

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

June 21, 2016

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

Dear Florene:

Enclosed for filing, on behalf of Mewbourne Oil Company, are an application for compulsory pooling, *etc.*, together with a proposed advertisement. Please set the application for the July 21, 2016 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Mewbourne Oil Company

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Case 15572

Parties Being Notified

- 1) J.M. Turney and husband, Steve Turney
3144 Wabash Avenue
Fort Worth, Texas 76109
- 2) Estate of John P. Bates, Deceased
5214 Ridgewood Reef
Houston, Texas 77041
- 3) Facowie Energy, a sole Proprietorship of E. Bradford Mantz
1732 Star Crest Place
San Marcos, California 92078

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. 15512

APPLICATION

Mewbourne Oil Company applies for an order (i) approving a non-standard oil spacing and proration unit in the Delaware formation comprised of Lot 2, SW $\frac{1}{4}$ NE $\frac{1}{4}$, and W $\frac{1}{2}$ SE $\frac{1}{4}$ (the W $\frac{1}{2}$ E $\frac{1}{2}$) of Section 3, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests in the Delaware formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 3, and has the right to drill a well thereon.
2. Applicant proposes to drill its Yardbirds 3 D3BO Fee Well No. 1H to a depth sufficient to test the Delaware formation, and to dedicate the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 3 to the well to form a non-standard 159.95 acre oil spacing and proration unit (project area). Applicant also seeks to pool all mineral interests in the Delaware formation underlying the non-standard unit. The well is a horizontal well, with a surface location in the NW $\frac{1}{4}$ NE $\frac{1}{4}$, and a terminus in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$ E $\frac{1}{2}$ of Section 3 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 Delaware formation underlying W½E½ of Section 3, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests in the Delaware formation underlying the W½E½ of Section 3 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 W½E½ of Section 3;
- B. Pooling all mineral interests in the Delaware formation underlying the W½E½ of Section 3;
- 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. 15512 :

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 a 159.95-acre non-standard oil spacing and proration unit (project area) in the Delaware formation comprised of Lot 2, SW/4NE/4, and W/2SE/4 (the W/2E/2) of Section 3, Township 24 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Delaware formation underlying the W/2E/2 of Section 3. The unit will be dedicated to the Yardbirds 3 D3BO Fee Well No. 1H, a horizontal well with a surface location 185 feet from the north line and 2050 feet from the east line, and a terminus 330 feet from the south line and 2050 feet from the east line, of Section 3. 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 unit is located approximately 1-1/2 miles north of Malaga, New Mexico.

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