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May 29, 2018

Case 16236

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 28, 2018 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Mewbourne Oil Company

Parties Notified

1. Bird 2000 Limited Partnership
P.O. Box 164009
Fort Worth, TX 76161
2. McKay Living Trust dated July 2, 1982
P.O. Box 2014
Roswell, NM 88202
3. Roy L. McKay
P.O. Box 2014
Roswell, NM 88202
4. Quaestor Corporation
1039 N. Interstate 35E Ste 301
Carrollton, TX 75006
-or-
2243 Valwood Parkway
Farmers Branch, TX 75234
(Last known addresses)
(Publish notice)
5. EOG Resources, Inc.
5509 Champions Drive
Midland, TX 79706
Attn: Land Manager
6. Costilla Energy, Inc.
P.O. Box 10369
Midland, TX 79702
-or-
400 W Illinois, Suite 1000
Midland, TX 79701
(Last known addresses)
(Publish notice)
7. Stratco Operating Company, Inc.
400 Buckeye Trail
Austin, TX 78746
8. Wesley Keith Roberts
418 Forest Hills Drive
League City, TX 77573
9. The Karen Roberts Special Needs Trust
891 Winding Trail
Holly Lake Ranch, TX 75765

10. Darrell Holder Roberts
1823 Laurel Oaks Dr.
Richmond, TX 77469-4836
11. Successors and assigns of H.F. Grooms, Pearl Grooms, Ruth Ann Farrer, James Franklin Farrer,
Betty Jo Farrer and William A. Behymer
(Address unknown)
(Publish notice)
12. Successors and assigns of Emily L. Asmus and Almeta C. Asmus
(Address unknown)
(Publish notice)
13. The Malaga Cemetery Association
(Address unknown)
(Publish notice)
14. Heirs and/or devisees of R. C. Roberts, deceased
Address Unknown
Last Known Address: P.O. Box 640, Gilmer, TX 75644 (returned unclaimed)
(Publish Notice)

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 16.236

APPLICATION

Mewbourne Oil Company applies for an order (i) approving a non-standard spacing and proration unit in the Wolfcamp formation comprised of the S $\frac{1}{2}$ of Section 9 and the S $\frac{1}{2}$ of Section 8, Township 24 South, Range 28 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 S $\frac{1}{2}$ of Section 9 and the S $\frac{1}{2}$ of Section 8, and has the right to drill a well thereon.
2. Applicant proposes to drill the Chicago 9/8 W01L Fee Well No. 1H to a depth sufficient to test the Wolfcamp formation. The well is a horizontal well, with a surface location in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of 9, and a terminus in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 8. The beginning and end of the producing interval will be orthodox. Applicant seeks to dedicate the S $\frac{1}{2}$ of Section 9 and the S $\frac{1}{2}$ of Section 8 to the well 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 S $\frac{1}{2}$ of Section 9 and the S $\frac{1}{2}$ of Section 8 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 S½ of Section 9 and the S½ of Section 8, 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 S½ of Section 9 and the S½ of Section 8, 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 S½ of Section 9 and the S½ of Section 8;
- B. Pooling all mineral interests in the Wolfcamp formation underlying the S½ of Section 9 and the S½ of Section 8;
- 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,

A handwritten signature in cursive script, appearing to read "James Bruce", is 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. 16236:

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 S/2 of Section 9 and the S/2 of Section 8, Township 24 South, Range 28 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 Chicago 9/8 W0IL Fee Well No. 1H, a horizontal well with a surface locations in the SE/4NE/4 of Section 9, and a bottomhole location in the NW/4SW/4 of Section 8. 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 2 miles west-northwest of Malaga, New Mexico.

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