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October 12, 2004

Hand Delivered

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

Case 13364

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 November 4, 2004 Examiner hearing. Thanks.

The advertisement has also been e-mailed to the Division.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

PARTIES BEING POOLED

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

Xeric Oil & Gas Corporation
P.O. Box 352
Midland, Texas 79702

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Bank of America N.A., Trustee of
the T.J. and Mary Sively Trust
Suite 150
2100 South Utica
Tulsa, Oklahoma 74114

Attention: Terry L. Young

Todd E. Westmoreland
P.O. Box 10107
Midland, Texas 79702

Harry B. Hinkle
P.O. Box 8805
Midland, Texas 79708

Barry Lee Bradford
d/b/a Crossland Oil & Gas
P.O. Box 600070
Dallas, Texas 75360

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

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Case No. 13364

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E½ of Section 26, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the E½ of Section 26, and has the right to drill a well thereon.

2. Applicant proposes to drill its Beretta "26" State Com. Well No. 1, at an orthodox well location in the NW¼NE¼ of Section 26, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

- (a) the W½NE¼ of Section 26 to form a standard 80 acre oil spacing and proration unit for any formations and/or pools developed on 80 acre spacing within that vertical extent, including the Undesignated Travis-Upper Pennsylvanian Pool;
- (b) the NE¼ of Section 26 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; and
- (c) the E½ of Section 26 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 Fadeaway Ridge-Strawn Gas Pool, Undesignated North Turkey Track-Atoka Gas Pool, and North

Turkey Track-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 26 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 E½ of Section 26, pursuant to NMSA 1978 §70-2-17.

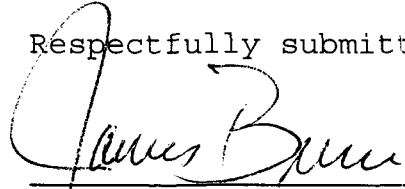
5. The pooling of all mineral interests underlying the E½ of Section 26 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the E½ of Section 26 from the surface 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 200% charge 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

Proposed Advertisement

Case 13364: Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 26, Township 18 South, Range 28 East, N.M.P.M., and in the following manner: The E½ to form a standard 320-acre gas spacing and proration unit for any and all formations developed on 320-acre spacing within that vertical extent, including the Undesignated Fadeaway Ridge-Strawn Gas Pool, Undesignated North Turkey Track-Atoka Gas Pool, and North Turkey Track-Morrow Gas Pool; the NE¼ to form a standard 160-acre gas spacing and proration unit for any and all formations developed on 160-acre spacing within that vertical extent; and the W½NE¼ to form a standard 80-acre oil spacing and proration unit for any and all formations developed on 80-acre spacing within that vertical extent, including the Undesignated Travis-Upper Pennsylvanian Pool. The units are to be dedicated to the proposed Beretta "26" State Com. Well No. 1, to be drilled at an orthodox location in the NW¼NE¼ (Unit B) of Section 26. 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 200% charge for the risk involved in drilling and completing the well. The units are located approximately 12 miles southwest of Loco Hills, New Mexico.

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