

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

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

CASE NO. 14736

PRE-HEARING STATEMENT

Mewbourne Oil Company ("Mewbourne") provides this Pre-Hearing Statement as required by the rules of the Division.

APPEARANCES

APPLICANT

Mewbourne Oil Company
3901 South Broadway Avenue
Tyler, TX 75701-8716

APPLICANT'S ATTORNEY

J. Scott Hall
Montgomery & Andrews
P.O. Box 2307
Santa Fe, NM 87504-2307
(505) 982-3873

OPPOSING PARTY

Harvey E. Yates Co.
Explorers Petroleum Corp.
Spiral, Inc.
Jalapeno Corp.

OPPOSING PARTY'S ATTORNEY

Earl E. DeBrine Jr., Esq.
Modrall Sperling Roehl Harris & Sisk, PA
P.O. Box 2168
Albuquerque, NM 87103-2168

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an order: (i) approving a 160-acre non-standard oil spacing and proration unit ("project area") in the Bone Spring formation, comprised of the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 11, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests from the base of the Second Bone Spring Carbonate to the base of the Bone

Spring formation underlying the non-standard oil spacing and proration unit (“project area”) for all pools or formations developed on 40-acre spacing within that vertical extent. The units are to be dedicated to the Tamano 11 Fed. Com. Well No. 1-H, a horizontal well with a surface location in the NE¼NE¼, 400 feet from the north line and 330 feet from the east line, and a bottom-hole location in the NW¼NW¼, 400 feet from the north line and 330 feet from the westline, of Section 11.

Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as the actual operating costs and charges for supervision, designation of applicant as operator of the unit and the well, and a 200% charge for the risk involved in drilling and completing the well.

PROPOSED EVIDENCE

APPLICANT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Steve Smith, Landman	20 min.	6
Nate Cless, Geologist	15 min.	2
Drew Robeson, Petroleum Engineer	15 min.	4

OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

None.

MONTGOMERY & ANDREWS, P.A.

By: J. Scott Hall

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(505) 982-3873
Attorneys for Mewbourne Oil Company

Certificate of Service

I hereby certify that on October 19, 2011, a true and correct copy of the foregoing was delivered to the following parties by electronic mail:

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