

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

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January 31, 2012

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 14801

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 advertise the application for the March 2, 2012 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Mewbourne Oil Company

Parties Being Pooled

Sarah L. Harrington, Trustee of the H.E.
Harrington and Sarah L. Harrington Trust
2602 Bay Meadow
Roswell, NM 88201

Gideon Hillman, Trustee of the Charles
Van Kirk Hillman III Revocable Trust
706 Spring Street
Sausalito, CA 94965

Gregory Bisett Thomas
8304 English Bay Parkway
Amarillo, TX 79119

Lightle Shaw Jones
Address Unknown

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**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.**

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Case No. 14801

APPLICATION

Mewbourne Oil Company applies for an order (i) approving a non-standard oil spacing and proration unit in the Yeso formation comprised of the $W\frac{1}{2}W\frac{1}{2}$ of Section 13, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, (ii) an unorthodox oil well location, and (iii) pooling all mineral interests in the Yeso formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the $W\frac{1}{2}W\frac{1}{2}$ of Section 13, and has the right to drill a well thereon.
2. Applicant proposes to drill its Wyatt Draw 13 MD Well No. 1 to a depth sufficient to test the Yeso formation. Applicant seeks to dedicate the $W\frac{1}{2}W\frac{1}{2}$ of Section 13 to the well 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 an unorthodox surface location 250 feet from the north line and 350 feet from the west line of Section 24, Township 19 South, Range 25 East, N.M.P.M., and a terminus at an orthodox location in the $NW\frac{1}{4}NW\frac{1}{4}$ of Section 13.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the $W\frac{1}{2}W\frac{1}{2}$ of Section 13 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

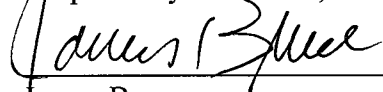
the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the $W\frac{1}{2}W\frac{1}{2}$ of Section 13, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests underlying the $W\frac{1}{2}W\frac{1}{2}$ of Section 13 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 Yeso formation comprised of the $W\frac{1}{2}W\frac{1}{2}$ of Section 13;
- B. Pooling all mineral interests in the Yeso formation underlying the $W\frac{1}{2}W\frac{1}{2}$ of Section 13;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. 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,



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

Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 14801:

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. Mewbourne Oil Company seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Yeso formation comprised of the W/2W/2 of Section 13, Township 19 South, Range 25 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Yeso formation underlying the W/2W/2 of Section 13 to form a non-standard 160 acre oil 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 Wyatt Draw 13 MD Well No. 1, a horizontal well with an unorthodox surface location 250 feet from the north line and 350 feet from the west line of Section 24, Township 19 South, Range 25 East, NMPM, and a terminus at an orthodox location in the NW/4NW/4 of Section 13. 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 units are located approximately 5 miles west-northwest of Lakewood, New Mexico.

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