BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.   Case No. _2O112_____

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests in the Wolfcamp formation underlying a 640-acre horizontal spacing unit comprised of the E/2 of Section 1, Township 26 South, Range 29 East, N.M.P.M., and the E/2 of Section 36, Township 25 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1.   Applicant is an interest owner in the E/2 of Section 1 and the E/2 of Section 36, and has the right to drill a well or wells thereon.

2.   Applicant proposes to drill the following wells:

(a)   The Buffalo Trace 1/36 W1PA Fed. Com. Well No. 1H; and

(b).   The Buffalo Trace 1/36 W1PA Fed. Com. Well No. 2H.

Both wells will be drilled to a depth sufficient to test the Wolfcamp formation (Purple Sage-Wolfcamp Gas Pool). The wells are horizontal wells, with surface locations in the NE/4NE/4 of adjoining Section 12, a first take point in the SE/4SE/4 of Section 1, and final take point in the NE/4NE/4 of Section 36.

3.   Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2 of Section 1 and the E/2 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
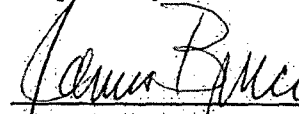
the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying the E/2 of Section 1 and the E/2 of Section 36, pursuant to NMSA 1978 §70-2-17.

5.   The pooling of all mineral interests in the Wolfcamp formation underlying the E/2 of Section 1 and the E/2 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.   Pooling all mineral interests in the Wolfcamp formation underlying the E/2 of Section 1 and the E/2 of Section 36;

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

Attorney for Mewbourne Oil Company

2

PROPOSED ADVERTISEMENT

Case No. _____:

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.
Mewbourne Oil Company seeks an order pooling of all mineral interests in the Wolfcamp formation underlying a 640-acre horuizontal spacing unit comprised of the E/2 of Section 1, Township 26 South, Range 29 East, NMPM, and the E/2 of Section 36, Township 25 South, Range 29 East, NMPM. The unit will be dedicated to (i) the Buffalo Trace 1/36 W1PA Fed. Com. Well No. 1H, and (ii) the Buffalo Trace 1/36 W1PA Fed. Com. Well No. 2H. Both wells are horizontal wells with surface locations in the NE/4NE/4 of adjoining Section 12, first take points in the SE/4SE/4 of Section 1, and final take points in the NE/4NE/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 miles northeast of where U.S. Highway 285 crosses the New Mexico – Texas state line.