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2004 SEP 28 PM 3 05

September 28, 2004

Hand Delivered

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

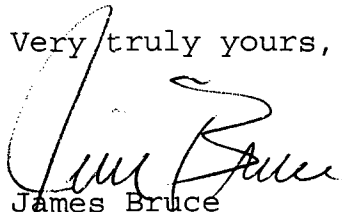
13359

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 October 21, 2004 Examiner hearing. Thanks.

The advertisement has also been e-mailed to you.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

PARTIES BEING POOLED

Chesapeake Energy Corporation  
P.O. Box 18496  
Oklahoma City, Oklahoma 73154

Attention: Lynda Townsend

James D. Finley  
Suite 200  
1308 Lake Street  
Fort Worth, Texas 76102

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

2004 SEP 28 PM 3 06

Case No. 13359

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N½ of Section 9, Township 21 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the N½ of Section 9, and has the right to drill a well thereon.

2. Applicant proposes to drill its Osudo "9" State Com. Well No. 1, at an orthodox well location in the SE¼NE¼ of Section 9, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) the SE¼NE¼ of Section 9 to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated Osudo-Wolfcamp Pool and Undesignated Osudo-Strawn Pool;

(b) the NE¼ of Section 9 to form a standard 160 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent, including the Undesignated South Osudo-Wolfcamp Gas Pool; and

(c) the N½ of Section 9 to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent,

including the Undesignated South Osudo-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N½ of Section 9 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 N½ of Section 9, pursuant to NMSA 1978 §70-2-17.

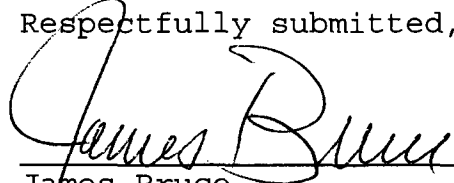
5. The pooling of all mineral interests underlying the N½ of Section 9 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

- A. Pooling all mineral interests in the N½ of Section 9 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,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

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

Attorney for Mewbourne Oil  
Company

Proposed Advertisement

**Case 13359:** Application of Mewbourne Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 9, Township 21 South, Range 35 East, N.M.P.M., and in the following manner: The N½ to form a standard 320-acre gas spacing and proration unit for any and all formations developed on 320-acre spacing within that vertical extent, including the Undesignated South Osudo-Morrow Gas Pool; the NE¼ to form a standard 160-acre gas spacing and proration unit for any and all formations developed on 160-acre spacing within that vertical extent, including the Undesignated South Osudo-Wolfcamp Gas Pool; and the SE¼NE¼ to form a standard 40-acre oil spacing and proration unit for any and all formations developed on 40-acre spacing within that vertical extent, including the Undesignated Osudo-Wolfcamp Pool and Undesignated Osudo-Strawn Pool. The unit is to be dedicated to the proposed Osudo "9" State Com. Well No. 1, to be drilled at an orthodox location in the SE¼NE¼ (Unit H) of Section 9. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 7½ miles west of Oil Center, New Mexico.

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