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2004 JUL 27 PM 4 45

July 27, 2004

Case 13330

Hand Delivered

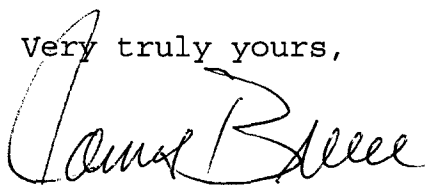
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an original and one copy of an application for an exception to Division Rule 104.C.(2)(c), together with a proposed advertisement, filed on behalf of Mewbourne Oil Company. Please set this matter for the August 19, 2004 Examiner hearing. Thanks.

The advertisement is also on the enclosed disk.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MEWBOURNE OIL COMPANY
FOR AN EXCEPTION TO DIVISION RULE
104.C.(2)(c), EDDY COUNTY, NEW MEXICO.

2009 JUL 27 PM 4 45
Case No. 13330

APPLICATION

Mewbourne Oil Company ("Mewbourne") applies for an order granting an exception to Division Rule 104.C.(2)(c), to allow two operators in formations developed on 320 acre spacing in the N½ of Section 20, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Mewbourne is a working interest owner in the N½ of Section 20, and desires to drill the Dinero "20" Federal Well No. 2, at an orthodox location in the SE¼NE¼ (Unit H) of Section 20, to a depth sufficient to test the Morrow formation (Dublin-Morrow Gas Pool).

2. The existing Foal "20" Federal Well No. 1, located at an orthodox location in the NE¼NW¼ (Unit C) of Section 20, currently produces from the Morrow formation. The Foal "20" Federal Well No. 1 is operated by Jetta Operating Company, Inc. ("Jetta").

3. The Dinero "20" Federal Well No. 2 and Foal "20" Federal Well No. 1 will be simultaneously dedicated to the N½ of Section 20, forming a standard 320 acre gas spacing and proration unit.

4. Under Division policy, Mewbourne will be allowed to drill the Dinero "20" Federal Well No. 2 to completion. However, Division Rule 104.C.(2)(c) requires the operator of an infill well on a 320 acre gas well unit to be the same as the operator for the initial well. Therefore, Mewbourne cannot operate and produce the

Dinero Federal "20" Well No. 2 if it is completed as a well capable of producing from the Morrow formation, and potentially other formations developed on 320 acre spacing.

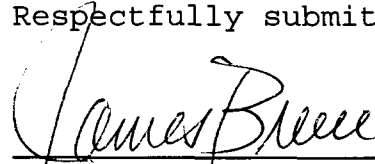
5. Mewbourne requests an exception to Division Rule 104.C.(2)(c), to allow two operators in formations developed on 320 acre spacing in the N½ of Section 20.

6. Jetta does not object to Nearburg operating the well.

7. The granting of this application will prevent waste and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order granting the relief requested above.

Respectfully submitted,

A handwritten signature in cursive script, reading "James Bruce", written over a horizontal line.

James Bruce
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Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Mewbourne Oil
Company