

HOLLAND & HART^{LLP}



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April 12, 2011

HAND DELIVERED

Ms. Jami Bailey
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 14645

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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 Ms. Bailey:

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 May 12, 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

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

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.

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CASE NO. 14645

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 SW/4 of Section 24 and the E/2 NW/4 of Section 25, Township 19 South, Range 25 East, NMPM, which will be the horizontal well project area for the Wyatt Draw "24/25" NF Federal Com No. 1H Well to be horizontally drilled from a surface location 1650 feet from the South line and 2290 feet from the West line of Section 24 and then in a southerly direction in the Yeso formation, to a bottom hole terminus at a location 2310 feet from the North line and 2290 feet from the West line of Section 25, both in Township 19 South, Range 25 East, (2) approving an unorthodox well location in the Yeso formation, and (2) pooling all mineral interests in the Yeso formation, North Seven Rivers, Glorieta, Yeso Pool, 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 SW/4 of Section 24 and the E/2 NW/4 of Section 25, Township 19 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 Wyatt Draw "24/25" NF Fed. Com No. 1H Well which it proposes to drill as a horizontal oil well from a surface location 1650 feet from the South line and 2290 feet from the West line of

Section 24 and then in a southerly direction in the Yeso formation, to a bottom hole terminus at a location 2310 feet from the North line and 2290 feet from the West line of Section 25.

3. This well will penetrate the Yeso formation at an unorthodox location 1650 feet from the South line and 2290 feet from the West line of Section 24. However, the producing interval in the wellbore is within the setback requirements for this 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.

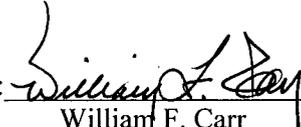
6. In order to permit the Mewbourne to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Mewbourne Oil Company should be designated the operator of this non-standard spacing unit and the well to be drilled thereon.

WHEREFORE, Mewbourne Oil Company requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 12, 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, North Seven Rivers, Glorieta, Yeso Pool, comprised of the SE/4 SW/4 of Section 24 and the E/2 NW/4 of Section 25, Township 19 South, Range 25 East, NMPM,;
- B. Approving an unorthodox location in the Yeso formation 1650 feet from the South line and 2290 feet from the West line of Section 24.
- 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 SW/4 OF SECTION 24 and the E/2 NW/4 OF SECTION 25,
TOWNSHIP 19 SOUTH, RANGE 25 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO.
[WYATT DRAW "24/25" NF FED. COM NO. 1H WELL]**

NOTIFICATION LIST

Nearburg Exploration Company, LLC
3300 North "A" Street, Building 2, Suite 120
Midland, Texas 79705
Attn: Mr. Ken Dixon

Marshall & Winston, Inc.
Post Office Box 50880
Midland, Texas 79710

CASE 19695 **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 SW/4 of Section 24 and the E/2 NW/4 of Section 25, Township 19 South, Range 25 East, NMPM, which will be the horizontal well project area for the Wyatt Draw "24/25" NF Federal Com No. 1H Well to be horizontally drilled from a surface location 1650 feet from the South line and 2290 feet from the West line of Section 24 and then in a southerly direction in the Yeso formation, to a bottom hole terminus at a location 2310 feet from the North line and 2290 feet from the West line of Section 25, both in Township 19 South, Range 25 East, (2) approving an unorthodox well location in the Yeso formation, and (2) pooling all mineral interests in the Yeso formation, North Seven Rivers, Glorieta, Yeso Pool, in this non-standard spacing and proration unit - horizontal well project area. 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 6 miles north of Lakewood, New Mexico.