

DATE IN 6/10/16	SUSPENSE	ENGINEER LRL	LOGGED IN 6/10/16	TYPE NSL	APP NO. PLEL 16/6157385
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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



NSL - 7432

NSP - 20416

R:6.10.16

e-mail

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] **MEWBOURNE OIL COMP. [#14744]**
 [A] Location - Spacing Unit - Simultaneous Dedication **WELL: FULLER 13/24 WILM FED**
☒ NSL ☒ NSP ☐ SD **COM #3H**
 Check One Only for [B] or [C] **API: 30-015-43517**
 [B] Commingling - Storage - Measurement **POOL: BRUSHY DRAW;**
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM **WOLFCAMP(GAS)**
 [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery **[#72897]**
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
 [D] Other: Specify _____
- [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.

DUSTYL WALLACE

Print or Type Name

Dustyl Wallace

Signature

Landman

Title

6/3/16

Date

DWALLACE@MEWBOURNE.COM
e-mail Address

MEWBOURNE OIL COMPANY

500 West Texas, Suite 1020

Midland, Texas 79701

Phone (432) 682-3715

Fax (432) 685-4170

June 3, 2016

Via Certified Mail

New Mexico Oil Conservation Division

1220 S. St. Francis Drive

Santa Fe, New Mexico 87505

Attn: Mr. David Catanach

Division Director

Re: Application for Unorthodox Well Location and Non-Standard Proration Unit

Fuller 13/24 WILM Fed Com #3H (API No. 3001543517)

Surface Location: 2620' FSL & 440' FWL (Unit L – Section 13, T26S, R29E)

First Take Point: 2310' FSL & 440' FWL (Unit L – Section 13, T26S, R29E)

Second Take Point: 330' FSL & 440' FWL (Unit M – Section 24, T26S, R29E)

Bottomhole Location: 330' FSL & 440' FWL (Unit M – Section 24, T26S, R29E)

Proration Unit: SW/4 Section 13 and W/2 Section 24, T-26-S, R-29-E, NMPM,
Eddy County, New Mexico

Pool: Brushy Draw; Wolfcamp (Gas) Pool (72897)

Dear Mr. Catanach:

Pursuant to Division Rule 19.15.4.12.A.3 and 19.15.15.13, Mewbourne Oil Company ("Mewbourne") respectfully requests administrative approval of an unorthodox gas well location and non-standard proration unit for its Fuller 13/24 WILM Fed Com #3H well. This well will be drilled as a horizontal gas well in the Brushy Draw; Wolfcamp (Gas) Pool (72897).

The Fuller 13/24 WILM Fed Com #3H well will be dedicated to a 480-acre gas spacing and proration unit comprising the SW/4 of Section 13 and W/2 of Section 24. Currently, there is one well producing from the Wolfcamp formation located within the proposed 480-acre spacing unit. The Brushy Draw Deep Federal #1 is located 990' FNL and 1980' FWL of Section 24 (Unit Letter C), is dedicated to a 320-acre gas spacing and proration unit consisting of the N/2 of Section 24 and is operated by Mewbourne. There are currently no other existing Wolfcamp producing wells within the proposed spacing unit.

Brushy Draw; 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-

Mewbourne Oil Company
Unorthodox Location Application and
Non-Standard Proration Unit
Fuller 13/24 W1LM Fed Com #3H
Page 2 of 2

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 unorthodox location and non-standard proration unit is necessary in order to maximize the recovery of oil and gas reserves from the Wolfcamp formation underlying the SW/4 of 13 and the W/2 of Section 24.

The affected offset acreage comprises all of Section 11, all of Section 12, the N/2 and SE/4 of Section 13, all of Section 14, all of Section 23, the E/2 of Section 24, all of Section 25, all of Section 26, the N/2 of Section 35 and the N/2 of Section 36 (See Attached Map). As mentioned above, the N/2 of Section 24 is currently being produced in the Wolfcamp formation and is operated by Mewbourne Oil Company. The W/2 of Section 25 is also currently being produced in the Wolfcamp formation and is operated by XTO Energy, Inc. There is currently no Wolfcamp production within the balance of the offset acreage. Consequently, notice of this application is being provided to Nadel and Gussman Permian, LLC, Chevron USA Inc., Martin Living Trust, Read and Stevens, Inc., COG Operating, LLC, KAJ Oil and Gas, Ltd., EOG Resources, Inc., Magnum Hunter Production, Inc., XTO Energy, Inc., Khody Land and Minerals, Co., WPX Energy Production, LLC and Judson Operations, Ltd.

