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2012 MAY -7 P 12:46

May 6, 2012

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

Case 14857

Dear Florene:

Enclosed for filing, on behalf of Mewbourne Oil Company, are an original and one copy of an application for compulsory pooling, *etc.*, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please advertise the application for the June 7, 2012 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

Parties Being Pooled

- 1) Virginia Lee Davis  
address unknown
- 2) Stanley J. Gregory  
3510 Joshua Street  
Carlsbad, NM 88220
- 3) Pavlos P. Panagopoulos  
615 Willowbrook  
Belen, NM 87002
- 4) Panagotia P. Panagopoulos  
address unknown
- 5) Panagopoulos Enterprises  
929 Lee Trevino Blvd.  
Belen, NM 87002
- 6) Nolan Greak  
8008 Slide Road, Suite 33  
Lubbock, TX 79424
- 7) Nevill Manning  
2112 Indiana  
Lubbock, TX 79410
- 8) Mary Jo Dickerson  
address unknown
- 9) Magdalene P. Panagopoulos  
address unknown
- 10) William J. Gregory  
address unknown
- 11) LBD, Limited Partnership  
928 Mesa Verde  
Hobbs, NM 88240
- 12) Laura Meade  
611 N. Mesa Ave.  
Carlsbad, NM 88203
- 13) Kevin J. Hanratty  
P.O. Box 1330  
Artesia, NM 88211
- 14) John Edward Hall, III  
P.O. Box 1525  
Carlsbad, NM 88220
- 15) James W. Klipstine, Jr.  
Klipstine & Honigmann, LLC  
1601 N. Turner, Suite 400  
Hobbs, New Mexico 88240
- 16) Irma J. Gregory  
305 S. Hemlock Ave.  
Roswell, NM 88203
- 17) Thomas W. Gregory  
address unknown
- 18) First Federal Saving and Loan  
Association of Littlefield, Texas  
P.O. Box 1390  
Littlefield, TX 79339
- 19) Clarence W. Ervin and Mary I. Ervin  
4016 Jones St.  
Carlsbad, NM 88220
- 20) Bonnie R. Gregory  
305 S. Hemlock Ave.  
Roswell, NM 88203
- 21) Bertha Lorene Osborn  
address unknown
- 22) Andreas P. Panagopoulos  
615 Willowbrook  
Belen, NM 87002
- 23) Louis Mickey Ratliff, Jr.  
8 Firwood  
The Hills, TX 78738

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

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

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Case No. 14857

**APPLICATION**

Mewbourne Oil Company applies for an order (i) approving a non-standard oil spacing and proration unit in the Delaware formation comprised of the  $W\frac{1}{2}W\frac{1}{2}$  of Section 35, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests from the surface to the base of the Delaware formation underlying the  $SW\frac{1}{4}SW\frac{1}{4}$  of Section 35, and the Delaware formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the  $W\frac{1}{2}W\frac{1}{2}$  of Section 35, and has the right to drill a well thereon.
2. Applicant proposes to drill its Layla 35 MD Fee Com. Well No. 1 to a depth sufficient to test the Delaware formation. Applicant seeks to dedicate (i) the  $SW\frac{1}{4}SW\frac{1}{4}$  of Section 35 to the well to form a standard 40 acre oil spacing and proration unit, and (ii) the  $W\frac{1}{2}W\frac{1}{2}$  of Section 35 to the well to form a non-standard 160 acre oil spacing and proration unit (project area) for all pools or formations developed on 40 acre spacing. The well is a horizontal well, with a surface location in the  $SW\frac{1}{4}SW\frac{1}{4}$ , and a terminus in the  $NW\frac{1}{4}NW\frac{1}{4}$ , of Section 35.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the  $W\frac{1}{2}W\frac{1}{2}$  of Section 35 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.

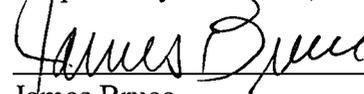
Therefore, applicant seeks an order pooling all mineral interest owners in the  $W\frac{1}{2}W\frac{1}{2}$  of Section 35, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests underlying the  $W\frac{1}{2}W\frac{1}{2}$  of Section 35 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 Delaware formation comprised of the  $W\frac{1}{2}W\frac{1}{2}$  of Section 35;
- B. Pooling all mineral interests from the surface to the base of the Delaware formation underlying the  $SW\frac{1}{4}SW\frac{1}{4}$  of Section 35, and the Delaware formation underlying the  $W\frac{1}{2}W\frac{1}{2}$  of Section 35;
- 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. 14857 :

***Application of Mewbourne Oil Company for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.*** Mewbourne Oil Company seeks an order approving an 160-acre non-standard oil spacing and proration unit (project area) in the Delaware formation comprised of the W/2W/2 of Section 35, Township 23 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the base of the Delaware formation underlying the SW/4SW/4 of Section 35 to form a standard 40 acre oil spacing and proration unit, and (ii) the Delaware formation underlying the W/2W/2 of Section 35 to form a non-standard 160 acre oil spacing and proration unit (project area) for all pools or formations developed on 40 acre spacing within that vertical extent. The units are to be dedicated to the Layla 35 MD Fee Com. Well No. 1, a horizontal well with a surface location in the SW/4SW/4, and a terminus in the NW/4NW/4, of Section 35. 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 units are located approximately 2-1/2 miles north-northeast of Malaga, New Mexico.

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