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

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

CASE NO. 20797

APPLICANT'S PRE-HEARING STATEMENT

Mewbourne Oil Company ("Applicant"), through undersigned counsel, files this Pre-Hearing Statement pursuant to section 19.15.4.13.B NMAC.

APPEARANCES

APPLICANT Mewbourne Oil Company Suite 1020 500 West Texas Midland, TX 79701

Attn: Adriana Salgado (432) 682-3715

APPLICANTS' ATTORNEY Dalva L. Moellenberg GALLAGHER & KENNEDY, PA 1239 Paseo de Peralta Santa Fe, NM 87501-2758 Phone: (505) 982-9523 Fax: (505) 983-8160

dlm@gknet.com

STATEMENT OF THE CASE

Mewbourne Oil Company ("Applicant") seeks an order pooling all mineral interests in the Wolfcamp formation (Wildcat; Wolfcamp; Oil Pool) underlying a 320 acre, more or less, horizontal spacing unit comprised of the N/2 S/2 of Section 31 and the N/2 S/2 of Section 32, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico. The unit will be dedicated to the **Normandy 31/32 W0LI Federal Com #1H** well to be drilled to a depth sufficient to test the Wolfcamp formation from a surface hole location in the NW/4 SW/4 (Lot 3) of Section 31 (2579' FSL and 355' FWL), with a first take point 2200' FSL and 100' FWL of Section 31, and a final take point in the NE/4 SE/4 (Unit I) of Section 32 (2200' FSL and 100'

FEL). Also to be considered are Applicant's designation as the operator of the spacing unit and the wells, the cost of drilling and completing the wells and allocation of the costs thereof, as well as the actual operating charges and costs of supervision, and imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells.

PROPOSED EVIDENCE

Applicants' Proposed Evidence

WITNESS ESTIMATED TIME EXHIBITS

Adriana Salgado, Landman 15 minutes Approx. 6

Charles Crosby, Geologist 15 minutes Approx. 6

PROCEDURAL MATTERS

As of the date of this Pre-Hearing Statement, no other person has appeared. In the event this case is unopposed, Applicant may request to submit this case for decision based upon affidavit.

RESPECTFULLY SUBMITTED

Gallagher & Kennedy, P.A.

Dalva L. Moellenberg 1239 Paseo de Peralta

Santa Fe, New Mexico 87501

dlm@gknet.com (505) 989-7278

Counsel for Mewbourne Oil Company