Attached is a Form C-102 showing the surface, first take point, second take point and bottomhole locations for the Fuller 13/24 W1LM Fed Com #3H. Also, attached is a map showing the affected offset acreage, a horizontal well plan, notice list and offset notice letter.

In summary, approval of the application will provide Mewbourne Oil Company the opportunity to recover additional oil and gas reserves from the Brushy Draw; Wolfcamp (Gas) Pool underlying the SW/4 of Section 13 and W/2 of Section 24 that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

Should you have any questions regarding the above, please email me at dwallace@mewbourne.com or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Dusty Wallace
Landman

Enclosure
Xc: OCD-Artesia

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1203 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-43517	2 Pool Code 7289.7	3 Pool Name BRUSHY DRAW WOLF CAMP (GAS)
4 Property Code 315723	5 Property Name FULLER 13/24 WILM FED COM	6 Well Number 3H
7 OGRID NO. 14744	8 Operator Name MEWBOURNE OIL COMPANY	9 Elevation 2958'

10 Surface Location

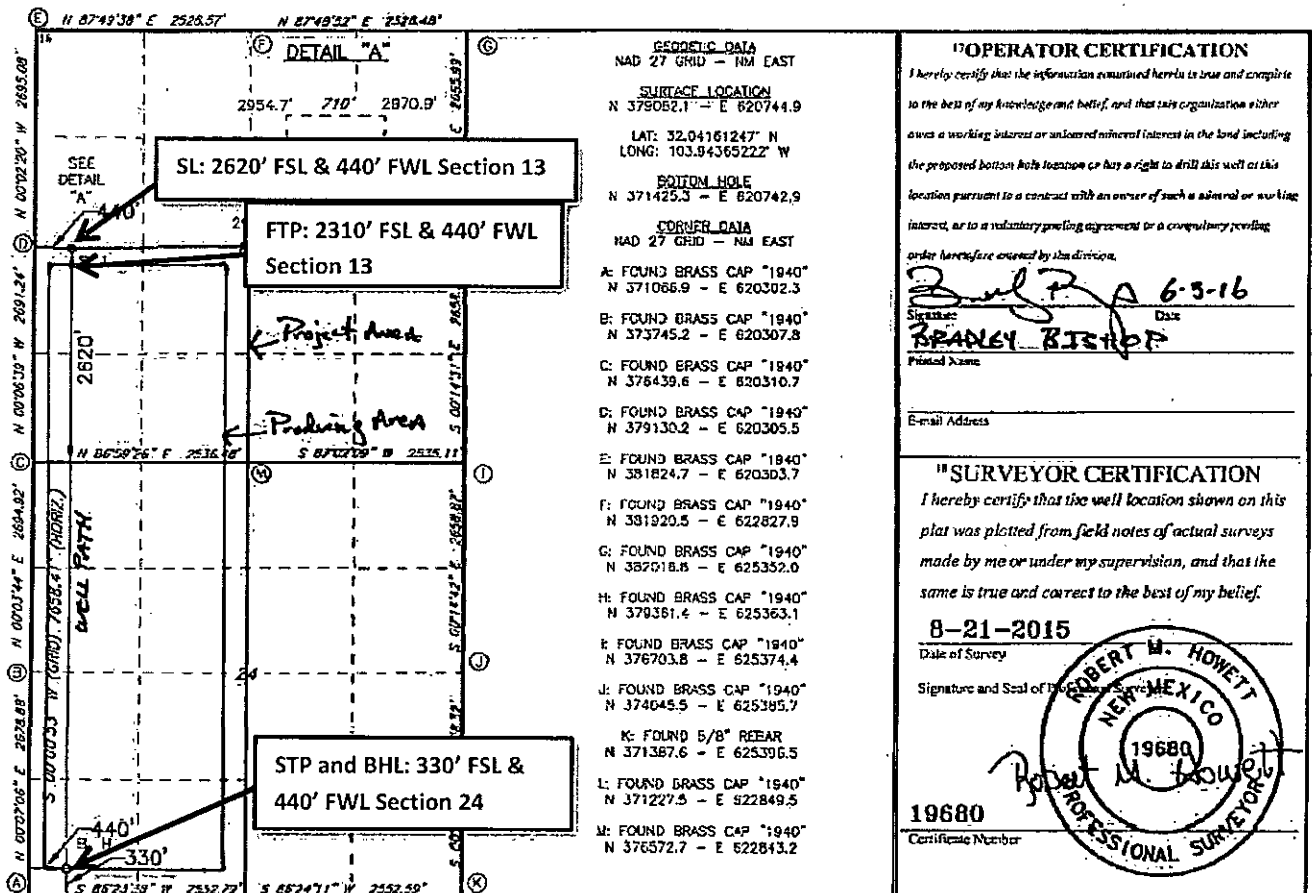
UL or lot no.	Section	Township	Range	Lot Id.	Feet from the	North/South line	Feet from the	East/West line	County
L	13	26S	29E		2620	SOUTH	440	WEST	EDDY

