

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

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June 12, 2012

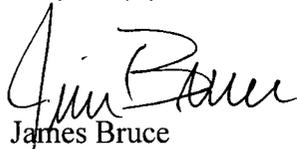
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Case 14877

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 set the application for the July 12, 2012 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

Parties Being Pooled

- 1) Louis Berney  
1797 15<sup>th</sup> Avenue  
Star Prairie, Wisconsin 54026
- 2) David A. Metts  
2609 Hodges Street  
Midland, Texas 79705
- 3) Henry Holding Corporation  
3525 Andrews Highway, Ste. 200  
Midland, Texas 79703
- 4) Howard Y. Williams, Jr.  
3500 Glenarden Road  
Saint Paul, MN 55112
- 5) James S. Henry and Marion Henry  
5687 Silverthorn  
Shoreview, MN 55126
- 6) Joan L. Ingram  
P.O. Box 1757  
Roswell, NM 88202
- 7) Claire E. Peper, a widow and the  
heirs or devisees of Martin C. Peper  
9050 Spring Run Boulevard, Unit #307  
Bonita Springs, FL 34135
- 8) Terry Christianson  
1330 Natchez Avenue South  
Golden Valley, MN 55416
- 9) Richard Kiene and Rita A. Kiene  
2349 W. 1900 N  
Farr West, Utah 84404
- 10) Unicon Producing Company  
P.O. Box 85236  
Dallas, Texas 75285
- 11) F.F. Zdenck and Anusaya Zdenck  
3510 Siems Court  
Saint Paul, Minnesota 55112

- 12) Robert Urista and Jere Urista  
2116 SW Third Avenue  
Grand Rapids, MN 55744-4142
- 13) Leslea Ingram Cole  
6336 N. Oracle Road, Ste. 326-331  
Tucson, Arizona 85704
- 14) LSN  
2214 IDS Center  
Minneapolis, MN 55402
- 15) Pauline Melichar, Trustee  
5512 Brook Drive  
Edina, MN 55439

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MEWBOURNE OIL COMPANY  
FOR A NON-STANDARD OIL SPACING AND  
PRORATION UNIT AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

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Case No. 14877

APPLICATION

Mewbourne Oil Company applies for an order (i) approving a non-standard oil spacing and proration unit in the Yeso formation comprised of Lot 3, SE $\frac{1}{4}$ NW $\frac{1}{4}$ , and E $\frac{1}{2}$ SW $\frac{1}{4}$  (the E $\frac{1}{2}$ W $\frac{1}{2}$ ) of Section 5, Township 20 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests in the Yeso 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 5, and has the right to drill a well thereon.
2. Applicant proposes to drill its West Draw 5 NC Well No. 1 to a depth sufficient to test the Yeso formation. Applicant seeks to dedicate the E $\frac{1}{2}$ W $\frac{1}{2}$  of Section 5 to the well to form a non-standard 160.11 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 in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ , and a terminus in Lot 3, of Section 5.
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 5 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 5, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests underlying the E $\frac{1}{2}$ W $\frac{1}{2}$  of Section 5 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 Yeso formation comprised of the E $\frac{1}{2}$ W $\frac{1}{2}$  of Section 5;
- B. Pooling all mineral interests in the Yeso formation underlying the E $\frac{1}{2}$ W $\frac{1}{2}$  of Section 5;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. 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,



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

Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 14877 :

*Application of Mewbourne Oil Company for approval of a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico.* Mewbourne Oil Company seeks an order approving a 160.11-acre non-standard oil spacing and proration unit (project area) in the Yeso formation comprised of Lot 3, SE/4NW/4, and E/2SW/4 (the E/2W/2) of Section 5, Township 20 South, Range 25 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Yeso formation underlying the non-standard 160.11 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 West Draw 5 NC Well No. 1, a horizontal well with a surface location in the SE/4SW/4, and a terminus in Lot 3, of Section 5. 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 5 miles west-northwest of Seven Rivers, New Mexico.

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