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Case 15082

December 17, 2013

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

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 January 23, 2014 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

Parties Being Pooled

Virginia Lee Davis
address unknown

The Bishop Whipple Schools
P.O. Box 218
Faribault, MN 55021
Attn: Mr. Greg Engel

Pavlos P. Panagopoulos,
Panagopoulos Enterprises and
Andreas P. Panagopoulos
511 W. Reinken
Belen, NM 87002

Magdalene P. Panagopoulos
and Panagiota P. Panagopoulos
10008 Ranch Hand Ave.
Las Vegas, NV 89117

Wells Fargo Bank, N.A.
2318 W. Pierce St.
Carlsbad, NM 88220

Nolan Greak
8008 Slide Road, Suite 33
Lubbock, TX 79424

Nevill Manning
2112 Indiana Ave.
Lubbock, TX 79410

Mr. Bill C. Ruiz
P.O. Box 161
Sultana, CA 93666

Estate of Stan Gregory
608 Lakeside Dr.
Carlsbad, NM 88220
Attn: Kathy Gregory

William I. Gregory
11910 Central Ave., Suite B
Albuquerque, NM 87123

LBD, Limited Partnership
928 Mesa Verde
Hobbs, NM 88240

Laura Meade
611 N. Mesa Ave.
Carlsbad, NM 88203

Kevin J. Hanratty
P.O. Box 1330
Artesia, NM 88211

John Edward Hall, III
P.O. Box 1525
Carlsbad, NM 88220

James W. Klipstine, Jr.
Klipstine & Hanratty
1601 N. Turner, Suite 400
Hobbs, New Mexico 88240

Irma J. Gregory
14 Cork St.
Alva, FL 33920

Thomas W. Gregory
1705 Black Gold St., SE
Albuquerque, NM 87123

First Federal Saving and Loan
Association of Littlefield, Texas
P.O. Box 1390
Littlefield, TX 79339

Clarence W. Ervin and Mary I. Ervin
4016 Jones St.
Carlsbad, NM 88220

Boys Club of America
1275 Peachtree St., NE
Atlanta, GA 30309
Attn: Anand Mehta

Bertha Lorene Osborn
address unknown

Willis A. Paschal Trust #1
P.O. Box 98
Luray, KS 67649

Mr. Juan G. Ruiz
c/o Mika A. Padilla
1225 N. Thorne Ave.
Fresno, CA 93728

Fern Nadine Schurr Albright
address unknown

Pauline Louise Schurr Bair
address unknown

Ruby Grace Schurr Henshaw
address unknown

Jack Pierce
address unknown

Clyde Victor Schurr
address unknown

Gladys Schurr
address unknown

Cora Enderud
Roy Martin Enderud
Frank Miller Enderud
Ernesta Jane Enderud Roberts
Albert Larson
Estate of Carl O. Enderud
Estate of C.O. Enderud
Estate of Carl C. Enderud
Christian Olaf Enderud
Mary Jane Larson
David A. Larson and wife Penny A. Larson
Carolyn L. Oliveira and husband George F. Oliveira
Frank Albert Enderud
Jane Edward Roberts

Lloyd Enderud and wife Freida I. Enderud
Farrell Enderud
Nancy L. Enderud
Clarence O. Enderud and wife Ellen I. Enderud
Fred A. Haines
Louis E. Enderud and wife Micheline Enderud
Carl William Enderud and wife Betty Enderud

Jesse V. Enderud and wife Mary Enderud
Opal Sample
addresses unknown

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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APPLICATION OF MEWBOURNE OIL
COMPANY FOR COMPULSORY POOLING
AND AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO.

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Case No. 15082

APPLICATION

Mewbourne Oil Company applies for an order (i) pooling all mineral interests from the surface to the top of the Wolfcamp formation in the SW $\frac{1}{4}$ SW $\frac{1}{4}$, and the Wolfcamp formation underlying the W $\frac{1}{2}$, of Section 35, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and (ii) approving an unorthodox gas well location, and in support thereof, states:

1. Applicant is an interest owner in the W $\frac{1}{2}$ of Section 35, and has the right to drill a well thereon.
2. Applicant proposes to drill its Layla 35 MD Fee Com. Well No. 2H to a depth sufficient to test the Wolfcamp formation. Applicant seeks to dedicate to the well (i) the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 35 from the surface to the top of the Wolfcamp formation to form a standard 40 acre oil spacing and proration unit for all pools or formations developed on 40 acre spacing within that vertical extent, and (ii) the W $\frac{1}{2}$ of Section 35 to form a standard 320 acre gas spacing and proration unit for all pools or formations developed on 320 acre spacing within that vertical extent (including the South Culebra Bluff-Wolfcamp Gas Pool) for all pools or formations developed on 320 acre spacing within that vertical extent (including the South Culebra Bluff-Wolfcamp Gas Pool). The well is a horizontal well, with a surface location 150 feet from the south line and 660 feet from the west line, and a terminus 330 feet from the north line and 660 feet from the west line, of Section 35.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W½ of Section 35 for the purposes set forth herein.

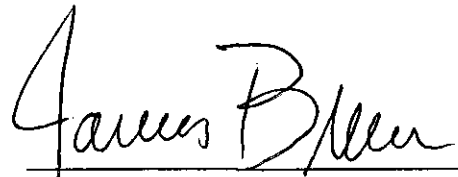
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the W½ of Section 35, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W½ of Section 35 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. Pooling all mineral interests in (i) the SW¼SW¼ of Section 35 from the surface to the base of the Wolfcamp formation to form a standard 40 acre oil spacing and proration unit, and (ii) the Wolfcamp formation underlying the W½ of Section 35 to form a standard 320 acre oil spacing and proration unit;
- B. Approving an unorthodox gas well location;
- 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,

A handwritten signature in cursive script, appearing to read "James Bruce", written over a horizontal line.

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

Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 15082:

Application of Mewbourne Oil Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Mewbourne Oil Company seeks an order (i) pooling all mineral interests from the surface to the top of the Wolfcamp formation in the SW/4SW/4, and the Wolfcamp formation underlying the W/2, of Section 35, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and (ii) approving an unorthodox gas well location in the Wolfcamp formation. The units are to be dedicated to the Layla 35 MD-Fee Com., Well No. 2H, a horizontal well with a surface location 150 feet from the south line and 660 feet from the west line, and a terminus 330 feet from the north line and 660 feet from the west line, of Section 35. 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 2-1/2 miles north-northeast of Malaga, New Mexico.

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