

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

13305

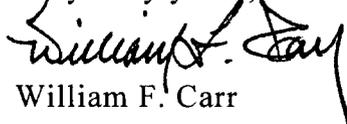
2004 JUN 29 PM 4 14

Re: Application of Mewbourne Oil Company for an exception to Division Rule 104.C(2)(c), 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. D. Paul Haden, Senior Landman
Mewbourne Oil Company

**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
AN EXCEPTION TO DIVISION
RULE 104.C(2)(c), EDDY COUNTY,
NEW MEXICO.**

2009 JUN 29 PM 4 14

CASE NO. 13305

APPLICATION

MEWBOURNE OIL COMPANY ("Mewbourne"), through its undersigned attorneys, hereby makes application for an order granting an exception to Division Rule 104.C(2)(c) to allow two operators in formations developed on 320--acre spacing in the N/2 of Section 19, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, and in support of its application states:

1. Mewbourne is a working interest owner in the N/2 of irregular Section 19, and desires to drill the Mewbourne Oil Company Esperanza "19" Federal Com. Well No. 2 ("the Esperanza Well") from a non-standard standard gas well surface location 599 feet from the North line and 2043 feet from the East line and directionally drill the well in a west southwesterly direction to a standard bottomhole location 780 feet from the North line and 1463 feet from West line of said Section 19, to a depth sufficient to test all formations developed on 320-acre spacing through the Morrow formation, Burton Flat-Morrow Gas Pool. The directional drilling has been required by the BLM. Mewbourne plans to test the Wolfcamp, Strawn, Atoka and Morrow formations with this well.

2. This N/2 spacing unit is comprised of two federal leases and is irregular as the result of a variation in the U. S. Public Lands Survey. It contains 314.84-acres, more or less, and is comprised of Lots 1 and 2 (W/2 NW/4) and the E/2 NW/4 and the NE/4 of irregular Section 19. This spacing unit is currently dedicated to (i) the Wynn-Crosby Energy, Inc. RGD Well No. 1 located at a standard gas well location 660 feet from the North line and 840 feet from the East line (NE/4 NE/4) which produces from the Morrow formation, Burton Flat-Morrow Gas Pool, and (ii) the Vernon E. Faulconer,

Inc. Pioneer Federal Com Well No. 1 located at a standard gas well location 1980 feet from the North and East lines (SW/4 NE/4) which produces from the Strawn formation, Undesignated La Huerta-Strawn Pool and the Atoka formation, Undesignated La Huerta-Atoka Pool.

3. Mewbourne proposes to simultaneously dedicate this spacing unit in the Morrow formation to the Esperanza Well located in the NE/4 NW/4 of the Section and the and the Wynn-Crosby Energy, Inc. RGD Well No. 1 located in the NE/4 NE/4 of the Section.

4. Mewbourne proposes to simultaneously dedicate this spacing unit in all other formations developed on 320-acre spacing to the Esperanza Well located in the NE/4 NW/4 of the Section and the Vernon E. Faulconer, Inc. Pioneer Federal Com Well No. 1 located in the SW/4 NE/4 of the Section.

5. Wynn-Crosby is a working interest owner and has operating rights only in the Morrow formation. Wynn-Crosby has executed Mewbourne's AFE but it prefers for Mewbourne to operate the Esperanza Well.

6. Vernon E. Faulconer, Inc. is the operator of the other formations in the N/2 of this section. However, Mewbourne has acquired the entire working interest of Vernon E. Faulconer, Inc. in this acreage. Because Vernon E. Faulconer, Inc. will own no interest in the Esperanza Well, and will pay no share of the well costs, Mewbourne desires to operate the well.

7. Neither Wynn-Crosby nor Vernon E. Faulconer object to Mewbourne operating the well.

8. Under the Operating Agreement covering the N/2 of this section in all formations except the Morrow, and pursuant to Division policy, Mewbourne will be allowed to drill the Esperanza Well to completion. However, Division Rule 104.C(2)(c) requires the operator of an infill well on a 320 acre unit to be the same as the operator of the initial well. Therefore, Mewbourne cannot operate and produce the Esperanza Well if it is completed as a well capable of production from the Strawn, Atoka or Morrow formations, and potentially other formations developed on 320-acre spacing.

