

DATE IN 09/18/13	SUSPENSE	ENGINEER DB	LOGGED IN 09/18/13	TYPE NSL	PPR 1326153130
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



6971

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

*Delaware Ranch 12 MD
 Federal com. #1H
 API - pending
 Mewbourne Oil*

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☒ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

David Catanach
 Print or Type Name

David Catanach
 Signature

Agent for Mewbourne Oil Company
 Title

9/18/13
 Date

drcatanach@netscape.com
 E-Mail Address

September 18, 2013

Hand Delivered

New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Ms. Jami Bailey, CPG
Division Director

Re: Application for Unorthodox Well Location
Delaware Ranch 12 MD Federal Com No. 1H
API No. (N/A)
Surface Location: 230' FSL & 710' FWL (Unit M)
First Take Point: 535' FSL & 707' FWL (Unit M)
Bottomhole Location: 330' FNL & 660' FWL (Unit D)
Section 12, T-26 South, R-28 East, NMPM,
Eddy County, New Mexico

Dear Ms. Bailey:

Pursuant to Division Rule 19.15.15.13, Mewbourne Oil Company ("Mewbourne") respectfully requests administrative approval of an unorthodox gas well location for its proposed Delaware Ranch 12 MD Federal Com No. 1H. This well will be drilled as a horizontal wildcat gas well in the WC-015 S262814C; Wolfcamp (Gas) Pool (97954).

The Delaware Ranch 12 MD Federal Com No. 1H will be dedicated to a standard 320-acre gas spacing and proration unit comprising the W/2 of Section 12. There are currently no other existing Wolfcamp producing wells within the proposed spacing unit.

The WC Wolfcamp (Gas) Pool is currently governed by Division Rule 19.19.15.10 which requires standard 320-acre gas spacing and proration units with wells to be located no closer than 660 feet to the outer boundary of the spacing unit, nor closer than 10 feet to any interior quarter-quarter section line or subdivision inner boundary, or in the case of a horizontal well, no closer than 660 feet to the outer boundary of the producing area.

The Wolfcamp completion interval at the beginning of the lateral will be located 535 feet from the South line and 707 feet from the West line (Unit M) of Section 12, and the Wolfcamp completion interval at the terminus of the lateral will be located 330 feet from the North line and 660 feet from the West line (Unit D) of Section 12 (**See attached plat**).

The unorthodox location is necessary in order to maximize the recovery of oil and gas reserves from the Wolfcamp formation underlying the W/2 of Section 12.

The affected offset acreage comprises the S/2 & NE/4 of Section 2, the S/2 & NW/4 of Section 1, the E/2 of Section 14 and the N/2 & SW/4 of Section 13, which may be included, at some time, in standard 320-acre gas spacing and proration units in the Wolfcamp formation. There are currently no Wolfcamp producing wells within the affected offset acreage. The affected offset tracts are further described as follows:

- Tract No. 1: SW/4 of Section 2-26S-28E. The leasehold owners within this tract are Yates Petroleum Corporation, Abo Petroleum Corporation, Myco Industries, Inc., COG Operating, LLC, Concho Oil & Gas, LLC, and Oxy Y-1 Company;
- Tract No. 2: E/2 of Section 2-26S-28E. The leasehold owners within this tract are The Allar Company and EG3, Inc.;
- Tract No. 3: S/2 & NW/4 of Section 1-26S-28E. The leasehold owners within this tract are Concho Oil & Gas, LLC, Oxy USA, Inc., Yates Petroleum Corporation, Abo Petroleum Corporation, Myco Industries, Inc., and Sharbro Oil, Ltd.;
- Tract No. 4: E/2 of Section 14-26S-28E. The leasehold owners within this tract are Mewbourne Oil Company, COG Production, LLC, COG Operating, LLC, Oxy USA, Inc., Concho Oil & Gas, LLC, COG Acreage, LP, Allar Development, LLC and EG3 Development, LLC. **(Please note that the NW/4 of Section 14 is not affected by the proposed unorthodox location because the W/2 of Section 14 is dedicated in the Wolfcamp formation to Mewbourne Oil Company's existing Delaware Ranch 14 CN Fee Com Well No. 1H (API No. 30-015-40438);**
- Tract No. 5: N/2 of Section 13-26S-28E. The leasehold owners within this tract are Mewbourne Oil Company, Oxy USA, Inc., COG Production, LLC, COG Acreage, LP, Allar Development, LLC and EG3 Development, LLC;
- Tract No. 6: SW/4 of Section 13-26S-28E. The leasehold owners within this tract are COG Production, LLC and Oxy USA, Inc.

