

July 19, 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 14527

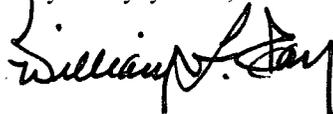
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2010 JUL 19 P 1:29

Re: Application of Mewbourne Oil Company for a non-standard spacing and proration unit and compulsory pooling, Lea 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 August 19, 2010 Examiner hearings.

Very truly yours,



William F. Carr

Enclosures

cc: Mr. Corey Mitchell
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, LEA COUNTY, NEW MEXICO.

CASE NO. 14527

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 S/2 N/2 of Section 17, Township 19 South, Range 33 East, N.M.P.M., Lea County, New Mexico which will be a 160-acre Project Area for its Spyglass "17" Federal Well No. 1H to be drilled from a surface location 2135 feet from the North line and 330 feet from the West line (Unit E) and then in an easterly direction in the Bone Spring formation to a terminus 2135 feet from the North line and 330 feet from the East line (Unit H) of said Section 17 and (2) pooling all mineral interests in the Bone Spring formation, Tonto Bone Spring Pool (Pool Code 59475) in this non-standard spacing and proration unit, and in support of its application states:

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1. Mewbourne is a working interest owner in the S/2 N/2 of said Section 17 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 Spyglass "17" Federal Well No. 1H to be drilled from a surface location 2135 feet from the North line and 330 feet from the West line (Unit E) and then in an easterly direction in the Bone Spring formation to a terminus 2135 feet from the North line and 330 feet from the East line (Unit H) of said Section 17 and (2) pooling all mineral interests in the Bone Spring formation, Tonto Bone Spring Pool (Pool Code 59475).

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.

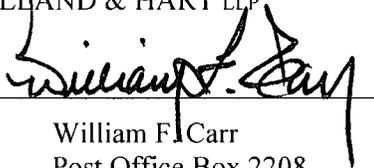
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit 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 August 19, 2010 and, after notice and hearing as required by law, the Division enter its order:

- A. Creating a 160-acre non-standard spacing and proration unit in the Bone Spring formation comprised of the S/2 N/2 of Section 17, Township 19 South, Range 33 East, NMPM;
- B. Pooling all mineral interests in this 160-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 160-ACRE NONSTANDARD SPACING AND PRORATION UNIT
AND COMPULSORY POOLING
S/2 N/2 OF SECTION 17, TOWNSHIP 19 SOUTH, RANGE 33 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.
(Spyglass Federal Com. Well no. 1H)**

NOTIFICATION LIST

Yates Energy Corporation
Post office Box 2323
Roswell, New Mexico 88202

Edward R. Hudson Trust No. 4
c/o Julian Ard
222 West 4th Street, PH-5
Fort Worth, Texas 76102

Nadel and Gussman Capitan, LLC
601 North Marienfield, Suite 508
Midland, Texas 79701
Attn: Scott Germann, General Manager

Moore & Shelton, Ltd.
P.O. Box 3070
Galveston, Texas 77522

James H. Yates, Inc.
P.O. Box 189
Roswell, NM 88202
Attn: Carolyn B. Yates

Harvey E. Yates Company
Post Office Box 1933
Roswell, New Mexico 88202
Attn: Melissa Randle

Explorers Petroleum Corporation
Post Office Box 1933
Roswell, New Mexico 88202
Attn: Melissa Randle

Spiral, Inc.
Post Office Box 1933
Roswell, New Mexico 88202
Attn: Melissa Randle

Colkelan Corporation
3481 East Sunset Road, Ste. 102
Las Vegas, NV 89120

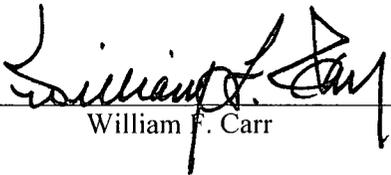
Cimarex Energy Co.
600 E. Colinas Blvd.
Suite 1100
Irving, Texas 75038

CERTIFICATE OF SERVICE

I certify that on July 19, 2010 I served a copy of the foregoing document to the following by

- U.S. Mail, postage prepaid
- Hand Delivery
- Fax
- Electronic Service by LexisNexis File & Serve

James Bruce, Esq.
PO Box 1056
Santa Fe, NM 87504
(505) 982-2151 FAX



William F. Carr

CASE 14527:

Application of Mewbourne Oil Company for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a 160-acre non-standard spacing unit comprised of the S/2 N/2 of Section 17, Township 19 South, Range 33 East, NMPM, and (2) pooling all mineral interests in the Bone Spring formation, Tonto Bone Spring Pool (Pool Code 59475), in this non-standard spacing and proration unit which spacing unit will be the project area for its Spyglass "17" Federal Well No. 1H to be drilled from a surface location 2135 feet from the North line and 330 feet from the West line (Unit E) and then in an easterly direction in the Bone Spring formation to a terminus 2135 feet from the North line and 330 feet from the East line (Unit H) of said Section 17. 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 19 miles southeast of Maljamar, New Mexico.



July 21 2010

CERTIFIED MAIL - RETURN RECEIPT REQUESTED
TO AFFECTED INTEREST OWNERS:**Re: Application of Mewbourne Oil Company for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.**

Ladies and Gentlemen:

This letter is to advise you that Mewbourne Oil Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order (1) creating a 160-acre non-standard spacing unit comprised of the S/2 N/2 of Section 17, Township 19 South, Range 33 East, NMPM, and (2) pooling all mineral interests in the Bone Spring formation, Tonto Bone Spring Pool (Pool Code 59475), in this non-standard spacing and proration unit which will be the project area for its Spyglass "17" Federal Well No. 1H to be drilled from a surface location 2135 feet from the North line and 330 feet from the West line (Unit E) and then in an easterly direction in the Bone Spring formation to a terminus 2135 feet from the North line and 330 feet from the East line (Unit H) of said Section 17.

This application has been set for hearing before a Division Examiner at 8:15 AM on August 19, 2010. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four days in advance of a scheduled hearing, but no later than on the Thursday preceding the hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

William F. Carr

cc: Mr. Corey Mitchell
Mewbourne Oil Company