

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

RECEIVED OGD
2013 AUG 27 A 10:20

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

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.

Case No. 15,037

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Mewbourne Oil Company
Suite 1020
500 West Texas
Midland, Texas 79701

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attention: D. Paul Haden
(432) 682-3715

OPPONENT

OPPONENT'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

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 E/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 E/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 PA Well No. 1, a horizontal well with

a surface location 150 feet from the south line and 330 feet from the east line, and a terminus 330 feet from the north line and 660 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.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Corey Mitchell (landman)	15 min.	Approx. 8
Nate Cless (geologist)	15 min.	Approx. 5

APPLICANT MAY REQUEST PERMISSION TO PRESENT THE GEOLOGIST'S TESTIMONY BY AFFIDAVIT. IN DIVISION CASE NOS. 14809 AND 14977 APPLICANT PRESENTED BONE SPRING GEOLOGY IN THIS SECTION OF LAND. THUS, THE GEOLOGY INVOLVED IN THIS CASE IS ALREADY OF RECORD.

OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
------------------	------------------	-----------------

PROCEDURAL MATTERS

Respectfully submitted,



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

Attorney for Mewbourne Oil Company