

DATE IN 11/08/13	SUSPENSE	ENGINEER <i>DB</i>	LOGGED IN 11/08/13	TYPE NSL	APP NO. PPRG1331242806
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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



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 _____

*Mewbourne
 Marathon Road 14 NC Fed #1H
 30-025-40984*

[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

11/8/13
 Date

drcatanach@netscape.com
 E-Mail Address

November 8, 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
Marathon Road 14 NC Federal No. 1H
API No. (30-025-40984)
Surface Location: 170' FNL & 1980' FWL (Unit C)
Section 23, T-20 South, R-34 East, NMPM;
First Take Point: 314' FSL & 2007' FWL (Unit N)
BHL: 330' FNL & 2310' FWL (Unit C)
Section 14, T-20 South, R-34 East, NMPM,
Lea 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 oil well location for its proposed Marathon Road 14 NC Federal Well No. 1H. This well will be drilled as a horizontal development oil well in the Lea-Bone Spring Pool (39691).

The Marathon Road 14 NC Federal Well No. 1H will be dedicated to a 160-acre spacing and proration unit ("project area") comprising the E/2 W/2 of Section 14. There are currently no other existing Bone Spring producing wells within the project area.

The Lea-Bone Spring Pool is currently governed by "The Special Rules and Regulations for the Lea-Bone Spring Pool" as established by Division Order No. R-1827 dated December 8, 1960. These rules require standard 80-acre spacing and proration units comprising the N/2, S/2, E/2 or W/2 of a governmental quarter section with wells to be located within 150 feet of the center of a governmental quarter-quarter section.

Pursuant to these rules, a well in the Lea-Bone Spring Pool cannot be located closer than 510 feet to a direct offset tract, and cannot be located closer than 783 feet to a diagonal offset tract.

The proposed unorthodox location is necessary due to surface obstructions within the SE/4 SW/4 of Section 14, and in order to maximize the recovery of oil and gas reserves from the Lea-Bone Spring Pool underlying the E/2 W/2 of Section 14.

The affected offset tracts are described as follows:

Tract 1: W/2 W/2 of Section 11-20S-34E. This 160-acre project area is currently being developed in the Lea-Bone Spring Pool by COG Operating, LLC. **(Note: This unit is not directly affected by the proposed non-standard location, but is being shown to clarify the spacing unit orientation in Section 11);**

Tract 2: N/2 SW/4 of Section 11-20S-34E. This 80-acre spacing unit is currently being developed in the Lea-Bone Spring Pool by COG Operating, LLC. **(Note: This unit is not directly affected by the proposed non-standard location, but is being shown to clarify the spacing unit orientation in Section 11);**

Tract 3: SE/4 SW/4 of Section 11-20S-34E. This tract is undeveloped in the Lea-Bone Spring Pool. The leasehold owner of this tract is COG Operating, LLC;

Tract 4: W/2 SE/4 of Section 11-20S-34E. This 80-acre spacing unit is currently being developed in the Lea-Bone Spring Pool by Legacy Reserves Operating, LP;

Tract 5: NE/4 of Section 14-20S-34E. This tract is undeveloped in the Lea-Bone Spring Pool. The leasehold owner of this tract is Legacy Reserves Operating, LP;

Tract 6: SE/4 of Section 14-20S-34E. This tract is currently undeveloped in the Lea-Bone Spring Pool. By virtue of a JOA that designates Mewbourne as Bone Spring operator within the W/2 and SE/4 of Section 14, the interest ownership between the E/2 W/2 of Section 14 (drill tract) and the SE/4 of Section 14 is common. Consequently, notice of this application is not required to be provided to the interest owners within this tract;

Tract 7: W/2 W/2 of Section 23-20S-34E. This 160-acre project area is proposed to be developed in the Lea-Bone Spring Pool by Nearburg Producing Company **(Note: APD has been filed for this tract);**

Tract 8: E/2 W/2 of Section 23-20S-34E. This 160-acre project area is proposed to be developed in the Lea-Bone Spring Pool by Nearburg Producing Company **(Note: APD has been filed for this tract);** and

Tract 9: W/2 E/2 of Section 23-20S-34E. This 160-acre project area is currently being developed in the Lea-Bone Spring Pool by Cimarex Energy Company of Colorado.

