

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 14377
ORDER NO. R-13101-A

APPLICATION OF MEWBOURNE OIL
COMPANY FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 1, 2009, at Santa Fe, New Mexico, before Examiner David K. Brooks.

NOW, on this 8th day of October, 2009, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due notice has been given, and the Division has jurisdiction of the subject matter of this case.

(2) Mewbourne Oil Company ("Applicant") seeks an order pooling all uncommitted interests from the surface to the base of the Yeso formation in the SE/4 SE/4 of Section 15, Township 20 South, Range 25 East, NMPM, in Eddy County, New Mexico, to form a standard 40-acre oil spacing and proration unit (the Unit) for all formations or pools spaced on 40 acres within this vertical extent.

(3) The Unit is to be dedicated to Applicant's proposed Quick Draw 15P Well No. 1 (API No. 30-015-36530), (the "proposed well") to be drilled at a standard location 990 feet from the South line and 990 feet from the East line (Unit P) of Section 15.

(4) The Unit was previously pooled and dedicated to the proposed well by Order No. R-13101 issued in Case No. 14276 on March 9, 2009. However, certain parties owning interests in the lands comprising the Unit were not afforded notice of that proceeding. Hence, Applicant seeks the issuance of a new order to cure any resulting

defect in the pooling effected by Order No. R-13101, and to include the interests of the parties not previously noticed.

(5) At the hearing, Applicant appeared through counsel and presented evidence as follows:

(a) Larry Edward Fanning (Fanning) is owner of a mineral interest in lands included in the Unit. Fanning's mineral interest is subject to a mortgage in favor of Rossrock, LLC (Rossrock).

(b) Neither Fanning nor Rossrock was notified of the filing of Case No. 14276 or of the hearing that resulted in the issuance of Order No. R-13101.

(c) Fanning and Rossrock have been given due notice of this case.

(6) Neither Fanning, Rossrock, nor any other party appeared at the hearing or otherwise indicated any opposition to the granting of this application.

(7) Order No. R-13101 should be amended to provide for a time after issuance of this order during which pooled working interest owners may elect whether or not to advance their share of well costs, and to extend the time for commencement of the well to October 1, 2010. In all other respects, that order should be reaffirmed to remove any uncertainty concerning its application to parties not noticed in Case No. 14276.

IT IS THEREFORE ORDERED THAT:

(1) Order No. R-13101, which pools all interests, whatever they may be, from the surface to the base of the Yeso formation in the SE/4 SE/4 of Section 15, Township 20 South, Range 25 East, NMPM, in Eddy County, New Mexico, to form a standard 40-acre oil spacing and proration unit for all formations or pools spaced on 40 acres within this vertical extent, and provides for the dedication of that unit to Applicant's proposed Quick Draw 15P Well No. 1 (API No. 30-015-36530), to be drilled at a standard location 990 feet from the South line and 990 feet from the East line (Unit P) of Section 15, is hereby reaffirmed. That order shall continue in effect according to its terms except as hereby amended.

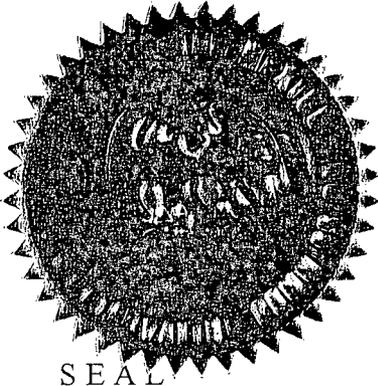
(2) Order No. R-13101 shall be effective as to any and all affected persons who were not duly noticed in Case No. 14276, but who were duly noticed in this Case No. 14377, from and after the issuance of this Order.

(3) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit an itemized schedule of estimated costs of drilling, completing and equipping the proposed well ("well costs"), and all pooled working interest owners shall have 30 days after receipt of such schedule within which to make the election provided in Ordering Paragraph (9) of Order No. R-13101.

(4) The time provided for commencement of the proposed well, in Ordering Paragraphs (3) and (4) of Order No. R-13101, is hereby extended to October 1, 2010.

(5) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", written over a horizontal line.

MARK E. FESMIRE, P.E.
Director