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May 15, 2018

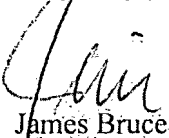
Case 16208

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 June 14, 2018 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Mewbourne Oil Company

Parties Notified

Texas & New Mexico Exploration LLC
c/o Apache Corporation
303 Veterans Airpark Lane
Midland, Texas 79705

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 16208

APPLICATION

Mewbourne Oil Company applies for an order (i) approving a 640-acre non-standard spacing and proration unit in the Wolfcamp formation comprised of the E½ of Section 25 and the E½ of Section 36, Township 23 South, Range 26 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 E½ of Section 25 and the E½ of Section 36, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the following wells:
 - (a) The Ghost rider 25/36 W0AP Fed. Com. Well No. 1H; and
 - (b) The Ghost rider 25/36 W0AP Fed. Com. Well No. 2H.

Both wells will be drilled to a depth sufficient to test the Wolfcamp formation. The wells are horizontal wells, with surface locations in the NE¼NE¼ of Section 25, and bottomhole locations in the SE¼SE¼ of Section 36. The producing interval of each well will be orthodox. Applicant has dedicated the E½ of Section 25 and the E½ of Section 36 to the wells to form a non-standard 640-acre gas spacing and proration unit (project area) in the Wolfcamp formation (Purple Sage-Wolfcamp Gas Pool).

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 25 and the E½ of Section 36 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 E½ of Section 25 and the E½ of Section 36, pursuant to NMSA 1978 §§70-2-17, 18.

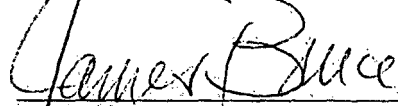
5. Approval of the non-standard spacing and proration unit, and the pooling of all mineral interests in the Wolfcamp formation underlying the E½ of Section 25 and the E½ of Section 36, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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 E½ of Section 25 and the E½ of Section 36;
- B. Pooling all mineral interests in the Wolfcamp formation underlying the E½ of Section 25 and the E½ of Section 36;
- 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 wells.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", written over a horizontal line.

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

Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 16208:

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 E/2 of Section 25 and the E/2 of Section 36, Township 23 South, Range 26 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 (i) the Ghost rider 25/36 W0AP Fed. Com. Well No. 1H, and (ii) the Ghost rider 25/36 W0AP Fed. Com. Well No. 2H. Both wells are horizontal wells with surface locations in the NE/4NE/4 of Section 25, and bottomhole locations in the SE/4SE/4 of Section 36. 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 8-1/2 miles west-southwest of Loving, New Mexico.

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