

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING AND APPROVAL OF
A NON-STANDARD SPACING AND PRORATION
UNIT, LEA COUNTY, NEW MEXICO.**

Case No. _____

APPLICATION

Mewbourne Oil Company applies for an order pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of Lots 1-4 and the S/2N/2 (the N/2) of Section 2 and Lots 1-4 and the S/2N/2 (the N/2) of Section 1, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and approval of a non-standard spacing and proration unit, and in support thereof, states:

1. Applicant is an interest owner in the N/2 of Section 2 and the N/2 of Section 1 (containing 321.56 acres), and has the right to drill a well or wells thereon.

2. Applicant proposes to drill the following wells to a depth sufficient to test the Bone Spring formation: (a) the Night Watch 2/1 B2DA Fed. Com. Well No. 1H, with a first take point in Lot 4 of Section 2 and a last take point in Lot 1 of Section 1; and (b) the Night Watch 2/1 B2EH Fed. Com. Well No. 1H, a horizontal well with a first take point in the SW/4NW/4 of Section 2 and a last take point in the SE/4NE/4 of Section 1. The producing interval of each well will be orthodox.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N/2 of Section 2 and the N/2 of Section 1 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 wells or to otherwise commit their interests to

the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all uncommitted mineral interest owners in the Bone Spring formation underlying the N/2 of Section 2 and the N/2 of Section 1, pursuant to NMSA 1978 §70-2-17.

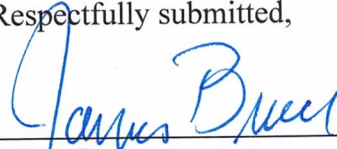
5. Applicant requests that the wells be dedicated to a non-standard spacing and proration unit in the Young; Bone Spring, North Pool (Pool Code 63350).

6. The pooling of all uncommitted mineral interest owners in the Bone Spring formation underlying the N/2 of Section 2 and the N/2 of Section 1, and approval of the non-standard spacing and proration unit, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing. The Division enters its order:

- A. Pooling all uncommitted mineral interest owners in the Bone Spring formation underlying the N/2 of Section 2 and the N/2 of Section 1;
- B. Approving the non-standard spacing and proration unit;
- C. Designating applicant as operator of the proposed wells;
- D. Considering the cost of drilling, completing, testing, and equipping the wells, and allocating the cost among the wells' working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling, completing, testing, and equipping the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



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