Pursuant to Division rules, notice of this application is being provided to COG Operating, LLC, Legacy Reserves Operating, LP, Nearburg Producing Company and Cimarex Energy Company of Colorado.

Attached is an approved APD and Form C-102 showing the proposed well and proposed project area. Also attached is a map showing the affected offset acreage, an offset operator/leasehold notice letter and a notice list.

In summary, approval of the application will provide Mewbourne Oil Company the opportunity to recover additional oil and gas reserves from the Lea-Bone Spring Pool underlying the E/2 W/2 of Section 14 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-Hobbs

HOBBS OCD

FEB 05 2013

OCD-HOBBS

ATS-12-799

RECEIVED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

SECRETARY'S POTASH

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM - 78273 SL & BHL
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Mewbourne Oil Company		7. If Unit or CA Agreement, Name and No.
3a. Address PO Box 5270 Hobbs, NM 88241	3b. Phone No. (include area code) 575-393-5905	8. Lease Name and Well No. 396917 Marathon Road 14 NC Federal #1H
4. Location of Well (Report location clearly and in accordance with any State requirements) At surface: 170' FNL & 1980 FWL At proposed prod. zone: 330' FNL & 2310' FWL (Sec 14 T20S R34E)		9. API Well No. 30-025-40984
14. Distance in miles and direction from nearest town or post office* 25 miles West of Hobbs, NM.		10. Field and Pool, or Exploratory Lea Bone Spring (R-1827-AK 375707)
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of acres in lease 400	11. Sec., T. R. M. or Bk. and Survey or Area Sec 23 T20S R34E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 15,902 MD 10,900 TVD	12. County or Parish Lea
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3655' GL	22. Approximate date work will start*	13. State NM
23. Estimated duration 60 DAYS		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the BLM.

25. Signature <i>Bradley Bishop</i>	Name (Printed/Typed) Bradley Bishop	Date 06/01/2012
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Approved by (Signature) <i>ADEN L. SEIDLITZ</i>	Name (Printed/Typed) ADEN L. SEIDLITZ	Date JAN 25 2013
Title ACTING STATE DIRECTOR	Office NM STATE OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)
Capitan Controlled Water BasinSEE ATTACHED FOR
CONDITIONS OF APPROVALApproval Subject to General Requirements
& Special Stipulations Attached

FEB 07 2013

DISTRICT I
1025 N. French Dr., Hobbs, NM 88240
Phone (505) 390-6181 Fax (505) 390-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone (505) 744-1220 Fax (505) 744-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6170 Fax (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 478-3400 Fax (505) 478-3402

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30025-40984	Pool Code 37570	Pool Name Lca Bone Spring
Property Code 39691	Property Name MARATHON ROAD 14 NC FEDERAL	Well Number 1H
OCRID No. 14744	Operator Name MEWBOURNE OIL COMPANY	Elevation 3655'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	23	20 S	34 E		170	NORTH	1980	WEST	LEA

Bottom Hole Location, If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	14	20 S	34 E		330'	NORTH	2310'	WEST	LEA

