

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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2017 SEP 26 P 4: 20

September 26, 2017


Case 15861

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 application for a non-standard gas spacing and proration unit and compulsory pooling, together with a proposed advertisement. Please set the application for the October 26, 2017 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Mewbourne Oil Company

Parties Notified

Leo Coburn
7020 Deer Springs Way
Las Vegas, Nevada 89131

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

2017 SEP 26 P 4: 20

Case No. 15861

APPLICATION

Mewbourne Oil Company applies for an order approving a 479.88 acre non-standard gas spacing and proration unit in the Wolfcamp formation comprised of Lots 1 and 2, S/2NE/4, and SE/4 (the E/2 equivalent) of Section 6 and the NE/4 of Section 7, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the E/2 of Section 6 and the NE/4 of Section 7, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the following wells:
 - (a) The Motley 6/7 W0AH Fed. Com. Well No. 1H to be drilled to a depth sufficient to test the Wolfcamp formation. The well is a horizontal well, with a surface location in Lot 1 of Section 6 and a terminus in the SE/4NE/4 of Section 7. The beginning and end of the producing interval will be orthodox; and
 - (b) The Motley 6/7 W2AH Fed. Com. Well No. 2H to be drilled to a depth sufficient to test the Wolfcamp formation. The well is a horizontal well, with a surface location in Lot 1 of Section 6 and a terminus in the SE/4NE/4 of Section 7. The beginning and end of the producing interval will be orthodox.

Applicant seeks to dedicate the E/2 of Section 6 and the NE/4 of Section 7 to the wells to form a non-standard 479.88 acre gas spacing and proration unit in the Wolfcamp formation.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2 of Section 6 and the NE/4 of Section 7 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 Wolfcamp formation in the E/2 of Section 6 and the NE/4 of Section 7, pursuant to NMSA 1978 §§70-2-17, 18.

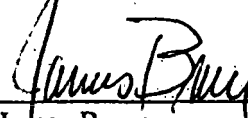
5. The approval of the non-standard spacing and proration unit, and the pooling of all mineral interests in the Wolfcamp formation underlying the E/2 of Section 6 and the NE/4 of Section 7, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Approving a non-standard gas spacing and proration unit in the Wolfcamp formation comprised of the E/2 of Section 6 and the NE/4 of Section 7;
- B. Pooling all mineral interests in the Wolfcamp formation underlying the E/2 of Section 6 and the NE/4 of Section 7;
- C. Designating applicant as operator of the wells;
- D. Considering the cost of drilling and completing the wells, 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. 15861:

Application of Mewbourne Oil Company for a nonstandard gas spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 479.88 acre non-standard gas spacing and proration unit in the Wolfcamp formation underlying Lots 1 and 2, S/2NE/4, and SE/4 (the E/2) of Section 6 and the NE/4 of Section 7, Township 24 South, Range 28 East, NMPM, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit. The unit will be dedicated to (i) The Motley 6/7 W0AH Fed. Com. Well No. 1H, to be drilled to a depth sufficient to test the Wolfcamp formation. The well is a horizontal well, with a surface location in Lot 1 of Section 6 and a terminus in the SE/4NE/4 of Section 7. The beginning and end of the producing interval will be orthodox; and (ii) The Motley 6/7 W2AH Fed. Com. Well No. 2H to be drilled to a depth sufficient to test the Wolfcamp formation. The well is a horizontal well, with a surface location in Lot 1 of Section 6 and a terminus in the SE/4NE/4 of Section 7. The beginning and end of the producing interval will be orthodox. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 3-1/2 miles west-northwest of Malaga, New Mexico.

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