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August 4, 2009

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

Case 14377

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 the application for the September 3, 2009 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Mewbourne Oil Company

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Parties Being Pooled

Larry Edward Fanning
1413 West Mermod
Carlsbad, New Mexico 88220

PROPOSED ADVERTISEMENT

Case No. 14377:

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.
Applicant seeks an order pooling all mineral interests from the surface to the base of the Yeso formation underlying the SE/4SE/4 of Section 15, Township 20 South, Range 25 East, NMPM, to form a standard 40-acre oil spacing and proration unit for all pools or formations developed on 40-acre spacing within that vertical extent, including the Undesignated Cemetary-Yeso Pool and Undesignated North Seven Rivers Glorieta-Yeso Pool. The unit is to be dedicated to the proposed Quick Draw "15" P Well No. 1, to be drilled at an orthodox location in the SE/4SE/4 of Section 15. 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 unit is located approximately 3 miles southwest of Seven Rivers, New Mexico.

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 14377

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests from the surface to the base of the Yeso formation underlying the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15, Township 20 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15, and has the right to drill a well thereon.
2. Applicant proposes to drill its Quick Draw "15" P Well No. 1, at an orthodox location in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15, to a depth sufficient to test the Yeso formation, and seeks to dedicate the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15 to the well to form a standard 40 acre oil spacing and proration unit for all pools or formations developed on 40-acre spacing within that vertical extent, including the Undesignated Cemetary-Yeso Pool and Undesignated North Seven Rivers Glorieta-Yeso Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15 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 the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15, pursuant to NMSA 1978 §70-2-17.

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5. The pooling of all mineral interests underlying the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15 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 the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 15, from the surface to the base of the Yeso 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,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
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Attorney for Mewbourne Oil Company