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2004 JUL 27 PM 4 45

July 27, 2004

Case 13329

Hand Delivered

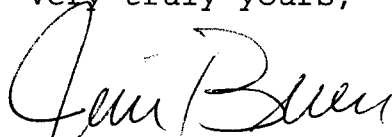
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and one copy of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Mewbourne Oil Company. Please set this matter for the August 19, 2004 Examiner hearing. Thanks.

The advertisement is also on the enclosed disk.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

PARTIES BEING POOLED

Devon Louisiana Corporation
P.O. Box 108838
Oklahoma City, Oklahoma 73101-8838

Attention: Ken Gray

Energen Resources Corporation
c/o Devon Louisiana Corporation
P.O. Box 108838
Oklahoma City, Oklahoma 73101-8838

Attention: Ken Gray

Energen Resources Corporation
605 Richard Arrington, Jr. Boulevard
Birmingham, Alabama 35203

Lowe Partners, LP
P.O. Box 832
Midland, Texas 79702

Attention: Joe Pulido

Fidelity Exploration & Production Company
Suite 4600
1700 Lincoln
Denver, Colorado 80203

Attention: John T. Schiel

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

2004 JUL 27 PM 4 45

APPLICATION OF MEWBOURNE OIL
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

Case No. 13329

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E½ of Section 28, Township 20 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the E½ of Section 28, and has the right to drill a well thereon.

2. Applicant proposes to drill its Penlon "28" Fed. Com. Well No. 1, at an orthodox location in the NE¼NE¼ of Section 28, and seeks to dedicate the E½ of Section 28 to the well to form a standard 320 acre gas spacing and proration unit for any and all formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated Avalon-Strawn Gas Pool, Undesignated Northeast Avalon-Atoka Gas Pool, and Avalon-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 28 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order

pooling all mineral interest owners in the E½ of Section 28, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 28 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the E½ of Section 28 from the surface to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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

Attorney for Mewbourne Oil
Company