

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

**IN THE MATTER OF THE APPLICATION  
OF CHESAPEAKE PERMIAN, L.P.  
FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.**

**OCD CASE NO. 13493**

**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted by Samson Resources Company ("Samson") in accordance with Rule 1208.B., 19 NMAC 15.N.

**APPEARANCES OF PARTIES**

**APPLICANTS**

Chesapeake Permian LP

**PARTIES**

Samson Resources Company

Kaiser-Francis Oil Company

**ATTORNEYS**

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Mewbourne Oil Company

James Bruce  
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To Samson's knowledge, no other party has entered an appearance or filed opposition in this matter.

### **SAMSON'S STATEMENT OF THE CASE**

This is a companion case to Division Case No. 13492.

On March 10, 2005, Chesapeake Operating Inc. filed with the Division's Hobbs district office an Application for Permit to Drill (APD) its proposed KF State "4" Well No. 1 in the SE/4 of Section 4, T21S, R35E, NMPM, Lea County, New Mexico. The district office permitted the well without investigating whether Chesapeake had any interest or a right to drill the well. Chesapeake, its affiliates and working interest partners, own no interest in the SE/4 of Section 4, a fact recognized in Division Order No. R-12343 issued May 5, 2005 in Case No. 13492. Samson, Kaiser-Francis and Mewbourne are the lessees and parties with an interest in the SE/4 of Section 4 and thereby entitled to drill a well and develop the acreage.

Chesapeake is a bad faith trespasser. Notwithstanding that it owns no interest to authorize its entry onto the SE/4 of Section 4, Chesapeake began drilling its KF State "4" Well No. 1 on or about April 24, 2005. The Division by Order No. R-12343-A entered May 24, 2005 in Case No. 13492 granted Samson's and Kaiser-Francis' Motion to Prohibit production from the KF State "4" Well No. 1 prior to issuance of an approval unit. The well is designed to test the Morrow formation.

This force pooling application was filed April 29, 2005. It presents an effort by Chesapeake to (1) excuse itself from the consequences of its bad faith trespass, and (2)

insert itself into a spacing unit to share in production to which it is not entitled and to which it would contribute no productive acreage. Samson, Kaiser-Francis and Mewbourne are ready, willing and able to develop the acreage and test the Morrow formation.

Chesapeake's application should be denied for the following reasons:

1. Chesapeake is a bad faith trespasser. The Division should not sanction a trespass and reward a trespasser by approving this force pooling application.

2. Chesapeake has only partially complied with Division Order R-12343-A in Case No. 13492.

3. Chesapeake contributes no meaningful or productive acreage in its proposed unit. By this Application, Chesapeake is attempting to inject itself into a unit in which it otherwise has no entitlement.

4. Samson, Kaiser-Francis and Mewbourne are lessees/working interest owners in the SE/4 of Section 4. They have an approved operating agreement and a communitization agreement approved by the Commissioner of Public Lands, the mineral lessor, and are ready, willing and able to drill a well to test the Morrow formation and develop the acreage.

5. Geology and engineering do not support Chesapeake's Application.

**PROPOSED EVIDENCE**

**SAMSON**

<b>WILL-CALL WITNESSES (Name and Expertise)</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Rita Burress Landman	45 min.	5-10



**CERTIFICATE OF SERVICE**

I hereby certify that I have caused a true and correct copy of the foregoing to be mailed on this 10<sup>th</sup> day of June, 2005 to the following:

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