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Case 15926

December 12, 2017

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 compulsory pooling, *etc.*, together with a proposed advertisement. Please set the application for the January 11, 2018 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

Parties Being Notified

Fasken Acquisitions 02 LTD
6101 Holiday Hill Rd.
Midland, Texas 79707
Attn: Ms. Linda H. Hicks

Paladin Energy Corporation/POGO Resources
10290 Monroe Drive, Suite 301
Dallas, Texas 75229
Attn: Mr. David J. Plaisance

Sheridan Holding Co. II LLC
9 Greenway Plaza, Suite 1300
Houston, Texas 77046
Attn: Mr. Thomas E. Voytovich

Vincero Resources Ltd.
2121 San Jacinto, Suite 860, LB 52
Dallas, Texas 75201
Attn: Mr. Robert S. Craine

Cordillera Energy Partners II LLC
100 Saint Paul Street, Suite 400
Denver, CO 80206
Attn: Mr. Clint Cook

S.E.S. Energy, Ltd.
c/o EGL Resources Inc.
P.O. Box 10250
Midland, Texas 79702
Attn: Mr. Mike Newman

Amarco Energy
P.O. Box 10886
Midland, Texas 79702
Attn: Mr. Mike Newman

Printz II, LLC
P.O. Box 10886
Midland, Texas 79702
Attn: Mr. Mike Newman

Prime Rock Resources, LLC
203 W. Wall Street, Suite 1000
Midland, Texas 79701
Attn: Mr. Manny Sirgo

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**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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APPLICATION

Mewbourne Oil Company applies for an order (i) approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 20 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 29, Township 21 South, Range 32 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 E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 20 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 29, and has the right to drill a well thereon.
2. Applicant proposes to drill its Caper 20/29 B2CN Fed. Com. Well No. 1H to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 20 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 29 to the well to form a non-standard 320 acre oil spacing and proration unit (project area) in the Bone Spring formation. The well is a horizontal well, with a surface location in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of adjoining Section 17, and a terminus in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 29. The producing interval of the well will be orthodox.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation in the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 20 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 29 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 Bone Spring formation in the E½W½ of Section 20 and the E½W½ of Section 29, 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 E½W½ of Section 20 and the E½W½ of Section 29 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 20 and the E½W½ of Section 29;
- B. Pooling all mineral interests in the Bone Spring formation underlying the E½W½ of Section 20 and the E½W½ of Section 29;
- 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. 15926 :

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 320-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2W/2 of Section 20 and the E/2W/2 of Section 29, Township 21 South, Range 32 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the E/2W/2 of Section 20 and the E/2W/2 of Section 29. The unit will be dedicated to the Caper 20/29 B2CN Fed. Com. Well No. 1H, a horizontal well with a surface location in the SE/4SW/4 of adjoining Section 17, and a terminus in the SE/4SW/4 of Section 29. The producing interval of the well will be orthodox. 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 6-1/2 miles south-southeast of the intersection of State Highway 176 and U.S. Highway 62/180.

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