

HOLLAND & HART LLP



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2004 NOV 23 PM 5 29

November 23, 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 13394

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

Dear Mr. Fesmire:

Enclosed in triplicate is the Application of Mewbourne Oil Company in the above-referenced case as well as a copy of the legal advertisement. Mewbourne requests that this matter be placed on the docket for the December 16, 2004 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Mr. Steven J. Smith
Senior Landman
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, Texas 79701

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Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ♻

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

2004 NOV 23 PM 5 30

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

CASE NO. 13394

APPLICATION

MEWBOURNE OIL COMPANY ("Mewbourne"), through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. 70-2-17, (1978), for an order pooling all mineral interests in all formations and/or pools developed on 320-acre spacing in the E/2 of Section 7, Township 21 South, Range 35 East, N.M.P.M., Lea County, New Mexico, which includes but is not necessarily limited to the Undesignated Osudo-Morrow Gas Pool. In support of this application, Mewbourne states:

1. Mewbourne Oil Company is a working interest owner in the E/2 of said Section 7 and has the right to drill thereon.
2. Mewbourne proposes to dedicate the above-referenced pooled spacing unit to its Osudo "7" State Com Well No. 1 to be drilled from at a location 1980 feet from the South and East lines of said Section 7 to a depth of approximately 12,500 feet to test all formations developed on 320-acre spacing from the surface to the base of the Morrow.
3. Mewbourne has sought and been unable to obtain a voluntary agreement for the development of these lands from certain working 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.

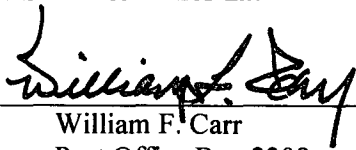
5. In order to permit Mewbourne to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled and Mewbourne Oil Company should be designated the operator of the well to be drilled.

WHEREFORE, Mewbourne Oil Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on December 16, 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 located thereon,
- C. authorizing Mewbourne to recover its costs of drilling 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 200% 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, and

Respectfully submitted,

HOLLAND & HART LLP

By: 
William F. Carr
Post Office Box 2208
Santa Fe, NM 87504
Telephone: (505) 988-4421

ATTORNEYS FOR MEWBOURNE OIL COMPANY

EXHIBIT A
APPLICATION OF
MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING
TOWNSHIP 21 SOUTH, RANGE 35 EAST
SECTION 7: E/2
LEA COUNTY, NEW MEXICO.

Osudo "7" State Com Well No. 1

NOTIFICATION LIST

ChevronTexaco
1111 South Wilcrest
Houston, Texas 77099
Attn: Ms. Janette L. Lorenz

ConocoPhillips Company
Post Office Box 2197, WL3
Houston, Texas 77252-2197
Attn: Ms. Linda Hicks

Devon SFS Operating, Inc.
20 N. Broadway, Suite 1500
Oklahoma City, Oklahoma 73102
Attn: Mr. Richard Winchester

Nearburg Exploration Co., Ltd.
3300 North "A" St., Building 2, Suite 120
Midland, Texas 79705
Attn: Mr. Duke Roush

CASE 13394:

Application of Mewbourne Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations from the surface to the base of the Morrow in the E/2 of Section 7, Township 21 South, Range 35 East, N.M.P.M., Lea County, New Mexico for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Osudo-Morrow Gas Pool. Said units are to dedicated to applicant's proposed Osudo "7" State Com Well No. 1 to be drilled and completed at a standard gas well location 1980 feet from the South and East lines (Unit J) of said Section 7. Also to be considered will be the cost of drilling and completing said well, the allocation of the cost thereof, actual operating costs and charges for supervision, the 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 10 miles southwest of Monument, New Mexico.

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