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2014 JUN 16 P 3: 18

June 10, 2014

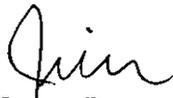
Case 15170

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 July 10, 2014 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Mewbourne Oil Company

Parties Being Pooled

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

LBD, a Limited Partnership
P.O. Box 686
Hobbs, NM 88240

Magdalene P. Panagopoulos and
Panagiota P. Panagopoulos
10008 Ranch Hand Ave.
Las Vegas, NV 89117

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

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

Estate of Stan Gregory
608 Lakeside Dr.
Carlsbad, NM 88220
Attn: Kathy Gregory

Willis A. Paschal Trust No. 1
P.O. Box 98
Luray, KS 67649

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

Clarence Ervin and the
Estate of Mary I. Ervin
4016 Jones St.
Carlsbad, NM 88220

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

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

Mr. Neville Manning
2112 Indiana
Lubbock, TX 79410

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

Bonnie R. Gregory and
Irma J. Gregory
14 Cork St.
Alva, FL 33920

Mr. Thomas W. Gregory
1705 Black Gold St., SE
Albuquerque, NM 87123

Mr. Pavlos P. Panagopoulos,
Panagopoulos Enterprises and
Andreas P. Panagopoulos
511 W. Reinken Ave.
Belen, NM 87002

Mr. William E. Gregory
11910 Central Ave., SE, Suite B
Albuquerque, NM 87123

Virginia Lee Davis
address unknown

John Edward Hall, III
address unknown

Bertha Lorene Osborn
address unknown

Ralph V. Robinson
address unknown

Childs & Bishop Law Office, Inc.
address unknown

Charles L. Reitenger
address unknown

Jonathan D. Knoerdel
address unknown

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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2014 JUN 16 P 3: 18

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. 15170

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 E $\frac{1}{2}$ W $\frac{1}{2}$ 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 E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 35, and has the right to drill a well thereon.
2. Applicant proposes to drill its Layla 35 B2NC Fee Well No. 2H to a depth sufficient to test the Bone Spring formation (South Culebra Bluff-Bone Spring Pool). Applicant seeks to dedicate the E $\frac{1}{2}$ W $\frac{1}{2}$ 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 185 feet from the south line and 1670 feet from the west line, and a terminus 330 feet from the north line and 1980 feet from the west 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 E $\frac{1}{2}$ W $\frac{1}{2}$ 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 E $\frac{1}{2}$ W $\frac{1}{2}$ 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 E $\frac{1}{2}$ W $\frac{1}{2}$ 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 E $\frac{1}{2}$ W $\frac{1}{2}$ 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 E $\frac{1}{2}$ W $\frac{1}{2}$ 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, appearing to read "James Bruce", written over a horizontal line.

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

Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 15170 :

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 a 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/2W/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/2W/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 will be dedicated to the Layla 35 B2NC Fee Well No. 2H, a horizontal well with a surface location 185 feet from the south line and 1670 feet from the west line, and a terminus 330 feet from the north line and 1980 feet from the west line, of Section 35. The producing interval of the well is unorthodox under the special rules and regulations 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 2-1/2 miles north-northeast of Malaga, New Mexico.