Notice of this application is being provided by certified mail, return receipt requested to COG Operating, LLC, Concho Oil & Gas, LLC, COG Production, LLC, COG Acreage, LP, Oxy USA, Inc., Oxy Y-1 Company, Yates Petroleum Corporation, Abo Petroleum Corporation, Myco Industries, Inc., Sharbro Oil Ltd., Allar Development, LLC, EG3 Development, LLC, The Allar Company and EG3, Inc. in accordance with Division rules.

Attached is a map showing the surface, first take point and bottomhole locations for the Delaware Ranch 12 MD Federal Com No. 1H. Also shown is the affected offset acreage. Also attached is a notice list and notice letter.

In summary, approval of the application will provide Mewbourne Oil Company the opportunity to recover additional oil and gas reserves from the WC Wolfcamp (Gas) Pool underlying the W/2 of Section 12 that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,

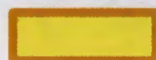
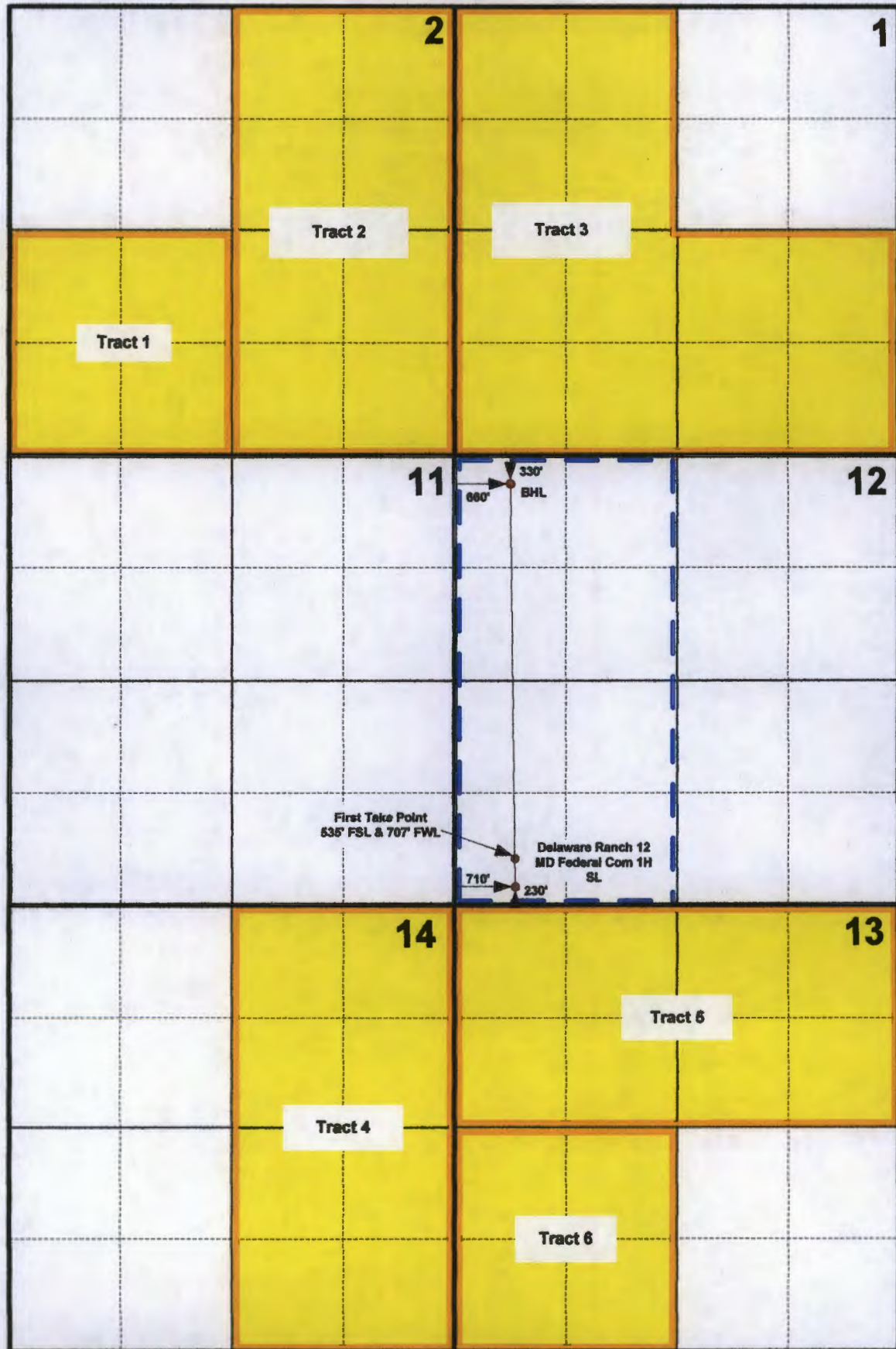