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Id.	Feet from the	North/South line	Feet from the	East/West line	County
M	24	26S	29E		330	SOUTH	440	WEST	EDDY

12 Dedicated Acres 480	13 Joint or Infill	14 Consolidation Code	15 Order No. NSP PENDING
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No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



RRC - Firm No.: TX 10193838 NM 4655451 - Job No.: LS1507330

Lowe, Leonard, EMNRD

From: Dusty Wallace <dwallace@mewbourne.com>
Sent: Tuesday, July 12, 2016 1:00 PM
To: Lowe, Leonard, EMNRD
Subject: Requested Information - NSL and NSP - Fuller 13/24 W1LM Fed Com #3H

Mr. Lowe,

Regarding the NSL and NSP application for the Fuller 13/24 W1LM Fed Com #3H, as discussed over the phone, Mewbourne Oil Company is named Operator of a JOA covering all of Sections 11; W/2, W/2SE/4 and SW/4NE/4 of Section 12; all of Section 13; all of section 14; all of section 23 and all of section 24, T26S-R29E, Eddy County, NM. The JOA was not signed by Read and Stevens, Inc. who owns a portion of the SW/4SW/4 of Section 14 (as noted on the Affected Offset Acreage Plat).

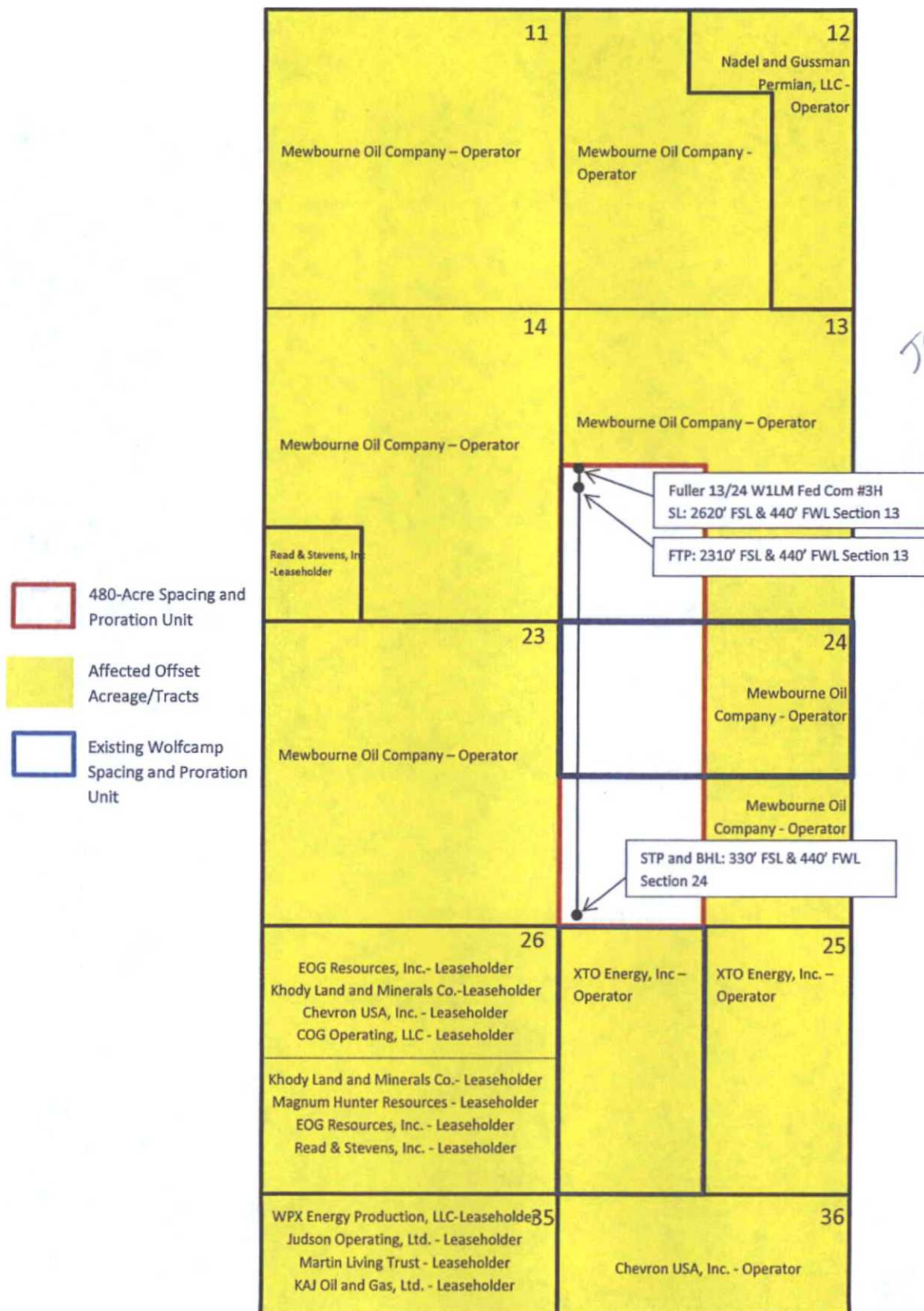
I hope this information is helpful to you. Please let me know if you have any other questions.

Thanks,

Dusty Wallace
Landman

Mewbourne Oil Company
500 West Texas Ave, Suite 1020,
Midland TX 79701-4279
Ph: 432-682-3715 / Fax: 432-685-4170

Affected Offset Acreage (Plat 1 of 2)
Mewbourne Oil Company Application for Unorthodox Well and Non-Standard Proration Unit
Fuller 13/24 W1LM Fed Com #3H, Sections 13 and 24, T26S, R29E, NMPM, Eddy County, NM

