

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

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2012 FEB 23 P 4: 31

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

CASE 14801

[Wyatt Draw 13 MD No. 1, W/2W/2 of Sec 13]

NADEL AND GUSSMAN PERMIAN'S PRE-HEARING STATEMENT

Nadel and Gussman Permian, L.L.C. ("NGP") submits their pre-hearing statement as required by the New Mexico Oil Conservation Commission.

APPEARANCES OF THE PARTIES

APPLICANT

Mewbourne Oil Company

ATTORNEY

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OPPONENT

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OPPONENT'S STATEMENT OF THE CASE

NGP is opposed the Mewbourne Oil Company's application because:

- (1) It's non-standard oil spacing and proration unit "NSP" is an infringement upon a previously approved Application for Permit to Drill "APD" issued by the Division to NGP using a different NSP
- (2) It disrupts a development plan previously established by Mewbourne
- (3) It increases the risk of waste and fails to protect correlative rights

SUMMARY

On November 2, 2010, Mewbourne completed its Wyatt Draw "24/25" LE #1H (API # 30-015-38083) crossing over two sections with a horizontal wellbore starting in the W/2NW/4 of Sec 25 and ending in the W/2SW/4 of Sec 25. This wellbore set up a pattern of development that affected future horizontal wellbore planned by Nadel and Gussman Periman "NGP"

On December 7, 2010, Mewbourne obtained approval from the Division for its Wyatt Draw 13 ML (also aka MD) Well 001H (API #30-015-38306) using an 80-acre NSP consisting of the W/2SW/4 of Sec 13 thereby avoiding encroaching into the N/2 of Sec 13. By doing so, Mewbourne voluntarily chose to drill an 80-acre spacing unit and not extend into the N/2 of Sec 13.

On July 28, 2011, Nearburg completed its Fairchild 24 Well 2H (API #30-015-39013) dedicated to the W/2NW/4 of Sec 24.

In reliance upon Mewbourne's development pattern for horizontal wellbores project areas, Nadel and Gussman has commence a plan of development for this horizontal wellbores project areas in Section 12 and 13 including the staking of these wells in early December 2011. Thereafter on January 31, 2012 Nadel and Gussman obtained approved APDs for its Lawman Wells Nos. #1-H, #2-H, #3-H and #4-H and is in the process of consolidating the working interest owners upon a voluntary basis.

PROPOSED EVIDENCE

OPPONENT

WITNESSES

EST. TIME

EST. EXHIBIT

Emerald Johnson (Landman)

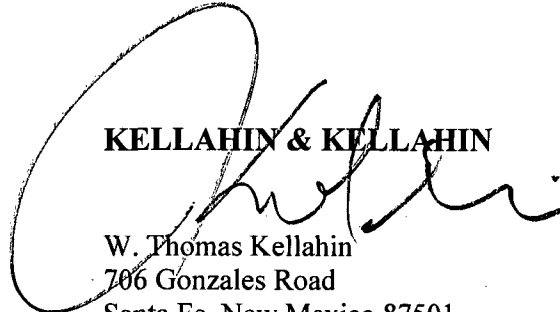
30-min

6-8-

Michael Matteucci (Geologist)	25- min	2-3
Jason Goss (Drilling Engineer)	25-min	8-10

PROCEDURAL MATTERS

Nadel and Gussman's Motion to continue this case to the March 29, 2012 OCD Examiner's docket to be consolidated for hearing with an application to be filed by Nadel and Gussman Permian for approval of its four 160-acre non-standard Horizontal Wellbores Project Areas.

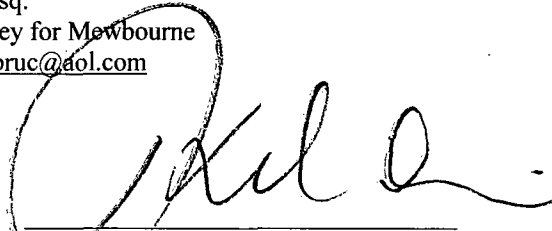

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CERTIFICATE OF SERVICE

I certify that on February 23, 2012, I served a copy of the foregoing documents by Email to the following:

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W. Thomas Kellahin