

HOLLAND & HART LLP



William F. Carr
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June 22, 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 14517

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Re: ~~Amended~~ **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 July 22, 2010 Examiner hearings.

Very truly yours,

William F. Carr

Enclosures

cc: Mr. D. Paul Haden
Senior Landman
Mewbourne Oil Company
500 West Texas, Suite 1020
Midland, Texas 79701

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

**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. 14517

APPLICATION

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 S/2 S/2 of Section 29, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico which will be a 160-acre horizontal well project area and (2) pooling all mineral interests in the Bone Spring formation, Santo Nino-Bone Spring Pool (**Pool Code 54600**) in this non-standard spacing and proration unit, and in support of its application states:

1. Mewbourne is a working interest owner in the S/2 S/2 of said Section 29 and has the right to drill thereon. Mewbourne has an interest in each of the 40-acre oil spacing units in this project area and therefore has standing to bring this pooling application.

2. Mewbourne proposes to dedicate the above-referenced pooled project area to its existing Bradley “29” Federal Com Well No. 1 (**API No. 30-015-37481**) from a non-standard surface location 1050 feet from the South line and 1905 feet from the East line (Unit O) and then in a westerly direction approximately 3,050 feet in the Bone Spring formation to a terminus 972 feet from the South line and 343 feet from the West line (Unit M) of said Section 29.

3. The Bradley “29” Federal Com Well No. 1 was drilled pursuant to Oil Conservation Division Order No. R-13189 that was entered on November 2, 2009 which pooled these lands in formations developed on 320-acre spacing.

3. Mewbourne is unable to obtain a voluntary agreement for the development of these lands as a horizontal well nonstandard spacing unit / project area from the same working interest owners in the subject spacing unit that had to be pooled in the prior case. These owners are identified on Exhibit A to this application.


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 July 22, 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 Bone Spring formation comprised of the S/2 S/2 of Section 29, Township 18 South, Range 30 East, NMPM;
- 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 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

EXHIBIT A

**APPLICATION OF
MEWBOURNE OIL COMPANY
FOR A 160-ACRE NONSTANDARD SPACING AND PRORATION UNIT
AND COMPULSORY POOLING
S/2 S/2 OF SECTION 29, TOWNSHIP 18 SOUTH, RANGE 30 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO.
(Bradley "29" Federal Com Well No. 1)**

NOTICE LIST FOR POOLING

Marilyn J. Cone, Trustee of the
D. C. Trust
Post Office Box 64244
Lubbock, Texas 79464

Kenneth G. Cone, Individually and as
Trustee of the Trusts Created U/W/O
& Codicil of Kathleen Cone, Deceased
for the children of Kenneth G. Cone
Post Office Box 11310
Midland, Texas 79702

Clifford Cone, Individually and as
Trustee of Trusts Created U/W/O & Codicil of
Kathleen Cone, Deceased, for the children of Clifford Cone
address unknown

NOTICE LIST FOR NON-STANDARD UNIT

Chisos, Ltd.
670 Dona Ana Road, SW
Deming, New Mexico 88030

Pure Energy Group, Inc.
22610 U.S. Hwy. 281 N. Suite 218
San Antonio, Texas 78258

Myco Industries, Inc.
105 S. 4th Street
Artesia, New Mexico 88210

John A. Yates, Individually and as Trustee of Trust Q created u/w/o Peggy A. Yates, Deceased
105 S. 4th Street
Artesia, New Mexico 88210

Hanagan Petroleum Corporation
P.O. Box 1737
Roswell, New Mexico 88202-2107

Yates Drilling Company
105 S. 4th Street
Artesia, New Mexico 88210

New Tex Oil Company
P.O. Box 297
Hobbs, New Mexico 88240

Ronadero Company, Inc.
P.O. Box 746
Big Horn, Wyoming 82833-0746

Natalie V. Hanagan
1922 18th Ave., W
Williston, North Dakota 58801

Robert J. Leonard, Trustee of the Leonard Trust
P.O. Box 400
Roswell, New Mexico 88202

Sacramento Partners, a Limited Partnership
105 S. 4th Street
Artesia, New Mexico 88210

Mariner Energy, Inc.
2000W. Sam Houston Parkway S., Suite 2000
Houston, Texas 77042-3622

H&S Oil, LLC
P.O. Box 186
Artesia, New Mexico 88210

Jack Case P.O. Box 7
Loco Hills, New Mexico 88255

Lowell Irby
612 North 13th Street
Artesia, New Mexico 88210

Yates Petroleum Corporation
105 S. 4th Street
Artesia, New Mexico 88210

A.J. Losee
P.O. Box 1720
Artesia, New Mexico 88211

Arlin B. Cooper and Delphine Cooper, Trustees of the Cooper Family Trust
7408 Franklin Drive
El Paso, Texas 79915

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825 Nakomis Drive NE
Albuquerque, New Mexico 87123

Theodore E. Hauser
1209 Landsun Dr.
Carlsbad, New Mexico 88220

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El Paso, Texas 79925

John H. Johnston
125 Snelson Drive
El Paso, Texas 79907

Golden E. Anderson
Route 8, Box 358
101 Hilcrest Drive
Benton, New York 42025

Gerald F. Roach
1211 W. Coal Ave.
Hobbs, New Mexico 88240

CASE 14517: Application of Mewbourne Oil Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.

To: Clifford Cone, Individually and as Trustee of Trusts Created U/W/O & Codicil of Kathleen Cone, Deceased, for the children of Clifford Cone.

Applicant in the above-styled cause seeks an order (1) creating a 160-acre non-standard spacing unit comprised of the S/2 S/2 equivalent of Section 29, Township 18 South, Range 30 East, NMPM, and (2) pooling all mineral interests in the Bone Spring formation, Santo Nino Bone Spring Pool, in this non-standard spacing and proration unit which spacing unit will be pooled project area for the existing Bradley "29" Federal Com Well No. 1 (**API No. 30-015-37481**) that will be reentered at non-standard surface location 1050 feet from the South line and 1905 feet from the East line (Unit O) and then drilled in a westerly direction approximately 3,050 feet in the Bone Spring formation to a terminus 972 feet from the South line and 343 feet from the West line (Unit M) of said Section 29. 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 8 miles south of Loco Hills, New Mexico.