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November 13, 2007

*Case 14044*

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

Dear Florene:

Enclosed for filing, on behalf of Mewbourne Oil Company, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the December 13, 2007 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

Attorney for Mewbourne Oil Company

Parties Being Pooled

BMT O&G NM, LLC  
201 Main Street, Suite 2900  
Fort Worth, Texas 76102-3134  
Attn: Mr. W. Ross Sutton

Chesapeake Exploration Limited Partnership  
Attn: Ms. Lynda F. Townsend  
P.O. Box 18496  
Oklahoma City, Oklahoma 73154-0496

Amerada Hess Corporation  
Attn: Mr. Randy Pharr  
P. O. Box 2040  
Houston, Texas 77252-2040

LeaCo New Mexico Exploration and Production LLC  
Attn: Mr. Mario R. Moreno, Jr.  
6120 S. Yale Avenue, Suite 1500  
Tulsa, Oklahoma 74136-4224

Chevron U.S.A. Inc.  
Attn: Mr. Ed Van Reet  
P.O. Box 36366  
Houston, Texas 77236-6366

ConocoPhillips Company  
Attn: Mr. Tom J. Scarbrough  
600 N. Dairy Ashford Street  
3WL-14066  
Houston, Texas 77079-1100

Geronimo Holding Corporation  
Attn: Mr. Carl Brininstool  
1801 West Texas Avenue  
Midland, Texas 79701

Max W. Coll, II  
83 La Barbaria Trail  
Santa Fe, New Mexico 87505-9008

Max Coll, III  
7625-2 El Centro Blvd.  
Las Cruces, New Mexico 88012

Pogar Petroleum Ltd.  
Attn: Mr. Randy Hall  
P. O. Box 10095  
Midland, Texas 79702

Rio Grande Energy, Inc.  
Attn: Mr. Mike Mooney  
P. O. Box 7405  
Midland, Texas 79708

Sally Rodgers  
Arroyo Hondo Road, Box 152  
Santa Fe, New Mexico 87508

Samson Resources Company  
200 North Loraine, Suite 1170  
Midland, Texas 79701-4736  
Attn: Mr. Tom Land

Patricia Penrose Schieffer  
c/o Kirkwood & Darby, Inc.  
307 W. 7<sup>th</sup> Street, Suite 1110  
Fort Worth, Texas 76102

BP America Production Company  
P.O. Box 3092  
Houston, Texas 77253  
Attn: Mr. Tom Furtwangler

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 14044

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests from the base of the Bone Spring formation to the base of the Morrow formation underlying Section 20, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in Section 20, and has the right to drill a well thereon.

2. Applicant proposes to drill its Paloma 20 State Com. Well No. 1, at an orthodox location in the SE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 20, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) The E $\frac{1}{2}$  to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent; and

(b) All of Section 20 to form a standard 640 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the North Osudo-Morrow Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in Section 20 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to

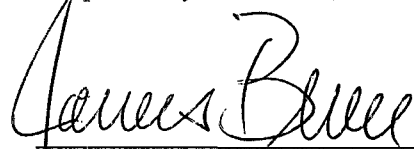
the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in Section 20, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying Section 20 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in Section 20, from the base of the Bone Spring formation to the base of the Morrow formation;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

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

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

Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 14044 **Application of Mewbourne Oil Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the base of the Bone Spring formation to the base of the Morrow formation underlying the following described acreage in Section 20, Township 20 South, Range 36 East, NMPM, and in the following manner: The E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent; and all of Section 20 to form a standard 640-acre gas spacing and proration unit for any and all formations or pools developed on 640-acre spacing within that vertical extent, including the North Osudo-Morrow Gas Pool. The unit is to be dedicated to the proposed Paloma "20" State Com. Well No. 1, to be drilled at an orthodox location in the SE/4NE/4 of Section 20. 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. The units are located approximately 8 miles southwest of Monument, New Mexico.

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