



July 26, 2004

HAND-DELIVERED

Mark E. Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 13326

2004 JUL 26 PM 3 19

Re: Application of Mewbourne Oil Company for Compulsory Pooling, Eddy County,
New Mexico.

Dear Mr. Fesmire:

Enclosed is the Application of Mewbourne Oil Company in the above-referenced case as well as a copy of the legal advertisement. Mewbourne Oil Company requests that this matter be placed on the docket for the August 19, 2004 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Mr. Steve Cobb
Mr. Larry Cunningham
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, Texas 79701

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

**IN THE MATTER OF THE APPLICATION
OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING , EDDY
COUNTY, NEW MEXICO.**

CASE NO.

2009 JUL 26 PM 3 19
13326

APPLICATION

MEWBOURNE OIL COMPANY, ("Mewbourne") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the W/2 of Section 30, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated Scanlon-Morrow Gas Pool and the Undesignated Scanlon Strawn Gas Pool; the SW/4 for all formations and/or pools developed on 160-acre spacing; the E/2 SW/4 for all formations and/or pools developed on 80-acre spacing; and the NE/4 SW/4 for all formations and/or pools developed on 40-acre, and in support of its application states:

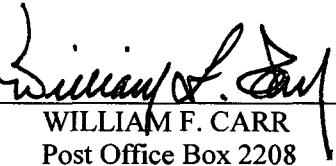
1. Mewbourne Oil Company is a working interest owner in the W/2 of said Section 30 and has the right to drill thereon.
2. Mewbourne proposes to dedicate the above-referenced spacing or proration units to a well it proposes to drill at a standard gas well location 1650 feet from the South and West lines of (Unit K) of said Section 30, to an approximate depth of 12,000 feet to test any and all formations from the surface to the base of the Morrow formation.
3. Mewbourne has sought and been unable to obtain a voluntary agreement for the development of these lands from certain unleased mineral interest owners in the subject spacing units who are identified on Exhibit A to this application.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Mewbourne to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Mewbourne Oil Company should be designated the operator of the well to be drilled.

WHEREFORE, Mewbourne Oil Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 19, 2004 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing and proration units,
- B. designating Mewbourne Oil Company operator of these units and the well to be drilled thereon,
- C. authorizing Mewbourne Oil Company to recover its costs of drilling, equipping and completing the well,
- D. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures, and
- E. imposing a penalty for the risk assumed by Mewbourne Oil Company in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,
HOLLAND & HART LLP

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR MEWBOURNE OIL COMPANY

EXHIBIT A

**APPLICATION OF
MEWBOURNE OIL COMPANY.
FOR COMPULSORY POOLING
W/2 OF SECTION 30, TOWNSHIP 20 SOUTH, RANGE 29 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO.**

Harvey E. Yates Company
Post Office Box 1933
Roswell, New Mexico 88202-1933
Attention: Melissa Randle

Cibola Energy Corporation
Jalapeno Corporation
Post Office Box 1608
Albuquerque, New Mexico 87103-1608
Attention: Harvey E. Yates, Jr.

Yates Energy Corporation
Post Office Box 2323
Roswell, New Mexico 88202
Attention: Sheri Hamilton

CASE 13326:

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described spacing and proration units located in the W/2 of Section 30, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico: the W/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated Scanlon-Morrow Gas Pool and the Undesignated Scanlon Strawn Gas Pool; the SW/4 for all formations and/or pools developed on 160-acre spacing; the E/2 SW/4 for all formations and/or pools developed on 80-acre spacing; and the NE/4 SW/4 for any and all formations/pools developed on 40-acre spacing. Said units are to be dedicated to a well to be drilled at a standard gas well location 1650 feet from the South and West lines (Unit K) of said Section 30. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Mewbourne Oil Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 30 miles southwest of Lovington, New Mexico.



July 27, 2004

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO AFFECTED INTEREST OWNERS:

Re: Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.

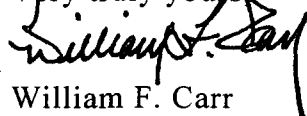
Ladies and Gentlemen:

This letter is to advise you that Mewbourne Oil Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking the compulsory pooling of certain spacing and proration units in the W/2 of Section 30, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico. Said units will be dedicated to a well that Mewbourne proposes to drill at a standard gas well location 1650 feet from the South and West lines of said Section 30 to test all formations from the surface to the base of the Morrow formation.

This application has been set for hearing before a Division Examiner on August 19, 2004. The hearing will be held at Porter Hall located in the Division's Santa Fe offices. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, three days in advance of a scheduled hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,


William F. Carr

Enclosure

cc: Steve Cobb