

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 1553B

APPLICATION

Mewbourne Oil Company applies for an order (i) approving a non-standard oil spacing and proration unit in the Wolfcamp formation comprised of the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 9, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 9, and has the right to drill a well thereon.

2. Applicant proposes to drill its Salado Draw 9 WIAP Fed. Com. Well No. 2H to a depth sufficient to test the Wolfcamp formation. Applicant seeks to dedicate the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 9 to the well to form a non-standard 160 acre oil spacing and proration unit (project area) in the Wolfcamp formation for all pools developed on 40 acre spacing within that vertical extent. The well is a horizontal well, with a surface location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$, and a terminus in the SE $\frac{1}{4}$ SE $\frac{1}{4}$, of Section 9.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Wolfcamp formation in the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 9 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

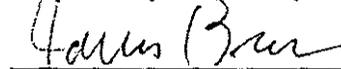
the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation in the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 9, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests in the Wolfcamp formation underlying the W $\frac{1}{2}$ W $\frac{1}{2}$ of Section 9 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 Wolfcamp formation comprised of the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 9;
- B. Pooling all mineral interests in the Wolfcamp formation underlying the E $\frac{1}{2}$ E $\frac{1}{2}$ of Section 9;
- 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,



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Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 1553²³ :

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 160-acre non-standard oil spacing and proration unit (project area) in the Wolfcamp formation comprised of the E/2E/2 of Section 9, Township 26 South, Range 33 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the E/2E/2 of Section 9. The unit will be dedicated to the Salado Draw 9 W1AP Fed. Com. Well No. 2H, a horizontal well with a surface location in the NE/4NE/4, and a terminus in the SE/4SE/4, of Section 9. 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 23 miles west of Bennett, New Mexico.

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