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2010 OCT -8 P 3: 58

October 8, 2010

Ms. Florene Davidson  
NM Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

**Hand Delivered**

**Re: NMOCC Case No. 14554: Application of Mewbourne Oil Company to Abolish the Seven Rivers-Yeso Pool and the Cemetery-Yeso Pool and Expand the North Seven Rivers Glorieta-Yeso Pool, and to Establish Special Rules and Regulations for the North Seven Rivers Glorieta-Yeso Pool, Eddy County, New Mexico**

Dear Ms. Davidson:

On behalf of Nearburg Producing Company, L.P., enclosed is a Motion for Continuance in the above-referenced case.

Thank you.

Very truly yours,

Karen Williams  
Assistant to J. Scott Hall

JSH:kw  
Enclosure

cc: Jim Bruce  
00225271

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

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APPLICATION OF MEWBOURNE OIL COMPANY TO  
ABOLISH THE SEVEN RIVERS-YESO POOL AND THE  
CEMETERY-YESO POOL AND EXPAND THE NORTH  
SEVEN RIVERS GLORIETA-YESO POOL, AND TO  
ESTABLISH SPECIAL RULES AND REGULATIONS  
FOR THE NORTH SEVEN RIVERS GLORIETA-YESO  
POOL, EDDY COUNTY, NEW MEXICO

CASE NO. 14554

MOTION FOR CONTINUANCE

Nearburg Producing Company, (“Nearburg”), through its undersigned counsel, moves the Examiner or Division Director enter an order continuing the October 14, 2010 hearing on the Application in this matter at least to the next regularly scheduled examiner hearing set for October 28, 2010, or a later date as the circumstances may warrant. As grounds for this motion, Nearburg states:

By its Application, Mewbourne Oil Company requests the abolition of the Seven Rivers-Yeso Pool in portions of Township 19 South, Range 25 East, abolition of the Cemetery-Yeso Pool in portions of Township 20 South, Range 25 East, and the concomitant expansion of the North Seven Rivers Glorieta-Yeso Pool. For the newly expanded pool, Mewbourne requests an increase from the current depth bracket allowable of 80 barrels of oil per day to 240 barrels of oil per day for standard 40-acre spacing units. For horizontal wells drilled on 160-acre non-standard units/special project areas, the allowable would increase from 320 BOPD to 960 BOPD.

Nearburg is the operator of producing, drilling or planned wells in the following sections within the proposed new pool: T19S R25E Sections 15, 22, 23, 24, 26, 27, 31;

T20S R25E Section 3. Nearburg does not generally object to consolidation of the pools into a single, expanded North Seven Rivers Glorieta-Yeso Pool for purposes of pool administration. However, Nearburg believes additional time should be allowed to enable it and other operators in the vicinity of the pool to evaluate Mewbourne's proposal.

Drilling in the Glorieta, Upper Yeso and Middle Yeso formations is of fairly recent vintage and there is little long-term production, bottom-hole pressure and other reservoir data for operators within the pool to make an immediate evaluation of the effects of increasing the depth bracket allowable from 80 barrels to 240 barrel of oil per day. (See Rule 19.15.20.12 F.) Nearburg is working with Mewbourne on a voluntary, cooperative basis to obtain such information so that Nearburg can resolve any concerns that it may have before a hearing. A two-week continuance should not unduly delay consideration of this matter.

Further, it appears that additional operator notification will be required in any event, which may require a continuance to the November 18, 2010 examiner hearing. Echo Production Co. is the operator of the recently drilled Stiletto "16" State Well No. 5-H (API No. 3001537716) in the E/2 E/2 of Section 16 T20S R25E (surface – 380' FNL and 380' FEL; BHL – 330' FSL and 330' FEL). The well is reported to be in one of the pools affected by Mewbourne's Application, the Cemetery-Yeso Pool (11795) and is immediately offset to the east by the Mewbourne Limousine "15" CD Federal Com 1-H (API No. 3001537818), also in the Cemetery-Yeso Pool. Echo Production Co. was inadvertently omitted from Mewbourne's notification list, although notice to them would be required by Division Rule 19.15.4.12 A (4).

WHEREFORE, Nearburg Producing Company requests that the hearing on this Application be continued to October 28, 2010, or to November 18, 2010.

Respectfully submitted,  
MONTGOMERY & ANDREWS, P.A.

By: 

J. Scott Hall, Esq.  
Post Office Box 2307  
Santa Fe, New Mexico 87504  
(505) 982-3873  
Attorneys for Nearburg Producing Company

**Certificate of Service**

I hereby certify that on October 8, 2010, a true and correct copy of the foregoing was delivered via electronic mail to the following party:

James Bruce, Esq.  
P. O. Box 1056  
Santa Fe, NM 87504  
jamesbruc@aol.com

  
J. Scott Hall