

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

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR APPROVAL OF A NON-STANDARD OIL SPACING
AND PRORATION UNIT, AN UNORTHODOX OIL
WELL LOCATION, AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

Case No. 14,607

MEWBOURNE'S RESPONSE IN OPPOSITION TO MOTION TO DISMISS

In this case Mewbourne Oil Company ("Mewbourne") seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the N/2S/2 of Section 30, Township 18 South, Range 30 East, NMPM, and the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit.

Chisos, Ltd. ("Chisos"), an interest owner in the well unit, seeks to dismiss the application, as to it, based on Mewbourne's alleged failure to conduct good faith negotiations before it filed its application. In support thereof, Chisos attaches the letter which Mewbourne sent to Chisos on February 21, 2011, after the pooling application was filed. However, Chisos fails to mention that Mewbourne proposed the well to Chisos by letter dated November 3, 2010. That letter is attached as **Exhibit A**.

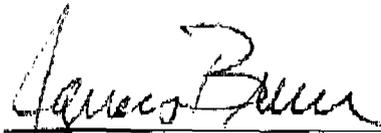
The November letter specifically identified the proposed well, set forth Chisos' working interest, and enclosed an AFE. Chisos never responded to the November letter until

approximately 10 days ago. Chisos has had ample time to consider the well proposal, and Mewbourne has satisfied the Division's good faith pooling requirements.

In addition, although Chisos has executed an AFE, that is not equivalent to signing a JOA. Mewbourne will continue negotiating with Chisos on the JOA, and hopes to reach agreement, at which time the application can be dismissed as to Chisos.

WHEREFORE, for the foregoing reasons, Mewbourne requests that Chisos' motion be denied.

Respectfully submitted,



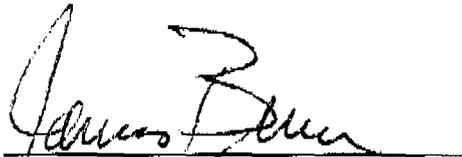
James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Mewbourne Oil Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 2nd day of March, 2011 by facsimile transmission:

W. Thomas Kellahin
706 Gonzales Road
Santa Fe, New Mexico 87501
(505) 216-2780


James Bruce

MEWBOURNE OIL COMPANY500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701(432) 682-3715
FAX (432) 685-4170

November 3, 2010

Via Certified Mail-Return Receipt No. 5938Chisos, Ltd.
670 Dona Ana Road, SW
Deming, New Mexico 88030
Attn: Sue Ann CraddockRe: Working Interest Unit
MOC's Bradley 30
Section 30, T18S, R30E
Eddy County, New Mexico

Dear Sue Ann:

Mewbourne Oil Company ("Mewbourne") hereby proposes to form a Working Interest Unit ("WIU") covering the captioned land, excluding existing wellbores and containing 635.40 acres, more or less, covering depths from the base of the Delaware formation to the base of the Bone Spring formation. The targeted interval for the proposed unit is the Second Bone Spring Sand formation. The initial unit well will be drilled at a surface location being 1850' FSL & 330' FWL of Section 29 and with a bottom hole location being 1980' FSL & 330' FWL of Section 30. The proposed well will be drilled to a true vertical depth (TVD) of approximately 8,130 feet subsurface to evaluate the Second Bone Spring Sand formation for oil production. The proposed well will have a horizontal measured depth (MD) of approximately 13,200 feet. The N/2S/2 of the captioned Section 30 will be dedicated to the well as the oil proration unit. Enclosed for your signature is our AFE dated September 27, 2010 regarding your unit ownership interest.

According to public records, you own a 12.5% WI in the E/2SW/4 and Lots 3 and 4 (W/2SW/4) and a 12.5% WI in the E/2SE/4 of the captioned Section 30, which corresponds to approximately a 4.672206% interest in the proposed WIU.

EXHIBIT **A**

Chisos, Ltd.
Bradley 30 WIU
November 3, 2010
Page 2 of 2

Should you elect to participate in the proposed WIU and initial unit well, please acknowledge }
same by signing and returning the copy of this letter to me with the signed AFE within 30 days. }
Upon receipt of same, I'll forward you our proposed Operating Agreement for signature.

Should you have any questions regarding the above, please email me at
cmitchell@mewbourne.com or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY

Corey Mitchell

Corey Mitchell
Landman

CHISOS, LTD.

By: _____
Print:

Date Signed: _____