

ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



6971

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR

- [D] Other: Specify \_\_\_\_\_

*Delaware Ranch 12 MD  
 Federal com. #1H  
 API - pending  
 Mewbourne Oil*

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or  Does Not Apply

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

David Catanach  
 Print or Type Name

David Catanach  
 Signature

Agent for Mewbourne Oil Company  
 Title

9/18/13  
 Date

drcatanach@netscape.com  
 E-Mail Address

September 18, 2013

**Hand Delivered**

New Mexico Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, New Mexico 87505

Attention: Ms. Jami Bailey, CPG  
Division Director

Re: Application for Unorthodox Well Location  
Delaware Ranch 12 MD Federal Com No. 1H  
API No. (N/A)  
Surface Location: 230' FSL & 710' FWL (Unit M)  
First Take Point: 535' FSL & 707' FWL (Unit M)  
Bottomhole Location: 330' FNL & 660' FWL (Unit D)  
Section 12, T-26 South, R-28 East, NMPM,  
Eddy County, New Mexico

Dear Ms. Bailey:

Pursuant to Division Rule 19.15.15.13, Mewbourne Oil Company ("Mewbourne") respectfully requests administrative approval of an unorthodox gas well location for its proposed Delaware Ranch 12 MD Federal Com No. 1H. This well will be drilled as a horizontal wildcat gas well in the WC-015 S262814C; Wolfcamp (Gas) Pool (97954).

The Delaware Ranch 12 MD Federal Com No. 1H will be dedicated to a standard 320-acre gas spacing and proration unit comprising the W/2 of Section 12. There are currently no other existing Wolfcamp producing wells within the proposed spacing unit.

The WC Wolfcamp (Gas) Pool is currently governed by Division Rule 19.19.15.10 which requires standard 320-acre gas spacing and proration units with wells to be located no closer than 660 feet to the outer boundary of the spacing unit, nor closer than 10 feet to any interior quarter-quarter section line or subdivision inner boundary, or in the case of a horizontal well, no closer than 660 feet to the outer boundary of the producing area.

The Wolfcamp completion interval at the beginning of the lateral will be located 535 feet from the South line and 707 feet from the West line (Unit M) of Section 12, and the Wolfcamp completion interval at the terminus of the lateral will be located 330 feet from the North line and 660 feet from the West line (Unit D) of Section 12 (**See attached plat**).

The unorthodox location is necessary in order to maximize the recovery of oil and gas reserves from the Wolfcamp formation underlying the W/2 of Section 12.

The affected offset acreage comprises the S/2 & NE/4 of Section 2, the S/2 & NW/4 of Section 1, the E/2 of Section 14 and the N/2 & SW/4 of Section 13, which may be included, at some time, in standard 320-acre gas spacing and proration units in the Wolfcamp formation. There are currently no Wolfcamp producing wells within the affected offset acreage. The affected offset tracts are further described as follows:

- Tract No. 1: SW/4 of Section 2-26S-28E. The leasehold owners within this tract are Yates Petroleum Corporation, Abo Petroleum Corporation, Myco Industries, Inc., COG Operating, LLC, Concho Oil & Gas, LLC, and Oxy Y-1 Company;
- Tract No. 2: E/2 of Section 2-26S-28E. The leasehold owners within this tract are The Allar Company and EG3, Inc.;
- Tract No. 3: S/2 & NW/4 of Section 1-26S-28E. The leasehold owners within this tract are Concho Oil & Gas, LLC, Oxy USA, Inc., Yates Petroleum Corporation, Abo Petroleum Corporation, Myco Industries, Inc., and Sharbro Oil, Ltd.;
- Tract No. 4: E/2 of Section 14-26S-28E. The leasehold owners within this tract are Mewbourne Oil Company, COG Production, LLC, COG Operating, LLC, Oxy USA, Inc., Concho Oil & Gas, LLC, COG Acreage, LP, Allar Development, LLC and EG3 Development, LLC. **(Please note that the NW/4 of Section 14 is not affected by the proposed unorthodox location because the W/2 of Section 14 is dedicated in the Wolfcamp formation to Mewbourne Oil Company's existing Delaware Ranch 14 CN Fee Com Well No. 1H (API No. 30-015-40438));**
- Tract No. 5: N/2 of Section 13-26S-28E. The leasehold owners within this tract are Mewbourne Oil Company, Oxy USA, Inc., COG Production, LLC, COG Acreage, LP, Allar Development, LLC and EG3 Development, LLC;
- Tract No. 6: SW/4 of Section 13-26S-28E. The leasehold owners within this tract are COG Production, LLC and Oxy USA, Inc.

