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December 7, 2010

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 original and one copy of an application for compulsory pooling, *etc.*, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set the application for the January 6, 2011 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

*Case 14587*

RECEIVED OGD  
2010 DEC -7 P 4: 38

Parties Being Pooled

Kenneth G. Cone, Individually and as Trustee  
f/b/o the children of Kenneth G. Cone  
P.O. Box 11310  
Midland, Texas 79702

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

Clifford Cone, Individually and as Trustee  
f/b/o the children of Clifford Cone  
P.O. Box 1629  
Lovington, New Mexico 88260

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MEWBOURNE OIL COMPANY  
FOR A NON-STANDARD OIL SPACING AND  
PRORATION UNIT, AN UNORTHODOX OIL WELL  
LOCATION, AND COMPULSORY POOLING, EDDY  
COUNTY, NEW MEXICO.

2010 DEC - 7  
RECEIVED (OCD)  
4: 38  
Case No. 14587

APPLICATION

Mewbourne Oil Company applies for an order (i) approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 29, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, (ii) pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and (iii) approving an unorthodox oil well location for the proposed well, and in support thereof, states:

1. Applicant is an interest owner in the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 29, and has the right to drill a well thereon.
2. Applicant proposes to drill its Bradley 29 Fed. Com. Well No. 4 to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 29 to the well, as to the Bone Spring formation, to form a non-standard 160 acre oil spacing and proration unit (project area) for all pools or formations developed on 40 acre spacing. The well is a horizontal well, with a surface location 510 feet from the north line and 150 feet from the west line, and a terminus 510 feet from the north line and 330 feet from the east line, of Section 29.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ N $\frac{1}{2}$  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 N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 29, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit, the pooling of all mineral interests underlying the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 29, and the unorthodox location, 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 N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 29;
- B. Pooling all mineral interests in the Bone Spring formation underlying the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 29;
- C. Approving the unorthodox oil well location;
- D. Designating applicant as operator of the well;
- E. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- F. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- G. 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,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

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James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 14587 :

***Application of Mewbourne Company for approval of a non-standard oil spacing and proration unit, an unorthodox oil well location, and compulsory pooling, Eddy County, New Mexico.***

Mewbourne Oil Company seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the N/2N/2 of Section 29, Township 18 South, Range 30 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard spacing and proration unit (project area) for all pools or formations developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Bradley 29 Fed. Com. Well No. 4, a horizontal well with a surface location 510 feet from the north line and 150 feet from the west line, and a terminus 510 feet from the north line and 330 feet from the east line, of Section 29. Applicant further seeks approval of the unorthodox location for the well. 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 7 miles south of Loco Hills, New Mexico.