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August 2, 2010

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 September 2, 2010 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Mewbourne Oil Company

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Case 14533

Parties Being Pooled

Chesapeake Exploration, LLC
P.O. Box 18496
Oklahoma City, Oklahoma 73154

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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**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. 14533

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 S $\frac{1}{2}$ N $\frac{1}{2}$ of Section 28, Township 18 South, Range 30 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 for the proposed well, and in support thereof, states:

1. Applicant is an interest owner in the S $\frac{1}{2}$ N $\frac{1}{2}$ of Section 28, and has the right to drill a well thereon.
2. Applicant proposes to drill its Bradley 28 Fed. Com. Well No. 2 to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the S $\frac{1}{2}$ N $\frac{1}{2}$ of Section 28 to the well, as to the Bone Spring formation, to form a non-standard 160 acre oil spacing and proration unit (project area) for all pools or formations developed on 40 acre spacing. The well is a horizontal well, with a surface location 1580 feet from the north line and 65 feet from the west line, and a terminus 1580 feet from the north line and 330 feet from the east line, of Section 28.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S $\frac{1}{2}$ N $\frac{1}{2}$ of Section 28 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 S $\frac{1}{2}$ N $\frac{1}{2}$ of Section 28, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit, the pooling of all mineral interests underlying the S $\frac{1}{2}$ N $\frac{1}{2}$ of Section 28, and the unorthodox location, 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 S $\frac{1}{2}$ N $\frac{1}{2}$ of Section 28;
- B. Pooling all mineral interests in the Bone Spring formation underlying the S $\frac{1}{2}$ N $\frac{1}{2}$ of Section 28;
- C. Approving the unorthodox oil well location;
- 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 that reads "James Bruce". The signature is written in black ink and is positioned above 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. 14533 :

Application of Mewbourne 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 comprised of the S/2N/2 of Section 28, Township 18 South, Range 30 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area) for all pools or formations developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Bradley 28 Fed. Com. Well No. 2, a horizontal well with a surface location 1580 feet from the north line and 65 feet from the west line, and a terminus 1580 feet from the north line and 330 feet from the east line, of Section 28. Applicant further seeks approval of the unorthodox location for the well. 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 7 miles south of Loco Hills, New Mexico.

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