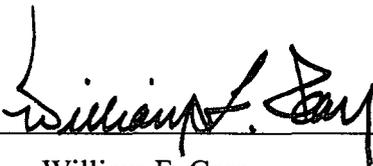
9. Mewbourne therefore requests an exception to Division Rule 104.C(2)(c) to allow two operators in formations developed on 320-acre spacing in the N/2 equivalent of Section 19.

10. Approval of this application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Mewbourne Oil Company, requests that this application be set for hearing and that after notice and hearing, as required by law and the Rules of the Division, the Division enter its order granting this application.

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

CASE NO 13305

Application of Mewbourne Oil Company for an Exception to Division Rule 104.C(2)(c), Eddy County, New Mexico. Applicant seeks an order granting an exception to Division Rule 104.C(2)(c) to allow two operators in all formations developed on 320-acre spacing in the N/2 equivalent of irregular Section 19, Township 21 South, Range 27 East, NMPM, to form a standard 320-acre gas spacing and proration unit in the Burton Flat-Morrow Gas Pool, the Undesignated La Huerta-Strawn Gas Pool and the Undesignated La Huerta-Atoka Gas Pool and any other pool in this 314.84 spacing unit developed on 320-acre spacing. Applicant proposes to directionally drill the Mewbourne Esperanza "19" Federal Com Well No. 2 from a non-standard surface location 599 feet from the North line and 2043 feet from the East line to a standard bottomhole location of 780 feet from the North line and 1463 feet from the West line of this section. The well will therefore be at a standard location in the Wolfcamp, Strawn, Atoka and Morrow formations. Applicant seeks authority to simultaneously dedicate the N/2 of Section 19 in the Morrow formation to its Esperanza well and to the Wynn-Crosby Energy, Inc. RGD Well No. 1 located in the NE/4 NE/4 of the Section and to simultaneously dedicated the N/2 of Section 19 in the Strawn, Atoka and other formations to its Esperanza Well and the Vernon E. Faulconer, Inc. Pioneer Federal Com Well No. 1 located in the SW/4 NE/4 of Section 19. This unit is located approximately one mile northeast of Carlsbad, New Mexico.

NOTIFICATION LIST**Exhibit "A"**

Falconer Resources 2000 Limited Partnership
P.O. Box 7995
Tyler, TX 75711
Attn: Jean Crawley

Eland Energy, Inc.
Two Galleria Tower
13455 Noel Road, Suite 2000
Dallas, TX 75240
Attn: Craig Nielsen

Claremont Corporation
P.O. Box 549
Claremore, OK 74018-0549

Devon Energy Production Company, L.P.
20 North Broadway, Suite 1500
Oklahoma City, OK 73102

Wynn-Crosby 2000, Ltd.
5500 W. Plano Parkway, Suite 200
Plano, TX 75093-4836

Jetta Operating Company
777 Taylor Street
Fort worth, TX 76102-4919

CAPMAC Eighty-Two Limited Partnership
777 Taylor Street
Fort Worth, TX 76102-4919

Redfern Enterprises, Inc.
P.O. Box 2127
Midland, TX 79702-2127

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Estate of Lillie M. Yates
105 South Fourth Street
Artesia, NM 88210

Sharbo Oil Ltd. Co.
P.O. Box 840
Artesia, NM 88211-0840

Sacramento Partners Limited Partnership
105 South Fourth Street
Artesia, NM 88210

John A. Yates, Jr.
105 South Fourth Street
Artesia, NM 88210

John A. Yates, Jr.
Trustee of Trust "Q"
105 South Fourth Street
Artesia, NM 88210

Peyton Yates
105 South Fourth Street
Artesia, NM 88210

Judy H. Yates
50 Ravenglass Way
Colorado Springs, CO 88906-7967

Abo Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

MYCO Industries, Inc.
P.O. Box 840
Artesia, NM 88211-0840

Yates Drilling Company
105 South Fourth Street
Artesia, NM 88210