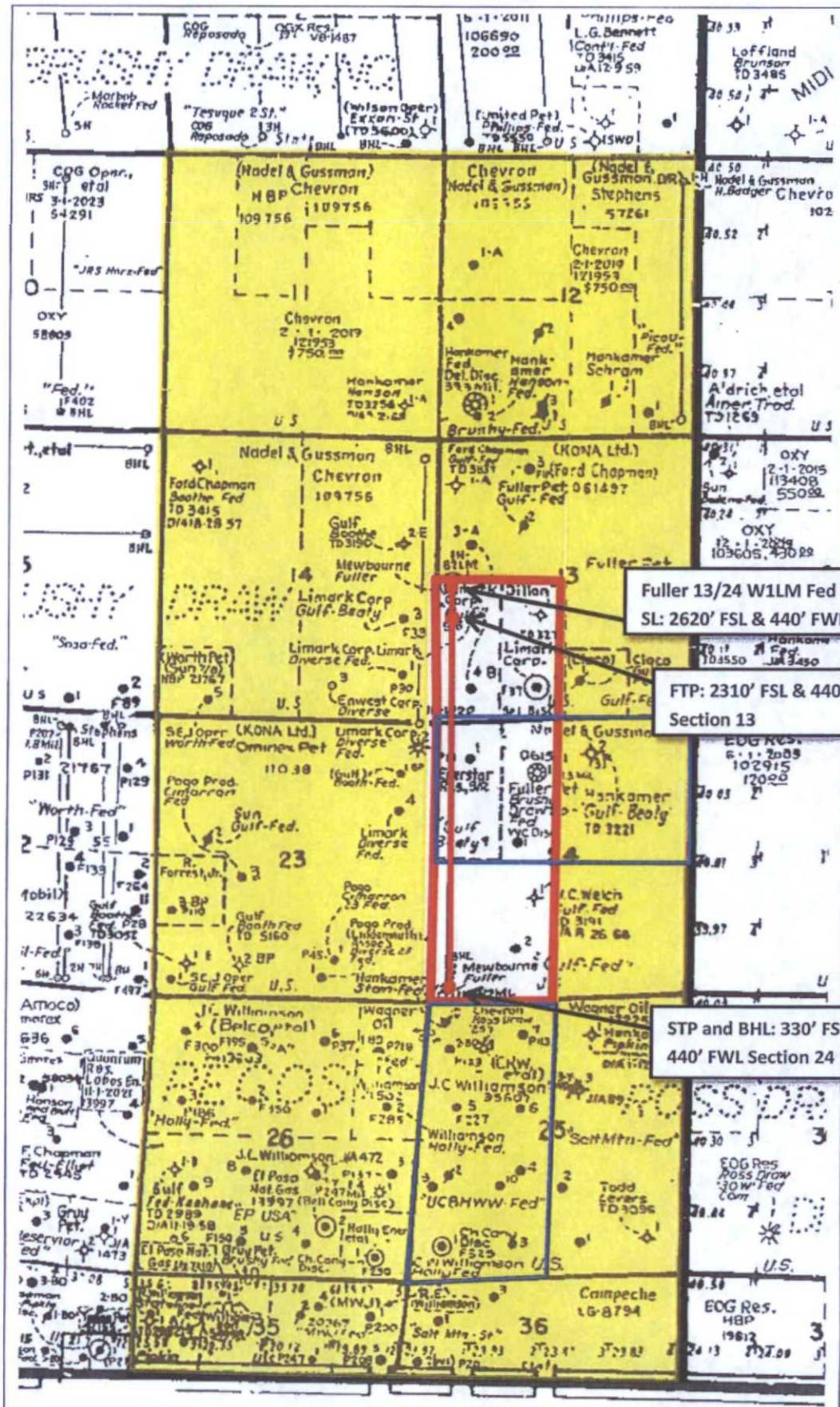


Notice List
Mewbourne Oil Company
Application for Unorthodox Well Location and Non-Standard Proration Unit
Fuller 13/24 W1LM Fed Com No. 3H, Sections 13 and 24, T26S, R29E
Eddy County, New Mexico

<p>Nadel and Gussman Permian, LLC ✓ 4000 N. Big Spring, Ste 310 Midland, TX 79705 Attn: Mr. Scott Grifo</p> <p>Certified Mail/RRE# 9414810699945015327603</p>	<p>✓ Chevron USA, Inc. 1400 Smith St Houston, TX 77002 Attn: Mrs. Amber Delach</p> <p>Certified Mail/RRE# 9414810699945015327610</p>	<p>Martin Living Trust 400 North Marienfield, Suite 100 Midland, TX 79701</p> <p>✓ Certified Mail/RRE# 9414810699945015327849</p>
<p>✓ Read and Stevens, Inc. PO Box 1518 Roswell, NM 88202-1518</p> <p>Certified Mail/RRE# 9414810699945015327870</p>	<p>✓ COG Operating, LLC 600 W. Illinois Avenue One Concho Center Midland, Texas 79701 Attn: Mrs. Rita