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June 21, 2016


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

Case 15509

Dear Florene:

Enclosed for filing, on behalf of Mewbourne Oil Company, are an application for compulsory pooling, *etc.*, together with a proposed advertisement. Please set the application for the July 21, 2016 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Mewbourne Oil Company

Parties Being Notified

LeaCo New Mexico Exploration and Production LLC
303 Veterans Airpark Ln #600
Midland, TX 79705
Attn: Tanner Gentry

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

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Case No. 15509

APPLICATION

Mewbourne Oil Company applies for an order (i) approving a 240 acre non-standard oil spacing and proration unit in the Bone Spring formation comprised of the $W\frac{1}{2}W\frac{1}{2}$ of Section 17 and the $W\frac{1}{2}NW\frac{1}{4}$ of Section 20, Township 21 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Bone Spring 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 17 and the $W\frac{1}{2}NW\frac{1}{4}$ of Section 20, and has the right to drill a well thereon.
2. Applicant proposes to drill its Birdog 20/17 B2ED State Com. Well No. 1H to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the $W\frac{1}{2}W\frac{1}{2}$ of Section 17 and the $W\frac{1}{2}NW\frac{1}{4}$ of Section 20 to the well in the Bone Spring formation to form a non-standard 240 acre oil spacing and proration unit (project area). The well is a horizontal well, with a surface location 2380 feet from the north line and 660 feet from the west line of Section 20, and a terminus 330 feet from the north line and 450 feet from the west line of Section 17.
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 17 and the $W\frac{1}{2}NW\frac{1}{4}$ of Section 20 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.

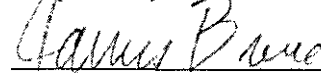
Therefore, applicant seeks an order pooling all mineral interest owners in the W $\frac{1}{2}$ W $\frac{1}{2}$ of Section 17 and the W $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 20 pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests in the Bone Spring formation underlying the W $\frac{1}{2}$ W $\frac{1}{2}$ of Section 17 and the W $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 20 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 W $\frac{1}{2}$ W $\frac{1}{2}$ of Section 17 and the W $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 20;
- B. Pooling all mineral interests in the Bone Spring formation underlying the W $\frac{1}{2}$ W $\frac{1}{2}$ of Section 17 and the W $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 20;
- 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
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Santa Fe, New Mexico 87504
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Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 15509 :

Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Mewbourne Oil Company seeks an order approving a 240-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2W/2 of Section 17 and the W/2NW/4 of Section 20, Township 21 South, Range 35 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit is to be dedicated to the Birdog 20/17 B2ED State Com. Well No. 1H, a horizontal well with a surface location 2380 feet from the north line and 660 feet from the west line of Section 20, and a terminus 330 feet from the north line and 450 feet from the west line of Section 17. 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 14 miles west-northwest of Eunice, New Mexico.

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