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October 31, 2017

Case 15888

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 application for a non-standard spacing and proration unit and compulsory pooling, together with a proposed advertisement. Please set the application for the November 30, 2017 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

Parties Notified

ABC Oil & Gas Properties
c/o Gayla Burton
2100 Campbell Road NW
Albuquerque, NM 87104

Carroll L. Cartwright
435 East 52nd St, #5B
New York, NY 10022

Charles C. Albright, III, Trustee
729 W. 16th Street, Suite B8
Costa Mesa, CA 92627

Devon Energy Production Company, L.P.
333 West Sheridan Avenue
Oklahoma City, OK 73102
Attn: Katie Dean

The Dow Chemical Company
2030 Dow Center
Midland, MI 48674
Attn: Legal Department

EOG Resources, Inc.
5509 Champions Drive
Midland, TX 79706
Attn: Wendy Dalton

Nortex Corporation &
Kent Production Company, LLC
3009 Post Oak Blvd, Ste. 1212
Houston, TX 77056

Lillian E. and Kenneth E. Rutherford,
Trustees of the Rutherford Family 1970 Trust
2107 Crystal Street
Los Angeles, CA 90039

Phoebe Tompkins
c/o Diana Schwatka
25 Manor Lane
Larchmont, NY 10538

Siana Oil & Gas Company, LLC
P.O. Box 13323
Midland, TX 79702
Attn: Karen Stanford

Blanco Holdings I, Ltd.
P.O. Box 36530
Houston, TX 77236
Attn: Peter Way

Lisa R. Barr
1885 Antioch Rd.
Franklin, GA 30217

Michael A. Yates
5354 Montego Cove
Willis, TX 77318

180 Petroleum Inc.
2607 Lockheed Drive
Midland, TX 79701
Attn: Dan R. Robertson

Brett D. Taylor
701 North Post Oak Road, Suite 220
Houston, TX 77024

George M. Ragsdale, Trustee
11510 Montmartre Blvd.
Houston, TX 77082

Tom M. Ragsdale
400 N Sam Houston Pkwy E, Suite 601
Houston, TX 77060
Attn: Karen Stanford

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF MEWBOURNE OIL COMPANY
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

Case No. 15888

APPLICATION

Mewbourne Oil Company applies for an order (i) approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 10, Township 23 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 10, and has the right to drill a well thereon.
2. Applicant proposes to drill the Ibex B3NC Fed. Com. Well No. 1H to a depth sufficient to test the Bone Spring formation, and has dedicated the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 10 to the well to form a non-standard 160 acre oil spacing and proration unit (project area) in the Bone Spring formation. The well is a horizontal well, with a surface location in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of adjoining Section 15, and a terminus 330 feet from the north line and 1980 feet from the west line of Section 10.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 10 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.

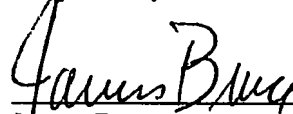
Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation in the E½W½ of Section 10, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard spacing and proration unit and the pooling of all mineral interests in the Bone Spring formation underlying the E½W½ of Section 10 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. Approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E½W½ of Section 10;
- B. Pooling all mineral interests in the Bone Spring formation underlying the E½W½ of Section 10;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. 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
(505) 982-2043

Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 15888:

Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Mewbourne Oil Company seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2W/2 of Section 10, Township 23 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to the Ibex B3NC Fed. Com. Well No. 1H, a horizontal well with a surface location in the NE/4NW/4 of adjoining Section 15, and a terminus 330 feet from the north line and 1980 feet from the west line of Section 10. 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 19-1/2 miles west-southwest of Eunice, New Mexico.

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