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2016 JUN 22 P 4: 45

June 21, 2016

Case 15517

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 application for compulsory pooling, *etc.*, together with a proposed advertisement. Please set the application for the July 21, 2016 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Mewbourne Oil Company

Parties Being Notified

Penroc Oil Corporation
P.O Box 2769
Hobbs, New Mexico 88241
Attn: Mr. M.Y. Merchant

Fortson Production Company
301 Commerce Street, Suite 2900
Fort Worth, Texas 76102
Attn: Mrs. Dinah M. Dupuy

Benco Energy Inc.
4200 S. Hulen, Suite 450
Fort Worth, Texas 76109
Attn: Mr. Ben Fortson, III

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

2016 JUN 22 P 4: 46

Case No. 15517

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 E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 34 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 27, Township 21 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 34 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 27, and has the right to drill a well thereon.
2. Applicant proposes to drill its Bilbrey 34/27 B2NC Fed. Com. Well No. 1H to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 34 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 27 to the well to form a non-standard 320 acre oil spacing and proration unit (project area). The well is a horizontal well, with a surface location 185 feet from the south line and 2030 feet from the west line of Section 34, and a terminus 330 feet from the north line and 2100 feet from the west line of Section 27.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 34 and the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 27 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.

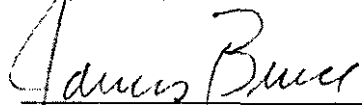
Therefore, applicant seeks an order pooling all mineral interest owners in the E½W½ of Section 34 and the E½W½ of Section 27, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests in the Bone Spring formation underlying the E½W½ of Section 34 and the E½W½ of Section 27 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 E½W½ of Section 34 and the E½W½ of Section 27;
- B. Pooling all mineral interests in the Bone Spring formation underlying the E½W½ of Section 34 and the E½W½ of Section 27;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's 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 and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce
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Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 15517 :

Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Mewbourne Oil Company seeks an order approving a 320-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2W/2 of Section 34 and the E/2W/2 of Section 27, Township 21 South, Range 32 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit is to be dedicated to the Bilbrey 34/27 B2NC Fed Com. Well No. 1H, a horizontal well with a surface location 185 feet from the south line and 2030 feet from the west line of Section 34, and a terminus 330 feet from the north line and 2100 feet from the west line of Section 27. 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 44 miles west-southwest of Oil Center, New Mexico.

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