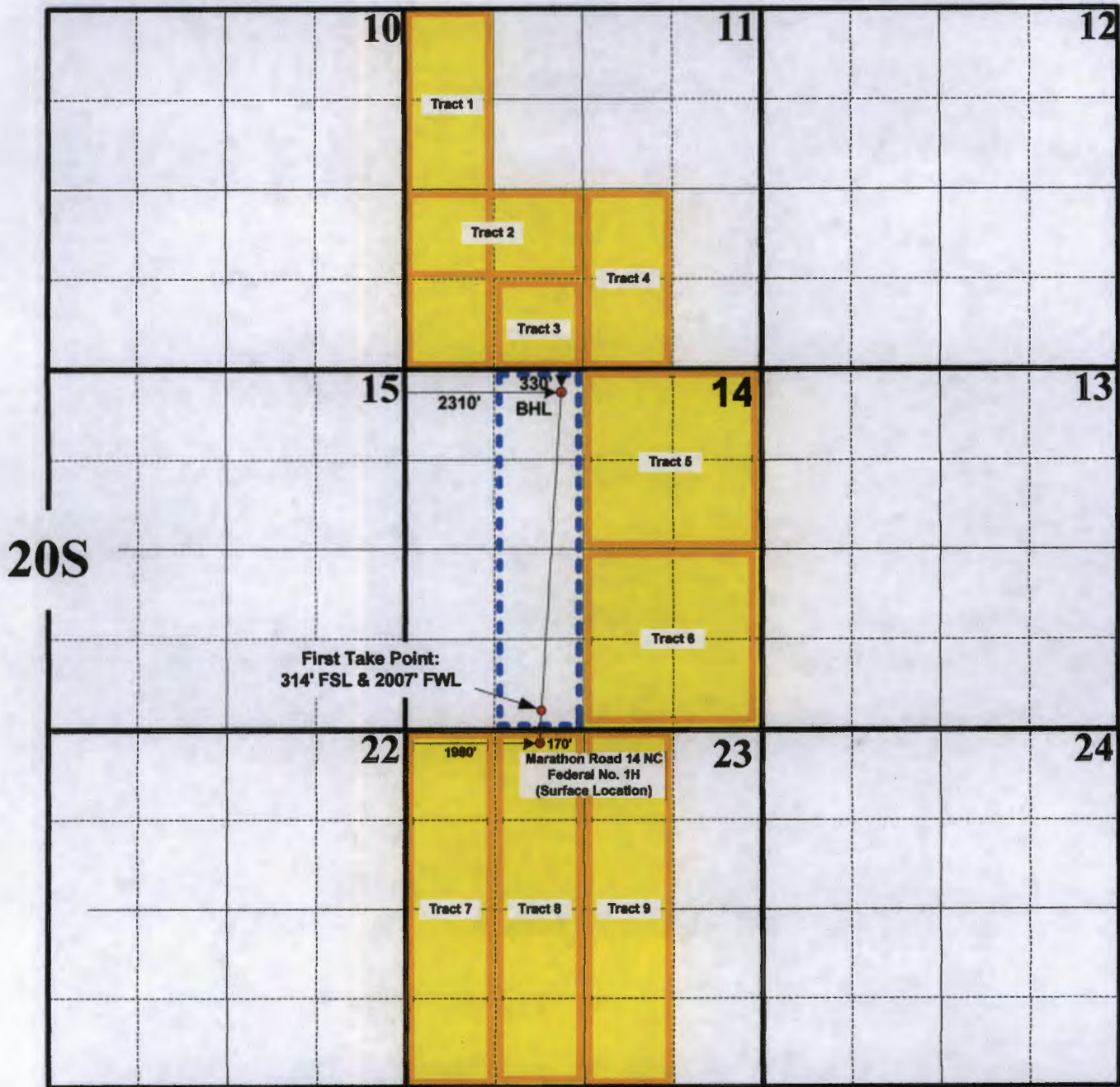
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>PROPOSED BOTTOM HOLE LOCATION Lot - N 32°34'45.71" Long - W 103°31'57.28" NMSPCE- E 746659.866 (MAD-27)</p> <p>SURFACE LOCATION Lot - N 32°33'55.02" Long - W 103°31'44.89" NMSPCE- N 570291.147 E 746690.156 (MAD-27)</p>		<p>OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <i>N.M. Young</i> Date: <i>6/1/12</i> Printed Name: <i>N.M. Young</i> Email Address: _____</p> <p>SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p> <p>Date Surveyed: _____ Signature of Professional Surveyor: <i>[Signature]</i> Professional Surveyor No. <i>7977</i> Certificate No. <i>Gary L. Jones 7977</i> BASIN SURVEYS 26742</p>
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FEB 07 2013

