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March 4, 1997

Via Fax*Case 11755*Michael E. Stogner
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505Re: Case 11723; Application of Mewbourne Oil Company
("Mewbourne") for an unorthodox gas well location and a
non-standard gas proration unitMewbourne's proposed Catclaw Draw "1" Fed. Well No. 1
660 feet FSL & 2310 feet FEL
S½ of Section 1, Township 21 South, Range 25 East
Eddy County, New Mexico

Dear Mr. Stogner:

This letter is Mewbourne's response in opposition to Fasken Oil & Ranch, Ltd.'s ("Fasken") Motion to Dismiss. In its Request for Continuance, filed February 27th, Fasken took the position that both the Mewbourne and Fasken applications were valid, and that "approval of one case will result in the denial of the other case." **Request for Continuance, ¶(6).** Now, realizing that assertion is incorrect, Fasken changes gears and requests a dismissal to escape its duty to drill Mewbourne's proposed well. The Motion must be denied, for the following reasons:

1. The Operating Agreement ("JOA") only gives Fasken the right to conduct operations "on the Unit Area." **See Motion to Dismiss, ¶(5).** Thus, Fasken, provided it elects to participate in the cost and risk of drilling and completing a well, has the right and obligation to drill and operate the well, but does not have absolute control over the filing of regulatory applications. Indeed, if Fasken elects not to participate in the well, or repudiates a prior election to participate, it would have no role in the regulatory process.

2. The JOA does not prohibit a working interest owner from

seeking regulatory approvals for a proposed well, and thus Mewbourne's application is permissible.

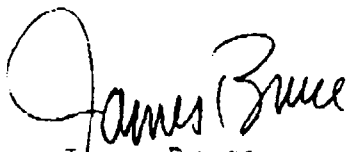
3. In ¶(9) of its Motion, Fasken attributes language to the JOA which simply does not exist. Once a well proposal is made, the JOA provides for the drilling of that well in a timely manner. Thus, while nothing precludes a second well proposal, the first proposal has priority.

4. Fasken discusses title issues in ¶(12) of its Motion. However, those issues have nothing to do with who may apply to the Division for approval of an unorthodox well location.¹

5. Mewbourne made a valid well proposal under the JOA, and has the right to seek all necessary approvals therefor. Obviously, Fasken will not seek approval of Mewbourne's well location. To grant Fasken's Motion grants an operator a veto over any well proposal, which is contrary to the JOA. Therefore, in order to protect its interests, Mewbourne must be allowed to proceed with its application, especially since it appears that Fasken may have repudiated its previously announced election to participate in Mewbourne's well proposal.

For the foregoing reasons, Mewbourne requests that Fasken's Motion to Dismiss be denied. Because of witness travel arrangements, Mewbourne requests a decision on Fasken's Motion as soon as possible. Thank you.

Very truly yours,



James Bruce

Attorney for Mewbourne
Oil Company

cc: Rand Carroll (via fax)
W. Thomas Kellahin (via fax)
William F. Carr (via fax)
Ralph Moore (via fax)

¹In addition, Matador reserved the right to object to Mewbourne's application; it has not yet objected thereto.