

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

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

**CASE NO. 15141
ORDER NO. R-13815-A**

**APPLICATION OF MEWBOURNE OIL COMPANY FOR A NON-STANDARD
OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on May 29, 2014, at Santa Fe, New Mexico, before Examiner Phillip R. Goetze.

NOW, on this 11th day of August, 2014, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due notice has been given, and the Division has jurisdiction of the subject matter of this case.

(2) Pursuant to previous hearings, the Division, on April 9, 2014, issued Order No. R-13815, granting the application of Mewbourne Oil Company ("Applicant") for approval of a non-standard spacing and proration unit and compulsory pooling. The Order established a non-standard 160-acre oil spacing and proration unit and project area (the "Unit") consisting of the W/2 of the E/2 of Section 8, Township 22 South, Range 25 East, NMPM, in Eddy County, New Mexico. The proposed well dedicated to the Unit was the True Grit 8 B3BO Federal Com. Well No. 1H (API No. 30-015-42333), and Applicant was designated as the operator of the well and the Unit.

(3) Subsequently, Applicant filed a Motion associated with this Order, and in that Motion informed the Division that Applicant had discovered additional owners with an interest in the lands who had not been notified. These owners were not identified in the original title record review and were subsequently omitted from previous notices provided to owners in this case, as required by Division Rule 19.15.4.12A.(1) NMAC.

These additional interests are identified in Applicant's Exhibit No. 1 (three parties in total).

(4) At the hearing, Applicant appeared through counsel and presented evidence that it had given notice of the application and the hearing to the recently identified interest owners, or their heirs, successors or assigns, by certified mail and by publication pursuant to 19.15.4.12.B NMAC. No appearance was entered for these mineral owners, or any personal representative, heir or successor, and no person claiming to own or represent a claimant to an interest derived from these mineral owners has otherwise communicated with the Division.

(5) The proposed well, the True Grit 8 B3BO Federal Com. Well No. 1H, is now drilled.

(6) The Unit comprises at least two federal leases and, therefore, requires a Communitization Agreement to produce from the Unit. The proposed Communitization Agreement cannot be approved by the United States Bureau of Land Management because there are interest owners who have not ratified or otherwise approved the Communitization Agreement.

The Division therefore concludes:

(7) The application should be approved to compulsory pool the recently identified interest owners and their heirs, devisees, personal representatives, successors and assigns, whoever they may be.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Mewbourne Oil Company (OGRID 14744), all recently identified interest owners and their heirs, devisees, personal representatives, successors and assigns, as well as all other owners of interests in the Unit, whatever they may be, in the oil and gas located in the Bone Spring formation underlying the Unit, are hereby pooled.

(2) All provisions of Order No. R-13815, including allocation of costs, risk charges, or overhead charges, remain in full force and effect, and are applicable to all recently identified interest owners and their heirs, devisees, personal representatives, successors and assigns pooled in this Order.

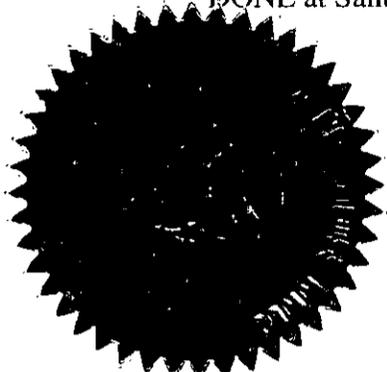
(3) Should all the parties to this compulsory pooling order reach voluntary agreement subsequent to entry of this Order, this Order shall thereafter be of no further effect.

(4) The operator of the well and Unit shall notify the Division in writing of the subsequent voluntary agreement of all parties subject to the compulsory pooling provisions of this Order.

(5) This Order is subject to approval of compulsory pooling of federal lands by the United States Bureau of Land Management.

(6) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JAMI BAILEY
Director