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August 21, 2012

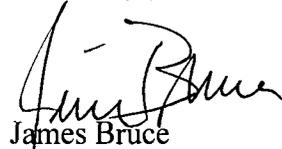
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Case 14899

Dear Florene:

Enclosed for filing, on behalf of Mewbourne Oil Company, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set the application for the September 20, 2012 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

Parties Being Pooled

- 1) Bernard Jones  
Unknown Address
- 2) James K. and Martha L. Lusk, Trustees of  
The James K. Lusk and Martha L. Lusk  
Trust UTA dated 4-29-1992  
Unknown Address
- 3) Charles H. Robinson, Jr.  
3021 Bryn Mawr Dr.  
Dallas, Texas 75225-7819
- 4) Kessler Family Trust  
5316 E. Calle Del Media  
Phoenix, Arizona 85018  
Attn: Stephen E. Kessler, Trustee
- 5) Monarch Oil & Gas, Inc.  
c/o May, Taylor & Co.  
302 W. Tilden Street  
Roswell, New Mexico 88203  
Attn: Mr. Richard C. Taylor

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- 6) Richard S. Escobedo  
7088 S. Garrison St.  
Littleton, CO 80128
- 7) 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 AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

Case No. 14899

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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 Lot 2, SE $\frac{1}{4}$ NW $\frac{1}{4}$ , and S $\frac{1}{2}$ NE $\frac{1}{4}$  (the S $\frac{1}{2}$ N $\frac{1}{2}$ ) of Section 30, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, and (ii) 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 S $\frac{1}{2}$ N $\frac{1}{2}$  of Section 30, and has the right to drill a well thereon.
2. Applicant proposes to drill its Bradley 30 Fed. Well No. 3 to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the S $\frac{1}{2}$ N $\frac{1}{2}$  of Section 30 to the well, as to the Bone Spring formation, to form a non-standard 158.34 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 in Lot 2, and a terminus in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ , of Section 30. The well is in the Santo Nino-Bone Spring Pool.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S $\frac{1}{2}$ N $\frac{1}{2}$  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.

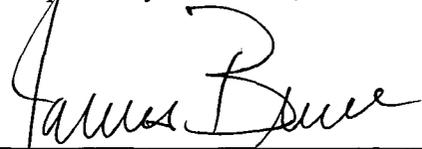
Therefore, applicant seeks an order pooling all mineral interest owners in the S $\frac{1}{2}$ N $\frac{1}{2}$  of Section 30, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit, the pooling of all mineral interests underlying the S $\frac{1}{2}$ N $\frac{1}{2}$  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 S $\frac{1}{2}$ N $\frac{1}{2}$  of Section 30;
- B. Pooling all mineral interests in the Bone Spring formation underlying the S $\frac{1}{2}$ N $\frac{1}{2}$  of Section 30;
- 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. 14899 :

***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 158.34-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of Lot 2, SE/4NW/4, and S/2NE/4 (the the S/2N/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. 3, a horizontal well with a surface location in Lot 2, and a terminus in the SE/4NE/4, of Section 30. 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 miles south of Loco Hills, New Mexico.

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