

2 October 2003

New Mexico Oil Conservation Division  
1220 South St Francis Drive  
Santa Fe, NM 87505  
Faxed to 505-476-3462

RE: Application of Mewbourne Oil Company for Compulsory Pooling, Eddy County, New Mexico

To Whom It May Concern:

Please consider this as my response to a letter received from James Bruce in regard to his filing the Application of Mewbourne Oil Company for Compulsory Pooling, Eddy County, New Mexico to be heard on 09 October 2003.

I wish to protect my rights to contest this compulsory pooling of my mineral rights for this proposed well. I accept no responsibility for the costs of the proposed well. I expect to retain my mineral, gas and oil rights to my portion of the standard 320-acre gas spacing and wish the Oil Conservation Division to continue to protect my rights from encroachment.

I have spent the last 15 months attempting to resolve my parent's estate in the La Huerta area of Carlsbad, NM. The estate was finally closed on 09/22/2003. The focus of my effort was resolution of their interests and distribution of their assets. I received Mr. Bruce's letter on 9/24/2003 when I returned home from a series of business trips. I have called his office but we have not yet connected. Therefore I have had insufficient time to be appraised of my rights and responsibilities in this forced pooling of mineral rights.

Please advise me of what other documents need to be submitted to protect my rights.

Sincerely,



Thomas W. Pendergrass  
13410 - 98<sup>th</sup> Ave NE  
Kirkland, WA 98034-1906  
Phones: 425-821-1157 (home); 206-987-2526 (work)  
Faxes: 425-823-7728 (home); 206-987-5105 (work)

Attachment: Letter from Mr. Bruce and Application for Compulsory Pooling

CC: James Bruce, PO Box 1056, Santa Fe, NM 87504 - Faxed to 505-982-2151

New Mexico Oil Conservation Division, DISTRICT 2, 1301 W. Grand Avenue, Artesia, NM 88210 - Faxed to 505-748-9720

**JAMES BRUCE**

**ATTORNEY AT LAW**

**POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504**

**369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501**

**(505) 982-2043 (PHONE)  
(505) 982-2151 (FAX)**

**jamesbruc@aol.com**

September 18, 2003

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed is a copy of an application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Mewbourne Oil Company, regarding the S¼ of Section 30, Township 21 South, Range 27 East, N.M.P.M., Eddy County, New Mexico. This application is scheduled to be heard at 8:15 a.m. on Thursday, October 9, 2003 at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As an interest owner in the well unit, you have the right to appear at the hearing and present evidence. Failure to appear at the hearing will preclude you from contesting this matter at a later date.

You are required to notify the Division, and the undersigned, by Friday, October 3, 2003, if you intend to enter an appearance and participate in the case.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

EXHIBIT A

Marathon Oil Company  
P.O. Box 552  
Midland, Texas 79702

Attention: John Chapman

Eland Energy, Inc.  
8150 N. Central Expressway, Suite 400  
Dallas, TX 75206-1822  
Attn: Mr. Craig Nielsen

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Mr. & Mrs. Ben C. Cavender  
4506 1/2 Pasadena Ave.  
Wichita Falls, TX 76310-2416

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Burlington Northern and  
Santa Fe Railway Company  
2505 Lakeview, Suite 210  
Amarillo, TX 79109  
Attn: Mr. Greg Golladay

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City of Carlsbad  
P.O. Box 1569  
Carlsbad, NM 88221-1569  
Attn: Mr. Jon R. Tully, City Administrator

Dr. Thomas W. Pendergrass  
13410 98<sup>th</sup> Ave. NE  
Kirkland, WA 98034-1906

Mr. Tony Giarratano  
P.O. Box 846  
Ruidoso, NM 88355

Family Eldercare, Inc.,  
Guardian for Martha Leigh Cardwell  
2210 Hancock Drive  
Austin, TX 78756

J.P. Morgan Chase Bank,  
Trustee of the Leigh Cardwell  
Irrevocable Trust  
P.O. Box 2558  
Houston, TX 77252-8033  
Attn: Mr. Roy Buckley

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Arturo F. Hernandez  
110 W. Cherry Lane  
Carlsbad, NM 88220

Sarah Jordan  
1106 N. Eddy  
Carlsbad, NM 88220

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Southwestern Public Service Company  
550 15<sup>th</sup> St., Suite 1000  
Denver, CO 80202

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. \_\_\_\_\_

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests from the top of the Cisco formation to the base of the Morrow formation underlying the S½ of Section 30, 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 S½ of Section 30, and has the right to drill a well thereon.

2. Applicant proposes to drill its La Huerta "30" Well No. 1 to a depth sufficient to test the Morrow formation (approximately 11,725 feet subsurface), and seeks to dedicate the S½ of Section 30 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 Burton Flat-Morrow Gas Pool and the Undesignated Crozier Bluff-Atoka Gas Pool.

3. The surface location of the well will be 2114 feet from the south line and 2464 feet from the east line of Section 29, Township 21 South, Range 27 East, N.M.P.M. The proposed bottomhole location will be approximately 750 feet from the south line and 700 feet from the east line of Section 30.

4. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 30 for the purposes set forth herein.

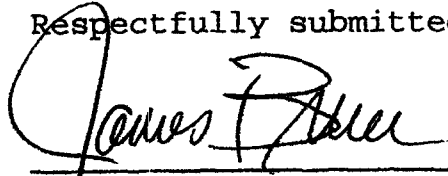
5. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the S½ of Section 30, pursuant to NMSA 1978 §70-2-17.

6. The pooling of all mineral interests underlying the S½ of Section 30 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 S½ of Section 30 from the top of the Cisco 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,

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

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

Attorney for Mewbourne Oil Company