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2012 JUN 12 P 12:47

June 12, 2012

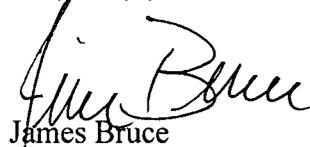
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

14869
Case ~~14877~~

Dear Florene:

Enclosed for filing, on behalf of Mewbourne Oil Company, are an original and one copy of an amended 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 July 12, 2012 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

Parties Being Pooled

Catherine Ann Foley
10061 Fieldcrest Drive
Omaha, Nebraska 68124

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING AND AN UNORTHODOX
WELL LOCATION, EDDY COUNTY, NEW MEXICO.

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2017 JUN 12 P 12 Case No. 14869

AMENDED APPLICATION

Mewbourne Oil Company applies for an order (i) pooling all mineral interests from the surface to the top of the Wolfcamp formation underlying NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 14, and the Wolfcamp formation underlying the W $\frac{1}{2}$ of Section 14, in Township 26 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and (ii) approving an unorthodox well location in the Wolfcamp formation, and in support thereof, states:

1. Applicant is an interest owner in the W $\frac{1}{2}$ of Section 14, and has the right to drill a well thereon.
2. Applicant proposes to drill its Delaware Ranch 14 CN Well No. 1 to a depth sufficient to test the Wolfcamp formation. Applicant seeks to dedicate to the well (i) the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 14 to form a standard 40 acre oil spacing and proration unit for all pools or formations developed on 40 acre spacing within that vertical extent, and (ii) the W $\frac{1}{2}$ of Section 14 to form a non-standard 320 acre gas spacing and proration unit for all pools or formations developed on 320 acre spacing within that vertical extent. The well is a horizontal well, with a surface location 330 feet from the north line and 1650 feet from the west line, and a terminus 330 feet from the south line and 1650 feet from the west line, of Section 14.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$ of Section 14 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

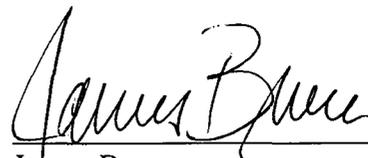
the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the W¹/₂ of Section 14, pursuant to NMSA 1978 §70-2-17.

5. Approval of the pooling of all mineral interests underlying the W¹/₂ of Section 14, and the unorthodox well 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. Pooling all mineral interests from the surface to the top of the Wolfcamp formation underlying NE¹/₄NW¹/₄ of Section 14, and the Wolfcamp formation underlying the W¹/₂ of Section 14;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. 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,



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

Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 14869: (continued and re-advertised)

Application of Mewbourne Oil Company for compulsory pooling and an unorthodox well location, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the following described acreage in the W/2 of Section 14, Township 26 South, Range 28 East, NMPM, and in the following manner: From the surface to the top of the Wolfcamp formation underlying the NE/4NW/4 of Section 14 to form a standard 40 acre oil spacing and proration unit for all pools or formations developed on 40 acre spacing within that vertical extent; and the Wolfcamp formation underlying the W/2 of Section 14 to form a standard 320 acre gas spacing and proration unit for all pools or formations developed on 320 acre spacing within that vertical extent. The units are to be dedicated to the Delaware Ranch 14 CN Well No. 1, a horizontal well with a surface location 330 feet from the north line and 1650 feet from the west line, and a terminus 330 feet from the south line and 1650 feet from the west line, of Section 14. The location is unorthodox in the Wolfcamp formation. 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 units are located approximately 6 miles northwest of the intersection of U.S. Highway 285 with the Texas state line.

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