

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

jamesbruc@aol.com

RECEIVED

JUN - 1 2004

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

June 1, 2004

Hand Delivered

*Case 13285*

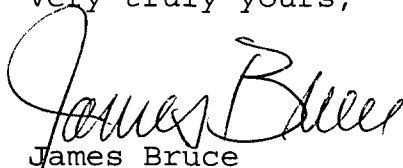
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

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 June 24, 2004 Examiner hearing. Thanks.

The advertisement is also on the enclosed disk.

Very truly yours,

  
James Bruce

Attorney for Mewbourne Oil Company

PARTIES BEING POOLED

Nearburg Exploration Company, L.L.C.  
Building 2, Suite 120  
3300 North "A" Street  
Midland, Texas 79705

EOG Resources, Inc.  
P.O. Box 2267  
Midland, Texas 79702

Kaiser-Francis Oil Company  
P.O. Box 21468  
Tulsa, Oklahoma 74136

Louis Berney  
1797 15th Avenue  
Star Prairie, Wisconsin 54026

Joseph T. Ingram  
10204 Falconbridge Drive  
Richmond, Virginia 23233

Leslea I. Cole  
832 West Ammandale Way  
Tucson, Arizona 85737

David A. Metts  
2609 Hodges  
Midland, Texas 79705

Howard Y. Williams  
(address unknown)

Richard Kiene and wife Rita A. Kiene  
(address unknown)

RECEIVED

JUN -1 2004

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 13285

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests from 4500 feet subsurface to the base of the Morrow formation underlying the N $\frac{1}{2}$  of Section 5, Township 20 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the N $\frac{1}{2}$  of Section 5, and has the right to drill a well thereon.

2. Applicant proposes to drill its Tombstone "5" Fed. Com. Well No. 2, at an orthodox gas well location in the SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 5 (Unit F), to a depth sufficient to test the Morrow formation (approximately 9,700 feet), and seeks to dedicate the following acreage to the well:

(a) The SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 5 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;

(b) The NW $\frac{1}{4}$  of Section 5 to form a standard 160 acre spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent, including the North Dagger Draw-Upper Pennsylvanian Pool; and

(c) The N $\frac{1}{2}$  of Section 5 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 Dagger Draw-Strawn Gas Pool, Undesignated North Cemetery-Atoka Gas Pool, and Cemetery-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N½ of Section 5 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 N½ of Section 5, pursuant to NMSA 1978 §70-2-17.

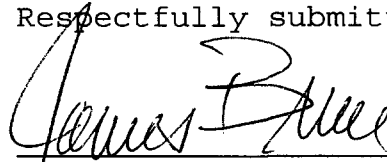
5. The pooling of all mineral interests underlying the N½ of Section 5 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

- A. Pooling all mineral interests in the N½ of Section 5 from 4500 feet subsurface 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 13285: Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 4500 feet subsurface to the base of the Morrow formation underlying the following described acreage in Section 5, Township 20 South, Range 25 East, NMPM, and in the following manner: the N $\frac{1}{2}$  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 Dagger Draw-Strawn Gas Pool, Undesignated North Cemetery-Atoka Gas Pool, and Cemetery-Morrow Gas Pool; the NW $\frac{1}{4}$  to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent, including the North Dagger Draw-Upper Pennsylvanian Pool; and the SE $\frac{1}{4}$ NW $\frac{1}{4}$  to form a standard oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to applicant's Tombstone "5" Fed. Com. Well No. 2, to be drilled at an orthodox gas well location in the SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 5. 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 5 $\frac{1}{2}$  miles west-northwest of Seven Rivers, New Mexico.

# RECEIVED

JUN - 1 2004

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505