



January 18, 2011

HAND DELIVERED

Mr. Daniel Sanchez
Acting Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 14595

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2011 JAN 18 PM 2:55

Re: **Application of Mewbourne Oil Company for a non-standard spacing and proration unit, unorthodox well location, and compulsory pooling, Eddy County, New Mexico.**

Dear Mr. Fesmire:

Enclosed is the Application of Mewbourne Oil Company in the above-referenced case as well as a copy of the legal advertisement. Mewbourne Oil Company requests that this matter be placed on the docket for the February 17, 2011 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Mr. Corey Mitchell
Landman
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, Texas 79701

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

2011 JAN 18 P 2: 58

IN THE MATTER OF THE APPLICATION OF MEWBOURNE OIL COMPANY FOR A NON-STANDARD SPACING AND PRORATION UNIT, UNORTHODOX WELL LOCATION, AND COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 14595

APPLICATION

MEWBOURNE OIL COMPANY ("Mewbourne") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order (1) creating a non-standard spacing unit comprised of the SE/4 SE/4 of Section 5 and the E/2 NE/4 of Section 8, of Township 20 South, Range 25 East, NMPM, which will be the horizontal well project area for the West Draw "5/8" PH Fed Com Well No. 1- H to be horizontally drilled from a surface location 1500 feet from the South line and 350 feet from the East line of said Section 5 and then in a southerly direction in the Undesignated Yeso formation, to a bottom hole terminus at a location 2310 feet from the North line and 350 feet from the East line of said Section 8, (2) approving an unorthodox well location in the Yeso formation, and (2) pooling all mineral interests in the Yeso formation in this non-standard spacing and proration unit / horizontal well project area, and in support of its application states:

1. Mewbourne is a working interest owner in the SE/4 SE/4 of Section 5 and the E/2 NE/4 of Section 8, of Township 20 South, Range 25 East, NMPM, and has the right to drill thereon. Mewbourne has an interest in each of the 40-acre spacing units in this project area and therefore has standing to bring this pooling application.

2. Mewbourne proposes to dedicate the above-referenced spacing and proration unit to its West Draw "5/8" PH Fed Com Well No. 1-H which it proposes to drill as a horizontal oil well from a surface location 1500 feet from the South line and 350 feet from the East line (Unit I) of said Section 5,

and then in a southerly direction in the Yeso formation to a bottom hole terminus at a point 2310 feet from the North line and 350 feet from the East line (Unit H) of said Section 8.

3. This well will penetrate the Yeso formation at an unorthodox location 1195 feet from the South line and 350 feet from the East line of Section 5. However, the producing interval in the wellbore is within the setback requirements for the project area and therefore within the well's "producing area."

4. Mewbourne has sought and been unable to obtain a voluntary agreement for the development of these lands from certain interest owners in the subject spacing units who are identified on Exhibit A to this application.

5. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

6. In order to permit the Mewbourne to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Mewbourne Oil Company should be designated the operator of this non-standard spacing unit and the well to be drilled thereon.

WHEREFORE, Mewbourne Oil Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on February 17, 2011 and, after notice and hearing as required by law, the Division enter its order:

- A. creating a non-standard spacing and proration unit in the Yeso formation comprised of the SE/4 SE/4 of Section 5 and the E/2 NE/4 of Section 8, of Township 20 South, Range 25 East, NMPM;
- B. Approving an unorthodox location in the Yeso formation 1195 feet from the South line and 350 feet from the East line of Section 5.
- C. pooling all mineral interests in the subject spacing and proration units;
- D. designating Mewbourne Oil Company operator of this unit and the well to be drilled thereon;
- E. authorizing Mewbourne Oil Company to recover its costs of drilling, equipping and completing the well;
- F. approving the actual operating charges and costs of supervision while drilling and after

completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

- G. imposing a penalty for the risk assumed by Mewbourne Oil Company in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,
HOLLAND & HART LLP

By: 

William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR MEWBOURNE OIL COMPANY

EXHIBIT A

**APPLICATION OF
MEWBOURNE OIL COMPANY
FOR A NON-STANDARD SPACING AND PRORATION UNIT,
UNORTHODOX WELL LOCATION AND
COMPULSORY POOLING
SE/4 SE/4 OF SECTION 5 AND THE E/2 NE/4 OF SECTION 8,
TOWNSHIP 20 SOUTH, RANGE 25 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO.**

NOTIFICATION LIST

Louis Berney
1797 15th Avenue
Star Prairie, Wisconsin 54026

Leslea Ingram Cole
6336 N. Oracle Road
Suite 326-331
Tucson, Arizona 85704

CASE 14595: **Application of Mewbourne Oil Company for a non-standard spacing and proration unit unorthodox well location, and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order creating a non-standard spacing unit comprised of the SE/4 SE/4 of Section 5 and the E/2 NE/4 of Section 8, of Township 20 South, Range 25 East, NMPM; and pooling all mineral interests in the Undesignated Yeso formation, in this non-standard spacing and proration unit which spacing unit will be the project area for its proposed West Draw "5/8" PH Fed Com Well No. 1-H to be horizontally drilled from a surface location 1500 feet from the South line and 350 feet from the East line (Unit I) of said Section 5, and then in a southerly direction in the Yeso formation to a bottom hole terminus at a point 2310 feet from the North line and 350 feet from the East line (Unit H) of said Section 8. This well will penetrate the Yeso formation at an unorthodox location 1195 feet from the South line and 350 feet from the East line of Section 5, however, the producing interval in the wellbore is within the well's "producing area." Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Mewbourne Oil Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 4 miles northwest of Lakewood, New Mexico.