

MILLER STRATVERT

PROFESSIONAL ASSOCIATION

Ranne B. Miller
Alice T. Lorenz
Stephen M. Williams
Stephan M. Vidmar
Seth V. Bingham
Timothy R. Briggs
Rudolph Lucero
Deborah A. Solove
Gary L. Gordon
Lawrence R. White
Virginia Anderman
Marte D. Lightstone
J. Scott Hall*
Thomas R. Mack
Thomas M. Domme

Ruth O. Pregonzer
Jeffrey E. Jones
James J. Widland
Bradley D. Tepper**
Robin A. Goble
James R. Wood
Dana M. Kyle
Kirk R. Allen
Ruth Fuess
H. Brook Laskey
Paula G. Maynes
M. Dylan O'Reilly
Jennifer D. Hall
Todd A. Schwarz
Nell Graham Sale

Scott P. Hatcher
Ann M. Conway
Randall J. McDonald
Robert H. Clark
Richard L. Alvidrez
Kelsey D. Green
Marcy Baysinger
Caroline Blankenship
Matthew S. Rappaport
Karen E. Wootton
Nicole V. Strauser
Joseph L. Romero
Kelly A. Stone
Deron B. Knoner
Patricia A. Bradley

T. Aaron Garrett
Amy P. Hauser
Rebecca M. Alves
Alisa R. Wigley-DeLara
W. Scott Jaworski
Anita M. Kelley
Elizabeth B. Driggers
Jerome A. O'Connell

Of Counsel

William K. Stratvert
James B. Collins
Sharon P. Gross
Robert D. Taichert

Reply to Santa Fe

150 Washington Ave., Suite 300
Santa Fe, NM 87501

Mailing Address:
P.O. Box 1986
Santa Fe, NM 87504-1986

Telephone: (505) 989-9614
Facsimile: (505) 989-9857

Writer's Direct E-Mail:
shall@mstlaw.com

* Board Certified Specialist: Natural Resources - Oil & Gas Law

** Board Certified Specialist: Real Estate Law

October 31, 2006

HAND-DELIVERED

Ms. Florene Davidson
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, New Mexico 87504

Re: In the Matter of the Application of Mewbourne Oil Company for Compulsory Pooling, Eddy County, New Mexico; NMOCD Case No. 13827

Dear Florene:

Enclosed for filing is an Application in the referenced matter. Also enclosed in hard copy and on disk is a proposed advertisement for the Division's use.

Please schedule the hearing for the November 30, 2006 Examiner hearing docket. Thank you for your assistance.

Very truly yours,

MILLER STRATVERT P.A.



J. Scott Hall

JSH/glb
Enclosures

LAW OFFICES

ALBUQUERQUE
(505) 842-1950

FARMINGTON
(505) 326-4521

LAS CRUCES
(505) 523-2481

SANTA FE
(505) 989-9614

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Proposed Advertisement

Case No. 13827 **Application of Mewbourne Oil Company for compulsory pooling and for revocation of a drilling permit, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests underlying the pooling all mineral interests from the surface to the base of the Morrow formation in the following described acreage in Section 29, Township 19 South, Range 28 East, NMPM: a.) E/2 to form a standard 320-acre spacing and proration unit ("the 320-acre Unit") for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, which presently include but are not necessarily limited to the Morrow formation, South Millman Morrow Gas Pool; and b.) SE/4 to form a standard 160-acre spacing and proration unit ("the 160-acre Unit") for any and all formations and/or pools developed on 160-acre spacing within that vertical extent. Said units are to be dedicated to Applicant's proposed Springfield "29" State Com No. 1 Well to be drilled at a standard 320-acre spacing and proration unit location 1650 feet from the South line and 660 feet from the East line of said Section 29. 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 or its designee as operator of the well and a charge for risk involved in drilling said well. Applicant further seeks the revocation of the drilling permit for the Cimarex Energy Co. of Colorado Fadaway Ridge "A" 29 State Com No. 1 in the NE/4 SE/4 of said Section 29. The proposed well location is approximately 6 miles east of Lake McMillan, New Mexico.

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

2006 OCT 31 PM 4 45

IN THE MATTER OF THE APPLICATION OF
MEWBOURNE OIL COMPANY FOR COMPULSORY
POOLING AND FOR REVOCATION OF A DRILLING
PERMIT, EDDY COUNTY, NEW MEXICO

CASE No. 13827

APPLICATION

Applicant, MEWBOURNE OIL COMPANY, by its undersigned attorneys, Miller Stratvert P.A. (J. Scott Hall), 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 29, Township 19 South, Range 28 East, NMPM: a.) E/2 to form a standard 320-acre spacing and proration unit ("the 320-acre Unit") for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, which presently include but are not necessarily limited to the Morrow formation, South Millman Morrow Gas Pool; and b.) SE/4 to form a standard 160-acre spacing and proration unit ("the 160-acre Unit") for any and all formations and/or pools developed on 160-acre spacing within that vertical extent and in support thereof states:

1. Mewbourne Oil Company is a working interest owner in the E/2 of said Section 29 and has the right to drill thereon.

2. Mewbourne Oil Company proposes to dedicate the above-referenced spacing and proration units to the Springfield "29" State Com No. 1 to be drilled by Mewbourne Oil Company from a surface location on its lease 1650 feet from the South line and 660 feet from the

East line of said Section 29 and test all formations from the surface to the base of the Morrow formation.

3. Applicant's lease ownership in the E/2 of Section 29 includes the NE/4 SE/4. On approximately August 4, 2006, Cimarex Energy Company of Colorado ("Cimarex") filed an application for permit to drill ("APD") for the proposed Fadeaway Ridge A 29 State Com Well No. 1 to be drilled to the Morrow formation at a surface and bottom hole location 1,494 feet from the South line and 946 feet from the East line in the NE/4 SE/4 of Section 29 (Unit I). The Division's District II office approved the Cimarex APD on April 4, 2006.

4. The interests of the owners within the E/2 of Section 29 have not been consolidated either by voluntary agreement or by compulsory pooling order. Cimarex has no colorable claim to title to the NE/4 SE/4 of Section 29 and has no other right to occupy these lands or apply for an APD at the location proposed for the Fadeaway Ridge A 29 State Com Well No. 1. Consequently, the approval by the District II office of the Cimarex APD was in error. The approval of the Cimarex APD should be rescinded.

5. Mewbourne Oil Company has sought and been unable to obtain voluntary agreement for the development of these lands from other interest owners in the E/2 of Section 29.

6. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

7. In order to permit Mewbourne Oil Company the opportunity 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.


WHEREFORE, Mewbourne Oil Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 30, 2006 and, after notice and hearing as required by law, the Division enter its order:

- A. pooling all mineral interests in the subject spacing units;
- B. designating Mewbourne Oil Company operator of this spacing unit and the well thereon;
- C. authorizing Mewbourne Oil Company to recover its costs of drilling, equipping and completing the well;
- D. approving the 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, plus costs of drilling, completing and equipping the well incurred by Mewbourne Oil Company, against the share of any such owner that does not voluntarily participate in the well.
- F. Revoking the APD for the Cimarex Fadeaway Ridge A 29 State Com Well No. 1 and approving the APD for the Mewbourne Springfield "29" State Com No. 1 well.

Respectfully submitted,

MILLER STRATVERT P.A.

By:



J. Scott Hall
Attorneys for Mewbourne Oil Company
Post Office Box 1986
Santa Fe, New Mexico 87504-1986
(505) 989-9614