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2011 DEC -6 P 12: 55

December 6, 2011

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 14778

Dear Florene:

Enclosed for filing, on behalf of Mewbourne Oil Company, are an original and one copy of an application for compulsory pooling, *etc.*, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please re-advertise the application for the December 5, 2012 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

Parties Being Pooled

Matt Vessell, P.R. of the Estate
of Thomasina Vessell
1601 Imperial Ridge
Las Cruces, New Mexico 88011

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MEWBOURNE OIL COMPANY
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT, AN UNORTHODOX OIL WELL
LOCATION, AND COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.

Case No. 14778

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APPLICATION

Mewbourne Oil Company applies for an order (i) approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 21, Township 26 South, Range 32 East, N.M.P.M., Lea County, New Mexico, (ii) an unorthodox surface well location, and (iii) pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 21, and has the right to drill a well thereon.
2. Applicant proposes to drill its Red Hills West 21 Fed. Com. Well No. 2 to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 21 to the well to form a non-standard 160 acre oil spacing and proration unit (project area) for all pools or formations developed on 40 acre spacing. The well is a horizontal well, with a surface location 150 feet from the north line and 2350 feet from the west line (NE $\frac{1}{4}$ NW $\frac{1}{4}$), and a terminus 330 feet from the south line and 2250 feet from the west line (SE $\frac{1}{4}$ SW $\frac{1}{4}$), of Section 21.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 21 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 21, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the unorthodox location, and the pooling of all mineral interests underlying the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 21, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 21;
- B. Pooling all mineral interests from in the Bone Spring formation underlying the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 21;
- C. Approving the unorthodox location;
- D. Designating applicant as operator of the well;
- E. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- G. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

James Bruce

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Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 14778 :

Application of Mewbourne Oil Company for approval of a non-standard oil spacing and proration unit, an unorthodox oil well location, and compulsory pooling, Lea County, New Mexico. Mewbourne Oil Company seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2W/2 of Section 21, Township 26 South, Range 32 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the E/2W/2 of Section 21 to form a non-standard 160 acre oil spacing and proration unit (project area) for all pools or formations developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Red Hills West 21 Fed. Com. Well No. 2, a horizontal well with a with a surface location 150 feet from the north line and 2350 feet from the west line (NE $\frac{1}{4}$ NW $\frac{1}{4}$), and a terminus 330 feet from the south line and 2250 feet from the west line (SE $\frac{1}{4}$ SW $\frac{1}{4}$), of Section 21. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 27 miles west-southwest of Bennett, New Mexico.

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