

5/21/2014 DATE IN	SUSPENSE	MAN ENGINEER	5/21/2014 LOGGED IN	NSL TYPE	PMAM1414144124 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



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 _____

[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

5/21/14
 Date

Agent for Mewbourne Oil Company
 Title

drcatanach@netscape.com
 E-Mail Address

- NSL 7100
 - Mewbourne Oil Co.
 14744
 WEL
 - Guencho
 28 OB Federal
 com
 30-025 - Pending
 Pool
 - Guencho
 Plains, Bone
 Spring
 (50510)

May 21, 2014

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
Querecho 28 OB Federal Com No. 1H
API No. (N/A)
Surface Location: 170' FSL & 1420' FEL (Unit O)
First Take Point: 647' FSL & 1512' FEL (Unit O)
BHL: 330' FNL & 2310' FEL (Unit B)
All in Section 28, T-18 South, R-32 East, NMPM,
Lea 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 oil well location for its proposed Querecho 28 OB Federal Com No. 1H. This well will be drilled as a horizontal development oil well in the Querecho Plains Lower-Bone Spring Pool (50510).

The Querecho 28 OB Federal Com No. 1H will be dedicated to a 160-acre spacing and proration unit ("project area") comprising the W/2 E/2 of Section 28. There are currently no other existing Bone Spring producing wells within the project area.

The Querecho Plains Lower-Bone Spring Pool is currently governed by Division Rule 19.19.15.9 which requires standard 40-acre spacing and proration units with wells to be located no closer than 330 feet from the outer boundary of the spacing unit.

The subject well was originally staked at a location 150 feet from the South line and 1650 feet from the East line (Unit O) of Section 28, however, the Bureau of Land Management required a location change due to sand dune features in this area.

The proposed unorthodox location is necessary due to the topographic concerns described above, and in order to maximize the recovery of oil and gas reserves from the Querecho Plains Lower-Bone Spring Pool underlying the W/2 E/2 of Section 28.

The affected offset tracts are the NE/4 SE/4 and SE/4 SE/4 of Section 28. These tracts are currently undeveloped in the Bone Spring formation. Please be advised that Mewbourne is the designated operator of the Bone Spring formation within the E/2 of Section 28, and the only other working interest owner in the affected offset tracts is

Chevron U.S.A., Inc. Pursuant to Division rules, Chevron U.S.A., Inc. is being provided a copy of this application.

Attached is a Form C-102 showing the proposed well and proposed project area. Also attached is a map showing the affected offset acreage and an offset leasehold notice letter.

In summary, approval of the application will provide Mewbourne Oil Company the opportunity to recover additional oil and gas reserves from the Querecho Plains Lower-Bone Spring Pool underlying the W/2 E/2 of Section 28 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-Hobbs

