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July 1, 2003

Hand Delivered

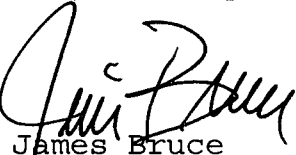
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

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 July 24, 2003 Examiner hearing. Thank you.

The advertisement is also on the enclosed disk.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

RECEIVED

JUL 1 2003

Oil Conservation Division

Case 13116

PARTIES BEING POOLED

MYCO Industries, Inc.
P.O. Box 840
Artesia, New Mexico 88211

Yates Drilling Company
Abo Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Featherstone Development Corporation
Prospector, L.L.C.
Upside, L.L.C.
Parrot Head Properties, L.L.C.
1801 West Second Street
Roswell, New Mexico 88201

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Oil Conservation Division

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 13116

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests from the base of the Bone Spring formation to the base of the Morrow formation underlying the E½ of Section 12, Township 21 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 12, and has the right to drill a well thereon.

2. Applicant proposes to drill its Esperanza "12" Fed. Com. Well No. 1, at an orthodox well location in the NW¼NE¼ of the section, to a depth of approximately 11,900 feet subsurface, and seeks to dedicate the E½ of Section 12 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 Alacran Hills-Wolfcamp Gas Pool, Undesignated Burton Flat-Strawn Gas Pool, and Undesignated Burton Flat-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 12 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

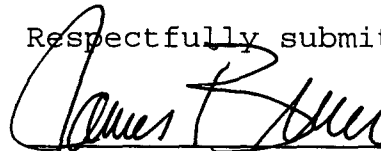
dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E½ of Section 12, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 12 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 12 from the base of the Bone Spring formation 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 said rates pursuant to the COPAS accounting procedure; and
- E. Setting a penalty 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
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Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Mewbourne Oil Company