

BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE COLORADO 32-7-3
#16 WELL, TOWNSHIP 32 NORTH, RANGE 7
WEST, N.M.P.M., SECTION 3: SE¼SE¼, LA
PLATA COUNTY, COLORADO

CAUSE NO: 112

ORDER NO:

DOCKET NO:

VERIFIED APPLICATION FOR WELL LOCATION EXCEPTION

COMES NOW the Applicant, Samson Resources Company, by its attorneys, Scott M. Campbell and Jeremy I. Ferrin, Poulson, Odell & Peterson, LLC, and files its Verified Application for Well Location Exception in accordance with Rules 318.c. and/or 507.b.(5), requesting an exception from Oil and Gas Conservation Commission Order 112-181, which would authorize the bottom hole location of the Colorado 32-7-3 #16 Well to be within the designated 660 foot setbacks. In support thereof, Samson Resources Company states as follows:

1. That Applicant is a corporation duly authorized to conduct business in the State of Colorado.
2. Applicant owns all of the working interest in Section 3: SE¼SE¼, Township 32 North, Range 7 West, N.M.P.M., La Plata County, Colorado (the "Subject Lands") (Ex. "B").
3. The Colorado 32-7-3 #16 Well was spud on March 24, 2011. Applicant drilled the Colorado 32-7-3 #16 Well directionally, with both the surface and bottom hole locations being within the boundaries of the Subject Lands.
4. By Order No. 112-60, dated July 11, 1988, effective June 17, 1988, the Oil and Gas Conservation Commission established 320-acre drilling and spacing units for the production of gas and associated hydrocarbons from the Fruitland coal seams underlying certain lands, including the Subject Lands, with the permitted well to be located in the center of the NW¼ and the SE¼ of the section and no closer than 990 feet from the boundaries of the quarter section upon which it is located, nor closer than 130 feet to any interior quarter section line.
5. By Order No. 112-157, dated July, 2000, effective July 11, 2000, the Oil and Gas Conservation Commission approved an optional additional well to be drilled for the production of gas from the Fruitland coal seams for certain lands, including the Subject Lands, with the permitted well when north of the north line of Township 32 North to be located in the NW¼ and the SE¼ of each section and when south of the north line of Township 32 North to be located in the NE¼ and SW¼ of each section, no closer than 990 feet from the boundaries of the quarter section, nor closer than 130 feet to any interior quarter section line.
6. By Order No. 112-181 dated November, 2005, effective October 31, 2005 the Oil and Gas Conservation Commission amended Order No. 112-157 to allow a total of four (4) wells to be optionally drilled in each 320-acre drilling and spacing unit for certain lands, including the Subject Lands, with the permitted well to be located no closer than 660 feet to any outer boundary of the unit with no interior section line setback, utilizing a common or expanded pad with an existing well, for production of gas from the Fruitland coal seams.

7. The operator originally intended to drill a directional well at a surface location of 913' FSL, 1104' FEL, Section 3, with a bottom hole location of 660' FSL, 660' FEL. (Ex. "C", Approved APD; as amended by Ex. "D", Sundry Notice). For reasons beyond its control, the bottom hole location of the Colorado 32-7-3 #16 Well terminated at 681.6' FSL, 583.2' FEL, or 76.8 feet inside the 660' setback along the east line of Section 3. The well is approximately 897 feet from the cornering drilling and spacing unit.

8. Applicant owns all of the working interest in the Subject Lands and none of the working interest in the adjacent lands affected by the well location exception request.

9. Rule 318.a. of the Rules and Regulations of the Colorado Oil and Gas Conservation Commission provides that: "The Director may grant an . . . exception to the requirements of this rule or any order . . . for good cause shown . . ." if waivers are obtained from the relevant owners. Rule 318.b. "If waivers cannot be obtained from all parties and no party objects to the location, the operator may apply for a variance under Rule 502.b."

10. The minor setback infringement of 76.8' (583.2' FEL) will have negligible impact on correlative rights, if any.

11. The well is currently shut-in and waiting on completion because of the setback infringement. Applicant desires to resolve this issue as soon as possible in order to begin producing this well.

12. For the above reasons, Applicant respectfully submits that the approval of a well location exception to Order No. 112-181 will prevent waste, protect correlative rights, and assure the greatest ultimate recovery of gas and associated hydrocarbons from the reservoir.

13. Pursuant to Rule 503(d) of this Commission, within seven (7) days of the filing of this Request, the Applicant shall submit a Certificate of Service to the Commission demonstrating that the Applicant served a copy of the Request on all persons entitled to Notice, as listed on Exhibit "A" by mailing a copy thereof, first-class postage prepaid, to the last known mailing address of the interested parties. Applicant shall simultaneously submit said list of interested parties to the Commission via electronic media.

WHEREFORE, the Applicant respectfully requests that this matter be set for hearing in August, 2011, that notice be given as required by law, and that upon such hearing this Commission enter its order consistent with Applicant's proposals as set forth above.

DATED: June 9, 2011.

Samson Resources Company

By:

Scott M. Campbell
POULSON, ODELL & PETERSON, LLC
1775 Sherman Street, Suite 1400
Denver, Colorado 80203
Telephone No.: (303) 861-4400
Facsimile No.: (303) 861-1225

VERIFICATION

STATE OF TEXAS

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SS.

COUNTY OF _____

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Rebecca Bell of lawful age, being first duly sworn upon oath, deposes and says that she/he is the Landman – San Juan Basin for Samson Resources Company and that she has read the foregoing Application and that the matters therein contained are true to the best of her/his knowledge, information and belief.

By:

Rebecca Bell

Subscribed and sworn to before me this 9th day of June, 2011.

Witness my hand and official seal.

My commission expires: _____

Notary Public

Exhibit A

**Attached to and made a part of the
Verified Request for Director Approved Variance or,
in the Alternative, Verified Application for Well Location Exception
Cause No. 520, Docket No.**

Mak J Energy Operating Company
1600 N. Broadway, Suite 1740
Denver, CO 80202

XTO Energy, Inc.
810 Houston Street
Fort Worth, TX 76102-6298

BP America
501 Westlake Park Blvd.
Houston, TX 77079

Rebecca Bell
Samson Resources Company
370 – 17TH Street, Suite 3000
Denver, CO 80202-5612

Scott M. Campbell
POULSON ODELL & PETERSON LLC
1775 SHERMAN Street, Suite 1400
Denver, CO 80203-4319

Colorado Division of Wildlife
Southwest Region Service Center
151 East 16th Street
Durango, CO 81301

Colorado Department of Public Health
and Environment
4300 Cherry Creek Drive South
Denver, CO 80246-1530

Courtney Krueger, LGD
La Plata County Planning Department
1060 East 2nd Avenue
Durango, CO 81301

Colorado Division of Wildlife
6060 Broadway
Denver, CO 80216

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AFFIDAVIT OF MAIL

STATE OF _____)
)
COUNTY OF _____) SS.

_____, of lawful age, being first duly sworn upon oath, states and declares:

That he is the attorney for Samson Resources Company, Applicant herein; that on the _____ day of _____, 20____, he caused a copy of the attached Request to be deposited in the United States Mail, postage prepaid, addressed to each of the parties listed on Exhibit "A" to the Application.

By: _____
Scott M. Campbell
Jeremy I. Ferrin
1775 Sherman Street, Suite 1400
Denver, Colorado 80203-4319
Telephone: 303-861-4400
Fax: 303-861-1225

Subscribed and sworn to before me this _____ day of _____, 20_____.

Witness my hand and official seal.

My commission expires: _____

Notary Public