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2006 OCT 10 AM 9 49

October 10, 2006

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

*Case 13808*

Dear Florene:

Enclosed for filing, on behalf of Mewbourne Oil Company, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the November 9<sup>th</sup> Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

Parties Being Pooled

Geronimo Holding Corporation  
P.O. Box 804  
Midland, Texas 79702

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

2006 OCT 10 AM 9 49

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

Case No. 13808

**APPLICATION**

Mewbourne Oil Company applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Section 6, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and in support thereof, state:

1. Applicant is an interest owner in Section 6, and has the right to drill a well thereon.
2. Applicant proposes to drill its Osudo North "6" Well No. 1, at an orthodox location in the NW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 6, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:
  - (a) Lots 1, 2, S $\frac{1}{2}$ NE $\frac{1}{4}$ , and SE $\frac{1}{4}$  (the E $\frac{1}{2}$ ) to form a standard 320.31 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent; and
  - (b) Lots 1-7, S $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , and SE $\frac{1}{4}$  (All) to form a standard 637.18 acre gas spacing and proration unit for any formations and/or pools developed on 640 acre spacing within that vertical extent, including the North Osudo-Morrow Gas Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in Section 6 for the purposes set forth herein.

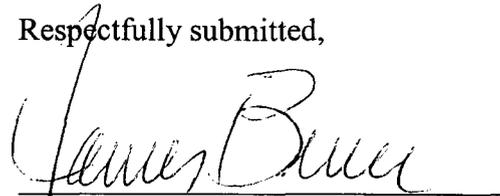
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in Section 6, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying Section 6 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 Section 6, 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 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

PROPOSED ADVERTISEMENT

**Case No. 13808: 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 6, Township 20 South, Range 36 East, NMPM, and in the following manner: Lots 1-7, S/2NE/4, SE/4NW/4, E/2SW/4, and SE/4 (All) to form a standard 637.18-acre gas spacing and proration unit for any and all formations or pools developed on 640-acre spacing within that vertical extent, including the North Osudo-Morrow Gas Pool; and Lots 1, 2, S/2NE/4, and SE/4 (the E/2) to form a standard 320.31-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent. The unit is to be dedicated to the proposed Osudo North "6" Well No. 1, to be drilled at an orthodox location in the NW/4SE/4 of Section 6. 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 7-1/2 miles west-southwest of Monument, New Mexico.

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