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March 19, 2013

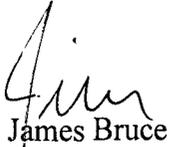
Case 14977

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 set the application for the ~~March~~ <sup>April</sup> 18, 2013 Examiner hearing. Thank you.

Very truly yours,

  
James Bruce

Attorney for Mewbourne Oil Company

Parties Being Pooled

Pavlos P. Panagopoulos  
Panagopoulos Enterprises  
Andreas P. Panagopoulos  
615 Willowbrook  
Belen, NM 87002

Klipstine & Hanratty and  
James W. Klipstine  
1601 N. Turner, Suite 400  
Hobbs, NM 88240

Kevin J. Hanratty  
P.O. Box 1330  
Artesia, NM 88211

Mary Jo Dickerson  
P.O. Box 642  
Glenpool, OK 74033

LBD, a Limited Partnership  
P.O. Box 686  
Hobbs, NM 8824

Wells Fargo Bank, N.A.  
2318 W. Pierce Street  
Carlsbad, NM 88220

First Federal Savings and Loan Association  
P.O. Box 1390  
Littlefield, TX 79339

Clarence W. Ervin and  
Mary I. Ervin  
4016 Jones Street  
Carlsbad, NM 88220

Bonnie R. Gregory and  
Irma J. Gregory  
305 S. Hemlock Ave.  
Roswell, NM 88203

Stanley J. Gregory  
3510 Joshua Street  
Carlsbad, NM 88220

Laura Meade  
611 N. Mesa Ave.  
Carlsbad, NM 88203

Neville Manning  
2112 Indiana  
Lubbock, TX 79410

Nolan Greak  
8008 Slide Road, Suite #33  
Lubbock, TX 79424

Panagiota P. Panagopoulos and  
Magdalene P. Panagopoulos  
1008 Ranch Hand Ave.  
Las Vegas, NV 89117

Berta Lorene Osborn  
address unknown

Ralph V. Robinson  
address unknown

Childs & Bishop Law Office, Inc.  
address unknown

Virginia Lee Davis  
address unknown

Charles L. Reitenger  
address unknown

John Edward Hall, III  
address unknown

Jonathan D. Knoerdel  
address unknown

Thomas W. Gregory and  
William I. Gregory  
address unknown

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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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. 14977

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 W $\frac{1}{2}$ E $\frac{1}{2}$  of Section 35, Township 23 South, Range 28 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 in the Bone Spring formation, and in support thereof, states:

1. Applicant is an interest owner in the W $\frac{1}{2}$ E $\frac{1}{2}$  of Section 35, and has the right to drill a well thereon.
2. Applicant proposes to drill its Layla 35 OB Fee Com. Well No. 1 to a depth sufficient to test the Bone Spring formation (South Culebra Bluff-Bone Spring Pool). Applicant seeks to dedicate the W $\frac{1}{2}$ E $\frac{1}{2}$  of Section 35 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 or 80 acre spacing. The well is a horizontal well, with a surface location 150 feet from the south line and 1980 feet from the east line, and a terminus 330 feet from the north line and 1980 feet from the east line, of Section 35. The location is unorthodox under the rules governing the South Culebra Bluff-Bone Spring Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W½E½ of Section 35 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 W½E½ of Section 35, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the unorthodox well location, and the pooling of all mineral interests underlying the W½E½ of Section 35, 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 W½E½ of Section 35;
- B. Approving an unorthodox well location in the Bone Spring formation;
- C. Pooling all mineral interests in the Bone Spring formation underlying the W½E½ of Section 35;
- 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 that reads "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

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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. 14977:

***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 an 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation (South Culebra Bluff-Bone Spring Pool) comprised of the W/2E/2 of Section 35, Township 23 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the W/2E/2 of Section 35 to form a non-standard 160 acre oil 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 Layla 35 OB Well No. 1, a horizontal well with a surface location 150 feet from the south line and 1980 feet from the east line, and a terminus 330 feet from the north line and 1980 feet from the east line, of Section 35. The location is unorthodox under the rules governing the South Culebra Bluff-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 3 miles north-northeast of Malaga, New Mexico.

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