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October 1, 2018

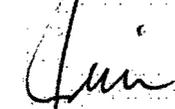
Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 16498

Dear Florene:

Enclosed for filing, on behalf of Mewbourne Oil Company, are an application for compulsory pooling, together with a proposed advertisement. Please set the application for the November 1, 2018 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.**Case No. 16498**APPLICATION**

Mewbourne Oil Company applies for an order pooling all mineral interests in the Wolfcamp formation in a horizontal spacing unit comprised of the W/2 of Section 2 and the NW/4 of Section 11, Township 24 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the NE/4 of Section 21 and the W/2 of Section 2 and the NW/4 of Section 11, and has the right to drill a well or wells thereon.

2. Applicant proposes to drill the following wells to test the Wolfcamp formation:

(a) The South Loving 2/11 W0CF State Well No. 1H, a horizontal well with a first take point in the NE/4NW/4 of 2 and a final take point in the SE/4NW/4 of Section 11;
and

(b) The South Loving 2/11 W0DE State Well No. 1H, a horizontal well with a first take point in the NW/4NW/4 of 2 and a final take point in the SW/4NW/4 of Section 11.

Applicant will dedicate the W/2 of Section 2 and the NW/4 of Section 11 to the wells to form a 480 acre horizontal spacing unit 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 W/2 of Section 2 and the NW/4 of Section 11 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 wells or to otherwise commit their interests to

the wells, 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 W/2 of Section 2 and the NW/4 of Section 11, pursuant to NMSA 1978 §§70-2-17.

5. The pooling of all mineral interests in the Wolfcamp formation underlying the W/2 of Section 2 and the NW/4 of Section 11 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. Pooling all mineral interests in the Wolfcamp formation underlying the W/2 of Section 2 and the NW/4 of Section 11;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling and completing the wells, and allocating the cost among the wells' working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. 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,



James Bruce
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Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 16498 :

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.
Mewbourne Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the W/2 of Section 2 and the NW/4 of Section 11, Township 24 South, Range 27 East, NMPM. The unit will be dedicated to: (i) the South Loving 2/11 WOCF State Well No. 1H, a horizontal well with a first take point in the NE/4NW/4 of 2 and a final take point in the SE/4NW/4 of Section 11; and (ii) the South Loving 2/11 WODE State Well No. 1H, a horizontal well with a first take point in the NW/4NW/4 of 2 and a final take point in the SW/4NW/4 of Section 11. 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 6 miles northeast of Black River Village, New Mexico.

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