Bures</p> <p>Certified Mail/RRE# 9414810699945015327924</p>	<p>✓ KAJ Oil and Gas, Ltd. PO Box 10626 Midland, TX 79702</p> <p>Certified Mail/RRE# 9414810699945015327993</p>
<p>✓ EOG Resources, Inc. 5509 Champions Drive Midland, Texas 79706 Attn: Ms. Wendy Dalton</p> <p>Certified Mail/RRE# 9414810699945015328143</p>	<p>✓ Magnum Hunter Production, Inc. 600 N. Marienfeld, Ste. 600 Midland, Texas 79701 Attn: Mr. Mark Compton</p> <p>Certified Mail/RRE# 9414810699945015328211</p>	<p>✓ XTO Energy, Inc. 810 Houston St. Fort Worth, TX 76102 Attn: Ms. Angie Repka</p> <p>FedEx Overnight Tracking# 776415985505</p>
<p>✓ Khody Land and Minerals, Co. and WPX Energy Production, LLC 3500 One Williams Center MD 35 Tulsa, Oklahoma 74172</p> <p>Certified Mail/RRE# 9414810699945015328303</p>	<p>✓ Judson Operations, Ltd. PO Box 3340 Midland, TX 79702</p> <p>Certified Mail/RRE# 9414810699945015328327</p>	