David Catanach, Agent
Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, Texas 79701

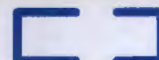
Xc: OCD-Artesia

28E

26S



Affected Offset Acreage/Tracts



320-Acre Spacing Unit

Mewbourne Oil Company
Application for Unorthodox Location
Delaware Ranch 12 MD Federal Com No. 1H

September 18, 2013

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: (See Attached List)

Re: Mewbourne Oil Company
Unorthodox Gas Well Location
Delaware Ranch 12 MD Federal Com No. 1H (API No. N/A)
Surface Location: 230' FSL & 710' FWL (Unit M)
First Take Point: 535' FSL & 707' FWL (Unit M)
Bottomhole Location: 330' FNL & 660' FWL (Unit D)
Section 12, T-26 South, R-28 East, NMPM,
WC-015 S262814C; Wolfcamp (Gas) Pool (97954)
Eddy County, New Mexico

Ladies and Gentlemen:

Enclosed please find a copy of the application filed by Mewbourne Oil Company ("Mewbourne") for approval of an unorthodox gas well location for its proposed Delaware Ranch 12 MD Federal Com No. 1H located at the surface, first take and bottomhole locations described above. The well will test the WC Wolfcamp (Gas) Pool and will be dedicated to a standard 320-acre gas spacing and proration unit comprising the W/2 of Section 12, Township 26 South, Range 28 East, NMPM. The unorthodox location is necessary in order to maximize the recovery of oil and gas reserves within the Wolfcamp formation underlying the W/2 of Section 12.

As the owner of an interest that may be affected by the proposed unorthodox gas well location, you are being provided notice as per Division rules and regulations. Objections must be filed in writing at the Division's Santa Fe office within 20 days from the date this notice was sent to you. If no objection is received within twenty days after the filing of this application and proof of notice with the Division, the application may be approved.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,



David Catanach, Agent
Mewbourne Oil Company
500 W. Texas, Suite 1020
Midland, Texas 79701

Enclosure

Xc: OCD-Artesia

Notice List
Mewbourne Oil Company
Application for Unorthodox Well Location
Delaware Ranch 12 MD Federal Com No. 1H
Section 12, T-26 South, R-28 East, NMPM

COG Operating, LLC
Concho Oil & Gas, LLC
COG Production, LLC
COG Acreage, LP
600 W. Illinois
Midland, Texas 79701
Attn: Mrs. Jan Spradlin

