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January 11, 2005

Case 13409

2005 JAN 11 PM 2 48

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 February 3, 2005 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

Petroleum Reserve Corporation
Three Valley Square
Suite 100
512 Township Line Road
Blue Bell, Pennsylvania 19422

Attention: Timothy M. Murin

New-Tex Oil Company
P.O. Box 297
Hobbs, New Mexico 88241

Attention: Hal Brunson

Myco Industries, Inc.
P.O. Box 840
Artesia, New Mexico 88211

Attention: Shari Darr Hodges

Yates Drilling Company
Sacramento Partners Ltd. Partnership
John A. Yates, individually &
as Trustee of the "Q" Trust
105 South Fourth Street
Artesia, New Mexico 88210

Attention: Robert H. Bullock

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

2005 JAN 11 PM 2 48
No. 13409

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests from the base of the Queen formation to the base of the Bone Spring formation underlying the N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 29, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 29, and has the right to drill a well thereon.

2. Applicant proposes to drill its Pinta "29" Fed. Com. Well No. 2 at an orthodox oil well location in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ (Unit J) of the section, to a depth sufficient to test the Bone Spring formation (approximately 7,600 feet subsurface), and seeks to dedicate the following acreage to the well:

(a) the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 29 to form a standard 40 acre oil spacing and proration unit for any pools and/or formations developed on 40 acre spacing within that vertical extent; and

(b) the N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 29 to form a standard 80 acre oil spacing and proration unit for any pools and/or formations developed on 80 acre spacing within that vertical extent, including the Undesignated Santo Nino-Bone Spring Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 29 for the purposes set forth herein.

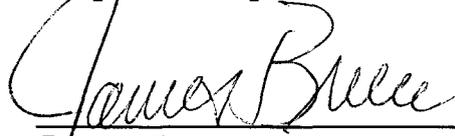
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the N½SE¼ of Section 29, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the N½SE¼ of Section 29 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 N½SE¼ of Section 29, from the base of the Queen formation to the base of the Bone Spring formation;
- B. Naming 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 as provided in the COPAS accounting procedure; and
- E. Setting a penalty 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 that reads "James Bruce". The signature is written in dark ink and is positioned above 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 13409: Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Queen formation to the base of the Bone Spring formation underlying the following described acreage in Section 29, Township 18 South, Range 30 East, N.M.P.M., and in the following manner: The N $\frac{1}{2}$ SE $\frac{1}{4}$ 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 Santo Nino-Bone Spring Pool; and the NW $\frac{1}{4}$ SE $\frac{1}{4}$ to form a standard 40-acre oil spacing and proration unit for any and all formations developed on 40-acre spacing within that vertical extent. The units are to be dedicated to the proposed Pinta "29" Fed. Com. Well No. 2, to be drilled at an orthodox oil well location in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ (Unit J) of Section 29. 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 7 miles south of Loco Hills, New Mexico.

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