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

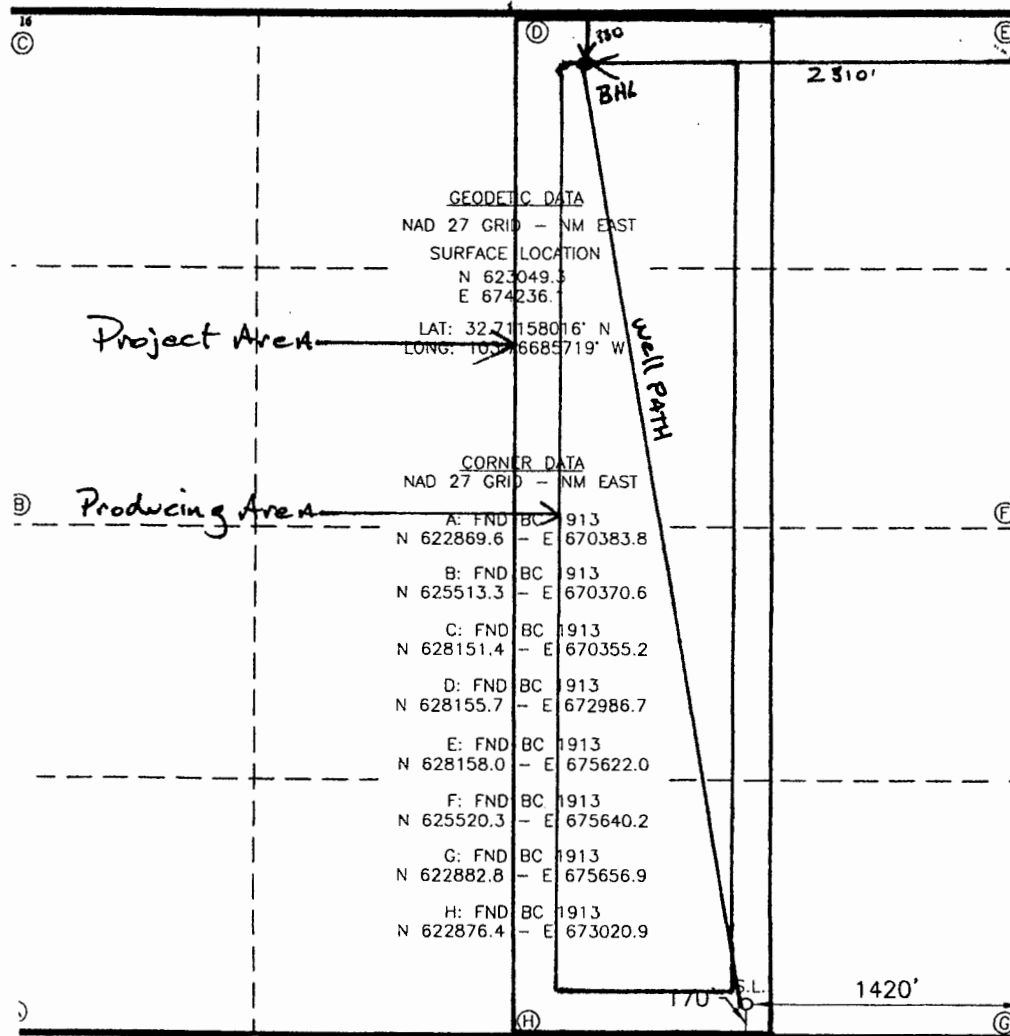
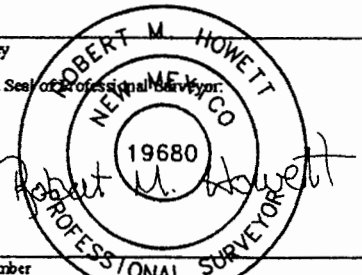
State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

