



July 27, 2010

HAND DELIVERED

Mark E. Fesmire, PE, JD
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Case 14530

RECEIVED OGD
2010 JUL 27 P 4:16

Re: **Application of Mewbourne Oil Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.**

Dear Mr. Fesmire:

Enclosed is the Application of Mewbourne Oil Company in the above-referenced case as well as a copy of the legal advertisement. Mewbourne Oil Company requests that this matter be placed on the docket for the September 2, 2010 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Mr. Corey Mitchell
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, Texas 79701

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

RECEIVED OGD
2010 JUL 28 A 9:55

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

CASE NO. 14530

APPLICATION

OG RPD (14744)

Mewbourne Oil Company, ("Mewbourne") through its undersigned attorneys, hereby makes application to the Oil Conservation Division pursuant to the provisions of N.M.Stat. Ann. § 70-2-17, (1978), for an order: (1) creating a non-standard spacing unit comprised of the W/2 SW/4 of Section 24 and the W/2 NW/4 of Section 25, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico which will be a 160-acre horizontal well Project Area for its Wyatt Draw "24/25" LE Well No. 1H to be drilled from a surface location 2310 feet from the South line and 560 feet from the West line (Unit L) of Section 24 and then in a southerly direction in the Yeso formation to a terminus 2310 feet from the North line and 560 feet from the West line (Unit E) of said Section 25 and (2) pooling all mineral interests in the Undesignated Yeso formation, in this non-standard spacing and proration unit, and in support of its application states:

1. Mewbourne is a working interest owner in the W/2 SW/4 of Section 24 and the W/2 NW/4 of Section 25, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico and has the right to drill thereon. Mewbourne has an interest in each of the oil spacing units in this project area and therefore has standing to bring this application to pool all mineral interests therein in the Undesignated Yeso formation.

2. Mewbourne proposes to dedicate the above-referenced pooled project area to its Wyatt Draw "24/25" LE Well No. 1H to be drilled from a surface location 2310 feet from the South line and 560 feet from the West line (Unit L) of Section 24 and then in a southerly direction in the Bone Spring formation to a terminus 2310 feet from the North line and 560 feet from the West line (Unit E) of said Section 25.

3. Mewbourne has been unable to obtain a voluntary agreement for the development of these lands from Nearburg Exploration Company, LLC, 3300 North "A" Street, Building 2, Suite 120, Midland, Texas 79705 (Attention: Ken Dixon) the owner of a 10.3125% working interest in the W/2 SW/4 of the subject Section 24 and a 5.15625% working interest in the proposed project area.

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

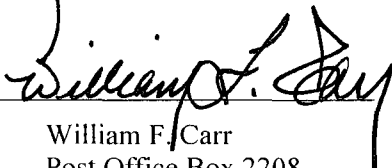
5. In order to permit the Mewbourne to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Mewbourne Oil Company should be designated the operator of the well to be drilled.

WHEREFORE, MEWBOURNE OIL COMPANY requests that this application be set for hearing before an Examiner of the Oil Conservation Division on September 2, 2010 and, after notice and hearing as required by law, the Division enter its order:

- A. creating a 160-acre non-standard spacing and proration unit in the Undesignated Yeso formation comprised of in the W/2 SW/4 of Section 24 and the W/2 NW/4 of Section 25, Township 19 South, Range 25 East, N.M.P.M.;
- B. pooling all mineral interests in this 160-acre non-standard unit / project area;
- C. designating Mewbourne Oil Company operator of this non-standard unit / project area and the well to be drilled thereon;
- D. authorizing Mewbourne Oil Company to recover its costs of drilling, equipping and completing the well;
- E. approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. imposing a 200% penalty for the risk assumed by Mewbourne Oil Company in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: 

William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

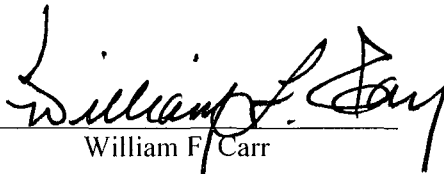
ATTORNEYS FOR MEWBOURNE OIL COMPANY

CERTIFICATE OF SERVICE

I certify that on July 28, 2010 I served a copy of the foregoing document to the following by

- ☐ U.S. Mail, postage prepaid
- ☐ Hand Delivery
- ☒ Fax
- ☐ Electronic Service by LexisNexis File & Serve

James Bruce, Esq.
PO Box 1056
Santa Fe, NM 87504
(505) 982-2151 FAX



William F Carr

CASE 14530 : Application of Mewbourne Oil Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a 160-acre non-standard spacing unit comprised of the W/2 SW/4 of Section 24 and the W/2 NW/4 of Section 25, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico which will be a 160-acre Project Area for its Wyatt Draw "24/25" LE Well No. 1H to be drilled from a surface location 2310 feet from the South line and 560 feet from the West line (Unit L) of Section 24 and then in a southerly direction to a terminus 2310 feet from the North line and 560 feet from the West line (Unit E) of said Section 25, and (2) pooling all mineral interests in the Undesignated Yeso formation, in this non-standard spacing and proration unit / project area. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Mewbourne Oil Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2.5 miles northwest of Lakewood, New Mexico.