

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

APPLICATION OF SAMSON RESOURCES
COMPANY FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO

CASE NO. 14090

FEBRUARY 21, 2008

1220 South St. Francis Drive
Santa Fe, New Mexico

EXAMINER: WILLIAM L. JONES

LEGAL ADVISOR: David Brooks

ATTORNEY FOR APPLICANT:

JAMES BRUCE, ESQ.
P O Box 1056
Santa Fe, New Mexico 87545

EXHIBITS 1 - 4

WITNESS: THOMAS R. LAND

REPORTED BY: JOYCE D. CALVERT, P-03
Paul Baca Court Reporters
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Albuquerque, New Mexico 87102

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Ad 2/11/08

1 EXAMINER JONES: And let's call Case No. 14090,
2 application of Samson Resources Company for compulsory pooling
3 in Lea County, New Mexico. Call for appearances.

4 MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe
5 representing the applicant. I have one witness to be sworn.

6 EXAMINER JONES: Will the witness please stand and be
7 sworn by the court reporter?

8 [Witness sworn.]

9 MR. BRUCE: This is the only live witness I have
10 today, Mr. Examiner.

11 THOMAS R. LAND
12 after having been first duly sworn under oath,
13 was questioned and testified as follows:

14 EXAMINATION

15 BY MR. BRUCE:

16 Q. Would you please state your name and city of
17 residence for the record, please?

18 A. Thomas Land, Midland, Texas.

19 Q. Who do you work for and in what capacity?

20 A. Samson Resources Company as Senior District
21 Landman.

22 Q. Have you previously testified before the
23 Division?

24 A. Yes.

25 Q. And were your credentials as an expert landman

1 accepted as a matter of record?

2 A. Yes, sir.

3 Q. Does your area of responsibility at Samson
4 include this part of southeast New Mexico?

5 A. Yes, sir.

6 Q. And are you familiar with the land matters
7 involved in this application?

8 A. Yes, sir.

9 MR. BRUCE: Mr. Examiner, I tender Mr. Land as an
10 expert petroleum landman?

11 EXAMINER JONES: He is so qualified.

12 Q. (By Mr. Brooks): Mr. Land, can you identify
13 Exhibit 1 and describe what Samson seeks in this application?

14 A. Exhibit 1 is a standup 320 Morrow unit proposed.
15 Division of interest up in the northwest quarter of Section 33,
16 basically shallow rights over the mineral rights, the
17 production of shallows. EOG Resources owns the actual
18 operating rights.

19 We have -- Samson went to EOG. We've made a deal, a
20 proposal, and proposed probably within the next month or three
21 months to drill the well. The second part is all -- 17
22 different -- actually 18 different mineral interest owners.
23 We've acquired leases from 17 of them. As a matter of fact,
24 one was very hard to find due to a mistake.

25 And the last, which is on the docket today, is Oxy

1 USA. They own a quarter of the minerals under the southeast
2 quarter and they would come into basically under 320 as a
3 participating and 12 1/2 working interest.

4 Q. And Oxy, Occidental, Oxy USA, WTP Limited
5 Partnership is the sole working interest owner being pooled; is
6 that correct?

7 A. Yes, sir.

8 Q. What is the well's location, footage location?

9 A. The footage on the Osudo 33 State Com 1 is in the
10 northwest, northwest, 1160 from the north and 660 from the
11 west.

12 Q. Mr. Land, this is pretty close to the Mewbourne
13 well that was in the prior case. That well was based on 640
14 acres. This well, the Morrow, is based to 320 acres.

15 A. Different pool rules.

16 MR. BRUCE: Mr. Examiner, the North Osudo Morrow has
17 its pool rules limited to its current horizontal extent, which
18 does not include the Section 33. And therefore a Section 33
19 Morrow well is a half section rather than a full section.

20 EXAMINER JONES: Okay. So it would be designated
21 south of Osudo Morrow?

22 MR. BRUCE: I don't know. I think it would be. I
23 think that would be the only nearby 320 acres. But I think the
24 south Osudo Morrow is probably farther than a mile away.

25 EXAMINER JONES: Okay, okay.

1 MR. BRUCE: But I think that's the way the District
2 office does it in the south Osudo.

3 Q. (By Mr. Bruce): Mr. Land, let's discuss your
4 efforts to obtain the voluntarily joinder of Oxy in this well.
5 What is Exhibit 2?

