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JUN - 1 2004

June 1, 2004

Case 13284

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

Hand Delivered

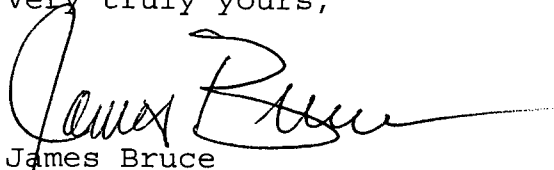
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

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 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

Chisos, Ltd.  
670 Dona Ana Road S.W.  
Deming, New Mexico 88030

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

Attention: Meg Muhlinghouse  
Land Department

Manix Energy, Ltd.  
P.O. Box 2818  
Midland, Texas 79702

June Johnson Cooper  
c/o Cooper, Kardaras & Kelleher  
141 East Walnut Street  
Pasadena, California 91103

June Johnson Cooper  
c/o Cooper, Kardaras & Kelleher  
660 South Figueroa  
Los Angeles, California 90017

ConocoPhillips Company  
P.O. Box 2197, WL3  
Houston, Texas 77252

Attention: Linda Hicks  
Pasadena, California 91103

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

Yates Petroleum Corporation  
Yates Drilling Company  
Abo Petroleum Corporation  
MYCO Industries, Inc.  
105 South Fourth Street  
Artesia, New Mexico 88210

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION JUN - 1 2004

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

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505  
Case No. 13289

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests from 3000 feet subsurface to the base of the Morrow formation underlying the W $\frac{1}{2}$  of Section 33, Township 16 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 W $\frac{1}{2}$  of Section 33, and has the right to drill a well thereon.

2. Applicant proposes to drill its Falcon Keys "33" State Com. Well No. 1, at an orthodox well location in the NE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 33, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) The NE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 33 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 33 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 W $\frac{1}{2}$  of Section 33 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 Southeast Crow Flats-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W½ of Section 33 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 W½ of Section 33, pursuant to NMSA 1978 §70-2-17.

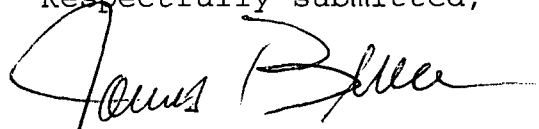
5. The pooling of all mineral interests underlying the W½ of Section 33 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

- A. Pooling all mineral interests in the W½ of Section 33 from 3000 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 13284: Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 3000 feet subsurface to the base of the Morrow formation underlying the following described acreage in Section 33, Township 16 South, Range 28 East, NMPM, and in the following manner: the W $\frac{1}{2}$  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 Southeast Crow Flats-Morrow Gas Pool; the NW $\frac{1}{4}$  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; and the NE $\frac{1}{4}$ 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 Falcon Keys "33" State Com. Well No. 1, to be drilled at an orthodox location in the NE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 33. 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 $\frac{1}{2}$  miles east-northeast of Artesia, New Mexico.

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