Notice of this application is being provided by certified mail, return receipt requested to COG Operating, LLC, Concho Oil & Gas, LLC, COG Production, LLC, COG Acreage, LP, Oxy USA, Inc., Oxy Y-1 Company, Yates Petroleum Corporation, Abo Petroleum Corporation, Myco Industries, Inc., Sharbro Oil Ltd., Allar Development, LLC, EG3 Development, LLC, The Allar Company and EG3, Inc. in accordance with Division rules.

Attached is a map showing the surface, first take point and bottomhole locations for the Delaware Ranch 12 MD Federal Com No. 1H. Also shown is the affected offset acreage. Also attached is a notice list and notice letter.

In summary, approval of the application will provide Mewbourne Oil Company the opportunity to recover additional oil and gas reserves from the WC Wolfcamp (Gas) Pool underlying the W/2 of Section 12 that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

If you should have any questions, please call me at (505) 690-9453.

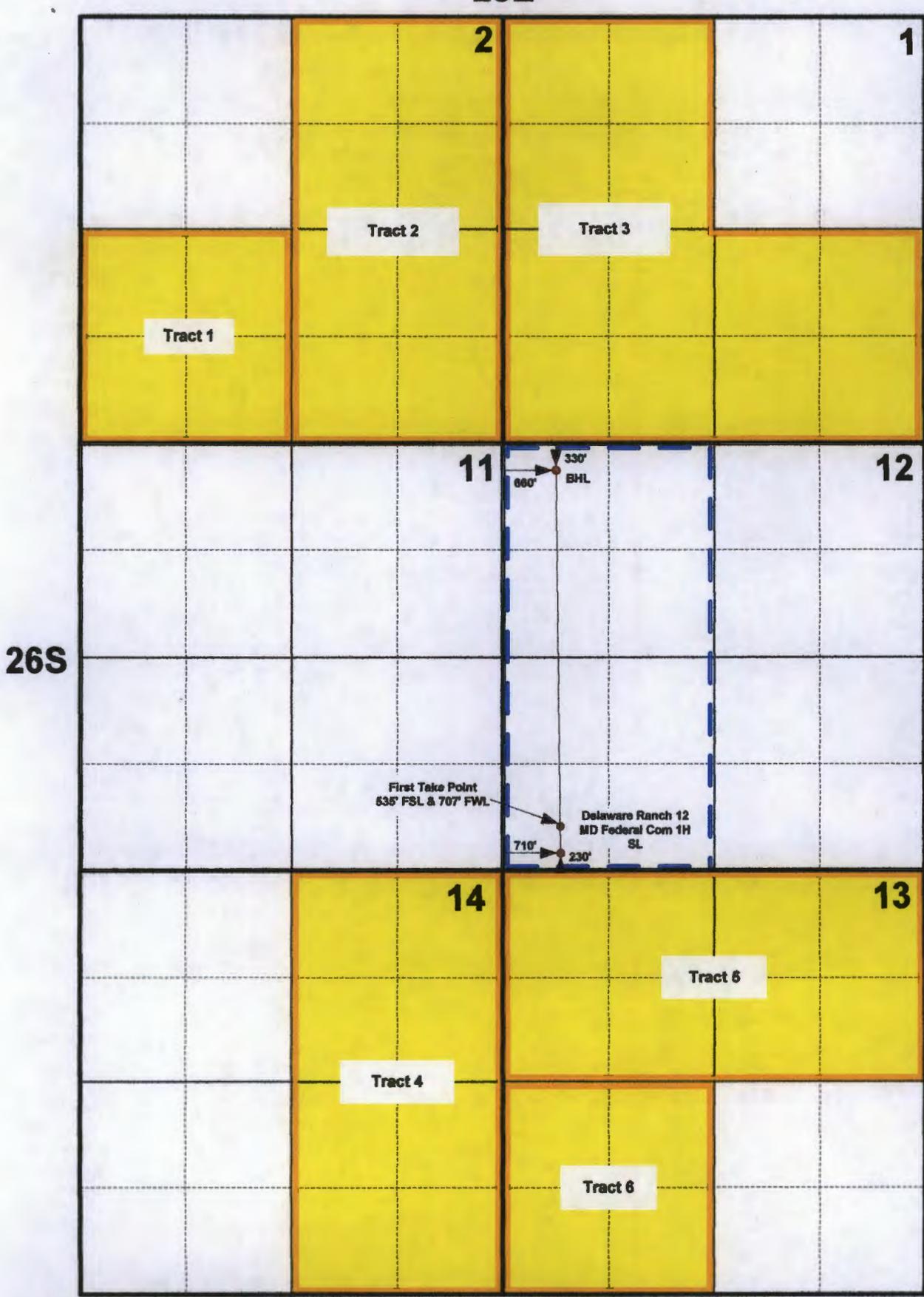
Sincerely,



David Catanach, Agent  
Mewbourne Oil Company  
500 W. Texas, Suite 1020  
Midland, Texas 79701

Xc: OCD-Artesia

28E



Affected Offset Acreage/Tracts



320-Acre Spacing Unit

Mewbourne Oil Company  
 Application for Unorthodox Location  
 Delaware Ranch 12 MD Federal Com No. 1H

September 18, 2013

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

TO: (See Attached List)

Re: Mewbourne Oil Company  
Unorthodox Gas Well Location  
Delaware Ranch 12 MD Federal Com No. 1H (API No. N/A)  
Surface Location: 230' FSL & 710' FWL (Unit M)  
First Take Point: 535' FSL & 707' FWL (Unit M)  
Bottomhole Location: 330' FNL & 660' FWL (Unit D)  
Section 12, T-26 South, R-28 East, NMPM,  
WC-015 S262814C; Wolfcamp (Gas) Pool (97954)  
Eddy County, New Mexico

Ladies and Gentlemen:

