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2012 MAR 22 P 3:57

March 22, 2012

Ms. Jami Bailey, Director  
NM Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87501

**Hand-Delivered**

**Re: NMOCD Case No. 14801: Application of Mewbourne Oil Company for Approval of a Non-Standard Oil Spacing and Proration Unit, an Unorthodox Oil Well Location, and Compulsory Pooling, Eddy County, New Mexico**

Dear Ms. Bailey:

On behalf of Nearburg Producing Company, enclosed for filing is an original and one copy of a Pre-Hearing Statement in the above case.

Very truly yours,

Karen Williams  
Assistant to J. Scott Hall

:kw  
Enclosures

359997

**REPLY TO:**

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**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION COMMISSION**

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**APPLICATION OF MEWBOURNE OIL  
COMPANY FOR APPROVAL OF A NON-  
STANDARD OIL SPACING AND PRORATION  
UNIT, AN UNORTHODOX OIL WELL  
LOCATION, AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**CASE NO. 14801**

**PRE-HEARING STATEMENT**

Nearburg Producing Co. ("Nearburg") provides this Pre-Hearing Statement as required by the rules of the Division.

**APPEARANCES**

**APPLICANT**

Mewbourne Oil Company

**APPLICANT'S ATTORNEY**

James Bruce, Esq.  
P.O. Box 1056  
Santa Fe, NM 87504  
(505) 982-2043

**OTHER PARTY**

Nearburg Producing Company

**OTHER PARTY'S ATTORNEY**

J. Scott Hall  
Montgomery & Andrews  
P.O. Box 2307  
Santa Fe, NM 87504-2307  
(505) 982-3873

**STATEMENT OF THE CASE**

**APPLICANT**

Mewbourne Oil Company ("Mewbourne") seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Yeso formation comprised of the W/2

W/2 of Section 13, Township 19 South, Range 25 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Yeso formation underlying the W/2 W/2 of Section 13 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 unit is to be dedicated to the Wyatt Draw 13 MD Well No. 1, a horizontal well with an unorthodox surface location 250 feet from the north line and 350 feet from the west line of Section 24, Township 19 South, Range 25 East, NMPM, and a terminus at an orthodox location in the NW/4 NW/4 of Section 13. 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.

#### OTHER PARTY

Nearburg Producing Company is the owner of oil and gas leasehold working interests located in the vicinity.

#### **PROPOSED EVIDENCE**

##### APPLICANT

##### WITNESSES

##### EST. TIME

##### EXHIBITS

##### OPPONENT

##### WITNESSES

##### EST. TIME

##### EXHIBITS

Nearburg does not at this time plan to present witnesses at the hearing on the Application, but reserves the right to do so.

**PROCEDURAL MATTERS**

None.

Montgomery and Andrews, P. A.

By: J. Scott Hall  
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shall@montand.com  
Attorneys for Nearburg Producing Company

**Certificate of Service**

I hereby certify that a true and correct copy of the foregoing was served to counsel of record by electronic mail this 22 day of March, 2012.

James Bruce, Esq.  
P.O. Box 1056  
Santa Fe, NM 87504  
jamesbruc@aol.com

J. Scott Hall  
J. Scott Hall