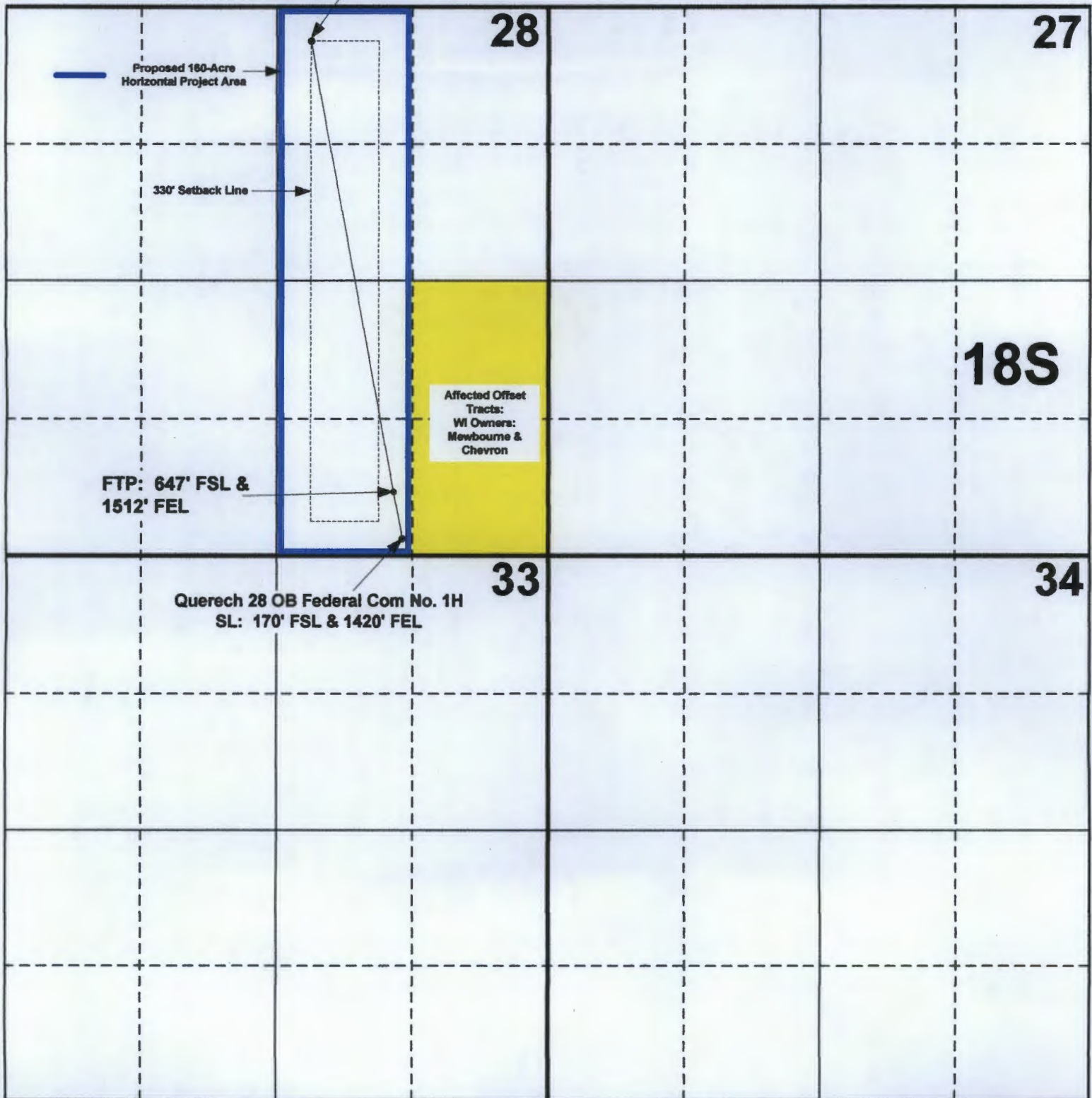
¹ API Number		² Pool Code		³ Pool Name <i>Querecho Plains Bone Spring</i>					
⁴ Property Code		⁵ Property Name QUERECHO 28 OB FEDERAL COM						⁶ Well Number 1H	
⁷ OGRID No. 14744		⁸ Operator Name MEWBOURNE OIL COMPANY						⁹ Elevation 3714'	
¹⁰ Surface Location									
UL or lot no. 0	Section 28	Township 18-S	Range 32-E	Lot Idn	Feet from the 170	North/South line SOUTH	Feet from the 1420	East/West line EAST	County LEA
¹¹ Bottom Hole Location If Different From Surface									
UL or lot no. B	Section 28	Township 18-S	Range 32-E	Lot Idn	Feet from the 330	North/South line NORTH	Feet from the 2310	East/West line EAST	County LEA
¹² Dedicated Acres 160		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p>¹⁶ </p> <p>GEODETIC DATA NAD 27 GRID - NM EAST SURFACE LOCATION N 623049.3 E 674236.1 LAT: 32°11'58.016" N LONG: 105°36'58.719" W</p> <p>CORNER DATA NAD 27 GRID - NM EAST A: FND BC 913 N 622869.6 - E 670383.8 B: FND BC 913 N 625513.3 - E 670370.6 C: FND BC 913 N 628151.4 - E 670355.2 D: FND BC 913 N 628155.7 - E 672986.7 E: FND BC 913 N 628158.0 - E 675622.0 F: FND BC 913 N 625520.3 - E 675640.2 G: FND BC 913 N 622882.8 - E 675656.9 H: FND BC 913 N 622876.4 - E 673020.9</p>		<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well as this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Bradley Bishop</i> 11-22-13 Signature Date BRADLEY BISHOP Printed Name E-mail Address</p> <p>¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>9/4/13 Date of Survey Signature and Seal of Professional Surveyor:  19680 Certificate Number REVISED: WELL NAME 11/18/13</p>
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Querecho 28 OB Federal Com No. 1H
BHL: 330' FNL & 2310' FEL

