

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

2005 MAY 24 PM 3 07

May 24, 2005

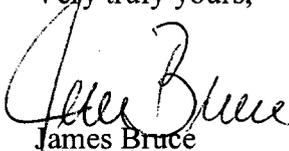
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Case No. 13,492

Dear Florene:

Enclosed for filing, on behalf of Samson Resources Company, Kaiser-Francis Oil Company, and Mewbourne Oil Company, are an original and one copy of a second amended application to cancel two drilling permits and approve another permit, together with a proposed advertisement. The advertisement has also been e-mailed to the Division.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

Cc w/encl: W. Thomas Kellahin
J.E. Gallegos
J. Scott Hall

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

2005 MAY 24 PM 3 07

APPLICATION OF SAMSON RESOURCES
COMPANY, KAISER-FRANCIS OIL COMPANY,
AND MEWBOURNE OIL COMPANY FOR
CANCELLATION OF TWO DRILLING PERMITS
AND APPROVAL OF A DRILLING PERMIT,
LEA COUNTY, NEW MEXICO.

Case No. 13,492

SECOND AMENDED APPLICATION

Samson Resources Company ("Samson"), Kaiser-Francis Oil Company ("Kaiser-Francis"), and Mewbourne Oil Company ("Mewbourne"), for their application, state:

1. Samson, Kaiser-Francis, and Mewbourne are working interest owners 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 have the right to drill a well thereon. 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.

2. The working interests of Samson, Kaiser-Francis, and Mewbourne 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 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.**

3. On March 10, 2005, Chesapeake Operating, Inc. ("Chesapeake") filed with the Division's Hobbs District Office an Application for Permit to Drill ("APD") for the 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. Chesapeake owns no interest in the SE¼ of Section 4, which includes the drillsite for Chesapeake's proposed well. In addition, upon information and belief, Chesapeake owns no interest in the SW¼ of Section 4.

4. Chesapeake also filed with the Division's Hobbs District Office an APD for the proposed Cattleman 4 State Com. Well No. 1, to be drilled to test the Morrow formation. The APD was approved on or about March 21, 2005, and Lots 1, 2, 7-10, 15, and 16 of Section 4 are allegedly dedicated to the well. However, Chesapeake owns no interest in Lots 9, 10, 15, and 16 of Section 4, which includes the drillsite for said well. In addition, upon information and belief, Chesapeake owns no interest in Lots 1, 2, 7, and 8 of Section 4.

5. The foregoing APDs were obtained without the knowledge of, or without notice being given to, applicants.

6. On March 30, 2005, Mewbourne filed with the Division's Hobbs District Office an APD for the 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. Samson, Kaiser-Francis, and Mewbourne 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. A stand-up unit, as proposed, conforms to the Morrow geology and is necessary to protect correlative rights.

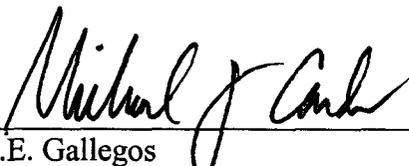
8. Samson, Kaiser-Francis, and Mewbourne should be allowed to form their proposed unit and drill their well. Mewbourne's APD should be approved.

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

WHEREFORE, Samson, Kaiser-Francis, and Mewbourne request that, after notice and hearing, (i) Chesapeake's APDs be cancelled, (ii) a stand-up unit, as proposed by applicants, be approved, and (iii) the decision of the Hobbs District Office be reversed, and Mewbourne's APD be approved.

Respectfully submitted,

The Gallegos Law Firm

By: 

J.E. Gallegos
Michael J. Condon
460 St. Michaels Drive, Bldg.300
Santa Fe, New Mexico 87505
(505) 983-6686

Attorneys for Samson Resources Company

Miller Stratvert P.A.

By: _____
J. Scott Hall
P.O. Box 1986
Santa Fe, New Mexico 87504
(505) 989-9614

Attorneys for Kaiser-Francis Oil Company

8. Samson, Kaiser-Francis, and Mewbourne should be allowed to form their proposed unit and drill their well. Mewbourne's APD should be approved.

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

WHEREFORE, Samson, Kaiser-Francis, and Mewbourne request that, after notice and hearing, (i) Chesapeake's APDs be cancelled, (ii) a stand-up unit, as proposed by applicants, be approved, and (iii) the decision of the Hobbs District Office be reversed, and Mewbourne's APD be approved.

Respectfully submitted,

The Gallegos Law Firm

By:

J.E. Gallegos
Michael J. Condon
460 St. Michaels Drive, Bldg.300
Santa Fe, New Mexico 87505
(505) 983-6686

Attorneys for Samson Resources Company

Miller Stratvert P.A.

By:

J. Scott Hall

J. Scott Hall
P.O. Box 1986
Santa Fe, New Mexico 87504
(505) 989-9614

Attorneys for Kaiser-Francis Oil Company

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

PROPOSED ADVERTISEMENT

Readvertised

Case No. 13,492: Application of Samson Resources Company, Kaiser-Francis Oil Company, and Mewbourne Oil Company for cancellation of two drilling permits and approval of a drilling permit, Lea County, New Mexico. Applicants seek an order canceling two 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 said Section 4, and requiring the Division's Hobbs District office to approve a drilling permit filed by Mewbourne Oil Company 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.

2005 MAY 24 PM 3 07