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STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION 1: 52

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF HEARING:

CASE NO. 14607

APPLICATION OF MEWBOURNE OIL COMPANY
FOR A NON-STANDARD GAS SPACING AND PRORATION UNIT,
AN UNORTHODOX OIL WELL LOCATION AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO
[N/2S/2 Sec 30, T18S, R30E-Bradley 30 Fed Com Well No. 1]

PRE-HEARING STATEMENT

Chisos, Ltd. submits this pre-hearing statement as required by the New Mexico Oil Conservation Division.

APPEARANCES OF THE PARTIES

APPLICANT

ATTORNEY

Mewbourne Oil Company

James Bruce, Esq.

OPPONENT

ATTORNEY

Chisos, Ltd. 670 Dona Ana Road SW Deming NM 88303 Attn: Sue Ann Craddock Thomas Kellahin, Esq. 706 Gonzales Road Santa Fe, New Mexico 87501 505-982-4285

Sue Ann Craddock 575-546-8802

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STATEMENT OF THE CASE

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OPPONENT:

2011 FEB 24 P 1:51

By letter dated February 21, 2011, Mewbourne Oil Company ("Mewbourne") proposed to Chisos, Ltd. ("Chisos") the drilling of the Bradley "30" Federal Com Well No. 1H. See Exhibit "A" attached.

By email dated February 24, 2011, Chisos notified Mewbourne that Chisos was electing to voluntarily participate and returned a signed AFE. See Exhibit "B" attached.

Chisos is now awaiting a JOA from Mewbourne for this wellbore and spacing unit.

Chisos requested that it be dismissed as a party to be pooled by this application

PROPOSED EVIDENCE

OPPONENT

WITNESSES

EST. TIME

EST. EXHIBITS

Pending

PROCEDURAL MATTERS

Motion to Dismiss Chisos from this pooling case.

1/.0

KELLAHIN & KELLAHIN

Thomas Kellahin 706 Gonzales Road

Santa Fe, New Mexico 87501

Phone 505-982-4285

Fax 505-216-2780

E-mail: tkellahin@comcast.net

CERTIFICATE OF SERVICE

I certify the	nat on February 24, 2011, I served a copy of the foregoing documents by
[US Mail, postage prepaid
]	Hand Delivery
[] Facsimile
[X	[X] Email

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to the following:

David K. Brooks, Esq. OCD Attorney David.brooks@state.nm.us

James Bruce, Esq.

Attorney for Mewbourne Oil Company jamesbrue@aol.com

February 21, 2011

Certified Mail-Return Receipt No. 4528

Chisos, Ltd. 670 Dona Ana Road, SW Deming, New Mexico 88030 Attn: Sue Ann Craddock

Re: Bi

Bradley "30" Federal Com No. 1H 1850' FSL & 330' FWL (SL) (Sec. 29) 1980' FSL & 330' FWL (BHL) (Sec. 30) Section 30, T18S, R30E Eddy County, New Mexico

Dear Sue Ann:

Per my conversation with Mr. Tom Kellahin, it is my understanding Chisos, Ltd. ("Chisos") does not wish to participate in the previously proposed WIU but rather would like to participate in the captioned well with their respective full interest. Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to drill the captioned well at the referenced surface location ("SL") to the referenced bottom hole location ("BHL"). The proposed well will be drilled to a true vertical depth ("TVD") of approximately 8,130 feet subsurface to evaluate the Second Bone Spring Sand formation for oil production. The proposed well will have a horizontal measured depth ("MD") of approximately 13,200 feet. The N/2S/2 of the captioned Section 30 will be dedicated to the well as the oil proration unit.

Regarding the above, enclosed for your further handling is our AFE dated September 27, 2010 for the captioned well. In the event you elect to participate in the captioned proposed well, please sign the enclosed AFE and return to me within thirty (30) days. Upon receipt of same, I'll forward you our proposed Operating Agreement for signature.

