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January 9, 2018

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 a non-standard unit and compulsory pooling, together with a proposed advertisement. Please set the application for the February 8, 2018 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

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Case 15965

Parties Notified

**Chevron U.S.A. Inc.
6301 Deauville Boulevard
Midland, Texas 79706**

Attention: Stephanie Williams

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

RECEIVED OOD

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

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Case No. 15965

APPLICATION

Mewbourne Oil Company applies for an order (i) approving a non-standard spacing and proration unit in the Wolfcamp formation comprised of the N $\frac{1}{2}$ of Section 23 and the N $\frac{1}{2}$ of Section 24, Township 25 South, Range 29 East, N.M.P.M., Eddy 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 N $\frac{1}{2}$ of Section 23 and the N $\frac{1}{2}$ of Section 24, and has the right to drill a well thereon.

2. Applicant proposes to drill the following wells:

(a) The Oxbow 23/24 W1DA Fed. Com. Well No. 1H, to be drilled to a depth sufficient to test the Wolfcamp formation. The well is a horizontal well, with a surface location in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of 23, and a terminus in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 24. The beginning and end of the producing interval will be orthodox; and

(b) The Oxbow 23/24 W2DA Fed. Com. Well No. 2H, to be drilled to a depth sufficient to test the Wolfcamp formation. The well is a horizontal well, with a surface location in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 23, and a terminus in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 24.

The beginning and end of the producing interval will be orthodox.

Applicant seeks to dedicate the N $\frac{1}{2}$ of Section 23 and the N $\frac{1}{2}$ of Section 24 to the wells to form a non-standard 640 acre gas spacing and proration unit in the Wolfcamp formation.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N½ of Section 23 and the N½ of Section 24 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 underlying the N½ of Section 23 and the N½ of Section 24, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard spacing and proration unit, and the pooling of all mineral interests in the Wolfcamp formation underlying the N½ of Section 23 and the N½ of Section 24, 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 gas spacing and proration unit (project area) in the Wolfcamp formation comprised of the N½ of Section 23 and the N½ of Section 24;
- B. Pooling all mineral interests in the Wolfcamp formation underlying the N½ of Section 23 and the N½ of Section 24;
- C. Designating applicant as operator of the wells;
- D. Considering the cost of drilling and completing 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 and completing the wells in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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

Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 15965:

Application of Mewbourne Oil Company for a non-standard gas spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 640-acre non-standard gas spacing and proration unit (project area) in the Wolfcamp formation comprised of the N/2 of Section 23 and the N/2 of Section 24, Township 25 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit will be dedicated to the Oxbow 23/24 W1DA Fed. Com. Well No. 1H and the Oxbow 23/24 W2DA Fed. Com. Well No. 2H, horizontal wells with surface locations in the NW/4NW/4 of Section 23, and bottomhole locations in the NE/4NE/4 of Section 24. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 10-1/2 miles southeast of Malaga, New Mexico.

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