

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

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
FOR THE PURPOSE OF CONSIDERING:

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

Case No. 13,359

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Mewbourne Oil Company as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Mewbourne Oil Company
Suite 1020
500 West Texas
Midland, Texas 79701

Attention: Steve Smith
(432) 682-3715

APPLICANT'S ATTORNEY

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OPPONENT

Chesapeake Operating, Inc.

OPPONENT'S ATTORNEY

W. Thomas Kellahin

STATEMENT OF THE CASE

APPLICANT

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 21 South, Range 35 East, NMPM, and in the following manner: the NW $\frac{1}{4}$ 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 South Osudo-Morrow Gas Pool; the NE $\frac{1}{4}$ 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, including the Undesignated South Osudo-Wolfcamp Gas Pool; and the SE $\frac{1}{4}$ NE $\frac{1}{4}$ 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 Osudo-Wolfcamp Pool and Undesignated Osudo-Strawn Pool. The units are to be dedicated to applicant's Osudo "9" State Com. Well No. 1, to be drilled at an orthodox

location in the SE~~1~~⁴NE~~4~~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 200% charge for the risk involved in drilling and completing the well.

OPPONENTPROPOSED EVIDENCEAPPLICANT

WITNESSES
Steve Smith
(landman)

EST. TIME
15 min.

EXHIBITS
(a) land plat
(b) list of owners
(c) correspondence
(d) AFE
(e) affidavit of
notice

OPPONENT

WITNESSES

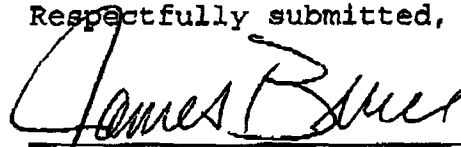
EST. TIME

EXHIBITS

PROCEDURAL MATTERS

-None-

Respectfully submitted,



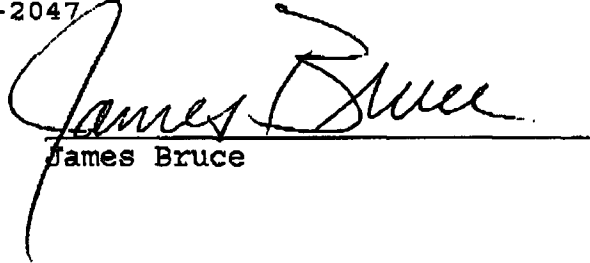
James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Mewbourne Oil
Company

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing pleading was served upon the following counsel of record via facsimile transmission this 15th day of October, 2004:

W. Thomas Kellahin
Kellahin & Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504
Fax No. (505) 982-2047


James Bruce

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

2009 OCT 15 PM 1 29

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF HEARING:**

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

CASE 13359

PRE-HEARING STATEMENT

**James D. Finley, D/B/A Finley Resources Inc. submits this pre-hearing statement as
required by the New Mexico Oil Conservation Division.**

APPEARANCES OF THE PARTIES

APPLICANT

Mewbourne Oil Company

ATTORNEY

James Bruce. Esq.

OTHERS

**Chesapeake Operating, Inc.
6100 N. Western Ave
Oklahoma City, OK 73118
Attn: Lynda Townsend
405-879-9414**

ATTORNEY

**Thomas Kellahin, Esq.
P. O. Box 2265
Santa Fe, New Mexico 87504
505-982-4285**

**Finley Resources Inc.
1308 Lake Street, Suite 200
Fort Worth, Texas**

**Thomas Kellahin or
William F. Carr, Esq.**

STATEMENT OF THE CASE

OTHER: Finley Resources Inc.

Mewbourne Oil Company ("Mewbourne") seeks a compulsory pooling order pooling all mineral interest from the surface to the base of the Morrow formation to be dedicated to a standard 320-acre gas spacing unit consisting of the N/2 of Section 9, T21S, R35E, Lea County, New Mexico for its Osudo "9" State Com Well No. 21 to be drilled as an standard gas well location in Unit H of this section to an estimated depth of 12,500 feet.

Mewbourne, with only 3.125% of the operating from the surface to 10,000 feet within the NE/4 of Section 9, seeks to pool the interests of Finley Resources, Inc. that owns 96.875% of those rights.

Finley Resources, Inc. reserves the option to file a competition compulsory pooling application to dispute operatorship.

In addition, Finley Resources, Inc. objects to Mewbourne's proposed cost allocation formula that, among other objectionable provisions, would violate corrective rights by requiring the owners from the surface to 10,000 feet (Shallow Rights) to pay 100% of the costs to the surface to the base of the Shallow Right while the owners from 10,000 to 12,500 feet (Depth Rights) would pay nothing.

PROPOSED EVIDENCE

WITNESSES	EST. TIME	EST. EXHIBITS
Scott Ramsey (Landman)	20-30 min	about 8

PROCEDURAL MATTERS

Because of a potential conflict of interest that cannot be resolved prior to hearing, W. Thomas Kellahin, as an accommodation to Finley Resources, Inc., is filing this pre-hearing statement so that it is in compliance with Division rules.

KELLAHIN & KELLAHIN



W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504
Phone 505-982-4285
Fax 505-982-2047
E-mail: kellahin@earthlink.net

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

**IN THE MATTER OF THE HEARING CALLED
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THE PURPOSE OF HEARING:**

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

CASE 13359

2009 OCT 15 PM 1 59

PRE-HEARING STATEMENT

Chesapeake Operating, Inc. and Chesapeake Permian, L.P. submits their pre-hearing statement as required by the New Mexico Oil Conservation Division.

APPEARANCES OF THE PARTIES

APPLICANT

Mewbourne Oil Company

ATTORNEY

James Bruce. Esq.

OTHERS

**Chesapeake Operating, Inc.
6100 N. Western Ave
Oklahoma City, OK 73118
Attn: Lynda Townsend
405-879-9414**

ATTORNEY

**Thomas Kellahin, Esq.
P. O. Box 2265
Santa Fe, New Mexico 87504
505-982-4285**

**Finley Resources Inc.
1308 Lake Street, Suite 200
Fort Worth, Texas**

**Thomas Kellahin or
William F. Carr, Esq.**

STATEMENT OF THE CASE

OTHER: Chesapeake Operating, Inc.

Mewbourne Oil Company ("Mewbourne") seeks a compulsory pooling order pooling all mineral interest from the surface to the base of the Morrow formation to be dedicated to a standard 320-acre gas spacing unit consisting of the N/2 of Section 9, T21S, R35E, Lea County, New Mexico for its Osudo "9" State Com Well No. 21 to be drilled as an standard gas well location in Unit H of this section to an estimated depth of 12,500 feet.

Chesapeake owns an interest in the operating rights within this proposed spacing unit and believes that it has reached a voluntary agreement with Mewbourne and therefore should be dismissed as a party to be pooled by this case.

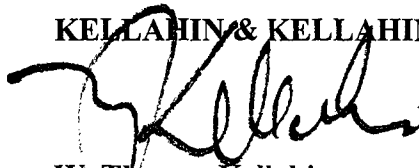
PROPOSED EVIDENCE

WITNESSES	EST. TIME	EST. EXHIBITS
Lynda Townsend (Landman)	20-30 min	about 8

PROCEDURAL MATTERS

None

KELLAHIN & KELLAHIN



W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504
Phone 505-982-4285
Fax 505-982-2047
E-mail: kellahin@earthlink.net