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April 29, 2003

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APR 29 2003

Oil Conservation Division

Case 13077

**Hand Delivered**

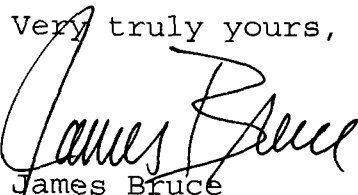
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

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 May 22, 2003 Examiner hearing. Thank you.

The advertisement is also on the enclosed disk.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

PARTIES BEING POOLED

Cibola Energy Corporation  
Jalapeno Corporation  
P.O. Box 1668  
Albuquerque, New Mexico

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Oil Conservation Division

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 13077

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral leasehold interests from the surface to the base of the Morrow formation underlying Lots 3, 4, E $\frac{1}{2}$ SW $\frac{1}{4}$ , and SE $\frac{1}{4}$  (the S $\frac{1}{2}$ ) of Section 31, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the S $\frac{1}{2}$  of Section 31, and has the right to drill a well thereon.

2. Applicant proposes to drill its Freedom "31" Fed. Com. Well No. 2, at an orthodox gas well location in the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of the section (Unit N), to a depth sufficient to test the Morrow formation (approximately 12,050 feet), and seeks to dedicate the following acreage to the well:

(a) The SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 31 to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated Scanlon-Delaware Pool and Undesignated East Avalon-Bone Spring Pool;

(b) The Lots 3, 4, and the E $\frac{1}{2}$ SW $\frac{1}{4}$  (the SW $\frac{1}{4}$ ) of Section 31 to form a standard 159.06 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent, including the Undesignated Scanlon (Tansill) Gas Pool; and

(c) The S½ of Section 31 to form a standard 319.06 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated Scanlon-Strawn Gas Pool, Undesignated Burton Flat-Strawn Gas Pool, Undesignated Burton Flat-Atoka Gas Pool, Undesignated Scanlon-Morrow Gas Pool, and Undesignated Burton Flat-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral leasehold interest owners in the S½ of Section 31 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral leasehold 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 leasehold interest owners in the S½ of Section 31, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral leasehold interests underlying the S½ of Section 31 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 leasehold interests in the S½ of Section 31 from the surface to the base of the Morrow formation;
- 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 the rates pursuant to 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, appearing to read "James Bruce", 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 13077:

**Application of Mewbourne Oil Company for compulsory pooling, Eddy 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 31, Township 20 South, Range 29 East, NMPM, and in the following manner: Lots 3, 4, E $\frac{1}{2}$ SW $\frac{1}{4}$ , and SE $\frac{1}{4}$  (the S $\frac{1}{2}$ ) of Section 31 to form a standard 319.06-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 Scanlon-Strawn Gas Pool, Undesignated Burton Flat-Strawn Gas Pool, Undesignated Burton Flat-Atoka Gas Pool, Undesignated Scanlon-Morrow Gas Pool, and Undesignated Burton Flat-Morrow Gas Pool; Lots 3, 4, and E $\frac{1}{2}$ SW $\frac{1}{4}$  (the SW $\frac{1}{4}$ ) of Section 31 to form a standard 159.06-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent, including the Scanlon (Tansill) Gas Pool; and the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 31 to form a standard oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Scanlon-Delaware Pool and Undesignated East Avalon-Bone Spring Pool. The unit is to be dedicated to applicant's Freedom "31" Fed. Com. Well No. 2, to be drilled at an orthodox well location in the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 31. 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 10 miles northeast of Carlsbad, New Mexico.

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