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July 6, 2010

Case 14523

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 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 set the application for the August 5 2010 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Mewbourne Oil Company

Parties Being Pooled

- 1) Georgia Needham
Last known address: c/o Lewis R. Needham
8345 Cherokee Road
Lake Arthur, New Mexico 88253
- 2) Billy Joe Green
Last known address: 4514 S.W. 169 Pl.
Ocala, Florida 34473
- 3) Harold Parrish
Last known address: 2106 Richey
Artesia, New Mexico 88210
- 4) Wray J. Shildneck and his wife, Nina Shildneck
Last known address: P.O. Box 111
Faywood, New Mexico 88034
- 5) Heirs or devisees of Robert Richard Green, deceased
Last known address: 105 Dolphin Court
Aransas Pass, Texas 78336
- 6) Lois Green
Last known address: 105 Dolphin Court
Aransas Pass, Texas 78336
- 7) Nora Agnes Cockrum
Last known address: c/o Charlotte L. Gleghorn
1606 N. 26th Street
Artesia, NM 88210
- 8) Jack Brock and his wife, Bobbie N. Brock
Last known address: 1180 W. Bluff Road
Orange, Texas 77632
- 9) Margaret R. Sheldon
Last known address: P.O. Box 404
Kingsland, Texas 78639
- 10) Dorothy Collins
Last known address: 825 E. Llano Drive
Hobbs, NM 88240
- 11) Jo Ann Allen
Last known address: 200 Twin Mountain Rd., Apt. 3-A
Wimberley, Texas 78676

- 12) Alan G. Needham
Last known address: 60 West Jackson Road
Artesia, NM 88210
- 13) Barbara Daniel
Last known address: 2504 W. Hillmont
Odessa, Texas 79764
- 14) Heirs or Devisees of R.A. Williams, Deceased
Last known address: c/o Beth Gravell
P.O. Box 1811
Ozona, Texas 76943
- 15) Helen M. Needham
Last known address: 9756 Blazing Star
La Porte, Texas 77571
- 16) J.C. Sims, Jr. and his wife, Phyllis Sims
Last known address: P.O. Box 260884
Lakewood, Colorado 80226
- 17) Minnie Cothran
Last known address: 1214 W. Ave. M
Lovington, NM 88260
- 18) Robert L. Needham
Last known address: 1405 W. Washington
Artesia, NM 88210
- 19) Ben Richard Green
Address Unknown
- 20) Heirs or Devisees of Martin Douglas Hardcastle, deceased
Address Unknown
- 21) Martin Douglas Hardcastle, Jr.
Address Unknown
- 22) Heirs or Devisees of Evelyn Barnett, deceased
Address Unknown
- 23) Heirs or Devisees of Torita Ross, deceased
Address Unknown
- 24) Heirs or Devisees of Leola Needham Watson, deceased
Address Unknown
- 25) Ruth E. Hinman
Address Unknown
- 26) Jean E. Doud
Address Unknown

- 27) J.E. Doud, Jr.
Address Unknown
- 28) Ella J. Owens
Address Unknown
- 29) Eva D. Donaldson
Address Unknown
- 30) George James Steele
Address Unknown
- 31) Minnie Laverne Steele Drew
Address Unknown
- 32) Robert Epperson
Address Unknown
- 33) Kenneth Jones
Address Unknown
- 34) Cathy Jones
Address Unknown
- 35) Robin Hall
Address Unknown
- 36) Georgia E. Kotlinski
Address Unknown
- 37) Donna Baca
Last known address: 300 North Ellis Street, Space #5
Lake Elsinore, CA 92530
- 38) Melvin Burke
Last known address: 300 North Ellis Street, Space #5 #68
Lake Elsinore, CA 92530

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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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. 14523

APPLICATION

Mewbourne Oil Company applies for an order (i) approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 21, Township 20 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests from the surface to the top of the Yeso formation underlying the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 21, and the Yeso formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 21, and has the right to drill a well thereon.

2. Applicant proposes to drill its Pine Box 21 CN Fed. Com. Well No. 1 to a depth sufficient to test the Yeso formation. Applicant seeks to dedicate (i) the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 21 to the well to form a standard 40 acre oil spacing and proration unit, and (ii) the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 21 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 NE $\frac{1}{4}$ NW $\frac{1}{4}$, and a terminus in the SE $\frac{1}{4}$ SW $\frac{1}{4}$, of Section 21.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 21 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.

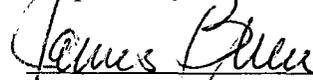
Therefore, applicant seeks an order pooling all mineral interest owners in the E½W½ of Section 21, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests underlying the E½W½ of Section 21 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 Yeso formation comprised of the E½W½ of Section 21;
- B. Pooling all mineral interests from the surface to the top of the Yeso formation underlying the NE¼NW¼ of Section 21, and the Yeso formation in the E½W½ of Section 21;
- 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. 14523 :

Application of Mewbourne 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 160-acre non-standard oil spacing and proration unit (project area) in the Yeso formation comprised of the E/2W/2 of Section 21, Township 20 South, Range 25 East, NMPM. Applicant further seeks the pooling of all mineral interests (i) from the surface to the top of the Yeso formation underlying the NE/4NW/4 of Section 21 to form a standard 40 acre oil spacing and proration unit, and (ii) the Yeso formation underlying the E/2W/2 of Section 21 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 Pine Box 21 CN Fed. Com. Well No. 1, a horizontal well with a surface location in the NE/4NW/4, and a terminus in the SE/4SW/4, of Section 21. 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 5 miles southwest of Seven Rivers, New Mexico.

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