Affected Offset Acreage (Plat 2 of 2)
Mewbourne Oil Company Application for Unorthodox Well and Non-Standard Proration Unit
Fuller 13/24 WILM Fed Com #3H, Sections 13 and 24, T26S, R29E, NMPM, Eddy County, NM

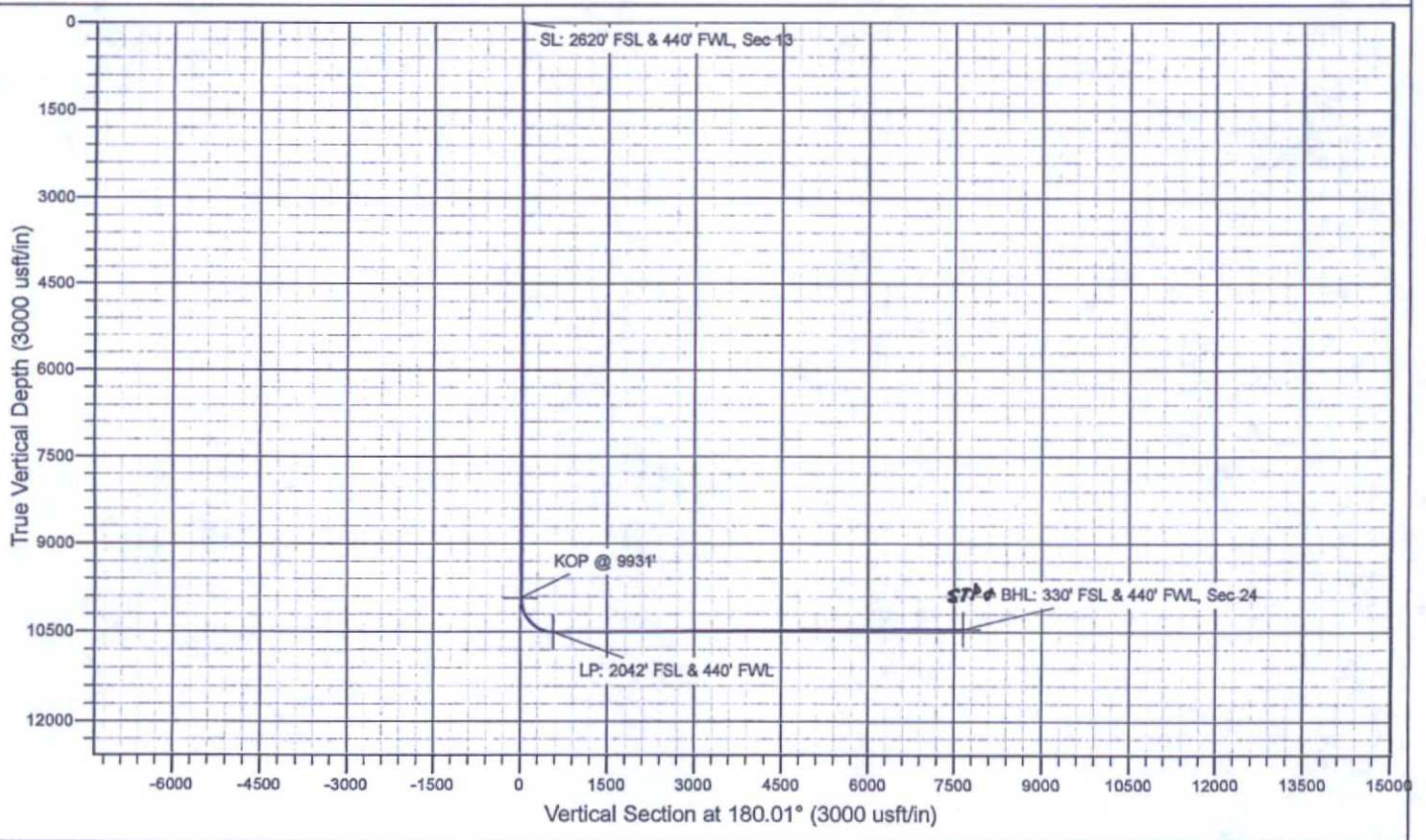
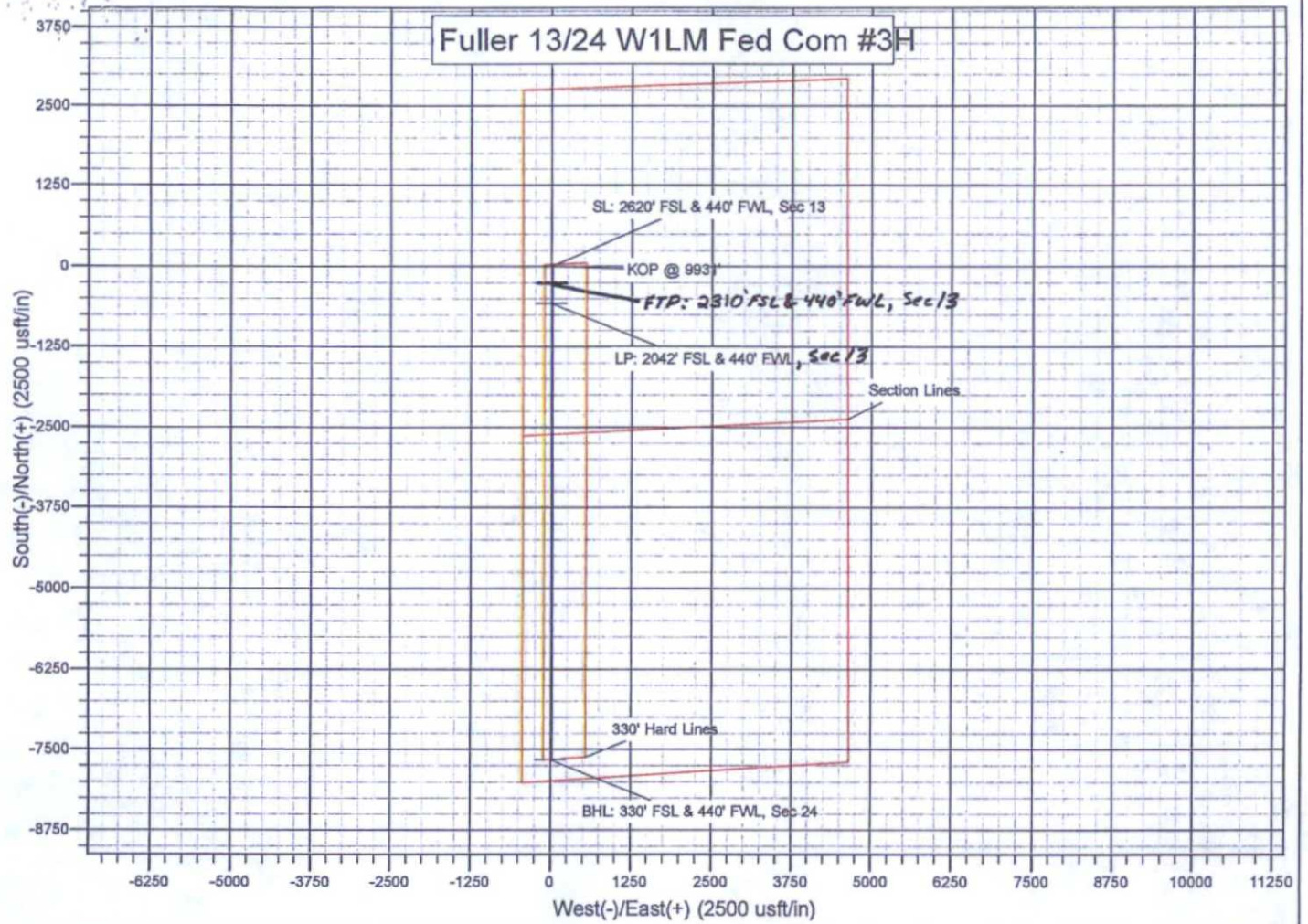
- 480 acre
Spacing and
Proration Unit
- Affected
Offset
Acreage
- Existing
Wolfcamp
Spacing and
Proration Unit