6 A. Exhibit 2 was a follow-up to a telephone -- a
7 written request to Oxy to participate or lease out or try to
8 work out some agreement with us.

9 Q. Have you had telephone calls?

10 A. Yes, sir. They were a couple of times a week
11 originally, and then once a week as follow-up. And basically,
12 really they didn't change their response in any way. It was
13 just, "We'd like to do something, but we don't know what."

14 Q. And recently Oxy has closed down it's Midland
15 office; has it not? Are they getting ready to?

16 A. Yeah. I know of individuals that I've worked
17 with are no longer there.

18 EXAMINER JONES: Oil prices are so high, so they're
19 laying people off? Is that the deal?

20 MR. BRUCE: You got me.

21 THE WITNESS: I don't know.

22 Q. (By Mr. Bruce): In your opinion, has Samson made
23 a good faith to obtain a voluntarily joinder of Oxy in the
24 proposed well?

25 A. Yes, sir.

1 Q. And what is Exhibit 3?

2 A. Exhibit 3 was an AFE that we sent to Oxy showing
3 our dry hole costs and also completion -- estimated completion
4 cost on the well.

5 Q. And are these costs in line with the costs of
6 other wells drilled to this depth in this area in New Mexico?

7 A. Yes, sir.

8 Q. Do you request that Samson be named operator of
9 the well?

10 A. Yes, sir.

11 Q. And what overhead rates do you propose?

12 A. Right now, I talked with our engineers and they
13 were suggesting 7800 a day drilling, and then 1,000 operating.

14 Q. Are these rates equivalent to those charged by
15 Samson and other operators in this area for wells of this
16 depth?

17 A. Yes, sir.

18 Q. Samson has drilled several wells out here
19 recently; have they not?

20 A. Yes, sir. And we actually operate the direct
21 offset to this one.

22 Q. And these are the rates that Samson has been
23 charging its working interest partners?

24 A. Yes, sir.

25 Q. Was Oxy notified of this hearing?

1 A. Yes, sir.

2 Q. Is that reflected in Exhibit 4?

3 A. Yes, sir.

4 Q. Were Exhibits 1 through 4 prepared by you or
5 under your supervision or compiled from company business
6 records?

7 A. Yes, sir.

8 Q. And in your opinion, is the granting of this
9 application in the interests of conservation and the prevention
10 of waste?

11 A. Yes, sir.

12 MR. BRUCE: Mr. Examiner, I move the admission of
13 Exhibits 1 through 4 be admitted.

14 EXAMINER JONES: Exhibits 1 through 4 will be
15 admitted. EOG is the big party in the northwest; isn't that
16 correct?

17 A. Yes, sir. We have a term assignment with them.
18 We have to perform within a year to get a well drilled.

19 Q. Oh. From the deep depths, right?

20 A. Yes, sir.

21 Q. And the other was fee? But Oxy is a --

22 A. Oxy actually owns a quarter of the minerals in
23 their title.

24 Q. Okay.

25 A. Yeah.

1 MR. BROOKS: No questions.

2 EXAMINER JONES: We appreciate you coming up.

3 THE WITNESS: Thanks.

4 EXAMINER JONES: I guess that's it for this case.
5 We'll take Case No. 14090 under advisement.

6 [Hearing concluded.]

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____,
heard by me on 2/21/88.


_____, Examiner
Oil Conservation Division

REPORTER'S CERTIFICATE

I, JOYCE D. CALVERT, Provisional Court Reporter for the State of New Mexico, do hereby certify that I reported the foregoing proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings and was reduced to printed form under my direct supervision.

I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or attorneys in this case and that I have no interest in the final disposition of this proceeding.



JOYCE D. CALVERT
New Mexico P-03
License Expires: 7/31/08

1 STATE OF NEW MEXICO)
 2 COUNTY OF BERNALILLO)

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4 I, JOYCE D. CALVERT, a New Mexico Provisional
 5 Reporter, working under the direction and direct supervision of
 6 Paul Baca, New Mexico CCR License Number 112, hereby certify
 7 that I reported the attached proceedings; that pages numbered
 8 1-9 inclusive, are a true and correct transcript of my
 9 stenographic notes. On the date I reported these proceedings,
 10 I was the holder of Provisional License Number P-03.

11 Dated at Albuquerque, New Mexico, this 27th day of
 12 February, 2008.

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