Enclosed please find a copy of the application filed by Mewbourne Oil Company ("Mewbourne") for approval of an unorthodox gas well location for its proposed Delaware Ranch 12 MD Federal Com No. 1H located at the surface, first take and bottomhole locations described above. The well will test the WC Wolfcamp (Gas) Pool and will be dedicated to a standard 320-acre gas spacing and proration unit comprising the W/2 of Section 12, Township 26 South, Range 28 East, NMPM. The unorthodox location is necessary in order to maximize the recovery of oil and gas reserves within the Wolfcamp formation underlying the W/2 of Section 12.

As the owner of an interest that may be affected by the proposed unorthodox gas well location, you are being provided notice as per Division rules and regulations. Objections must be filed in writing at the Division's Santa Fe office within 20 days from the date this notice was sent to you. If no objection is received within twenty days after the filing of this application and proof of notice with the Division, the application may be approved.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,



David Catanach, Agent  
Mewbourne Oil Company  
500 W. Texas, Suite 1020  
Midland, Texas 79701

Enclosure

Xc: OCD-Artesia

**Notice List**  
**Mewbourne Oil Company**  
**Application for Unorthodox Well Location**  
**Delaware Ranch 12 MD Federal Com No. 1H**  
**Section 12, T-26 South, R-28 East, NMPM**

COG Operating, LLC  
Concho Oil & Gas, LLC  
COG Production, LLC  
COG Acreage, LP  
600 W. Illinois  
Midland, Texas 79701  
Attn: Mrs. Jan Spradlin

Yates Petroleum Corporation  
Abo Petroleum Corp.  
105 S. Fourth Street  
Artesia, New Mexico 88210-2118

Sharbro Oil, Ltd.  
423 W. Main Street  
Artesia, New Mexico 88210

The Allar Company  
EG3, Inc.  
P.O. Box 1567  
Graham, Texas 76450

Oxy USA, Inc.  
Oxy Y-1 Company  
P.O. Box 4294  
Houston, Texas 77210  
Attn: Ms. Katie Almeida

Myco Industries, Inc.  
P.O. Box 840  
Artesia, New Mexico 88210

Allar Development, LLC  
EG3 Development, LLC  
735 Elm Street  
Graham, Texas 76450-3018  
Attn: Mr. John Graham

