

HOLLAND & HART<sup>LLP</sup>



William F. Carr  
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June 29, 2004

**HAND-DELIVERED**

Mark E. Fesmire, P. E.  
Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

13306

2004 JUN 29 PM 4 13

Re: Application of Mewbourne Oil Company for compulsory pooling, Eddy  
County, New Mexico.

Dear Mr. Fesmire:

Enclosed is the application of Mewbourne Oil Company in the above-referenced case as well as a copy of a legal advertisement. Mewbourne requests that this matter be placed on the docket for the July 22, 2004 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Mr. Steve Smith, Senior Landman  
Mewbourne Oil Company

Holland & Hart<sup>LLP</sup>

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**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE APPLICATION  
OF MEWBOURNE OIL COMPANY FOR  
COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.**

CASE NO. \_\_\_\_\_

**APPLICATION**

13306

2009 JUN 29 PM 4:14

MEWBOURNE OIL COMPANY ("Mewbourne"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order pooling all mineral interests in the S/2 of Section 2, Township 20 South, Range 27 East, NMPM, Eddy County, New Mexico from the surface to the base of the Morrow formation for all formations and/or pools developed on 320-acre spacing, which includes but is not necessarily limited to the Angell Ranch-Atoka Morrow Gas Pool, and in support of its application states:

1. Mewbourne is a working interest owner in the S/2 of Section 2 and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing and proration units to its Angel Draw "2" State Com Well No. 1 to be drilled at a standard gas well location in the SE/4 at a point 990 feet from the South line and 660 feet from the East line of said Section 2 to an approximate depth of 11,300 feet to test any and all formations from the surface to the base of the Morrow formation.
3. Applicant has sought and been unable to obtain voluntary agreement for the development of this spacing and proration unit from the interest owners in the proposed spacing and proration unit identified on Exhibit A to this application.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Mewbourne Oil Company should be designated the operator of the well to be drilled.

WHEREFORE, Mewbourne Oil Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 22, 2004, and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration unit,
- B. designating Mewbourne Oil Company operator of these units and the well to be drilled thereon,
- C. authorizing Mewbourne to recover their costs of drilling, equipping and completing the well,
- D. approving the operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures,
- E. providing for subsequent operations on the pooled acreage in accordance with the operating agreement between the parties, and
- G. imposing a 200% penalty for the risk assumed in drilling and completing the well against any working interest owner who does not voluntarily participate in the well.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

William F. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87504-2208  
Telephone: (505) 988-4421

ATTORNEYS FOR MEWBOURNE OIL  
COMPANY

**EXHIBIT A**

**APPLICATION OF MEWBOURNE OIL COMPANY**  
**FOR COMPULSORY POOLING,**  
**S/2 SECTION 2, TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM**  
**EDDY COUNTY, NEW MEXICO.**

**NOTIFICATION LIST**

Alps Oil Company  
1011 E. 7th Street  
Odessa, Texas 79761  
Attention: Roy Collier

ChevronTexaco  
15 Smith Road  
Midland, Texas 70705  
Attention: Ms. Denise Beckham

Eastland Exploration, Inc.  
2901 Cherry Lane  
Austin, Texas 78703  
Attention Mr. Tom Sikes

Fortson Oil Company  
301 Commerce Street, Suite 3301  
Fort Worth, Texas 76102-4133  
Attention: Brett Taylor

**CASE 13306: Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all mineral interests in all formations from the surface to the base of the Morrow formation in the S/2 of Section 2, Township 20 South, Range 27 East, NMPM, Eddy County, New Mexico for all formations and/or pools developed on 320-acre spacing, which includes but is not necessarily limited to the Angell Ranch-Atoka Morrow Gas Pool. Said unit is to be dedicated to its Angle Draw "2" State Com. Well No. 1 to be drilled at a standard location 990 feet from the South line and 660 feet from the East line of said Section 2 and drilled to a depth sufficient to test all formations from the surface to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, provisions governing subsequent operations on the pooled units, designation of Mewbourne Oil Company, as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 9 miles North of Carlsbad, New Mexico.