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September 26, 2000

**Hand Delivered**


Florene Davidson  
Oil Conservation Division  
2040 South Pacheco Street  
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. The parties being pooled are listed on Exhibit A. Please set this matter for the October 19, 2000 Examiner hearing.

The application and proposed advertisement are also on the enclosed disk under "MOC."

Very truly yours,

  
James Bruce  
Attorney for Mewbourne  
Oil Company

OIL CONSERVATION DIV.  
CO SEP 26 AM 2:40

#12513

EXHIBIT A

Louis Dreyfus Natural Gas Corp.  
Suite 600  
14000 Quail Springs Parkway  
Oklahoma City, Oklahoma 73134

Attention: Joe W. Hammond

Rio Pecos Corporation  
4501 Green Tree Boulevard  
Midland, Texas 79707

Hollyhock Corporation  
4105 Baybrook  
Midland, Texas 79707

Attention: Roger T. Elliot

Tara-Jon Corporation  
6003 Meadowview Drive  
Midland, Texas 79707

Mark D. and Mary Lou Wilson  
4501 Green Tree Boulevard  
Midland, Texas 79707

Cannon Exploration Company  
3608 South County Road 1184  
Midland, Texas 79706

Attention: Todd Wilson

Joe E. Floyd  
P.O. Box 2577  
Midland, Texas 79702

Joel R. Miller  
P.O. Box 3003  
Midland, Texas 79702

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

OIL CONSERVATION DIV.  
00 SEP 26 AM 2:40

APPLICATION OF MEWBOURNE OIL  
COMPANY FOR COMPULSORY POOLING  
AND NON-STANDARD GAS SPACING  
AND PRORATION UNITS, EDDY COUNTY,  
NEW MEXICO.

No. 12513

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests from the base of the San Andres formation to the base of the Morrow formation (except the Atoka formation) underlying the N $\frac{1}{2}$ S $\frac{1}{2}$  and Lots 1-4 (S $\frac{1}{2}$  equivalent) of Section 35, Township 18 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and forming non-standard gas spacing and proration units, and in support thereof, states:

1. Applicant is a working interest owner in the S $\frac{1}{2}$  of Section 35, and has the right to drill a well thereon.

2. Applicant proposes to drill its Sand Dunes "35" Fed. Com. Well No. 1, at an orthodox location 1650 feet from the south line and 990 feet from the east line of the section, to a depth sufficient to test the Morrow formation (approximately 11,700 feet subsurface), and seeks to dedicate the following acreage to the well:

(a) The SE $\frac{1}{4}$  of Section 35 for all pools or formations developed on 160 acre spacing within that vertical extent, to form a non-standard 156.46 acre gas spacing and proration unit; and

(b) The S $\frac{1}{2}$  of Section 35 for all pools or formations developed on 320 acre spacing within that vertical extent,

including the Undesignated Palmillo-Cisco Gas Pool and the North Turkey Track-Morrow Gas Pool, to form a non-standard 311.81 acre gas spacing and proration unit.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 35 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 S½ of Section 35, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the S½ of Section 35, as set forth above, 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 S½ of Section 35;
- 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 said rates as provided in the COPAS accounting procedure;

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; and

F. Granting such further relief as the Division deems proper.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", is 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

OIL CONSERVATION DIV.  
SEP 26 AM 2:41

Case 2513: Application of Mewbourne Oil Company for compulsory pooling and non-standard gas spacing and proration units, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the San Andres formation to the base of the Morrow formation (except the Atoka formation) underlying the following described acreage in Section 35, Township 18 South, Range 29 East, NMPM, and in the following manner: Lots 1-4 and the N $\frac{1}{2}$ S $\frac{1}{2}$  (S $\frac{1}{2}$  equivalent) to form a non-standard 311.81-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the North Turkey Track-Morrow Gas Pool; and Lots 1, 2, and the N $\frac{1}{2}$ SE $\frac{1}{4}$  (SE $\frac{1}{4}$  equivalent) to form a non-standard 156.46-acre gas spacing and proration unit for any formations and/or pools developed on 160- acre spacing within that vertical extent. The units are to be dedicated to applicant's Sand Dunes "35" Fed. Com. Well No. 1, located 1650 feet from the south line and 990 feet from the east line (Unit I) of Section 35. 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 charge for the risk involved in drilling and completing the well. The units are located approximately 9 miles south-southwest of Loco Hills, New Mexico.