



January 25, 2005

**BY HAND DELIVERY**

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 13421*

2005 JAN 25 PM 3 19

Re: Application of Mewbourne Oil Company for compulsory pooling, Eddy 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 February 17, 2005 examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Mr. Steve Cobb  
Senior Landman  
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. 13427

**APPLICATION**

2005 JAN 25 PM 3

MEWBOURNE OIL COMPANY ("Mewbourne"), through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17(C), for an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described acreage in Section 23, Township 23 South, Range 26 East, NMPM: the E/2 to form a standard 320-acre spacing and proration unit for all formations developed on a 320-acre spacing within that vertical extent which includes but is not necessarily limited to the South Carlsbad-Morrow Gas Pool, the Undesignated North Black River-Atoka Gas Pool, the Undesignated Frontier Hills-Strawn Gas Pool, the Undesignated South Carlsbad-Canyon Gas Pool, the Undesignated South Carlsbad-Upper Pennsylvanian Gas Pool, and the Undesignated South Yarrow-Bone Spring Gas Pool; SE/4 to form a standard spacing and proration unit for all formations developed on 160-acre spacing within that vertical extent; and SE/4 SE/4 to form a standard spacing and proration unit for all formations developed on 40-acre spacing within that vertical extent which includes but is not limited to the Undesignated Dark Canyon-Delaware Pool. In support of this application, Mewbourne states:

1. Mewbourne Oil Company is a working interest owner in the E/2 of said Section 23 and has the right to drill thereon.
2. Mewbourne proposes to dedicate the above-referenced pooled spacing unit to its Black River "23" Federal Com Well No. 1 to be drilled from at a location 660 feet from the South and East lines of said Section 23 to a depth of approximately 12,200 feet to test 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 the working interest owners 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.

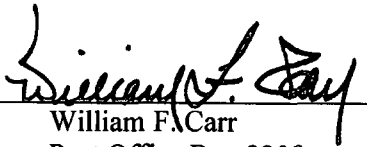
5. In order to permit Mewbourne to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled and Mewbourne Oil Company should be designated the operator of the well to be drilled.

WHEREFORE, Mewbourne Oil Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 17, 2005 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 these costs 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 that 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, NM 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR MEWBOURNE OIL COMPANY

**EXHIBIT A**  
**APPLICATION OF**  
**MEWBOURNE OIL COMPANY**  
**FOR COMPULSORY POOLING**  
**SECTION 23: E/2**  
**TOWNSHIP 23 SOUTH, RANGE 26 EAST**  
**EDDY COUNTY, NEW MEXICO.**

**Black River "23" Federal Com Well No. 1**

**NOTIFICATION LIST**

Crown Oil Partners II, L.P.  
Post Office Box 50820  
Midland, Texas 79701  
Attention: Charles D. Ray

William G. McCoy  
160 Pinon Cswy. No. 3044  
Pagosa Springs, Colorado 81147-8337

CASE 13421:

**Application of Mewbourne Oil Company for compulsory pooling, Eddy 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 23, Township 23 South, Range 26 East, N.M.P.M in the following described spacing and proration units: the E/2 to form a standard 320-acre spacing and proration unit for all formations developed on a 320-acre spacing within that vertical extent which includes but is not necessarily limited to the South Carlsbad-Morrow Gas Pool, the Undesignated North Black River-Atoka Gas Pool, the Undesignated Frontier Hills-Strawn Gas Pool, the Undesignated South Carlsbad-Canyon Gas Pool, the Undesignated South Carlsbad-Upper Pennsylvanian Gas Pool, and the Undesignated South Yarrow-Bone Spring Gas Pool; the SE/4 to form a standard spacing and proration unit for all formations developed on 160-acre spacing within that vertical extent; and the SE/4 SE/4 to form a standard spacing and proration unit for all formations developed on 40-acre spacing within that vertical extent which includes but is not limited to the Undesignated Dark Canyon-Delaware Pool. Said units are to be dedicated to applicant's proposed Black River Federal Com Well No. 1 to be drilled and completed at a standard gas well location 660 feet from the South and East lines (Unit P) of said Section 23. 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 3 miles south of the Carlsbad Municipal Airport, Carlsbad, New Mexico.

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January 27, 2005

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

TO ALL 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 an order pooling all mineral interests from the surface to the base of the Morrow formation in the following described acreage in acreage in Section 23, Township 23 South, Range 26 East, NMPM: the E/2 to form a standard 320-acre spacing and proration unit for all formations developed on a 320-acre spacing within that vertical extent which includes but is not necessarily limited to the South Carlsbad-Morrow Gas Pool, the Undesignated North Black River-Atoka Gas Pool, the Undesignated Frontier Hills-Strawn Gas Pool, the Undesignated South Carlsbad-Canyon Gas Pool, the Undesignated South Carlsbad-Upper Pennsylvanian Gas Pool, and the Undesignated South Yarrow-Bone Spring Gas Pool; SE/4 to form a standard spacing and proration unit for all formations developed on 160-acre spacing within that vertical extent; and SE/4 SE/4 to form a standard spacing and proration unit for all formations developed on 40-acre spacing within that vertical extent which includes but is not limited to the Undesignated Dark Canyon-Delaware Pool. Said units are to be dedicated to Mewbourne's proposed Black River "23" Federal Com Well No. 1 to be drilled a standard well location 660 feet from the South and East lines of said Section 23 to a depth sufficient 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 February 17, 2005. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. 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 three days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the

HOLLAND & HART<sup>LLP</sup>



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,

A handwritten signature in black ink, appearing to read "William F. Carr".

William F. Carr

ATTORNEY FOR MEWBOURNE OIL COMPANY

cc: Mr. Steve Cobb  
Mewbourne Oil Company