Yates Petroleum Corporation
Abo Petroleum Corp.
105 S. Fourth Street
Artesia, New Mexico 88210-2118

Sharbro Oil, Ltd.
423 W. Main Street
Artesia, New Mexico 88210

The Allar Company
EG3, Inc.
P.O. Box 1567
Graham, Texas 76450

Oxy USA, Inc.
Oxy Y-1 Company
P.O. Box 4294
Houston, Texas 77210
Attn: Ms. Katie Almeida

Myco Industries, Inc.
P.O. Box 840
Artesia, New Mexico 88210

Allar Development, LLC
EG3 Development, LLC
735 Elm Street
Graham, Texas 76450-3018
Attn: Mr. John Graham

7013 0600 0001 8715 1318

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ARTESIA NM 88210

Postage	\$ 1.12
Certified Fee	\$3.10
Return Receipt Fee (Endorsement Required)	\$2.55
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$6.77

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SEP 18 2013

CORONADO STATION

Myco Industries

Sent To **P.O. Box 840**

Street, Apt. or PO Box **Artesia, New Mexico 88210**

City, State

PS Form

Instructions

7013 0600 0001 8715 1301

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MIDLAND TX 79701

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Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$6.77

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CORONADO STATION

COG Operating, LLC; COG Acreage, LP

Sent To **Concho Oil & Gas LLC; COG Production LLC**

Street, Apt. or PO Box **600 W. Illinois**

City, State **Midland, Texas 79701**

Attn: **Mrs. Jan Spradlin**

PS Form

Instructions

7013 0600 0001 8715 1295

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ARTESIA NM 88210

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Certified Fee	\$3.10
Return Receipt Fee (Endorsement Required)	\$2.55
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$6.77

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CORONADO STATION

Yates Petroleum Corporation

Sent To **Abo Petroleum Corporation**

Street, Apt. or PO Box **105 S. Fourth Street**

City, State **Artesia, New Mexico 88210-2118**

PS Form

Instructions

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GRAHAM TX 76450

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Return Receipt Fee (Endorsement Required)	\$2.55
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$6.77

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CORONADO STATION

The Allar Company

Sent To **EG-3, Inc.**

Street, Apt. or PO Box **P.O. Box 1567**

City, State **Graham, Texas 76450**

PS Form

Instructions

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HOUSTON TX 77210

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Return Receipt Fee (Endorsement Required)	\$2.55
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$6.77

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CORONADO STATION

Oxy USA, Inc.

Sent To **Oxy Y-1 Company**

Street, Apt. or PO Box **P.O. Box 4294**

City, State **Houston, Texas 77210**

Attn: **Mrs. Katie Almeida**

PS Form

Instructions

7013 0600 0001 8715 5037

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 (Domestic Mail Only; No Insurance Coverage Provided)

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ARTESIA NM 88210

Postage	\$ 1.12
Certified Fee	\$3.10
Return Receipt Fee (Endorsement Required)	\$2.55
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$6.77

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SEP 18 2013

CORONADO STATION

Sharbro Oil, Ltd.

Sent To **423 W. Main Street**

Street, Apt. or PO Box **Artesia, New Mexico 88210**

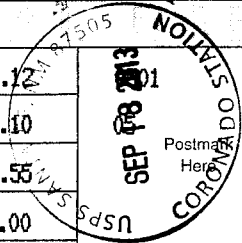
City, State

PS Form

Instructions

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CERTIFIED MAIL™ RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
GRAHAM TX 76450	
Postage	\$ 1.12
Certified Fee	\$3.10
Return Receipt Fee (Endorsement Required)	\$2.55
Restricted Delivery Fee (Endorsement Required)	\$0.00
Total Postage & Fees	\$6.77
Allar Development, LLC	
Sent To	EG3 Development, LLC
Street, Apt. or P.O. Box	735 Elm Street
City, State	Graham, Texas 76450-3018
Attn: Mr. John Graham	
PS Form 3800, June 2009	Postmark Here



09/18/2013