Fuller 13/24 WILM Fed Com #3H
 SL: 2620' FSL & 440' FWL Section 13

FTP: 2310' FSL & 440' FWL
 Section 13

STP and BHL: 330' FSL &
 440' FWL Section 24



MEWBOURNE OIL COMPANY

500 West Texas, Suite 1020

Midland, Texas 79701

Phone (432) 682-3715

Fax (432) 685-4170

May 6, 2016

Via Certified Mail

See Attached List

Re: Mewbourne Oil Company's Application for Unorthodox Well Location
and Non-Standard Proration Unit

Fuller 13/24 WILM Fed Com #3H (API No. 3001543517)

Surface Location: 2620' FSL & 440' FWL (Unit L – Section 13, T26S, R29E)

First Take Point: 2310' FSL & 440' FWL (Unit L – Section 13, T26S, R29E)

Second Take Point: 330' FSL & 440' FWL (Unit M – Section 24, T26S, R29E)

Bottomhole Location: 330' FSL & 440' FWL (Unit M – Section 24, T26S, R29E)

Proration Unit: SW/4 Section 13 and W/2 Section 24, T-26-S, R-29-E, NMPM,
Eddy County, New Mexico

Pool: Brushy Draw; Wolfcamp (Gas) Pool (72897)

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 and non-standard proration unit for its Fuller 13/24 WILM Fed Com #3H located at the surface, first take point and bottomhole locations described above. The well will test the Brushy Draw; Wolfcamp (Gas) Pool and will be dedicated to a non-standard 480-acre gas spacing and proration unit comprising the SW/4 of Section 13 and W/2 of Section 24, Township 26 South, Range 29 East, NMPM. The unorthodox location and non-standard proration unit are necessary in order to maximize the recovery of oil and gas reserves within the Wolfcamp formation underlying the SW/4 of Section 13 and W/2 of Section 24.

As the owner of an interest that may be affected by the proposed unorthodox gas well location and Non-Standard Proration Unit, 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.

Should you have any questions regarding the above, please email me at dwallace@mewbourne.com or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Dusty Wallace
Landman

Enclosure
Xc: OCD-Artesia

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Thursday, July 14, 2016 8:17 AM
To: 'Dusty Wallace'
Cc: Bayliss, Randolph, EMNRD; Sharp, Karen, EMNRD; McMillan, Michael, EMNRD; Goetze, Phillip, EMNRD; Jones, William V, EMNRD; 'lisa@rwbyram.com'; 'jglover@blm.gov'; 'scaffey@blm.gov'; 'rjsanche@blm.gov'; 'jstovall@blm.gov'
Subject: NSL-7432_NSP-2046_Mewbourne Oil Company_Fuller 13/24 W1LM Fed Com No. 3H_13 26S 29E

Importance: High

Mr. Dusty Wallace

The following permits has been issued and will soon be available on the Division's web site:
<http://ocdimage.emnrd.state.nm.us/imaging/WellFileCriteria.aspx>

NSL-7432

NSP-2046

Mewbourne Oil Company

API: 30-015-43517

WELL: Fuller 13/24 W1LM Fed Com No. 3H; 13 26S 29E; Eddy County

Leonard Lowe

Engineering Bureau

Oil Conservation Division

Energy Minerals and Natural Resources Department

1220 South St. Frances

Santa Fe, New Mexico 87004

Office: 505-476-3492

Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: <http://www.emnrd.state.nm.us/ocd/>