

May 20, 2011

HAND DELIVERED

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 14668

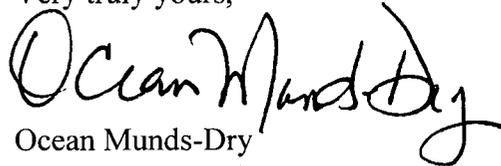
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2011 MAY 24 P 4: 49

Re: **Application of Mewbourne Oil Company for a non-standard spacing and proration unit 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 June 23, 2011 Examiner hearings.

Very truly yours,


Ocean Munds-Dry

Enclosures

cc: Mr. D. Paul Haden
Senior Landman
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, Texas 79701

**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 AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 14668

APPLICATION

MEWBOURNE ENERGY 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, for an order: (1) creating a non-standard spacing unit comprised of the N/2 S/2 of Section 34, Township 18 South, Range 30 East, NMPM, which will be the Project Area for the Dorado "34" Federal Com Well No. 1H to be horizontally drilled from a surface location 1850 feet from the South line and 620 feet from the East line and then in a easterly direction in the Bone Spring formation to a bottom hole terminus at a location 1850 feet from the South line and 330 feet from the West line of said Section 34; and (2) pooling all mineral interests in the Bone Spring formation in this non-standard spacing and proration unit, and in support of its application states:

1. Mewbourne is a working interest owner in the N/2 S/2 of said Section 34 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 Dorado "34" Federal Com Well No. 1H which it proposes to drill as an oil well from a standard surface location 1850 feet from the South line and 620 feet from the East line (Unit I) of said Section 34, and then in an easterly direction in the Bone Spring formation to a bottomhole

terminus at a point 1850 feet from the South line and 330 feet from the West line (Unit L) of said Section 34.

3. 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.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit 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 June 23, 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 Bone Spring formation comprised of the N/2 S/2 of Section 34, Township 18 South, Range 30 East, NMPM;
- B. pooling all mineral interests in the subject spacing and proration units;
- C. designating Mewbourne Oil Company operator of this unit and the well to be drilled thereon;
- D. authorizing Mewbourne Oil Company to recover its costs of drilling, equipping and completing the well;
- E. 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
- F. 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: Ocean Munds-Dry

Ocean Munds-Dry
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 AND
COMPULSORY POOLING
N/2 S/2 OF SECTION 34, TOWNSHIP 18 SOUTH, RANGE 30 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO.**

NOTIFICATION LIST FOR POOLING

Ronald R. Miles
P.O. Box 3841
Roswell, New Mexico 88202

C. Lee Anderson
122 Country Trace Lane
Benton, Kentucky 42025

Cimarex Energy Co.
600 N. Marienfeld, Suite 600
Midland, Texas 79701

William J. Jabalie and Edward Jabalie, MD
8805 Dirk Court
El Paso, Texas 79925

Estate of Gerald F. Roach
400 Randy Drive
Arlington, Texas

John H. Johnstone, MD
1941 Saul Kleinfield, Apt #303
El Paso, Texas 79936

NOTIFICATION FOR NON-STANDARD UNIT

Cimarex Energy Co.

Mr. Lowell Irby
612 N. 13th Street, Suite A
Artesia, New Mexico 88210

OXY USA WTP Limited Partnership
Attn: Mr. Patrick S. Sparks
P.O. Box 4294
Houston, Texas 77210

Yates Petroleum Corporation
Attn: Mr. Chuck Moran
105 South 4th St.
Artesia, New Mexico 88210-2122

Mr. Arlin R. Cooper
214 Spring Creek Place, NE
Albuquerque, New Mexico 87122

Mr. Philip J. Cooper
P.O. Box 919
Cedar Crest, New Mexico 87008

CASE 14668. **Application of Mewbourne Oil Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.**

Applicant in the above-styled cause seeks an order: (1) creating a non-standard spacing unit comprised of the N/2 S/2 of Section 34, Township 18 South, Range 30 East, NMPM; and (2) pooling all mineral interests in the Bone Spring formation in this non-standard spacing and proration unit which spacing unit will be the project area for the Dorado "34" Federal Com Well No. 1H to be horizontally drilled from a surface location 1850 feet from the South line and 620 feet from the East line (Unit I) and then in an easterly direction in the Bone Spring formation to a bottom hole terminus at a location 1850 feet from the South line and 330 feet from the West line (Unit L) of said Section 34. 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 8.5 miles south of Loco Hills, New Mexico.