

William F. Carr
wcarr@hollandhart.com

June 22, 2010

HAND DELIVERED

Mark E. Fesmire, PE, JD
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 14516

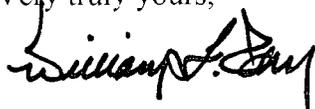
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2010 JUN 22 P 3:29

Re: **Application of Mewbourne Oil Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.**

Dear Mr. Fesmire:

Enclosed is the Application of Mewbourne Oil Company in the above-referenced case as well as a copy of the legal advertisement. Mewbourne Oil Company requests that this matter be placed on the docket for the July 22, 2010 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Mr. D. Paul Haden
Senior Landman
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, Texas 79701

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

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

CASE NO. 14516

APPLICATION

Mewbourne Oil Company, (“Mewbourne”) through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order: (1) creating a non-standard spacing unit comprised of the N/2 N/2 equivalent of Section 4, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico which will be a 169.64-acre Project Area for its Burton “4” Federal Well No. 3H (**API No. 30-015-37816**) to be drilled from a non-standard surface location 810 feet from the North line and 200 feet from the East line (Unit A) and then in a westerly direction approximately 4172.56 feet in the Bone Spring formation to a terminus 660 feet from the North line and 330 feet from the West line (Unit D) of said Section 4 and (2) pooling all mineral interests in the Bone Spring formation, Undesignated Parkway-Bone Spring Pool (**Pool Code 49622**) in this non-standard spacing and proration unit, and in support of its application states:

1. Mewbourne is a working interest owner in the N/2 N/2 equivalent of said Section 4 and has the right to drill thereon. Mewbourne has an interest in each of the oil spacing units in this project area and therefore has standing to bring this pooling application.

2. Mewbourne proposes to dedicate the above-referenced pooled project area to its Burton “4” Federal Well No. 3H (**API No. 30-015-37816**) to be drilled from a non-standard surface location 810 feet from the North line and 200 feet from the East line (Unit A) which is the subject of an administrative application filed for Mewbourne on June 1, 2010, to a true vertical depth of approximately 7,909 feet (estimated measured depth of approximately 12,442 feet) and then in a westerly direction approximately 4172.56 feet in the Bone Spring formation to

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a terminus 660 feet from the North line and 330 feet from the West line (Unit D) of said Section 4.

3. Mewbourne has been unable to obtain a voluntary agreement for the development of these lands from certain working interest owners in the subject spacing unit. These owners are identified on Exhibit A to this application.

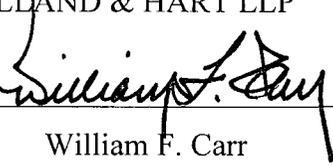
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Mewbourne to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Mewbourne Oil Company should be designated the operator of the well to be drilled.

WHEREFORE, MEWBOURNE OIL COMPANY requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 22, 2010 and, after notice and hearing as required by law, the Division enter its order:

- A. creating a 169.64-acre non-standard spacing and proration unit in the Bone Spring formation comprised of the N/2 N/2 equivalent of Section 4, Township 20 South, Range 29 East, NMPM;
- B. pooling all mineral interests in this 169.64-acre non-standard unit / project area;
- C. designating Mewbourne Oil Company operator of this non-standard unit / project area and the well to be drilled thereon;
- D. authorizing Mewbourne Oil Company to recover its costs of drilling, equipping and completing the well;
- E. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. imposing a 200% penalty for the risk assumed by Mewbourne Oil Company in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,
HOLLAND & HART LLP

By:  _____

William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR MEWBOURNE OIL COMPANY

EXHIBIT A

**APPLICATION OF
MEWBOURNE OIL COMPANY
FOR A 169.64-ACRE NONSTANDARD SPACING AND PRORATION UNIT
AND COMPULSORY POOLING
N/2 N/2 EQUIVALENT OF SECTION 4, TOWNSHIP 20 SOUTH, RANGE 29 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.
(Burton "4" Federal Well No. 3H)**

NOTIFICATION FOR POOLING

Underwood Petroleum Corporation
The Summit
1034 Liberty Park Drive
Austin, Texas 78746

Bivins Energy Corporation
4925 Greenville Ave., Suite 814
Dallas, Texas 75206
Attn: Craig Bivins

Christine Barnes Motycka
Post Office Box 505
Midland, Texas 79701

Julie Ellen Barnes
c/o Christine B. Motycka
Post Office Box 505
Midland, Texas 79701

Craig W. Barr
c/o Christine B. Motycka
Post Office Box 505
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Zachariah J. Reid
c/o Christine B. Motycka
Post Office Box 505
Midland, Texas 79701

Taylor L. Barr
c/o Christine B. Motycka
Post Office Box 505
Midland, Texas 79701

Thomas R. Barr
c/o Christine B. Motycka
Post Office Box 505
Midland, Texas 79701

Viola Elaine Barnes
c/o Christine B. Motycka
Post Office Box 505
Midland, Texas 79701

Steven Clement Barnes
c/o Christine B. Motycka
Post Office Box 505
Midland, Texas 79701

Marion Gardiner Miller, Trustee
of the Boyd and Marion Gardiner
Laughlin Management Trust
914 Bedford
Midland, Texas 79701

Marion Gardiner Miller Trust
914 Bedford
Midland, Texas 79701

Heirs and devisees of
Howard C. Warren
(Address Unknown)

Mill Neck Associates
(Address Unknown)

Josephine Laughlin, Trustee of the
Josephine Laughlin Living Trust
(Address Unknown)

NOTIFICATION FOR NON-STANDARD UNIT

Chesapeake Operating, Inc.
Attn: Mr. Craig Barnard
PO Box 18496
Oklahoma City, Oklahoma 73154-0496

OXY USA WTP Limited Partnership
Attn: Mr. Patrick S. Sparks
P.O. Box 4294
Houston, Texas 77210

SM Energy Company
Attn: Ms. Rita Buress
3300 N. A Street, Bldg 7, Suite 200
Midland, Texas 79705

TriTex Resources, LLC
Attn: Mr. Don Ritter
15455 Dallas Parkway, Suite 600
Addison, Texas 75001

CASE 14516 : Application of Mewbourne Oil Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.

To: Heirs or Devises of Howard C. Warren, Mill Neck Associates and Josephine Laughlin, Trustee of the Josephine Laughlin Living Trust.

Applicant in the above-styled cause seeks an order (1) creating a 169.64-acre non-standard spacing unit comprised of the N/2 N/2 equivalent of Section 4, Township 20 South, Range 29 East, NMPM, and (2) pooling all mineral interests in the Bone Spring formation, Parkway-Bone Spring Pool, in this non-standard spacing and proration unit which spacing unit will be the project area for its Burton "4" Federal Well No. 3H (API No. 30-015-37816) to be drilled from a non-standard surface location 810 feet from the North line and 200 feet from the East line (Unit A) to a true vertical depth of approximately 7,909 feet (estimated measured depth of approximately 12,442 feet) and then in a westerly direction approximately 4172.56 feet in the Bone Spring formation to a terminus 660 feet from the North line and 330 feet from the West line (Unit D) of said Section 4. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Mewbourne Oil Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 8 miles south of Loco Hills, New Mexico.