

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 16186

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 S/2NW/4 of Section 29 and the S/2N/2 of Section 30, Township 18 South, Range 29 East, N.M.P.M., Eddy 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 S/2NW/4 of Section 29 and the S/2N/2 of Section 30, and has the right to drill a well thereon.
2. Applicant proposes to drill its Pavo Frio 29/30 B2FE Fed. Com. Well No. 1H to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the S/2NW/4 of Section 29 and the S/2N/2 of Section 30 to the well to form a non-standard 240 acre oil spacing and proration unit (project area) in the Bone Spring formation. The well is a horizontal well, with a surface location in the SW/4NE/4 of Section 29, and a terminus in the SW/4NW/4 of Section 30.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation in the S/2NW/4 of Section 29 and the S/2N/2 of Section 30 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.

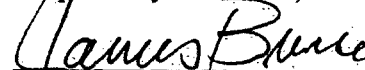
Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation in the S/2NW/4 of Section 29 and the S/2N/2 of Section 30, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit, and the pooling of all mineral interests in the Bone Spring formation underlying the S/2NW/4 of Section 29 and the S/2N/2 of Section 30, 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 S/2NW/4 of Section 29 and the S/2N/2 of Section 30;
- B. Pooling all mineral interests in the Bone Spring formation underlying the S/2NW/4 of Section 29 and the S/2N/2 of Section 30;
- 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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