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2006 SEP 27 PM 12 12

September 24, 2006

Case 13798

Via fax and U.S. Mail

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

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 October 26th Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Mewbourne Oil Company

Parties Being Pooled

Mr. Robert G. Bailey
3215 Tarry Hollow
Austin, Texas 78703

BP America Production Company
P.O. Box 3092
Houston, Texas 77253-3092
Attn: Mr. David Lawrence

Great Western Drilling Company
P.O. Box 1659
Midland, Texas 79702
Attn: Mr. Mike Heathington

Devon Energy Production Company, LP
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102
Attn: Mr. Ken Gray

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 13798

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests from the surface to the base of the Morrow formation the E½ of Section 27, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the E½ of Section 27, and has the right to drill a well thereon.

2. Applicant proposes to drill its Runaway "27" Fed. ~~Com.~~ Well No. 1, at an orthodox location in the SW¼SE¼ of Section 27, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) The SW¼SE¼ to form a standard 40 acre oil and spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated Happy Valley-Delaware Pool and Undesignated Southeast Happy Valley-Bone Spring Pool;

(b) The SE¼ 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; and

(c) The E½ 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 Southeast Carlsbad-Wolfcamp Gas Pool, Undesignated

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Northeast Sheep Draw-Strawn Gas Pool, Undesignated Happy Valley-Strawn Gas Pool, and Happy Valley-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 27 for the purposes set forth herein.

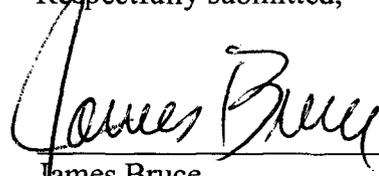
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E½ of Section 27, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 27 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 27, 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,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above 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 No. 13798 : **Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.** ^{2000 Sep 27} 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 27, Township 22 South, Range 26 East, NMPM, and in the following manner: The E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Southeast Carlsbad-Wolfcamp Gas Pool, Undesignated Northeast Sheep Draw-Strawn Gas Pool, Undesignated Happy Valley-Strawn Gas Pool, and Happy Valley-Morrow Gas Pool; the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations or pools developed on 160-acre spacing within that vertical extent; and the SW/4SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Happy Valley-Delaware Pool and Undesignated Southeast Happy Valley-Bone Spring Pool. The unit is to be dedicated to the proposed Runaway "27" Fed. Com. Well No. 1, to be drilled at an orthodox location in the SW/4SE/4 of Section 27. 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 unit is located approximately 4-1/2 miles south-southwest of Carlsbad, New Mexico.