7013 0600 0001 8715 1318

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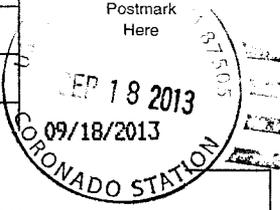
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ARTESIA NM 88210

Postage	\$ 1.12	0501
Certified Fee	\$3.10	05
Return Receipt Fee (Endorsement Required)	\$2.55	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$6.77	

**Myco Industries**  
 Sent To: P.O. Box 840  
 Street, Apt. or PO Box: Artesia, New Mexico 88210  
 City, State: Artesia, New Mexico 88210

PS Form 3800, Instructions



7013 0600 0001 8715 1325

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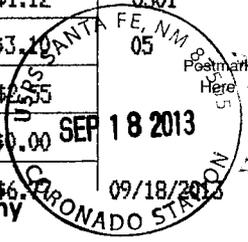
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GRAHAM TX 76450

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Return Receipt Fee (Endorsement Required)	\$2.55	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$6.77	

**The Allar Company**  
 Sent To: EG-3, Inc.  
 Street, Apt. or PO Box: P.O. Box 1567  
 City, State: Graham, Texas 76450

PS Form 3800, Instructions



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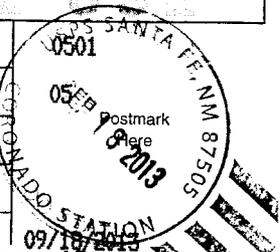
For delivery information visit our website at [www.usps.com](http://www.usps.com)

MIDLAND TX 79701

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Return Receipt Fee (Endorsement Required)	\$2.55	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$6.77	

**COG Operating, LLC; COG Acreage, LP**  
 Sent To: Concho Oil & Gas LLC; COG Production LLC  
 Street, Apt. or PO Box: 600 W. Illinois  
 City, State: Midland, Texas 79701  
 Attn: Mrs. Jan Spradlin

PS Form 3800, Instructions



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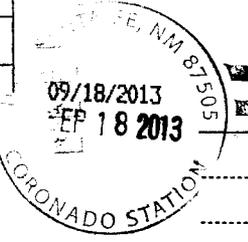
For delivery information visit our website at [www.usps.com](http://www.usps.com)

HOUSTON TX 77210

Postage	\$ 1.12	0501
Certified Fee	\$3.10	05
Return Receipt Fee (Endorsement Required)	\$2.55	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$6.77	

**Oxy USA, Inc.**  
 Sent To: Oxy Y-1 Company  
 Street, Apt. or PO Box: P.O. Box 4294  
 City, State: Houston, Texas 77210  
 Attn: Mrs. Katie Almeida

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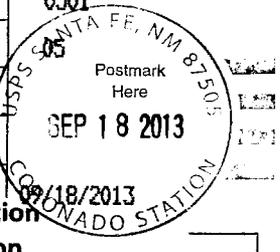
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ARTESIA NM 88210

Postage	\$ 1.12	0501
Certified Fee	\$3.10	05
Return Receipt Fee (Endorsement Required)	\$2.55	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$6.77	

**Yates Petroleum Corporation**  
 Sent To: Abo Petroleum Corporation  
 Street, Apt. or PO Box: 105 S. Fourth Street  
 City, State: Artesia, New Mexico 88210-2118

PS Form 3800, Instructions



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Postage	\$ 1.12	0501
Certified Fee	\$3.10	05
Return Receipt Fee (Endorsement Required)	\$2.55	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$6.77	

**Sharbro Oil, Ltd.**  
 Sent To: 423 W. Main Street  
 Street, Apt. or PO Box: Artesia, New Mexico 88210  
 City, State: Artesia, New Mexico 88210

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Certified Fee		\$3.10
Return Receipt Fee (Endorsement Required)		\$2.55
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total Postage & Fees	\$	\$6.77



**Allar Development, LLC**

Sent To **EG3 Development, LLC**

Street, A or PO Box **735 Elm Street**

City, State **Graham, Texas 76450-3018**

Attn: **Mr. John Graham**

PS Form 3800, June 2009