{1}{4}$  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 SE $\frac{1}{4}$  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, **and the agreement has been approved by the Commissioner of Public Lands.**

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 and its affiliates and working interest partners own no interest in the SE¼ of Section 4, which includes the drillsite for Chesapeake's proposed well.~~

5. In addition, Chesapeake filed with the Division's Hobbs District Office an APD for its proposed Cattleman 4 State Well No. 1, to be drilled to test the Morrow formation. The APD was approved on or about March 21, 2005, and Lots 9-16 of Section 4 are allegedly dedicated to the well. ~~However, Chesapeake and its affiliates and working interest partners own no interest in Lots 9, 10, 15, and 16 of Section 4, which includes the drillsite for said well.~~

6. 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 APDs, described above.~~

7. 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.

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

9. 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 APDs be cancelled, and (ii) the decision of 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  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Mewbourne Oil 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.

Case No. \_\_\_\_\_

AFFIDAVIT OF STEVEN J. SMITH

COUNTY OF MIDLAND )  
 ) ss.  
STATE OF TEXAS )

Steven J. Smith, being duly sworn upon his oath, deposes and states:

- 1. I am over the age of 18, and have personal knowledge of the matters stated herein.
- 2. I am a landman for Mewbourne Oil Company ("Mewbourne").

3. Mewbourne is the operator of the proposed Osudo "4" State Com. Well No. 1 (the "Well"), to be located 660 feet from the south line and 1650 feet from the east line of Section 4, Township 21 South, Range 35 East, N.M.P.M., Lea County, New Mexico. Lots 9, 10, 15, 16, and the SE¼ of Section 4 are to be dedicated to the Well, forming a standard 320 acre gas spacing and proration unit in all deep gas zones spaced on 320 acres.

4. The only working interest owners in Lots 9, 10, 15, 16, and the SE¼ of Section 4 are Mewbourne, 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.

5. 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 the parties, covering all depths, and they have agreed among themselves to drill the Osudo "4" State Com. Well No. 1. Mewbourne, Kaiser-Francis, and Samson have executed a communitization agreement for said acreage, as to all Pennsylvanian-age formations, and the agreement has been approved by the Commissioner of Public Lands.

6. 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, and

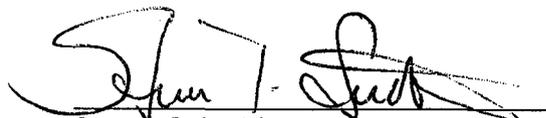


its affiliates and working interest partners, own no interest in the SE¼ of Section 4, which is the drillsite for Chesapeake's proposed well.

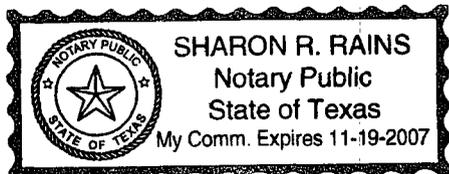
7. On March 30, 2005, Mewbourne filed with the Division's Hobbs District Office an APD for its proposed Osudo "4" State Com.Well No. 1. The APD was returned to Mewbourne, unapproved, by the Hobbs District Office, apparently because of the approval of Chesapeake's APD, described above.

8. On April 27, 2005, Chesapeake moved a drilling rig onto the SE¼ of Section 4, and commenced drilling its proposed well.

9. There is no operating agreement, executed by all working interest owners, covering the S½ of Section 4, nor has the S½ of Section 4 been force pooled by the Division.

  
Steven J. Smith

SUBSCRIBED AND SWORN TO before me this 28<sup>th</sup> day of April, 2005 by Steven J. Smith.



  
Notary Public

My Commission Expires:  
11-19-2007