34E



— 160-Acre Project Area

■ Affected Offset Acreage/Tracts

Mewbourne Oil Company
Application for Unorthodox Well Location
Marathon Road 14 NC Federal No. 1H
Affected Offset Acreage

November 8, 2013

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: (SEE ATTACHED NOTICE LIST)

Re: Mewbourne Oil Company
Unorthodox Oil Well Location
Marathon Road 14 NC Federal No. 1H (API No. 30-025-40984)
Surface Location: 170' FNL & 1980' FWL (Unit C)
Section 23, T-20 South, R-34 East, NMPM
First Take Point: 314' FSL & 2007' FWL (Unit N)
Bottomhole Location: 330' FNL & 2310' FWL (Unit C)
Section 14, T-20 South, R-34 East, NMPM,
Lea-Bone Spring Pool
Lea 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 oil well location for its proposed Marathon Road 14 NC Federal No. 1H located at the surface, first take point and bottomhole locations described above. The well will test the Lea-Bone Spring Pool and will be dedicated to a 160-acre spacing and proration unit ("project area") comprising the E/2 W/2 of Section 14, Township 20 South, Range 34 East, NMPM. The unorthodox location is necessary due to surface obstructions within the SE/4 SW/4 of Section 14, and in order to maximize the recovery of oil and gas reserves underlying the E/2 W/2 of Section 14.

As the owner of an interest that may be affected by the proposed unorthodox oil 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
550 W. Texas, Suite 1020
Midland, Texas 79701

Enclosure

**Application for Unorthodox Location
Mewbourne Oil Company
Marathon Road 14 NC Federal Well No. 1H
Notice List**

COG Operating, LLC,
One Concho Center
600 W. Illinois Avenue
Midland, Texas 79701

Legacy Reserves Operating, LP
P.O. Box 10848
Midland, Texas 79702

Nearburg Producing Company
3300 North A Street, Building 2
Suite 120
Midland, Texas 79707

Cimarex Energy Company of Colorado
600 N. Marienfeld Street
Suite 600
Midland, Texas 79701

7013 0600 0001 8711 5204

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MIDLAND TX 79702

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Certified Fee		\$3.10
Return Receipt Fee (Endorsement Required)		\$2.55
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total		\$6.97

Postmark Here

Legacy Reserves Operating, LP 11/08/2013

Sent To: P.O. Box 10848

Street or PO: Midland, Texas 79702

City, State, ZIP+4: Midland, Texas 79702

PS Form 3800, August 2006 See Reverse for Instructions

7013 0600 0001 8711 5198

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MIDLAND TX 79701

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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		\$6.97

Postmark Here

COG Operating, LLC, 11/08/2013

Sent To: One Concho Center

Street or PO: 600 W. Illinois Avenue

City, State, ZIP+4: Midland, Texas 79701

PS Form 3800, August 2006 See Reverse for Instructions

7013 0600 0001 8711 5228

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Return Receipt Fee (Endorsement Required)		\$2.55
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total		\$6.97

Postmark Here

Cimarex Energy Company of Colorado 11/08/2013

Sent To: 600 N. Marienfeld Street

Street, or PO: Suite 600

City, State, ZIP+4: Midland, Texas 79701

PS Form 3800, August 2006 See Reverse for Instructions

7013 0600 0001 8711 5211

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MIDLAND TX 79707

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Certified Fee		\$3.10
Return Receipt Fee (Endorsement Required)		\$2.55
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total		\$6.97

Postmark Here

Nearburg Producing Company 11/08/2013

Sent To: 3300 North A Street, Building 2

Street, or PO: Suite 120

City, State, ZIP+4: Midland, Texas 79707

PS Form 3800, August 2006 See Reverse for Instructions