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February 28, 2012

Case 14806

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

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 advertise the application for the March 29, 2012 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

Parties Being Pooled

Bernard Jones
Unknown Address

James K. and Martha L. Lusk, Trustees of
The James K. Lusk and Martha L. Lusk
Trust UTA dated 4-29-1992
Unknown Address

Jerry Wilbanks
P.O. Box 160
Artesia, NM 88211

Kessler Family Trust
5316 E. Calle Del Media
Phoenix, Arizona 85018
Attn: Stephen E. Kessler, Trustee

Monarch Oil & Gas, Inc.
110 West County Club, Ste. 6
Roswell, New Mexico 88201

Richard S. Escobedo
7088 S. Garrison St.
Littleton, CO 80128

Ron J. Green and Amie A. Green
110 West County Club, Ste. 6
Roswell, New Mexico 88201

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, EDDY
COUNTY, NEW MEXICO.

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Case No. 14806

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 Lot 4, SE $\frac{1}{4}$ SW $\frac{1}{4}$, and S $\frac{1}{2}$ SE $\frac{1}{4}$ (the S $\frac{1}{2}$ S $\frac{1}{2}$) of Section 30, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, (ii) pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and (iii) approving an unorthodox oil well location, and in support thereof, states:

1. Applicant is an interest owner in the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 30, and has the right to drill a well thereon.

2. Applicant proposes to drill its Bradley 30 Fed. Well No. 2 to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 30 to the well, as to the Bone Spring formation, to form a non-standard 158.39 acre oil spacing and proration unit (project area) for all pools or formations developed on 40 or 80 acre spacing. The well is a horizontal well, with a surface location 400 feet from the south line and 240 feet from the east line, and a terminus 400 feet from the south line and 330 feet from the west line, of Section 30.

The well's location is unorthodox in the Santo Nino-Bone Spring Pool.

X NO MORE

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 30 for the purposes set forth herein.

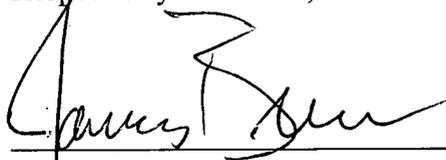
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the S¹/₂S¹/₂ of Section 30, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit, the pooling of all mineral interests underlying the S¹/₂S¹/₂ of Section 30, and the unorthodox location, 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 S¹/₂S¹/₂ of Section 30;
- B. Pooling all mineral interests in the Bone Spring formation underlying the S¹/₂S¹/₂ of Section 30;
- C. Approving the unorthodox oil well location in the Santo Nino-Bone Spring Pool;
- 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 black ink, appearing to read "James Bruce", written over a horizontal line.

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 14806 :

Application of Mewbourne Oil Company for approval of a non-standard oil spacing and proration unit, an unorthodox oil well location, and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 158.39-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 4, SE/4SW/4, and S/2SE/4 (the the S/2S/2) of Section 30, Township 18 South, Range 30 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area) for all pools or formations developed on 40 or 80 acre spacing within that vertical extent. The unit is to be dedicated to the Bradley 30 Fed. Com. Well No. 2, a horizontal well with a surface location 400 feet from the south line and 240 feet from the east line, and a terminus 400 feet from the south line and 330 feet from the west line, of Section 30. Applicant further seeks approval of the unorthodox location for the well in the Santo Nino-Bone Spring Pool. 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 7-1/2 miles south of Loco Hills, New Mexico.

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