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September 17, 2013

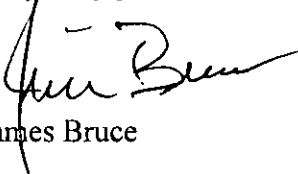
Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

*Case 15052*

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 set the application for the October 17, 2013 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

Parties Being Pooled

Ard Oil, Ltd.  
222 West 4th Street, PH No. 5  
Fort Worth, Texas 76102

PROPOSED ADVERTISEMENT

Case No. 15052 :

***Application of Mewbourne Oil Company for approval of a non-standard oil spacing and proration unit 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 Bone Spring formation comprised of the E/2W/2 of Section 11, Township 18 South, Range 31 East, NMPM. Applicant further seeks the pooling of all mineral interests from the base of the Second Bone Spring Carbonate to the base of the Bone Spring formation underlying the E/2W/2 of Section 11 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 Tamano 11 NC Fed. Com. Well No. 1H, a horizontal well with a surface location in the SE/4SW/4, and a terminus in the NE/4NW/4, 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 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 unit is located approximately 9 miles east-southeast of Loco Hills, New Mexico.

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**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

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

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2013 SEP 17  
Case No. 150542

**APPLICATION**

Mewbourne Oil Company applies for an order (i) approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the E½W½ 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 unit, and in support thereof, states:

1. Applicant is an interest owner in the E½W½ of Section 11, and has the right to drill a well thereon.
2. Applicant proposes to drill its Tamano 11 NC Fed. Com. Well No. 1H to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the E½W½ of Section 11 to the well, from the base of the Second Bone Spring Carbonate to the base of the Bone Spring formation, 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 well is a horizontal well, with a surface location 150 feet from the south line and 2310 feet from the west line, and a terminus 330 feet from the north line and 2310 feet from the west line, of Section 11.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½W½ of Section 11 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.

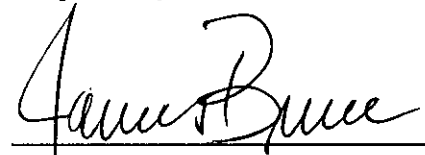
Therefore, applicant seeks an order pooling all mineral interest owners in the E½W½ of Section 11, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests underlying the E½W½ of Section 11 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 Bone Spring formation comprised of the E½W½ of Section 11;
- B. Pooling all mineral interests from the base of the Second Bone Spring Carbonate to the base of the Bone Spring formation underlying the E½W½ of Section 11;
- 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