Should you have any questions regarding the above, please email me at <u>emitchell@mewbourne.com</u> or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY

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Corey Mitchell Landman EXHIBIT AND THE STATE OF THE ST

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITU					•
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	waty: Edd		-	:TE	
Section: 30 Bik: Survey: TNI	P: 185 R	NG 30E Pro	p, Døth:	13,200'	
INTANGIBLE COSTS 180	CODE	TCP	CODE	cc	
Permits and Surveys Location: Roads, Pits & Site Preparation	100 105	\$5,000	200	\$2,000 \$5,000	
Location: Excavation & Other	106	\$150,000	203	35.000	
Day Work, Footage, Turnkey Drilling 35 drlg. 2 comp @ \$14,500/day + GRT	110	\$538,000	210	\$30,800	
Fuel Mud	114	\$85,000 \$75,000			
Chemicals and Additives	121	\$5.000	221	\$5,000	
Cementing	125	\$50,000	225		
.ogging, Wireline & Coring Services Casing, Tubung & Snubbing Services	130	\$5,000	230	\$12,000	
Mud Lagging	137	\$25,000			
Stimulation Stimulation Rentals & Other	<u> </u>		241 242	\$500,000 \$75,000	
Water & Other	145	\$60,000	242	3/3,000	
Bils	148	\$50,000	248		
Inspection & Repair Services Visc. Air & Pumping Services	150 154	\$15,000	250 · · · · · · · · · · · · · · · · · · ·	\$2,500	
Testing	154	\$4,000	256	\$2,50B \$5,000	
Completion / Workover Rig			260	\$20,000	
Rig Mobilization	184 155	\$75,000 \$15,000	265	\$5,000	
Nelding and Construction	168	\$5,000	268	\$2,000	
Ingineering & Contract Supervision	170	\$15,000	270		
Directional Services quipment Rental	175 180	\$225.000 \$75.000	280	\$5,000	
Veil / Lease Legal	184	\$8,000	284	\$1,000	
Vell / Lease Insurance	185	54,000	285		
ntangible Supplies Damages	188 190	\$5,000 \$5,000	288 290		
ipeline, Road, Electrical ROW & Easements	192	00.000	292		
Pipeline Interconnect Company Supervision	195	2440.000	293	202.000	
Overhead Fixed Rate	196	\$110,000 \$9,000	295 296	\$30,000 \$4,000	
Nell Abandonment	198		298		
Contingencies 10% (TCP) 5% (CC) TOTAL	199	\$170,800	299	\$35,200 \$739,500	
TANGIBLE COSTS 181		\$1,878,800		\$735,000	
Casing (19 1" - 30")	793				
Asing (10.1" - 19.0") Casing (8.1" - 10.0") 400' 9.5/8" 36# N80/K55 LTC \$28.75/ft w/GRT	794 795	*12.200			
Casing (6.1" - 8.0") 8500' 7" 26# P110 LTC @ \$31.00/1 w/GRT	796	\$12.200 \$263.500			
Casing (4.1" - 5.0") 4800" 4 1/2" 11.5# P110 LTC @ \$14.00/R w GRT			797	\$67,200	
ubing (2" - 4") 7600' 2 7/8" 6 5# N80 EUE 8rd @ \$5 75/ft Drilling Head	860	\$10,000	798	\$43,700	
Tubing Head & Upper Section	- 550	\$10.000	870	\$15.000	
Sucker Rods			875	\$25,000	I
Packer Pump & Subsurface Equipment (17 Ports and plunger pump) Artificial Lift Systems	₩	-	880 884	\$250,000	層介
Pumping Unit			885	\$90,000	
Burface Pumps & Prime Movers Banks - Steef			886 890	\$22,000 \$40,000	
anks - Others			891	\$7,500	
Separation Equipment	 		895	\$10,000	
Sas Treating Equipment featers.		 	896 897	\$12,000	00-621-6889
Aetering Equipment			898	\$10,000	
ine Pipe - Gas Gathering and Transportation Also, Fittings, Valves, Line Pipe and Accessories		 	900	\$6,000	
athodic Protection			906 908	\$25,000	
lectrical Installations			909		
roduction Equipment Installation	1	 	910	\$30,000 \$20,000	
TOTAL		\$285,700		\$873,400	
SUBTOTAL	Î	\$2,164,500	w	\$1,412,900	
TOTAL WELL COST			77,400		
	<u> </u>	44,5	,-70		j (
77 1. 16. 25 Ex				Ó.	دابدلد
Co. Approval Date: 9/27/2016	40 I)'	Λ.	Λ		7 7 7 -
cint Owner Interest 9.342637% Amount. \$334,223.50	171/	$\nabla \Lambda MI$		LAAA	. <i>Y</i>
gint Owner Chisos, Ltd. Joint Owner Approval	<u> </u>	UY V	$\mathcal{V}\mathcal{V}$	CHAM	\mathcal{C}
perator has socured Operator's Extra Expense Insurance covering costs of well control, clean up a	and redritting	as estimates in Lit	ne bem 165	Non-Operator may	

File: Bradley 30 Federal Com #1H.xls