32E



Mewbourne Oil Company
Application for Unorthodox Well Location
Querecho 28 OB Federal Com No. 1H

May 21, 2014

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: Chevron U.S.A., Inc.
P.O. Box 2100
Houston, Texas 77252
Attn: Mr. Robert Morrison, Jr.

Re: Mewbourne Oil Company
Non-Standard Well Location
Querecho 28 OB Federal Com No. 1H (API No. N/A)
Surface Location: 170' FSL & 1420' FEL (Unit O)
First Take Point: 647' FSL & 1512' FEL (Unit O)
Bottomhole Location: 330' FNL & 2310' FEL (Unit B)
Section 28, T-18 South, R-32 East, NMPM,
Querecho Plains Lower-Bone Spring Pool
Lea 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 oil well location for its proposed Querecho 28 OB Federal Com No. 1H located at the surface, first take point and bottomhole locations described above. The well will test the Querecho Plains Lower-Bone Spring Pool and will be dedicated to a 160-acre spacing and proration unit ("project area") comprising the W/2 E/2 of Section 28, Township 18 South, Range 32 East, NMPM. The unorthodox location is necessary due to topographic obstructions in the SW/4 SE/4 of Section 28, and in order to maximize the recovery of oil and gas reserves underlying the W/2 E/2 of Section 28.

As the owner of an interest that may be affected by the proposed unorthodox oil 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
550 W. Texas, Suite 1020
Midland, Texas 79701

Enclosure

7012 3050 0000 0500 2102

U.S. Postal Service™		
CERTIFIED MAIL™ RECEIPT		
(Domestic Mail Only; No Insurance Coverage Provided)		
For delivery information visit our website at www.usps.com ®		
OFFICIAL USE		
Postage	\$	\$1.19
Certified Fee		\$0.30
Return Receipt Fee (Endorsement Required)		\$2.70
Restricted Delivery Fee (Endorsement Required)		\$0.00
Total		\$4.19

0507
SANTA FE, NM 87502
Postmark
Here
MAY 21 2011
USPS

Sent	Chevron U.S.A., Inc.	
Street or PO	P.O. Box 2100	
City	Houston, Texas 77252	
	Attn: Mr. Robert Morrison, Jr.	

PS Form 3800, August 2009 Instructions

McMillan, Michael, EMNRD

From: Kautz, Paul, EMNRD
Sent: Wednesday, May 21, 2014 1:15 PM
To: McMillan, Michael, EMNRD
Subject: RE: Mewbourne Querecho Plains 28 Federal Com 1H Section 28 18S28E

Mike,

Depending on the target it will be either Querecho Plains;Upper Bone Spring (50600) or the Querecho Plains;Lower Bone Spring (50510).

The vertical limits of these pools are:

Querecho Plains;Upper Bone Spring includes only the 1ST Bone Spring Sand

Querecho Plains;Lower Bone Spring includes the following: 2ND Bone Spring Carb, 2ND Bone Spring Sand, 3RD Bone Spring Carb, and 3RD Bone Spring Sand.

Paul

From: McMillan, Michael, EMNRD
Sent: Wednesday, May 21, 2014 12:31 PM
To: Kautz, Paul, EMNRD
Subject: Mewbourne Querecho Plains 28 Federal Com 1H Section 28 18S28E

Paul:

What pool would the Mewbourne Querecho Plains 28 Federal Com 1H be placed in? Surface: 170 FSL and 1420 FEL; Unit O

First Take off point: 647 FSL and 1512 FEL; Unit O

BHL: 330 FNL and 2310 FEL; Unit B

All in Section 28 18S28E

Thank You

Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448 F. 505.476.3462