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August 27, 2002

Hand Delivered

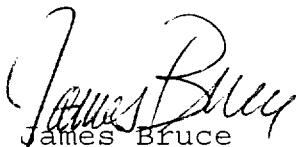
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and one copy of an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Mewbourne Oil Company. Please set this matter for the September 19, 2002 Examiner hearing. Thank you.

The application and advertisement are also on the enclosed disk under "MOC-14."

Very truly yours,


James Bruce

Attorney for Mewbourne Oil Company

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Case 12929

PARTIES BEING POOLED

Yates Energy Corporation
P.O. Box 2323
Roswell, New Mexico 88202

Attention: Shari Hamilton

Devon Energy Production Company, L.P.
P.O. Box 108838
Oklahoma City, Oklahoma 73101-8838

Attention: Ken Gray

Cibola Energy Corporation
Jalapeno Corporation
P.O. Box 1668
Albuquerque, New Mexico

Mr. & Mrs. Michael D. Hayes
3608 Meadowridge
Midland, Texas 79707

Estate of Mary Elizabeth Locker
1513 Flintridge Road
Austin, Texas 78746

Mr. & Mrs. Mark T. Owen
3323 Providence Drive
Midland, Texas 79707

Shinnery Investment Company
Suite C
906 South St. Francis Drive
Santa Fe, New Mexico 87501

Harvey E. Yates Company
P.O. Box 1933
Roswell, New Mexico 88202

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

NO. 12929

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral leasehold interests from the base of the Yates formation to the base of the Morrow formation underlying the W $\frac{1}{2}$ of Section 14, 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 W $\frac{1}{2}$ of Section 14, and has the right to drill a well thereon.

2. Applicant proposes to drill its Esperanza "14" St. Com. Well No. 1, at an orthodox well location in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of the section (Unit M), to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) The SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 14 to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated La Huerta-Delaware Pool, Undesignated East Avalon-Bone Spring Pool, and Undesignated East Carlsbad-Bone Spring Pool;

(b) The SW $\frac{1}{4}$ of Section 14 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, including the Undesignated East Avalon-Bone Spring Gas Pool; and

(c) The W½ of Section 14 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 East Carlsbad-Wolfcamp Gas Pool, Undesignated Cedar Hills-Upper Pennsylvanian Gas Pool, Burton Flat-Strawn Gas Pool, and Burton Flat-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral leasehold interest owners in the W½ of Section 14 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral leasehold 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 leasehold interest owners in the W½ of Section 14, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral leasehold interests underlying the W½ of Section 14 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:

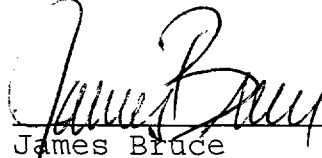
- A. Pooling all mineral leasehold interests in the W½ of Section 14 from the base of the Yates formation to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well,

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 the 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", is written over 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 12929 : Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Yates formation to the base of the Morrow formation underlying the following described acreage in Section 14, Township 21 South, Range 27 East, NMPM, and in the following manner: The W $\frac{1}{2}$ of Section 14 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 but not limited to the Undesignated East Carlsbad-Wolfcamp Gas Pool, Undesignated Cedar Hills-Upper Pennsylvanian Gas Pool, Undesignated Burton Flat-Strawn Gas Pool, and Burton Flat-Morrow Gas Pool; the SW $\frac{1}{4}$ of Section 14 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent, including but not limited to the Undesignated East Avalon-Bone Spring Gas Pool; and the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 14 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, including but not limited to the Undesignated La Huerta-Delaware Pool, Undesignated East Avalon-Bone Spring Pool, and Undesignated East Carlsbad-Bone Spring Pool. The unit is to be dedicated to applicant's Esperanza "14" St. Com. Well No. 1, to be drilled at an orthodox well location in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 14. 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 charge for the risk involved in drilling and completing the well. The unit is located approximately 5 $\frac{1}{2}$ miles northeast of Carlsbad, New Mexico.

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