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Case 15963

January 9, 2018

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 application for a non-standard unit and compulsory pooling, together with a proposed advertisement. Please set the application for the February 8, 2018 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

Parties Notified

Lee M. Kugle
2429 Westlake Drive
Austin, TX 78746

Russell Family LLC
c/o Catherine Ehlinger
1803 Wichita Street
Houston, TX 77004

A. Michael Foley
111 North 127th Plaza
Omaha, NE 68154

Ann Marie Abboud
9771 Westchester Drive
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Suzanne Foley-Jones
17229 Pierce Street
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Thomas T. Foley
1420 S 185th Circle
Omaha, NE 68130

Tap Rock Resources, LLC
602 Park Point Drive, Suite 200
Golden, Colorado 80401
Attn: Clayton Sporich

Allar Development LLC &
EG3 Development LLC
P.O. Box 1567
Graham, TX 76450

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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**APPLICATION OF MEWBOURNE OIL COMPANY
FOR A NON-STANDARD GAS SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

Case No. 15963

APPLICATION

Mewbourne Oil Company applies for an order (i) approving a non-standard spacing and proration unit in the Wolfcamp formation comprised of the E½ of Section 11 and the E½ of Section 14, Township 26 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the E½ of Section 11 and the E½ of Section 14, and has the right to drill a well thereon.
2. Applicant proposes to drill the Delaware Ranch 11/14 W2AP Fed. Com. Well No. 1H to a depth sufficient to test the Wolfcamp formation, and has dedicated the E½ of Section 11 and the E½ of Section 14 to the well to form a non-standard 640 acre gas spacing and proration unit (project area) in the Wolfcamp formation (Purple Sage-Wolfcamp Gas Pool). The well is a horizontal well, with a surface location in the NE¼NE¼ of Section 11, and a terminus in the SE¼SE¼ of Section 14. The producing interval of the well will be orthodox.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 11 and the E½ 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

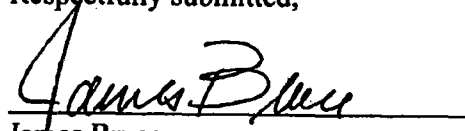
the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying the E½ of Section 11 and the E½ of Section 14, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard spacing and proration unit, and the pooling of all mineral interests in the Wolfcamp formation underlying the E½ of Section 11 and the E½ of Section 14, 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 gas spacing and proration unit (project area) in the Wolfcamp formation comprised of the E½ of Section 11 and the E½ of Section 14;
- B. Pooling all mineral interests in the Wolfcamp formation underlying the E½ of Section 11 and the E½ of Section 14;
- 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,

A handwritten signature in cursive script, appearing to read "James Bruce", is 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. 15963:

Application of Mewbourne Oil Company for a non-standard gas spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 640-acre non-standard gas spacing and proration unit (project area) in the Wolfcamp formation comprised of the E/2 of Section 11 and the E/2 of Section 14, Township 26 South, Range 28 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit will be dedicated to the Delaware Ranch 11/14 W2AP Fed. Com. Well No. 1H, a horizontal well with a surface location in the NE/4NE/4 of Section 11, and a terminus in the SE/4SE/4 of Section 14. 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 3-1/2 miles north-northwest of the intersection of U.S. Highway 285 with the New Mexico/Texas state line.

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