

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

**APPLICATION OF MEWBOURNE OIL
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Mewbourne Oil Company ("Mewbourne") applies for an order pooling all uncommitted mineral interests in the Bone Spring formation in a 320-acre, more or less, standard horizontal spacing unit comprised of the S/2 N/2 of Sections 3 and 4, Township 18 South, Range 32 East in Lea County, New Mexico. In support of its application, Mewbourne states the following.

1. Mewbourne (OGRID No. 14744) is a working interest owner in the proposed horizontal spacing unit and has the right to drill a well thereon.
2. The horizontal spacing unit will be dedicated to the Eastwatch 4/3 B2EH Fed Com #1H well, which will be horizontally drilled from a surface location in Unit E in Section 4 to a bottom hole location in Unit H in Section 3.
3. The completed interval for the well will be orthodox.
4. Mewbourne has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well but has been unable to obtain voluntary agreements from all of the mineral interest owners.
5. The pooling of all uncommitted mineral interests in the Bone Spring formation underlying the S/2 N/2 of Sections 3 and 4, Township 18 South, Range 32 East will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to allow Mewbourne to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in the horizontal spacing unit should be pooled.

WHEREFORE, Mewbourne requests that this application be set for hearing on September 10, 2020 and that, after notice and hearing, the Division enter an order:

A. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the S/2 N/2 of Sections 3 and 4, Township 18 South, Range 32 East in Lea County;

B. Designating Mewbourne as the operator of the Eastwatch 4/3 B2EH Fed Com #1H well;

C. Authorizing Mewbourne to recover its costs of drilling, equipping, and completing the Eastwatch 4/3 B2EH Fed Com #1H well and allocating the costs among the well's working interest owners;

D. Approving the actual operating charges and costs of supervision during drilling and after completion, together with a provision for adjusting the rates pursuant to the COPAS accounting procedure; and

E. Imposing a 200% penalty for the risk assumed by Mewbourne in drilling and completing the Eastwatch 4/3 B2EH Fed Com #1H well against any mineral interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

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