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*Case 13021*

February 11, 2003

**Hand Delivered**

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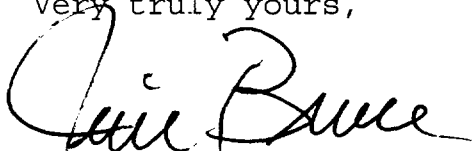
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

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 March 6, 2003 Examiner hearing. Thank you.

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

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

PARTIES BEING POOLED

Bass Enterprises Production Co.  
Perry R. Bass, Inc.  
Thru Line, Inc.  
Keystone, Inc.  
Lee Bass, Inc.  
Suite 3100  
201 Main Street  
Fort Worth, Texas 76102

Attention: J. Wayne Bailey

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

**RECEIVED**

FEB 11 2003

No. 13021

*Oil Conservation Division*

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests from the base of the Wolfcamp formation to 100 feet below the base of the Morrow formation underlying the S½ of Section 1, Township 22 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 1, and has the right to drill a well thereon.

2. Applicant proposes to drill its Otis "1" Well No. 1, at an orthodox gas well location in the SW¼SE¼ of the section (Unit 0), to a depth of approximately 12,200 feet subsurface, and seeks to dedicate the S½ of Section 1 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 Undesignated East Carlsbad-Strawn Gas Pool and the Undesignated East Carlsbad-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 1 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

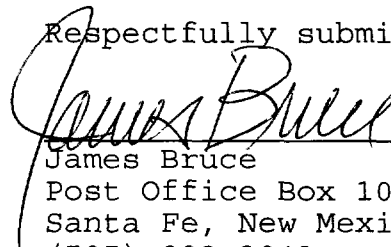
dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the S½ of Section 1, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the S½ of Section 1 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 1 from the base of the Wolfcamp formation to 100 feet below 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,

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

Attorney for Mewbourne Oil Company

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FEB 11 2003

PROPOSED ADVERTISEMENT

Oil Conservation Division

Case 13021 : 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 Wolfcamp formation to 100 feet below the base of the Morrow formation underlying the S $\frac{1}{2}$  of Section 1, Township 22 South, Range 27 East, NMPM 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-Strawn Gas Pool and Undesignated East Carlsbad-Morrow Gas Pool. The unit is to be dedicated to applicant's Otis "1" Well No. 1, to be drilled at an orthodox location in the SW $\frac{1}{4}$ SE $\frac{1}{4}$  (Unit O) of Section 1. 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 miles east of Carlsbad, New Mexico.