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December 13, 2002

Case 12988

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 January 9, 2003 Examiner hearing. Thank you.

The application and advertisement are also on the enclosed disk.

Very truly yours,


James Bruce

Attorney for Mewbourne Oil Company

PARTIES BEING POOLED

Ocean Energy, Inc.
Suite 1600
1001 Fannin Street
Houston, Texas 77002

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

No. 12988

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W½ of Section 9, Township 17 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the W½ of Section 9, and has the right to drill a well thereon.

2. Applicant proposes to drill its Eureka "9" State Com. Well No. 1 at an orthodox location in the NE¼NW¼ (Unit C) of the section, to a depth sufficient to test the Morrow formation (approximately 12,900 feet subsurface), and seeks to dedicate the following acreage to the well:

- (a) the NW¼ of Section 9 to form a standard 160 acre gas spacing and proration unit for any pools and/or formations developed on 160 acre spacing within that vertical extent; and
- (b) the W½ of Section 9 to form a standard 320 acre gas spacing and proration unit for any pools and/or formations developed on 320-acre spacing within that vertical extent, including the Undesignated North Vacuum Atoka-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W½ of Section 9 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 W½ of Section 9, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W½ of Section 9 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 W½ of Section 9, from the surface to the base of the Morrow 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 dark ink, 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

Case 12988: Application of Mewbourne Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 9, Township 17 South, Range 35 East, NMPM, and in the following manner: The W $\frac{1}{2}$ of Section 9 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Vacuum Atoka-Morrow Gas Pool; and the NW $\frac{1}{4}$ of Section 9 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent. The unit is to be dedicated to applicant's Eureka "9" State Com. Well No. 1, to be drilled at an orthodox well location in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 9. 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 $\frac{1}{2}$ miles southwest of Lovington, New Mexico.