

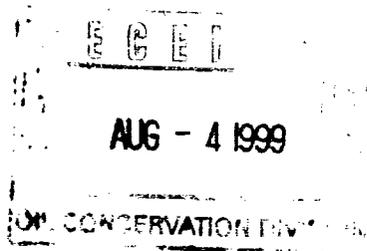
JAMES BRUCE

ATTORNEY AT LAW

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(505) 982-2043
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August 2, 1999

Via Fax and U.S. Mail

David R. Catanach
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Re: Case 12222; Application of Mewbourne Oil Company for
compulsory pooling, Eddy County, New Mexico

Dear Mr. Catanach:

Enclosed is Mewbourne's response in opposition to Matador's motion
to dismiss.

Very truly yours,

James Bruce

Attorney for Mewbourne
Oil Company

cc: Rand L Carroll w/encl.
W. Thomas Kellahin w/encl.
D. Paul Haden w/encl.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION

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

Case No. 12,222

MEWBOURNE OIL COMPANY'S
RESPONSE IN OPPOSITION TO MOTION TO DISMISS

Mewbourne Oil Company ("Mewbourne") submits the following response in opposition to the motion to dismiss filed by Matador Petroleum Corporation ("Matador").

A. FACTS.

Mewbourne filed an application to force pool the E½ of Section 18, Township 23 South, Range 27 East, for a Morrow well to be located at an orthodox location in the SE¼ of Section 18. Section 18 is comprised of two federal leases: One covering the N½ of Section 18, and one covering the S½ of Section 18. Mewbourne has been negotiating with Phillips Petroleum Company ("Phillips") for 15 months in order to get a well drilled in Section 18. See Exhibit A. Matador has recently obtained an assignment from Phillips, and now seeks to have the pooling application dismissed.

B. ARGUMENT.

Matador has cited 43 CFR §3105.2-2 for the proposition that the E½ of Section 18 cannot be communitized to form a well unit, since either the N½ or S¼ of Section 18 could, separately, form a well unit. However, as with every rule there is an exception. The Bureau of Land Management ("BLM") is authorized to grant exceptions to 43 CFR §3105.2-2 when circumstances dictate. This is one of those circumstances. Attached is a letter from the BLM stating

that it will approve a well unit comprised of the E½ of Section 18.

Exhibit B.

Based on the foregoing, Matador's motion should be denied, and Mewbourne should be allowed to proceed with pooling the unit for the well it has sought to drill for 15 months.

WHEREFORE, Mewbourne requests that Matador's motion to dismiss be denied.



James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Mewbourne Oil Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Pre-Hearing Statement was served upon the following counsel of record via facsimile transmission this 21st day of August, 1999.

W. Thomas Kellahin
Kellahin & Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-2047



James Bruce

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(915) 682-3715
FAX (915) 685-4170

May 14, 1998

Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 79762

Attn: Dana Thorton

Re: S/2 of Section 18,
T23S, R27E
Eddy County, New Mexico
NM 0275360

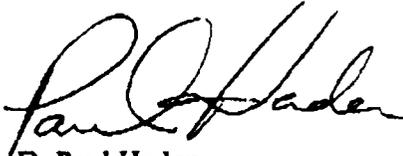
Dear Dana:

As discussed, Mewbourne Oil Company is interested in acquiring the captioned property for drilling purposes to evaluate the Morrow formation. Our records indicate that Phillips owns a 100% expense interest and a 81.25% net revenue interest in the subject land and lease.

Regarding the above, I will forward you Mewbourne's formal term assignment offer in the next week.

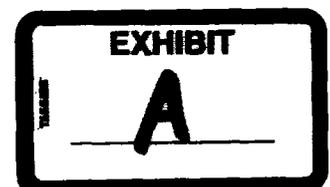
Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Landman

DPH/gb





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Field Office
2909 West Second St.
Roswell, New Mexico 87201
www.blm.gov



IN REPLY REFER TO:

APR 04 1999

Mewbourne Oil Company
Attention: D. Paul Haden
500 W. Texas, Suite 1020
Midland, Texas 79701

MAR 31 1999

Dear Mr. Haden,

We are in receipt of your letter of March 11, 1999, suggesting a East half dedication for the proposed Ranch Hand "18" Federal Com #1 well, to be located in section 18, T23S,R27E. We have also reviewed the information submitted by Mr. Dean Boundy in support of your proposal. Based on our review of the geologic information presented by Mr Boundy we agree that any remaining potential reserves would most likely warrant a east half dedication for this well. BLM would , therefor, look favorably on a communitization agreement for the east half based on geologic criteria. The communitization agreement would, of course, require the agreement of all working interest owners. If you have additional questions please contact Armando Lopez at 505-627-0248.

Sincerely,

Acting, Assistant Field Office Manager,
Lands and Minerals Division

