

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF MEWBOURNE OIL
COMPANY FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case No. 20148
DEC 05 2018 AM 11:43

APPLICATION

Pursuant to NMSA § 70-2-17, Mewbourne Oil Company ("Mewbourne") applies for an order pooling all uncommitted interests in the Bone Spring formation in a standard 240-acre horizontal spacing unit comprised of the W/2 NW/4 of Section 25 and the W/2 W/2 of Section 24, Township 21 South, Range 34 East in Lea County, New Mexico. In support of its Application, Mewbourne states:

1. Mewbourne (OGRID No. 14744) is a working interest owner in the W/2 NW/4 of Section 25 and the W/2 W/2 of Section 24 and has the right to drill a well thereon.
2. The horizontal spacing unit will be dedicated to Mewbourne's proposed Dolly Varden 25/24 B2ED State Com #1H well, which will be horizontal drilled from a surface location in Unit E in Section 25 to a last take point in Unit D in Section 24.
3. The completed interval for the well will be orthodox.
4. Mewbourne has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well, but has been unable to obtain voluntary agreements from all of the mineral interest owners.
5. The pooling of those uncommitted mineral interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to allow Mewbourne to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted mineral interests in the horizontal spacing unit should be pooled.

WHEREFORE, Mewbourne requests that this application be set for hearing on January 10, 2019 and that, after notice and hearing, the Division enter an order:

A. Pooling all uncommitted mineral interests in the Bone Spring formation in the W/2 NW/4 of Section 25 and the W/2 W/2 of Section 24;

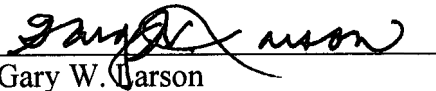
B. Designating Mewbourne as the operator of the Dolly Varden 25/24 B2ED State Com #1H well;

C. Authorizing Mewbourne to recover its costs of drilling, equipping, and completing the Dolly Varden 25/24 B2ED State Com #1H well and allocating the costs among the well's working interest owners;

D. Approving the actual operating charges and costs of supervision during drilling and after completion, together with a provision for adjusting the rates pursuant to the COPAS accounting procedure; and

E. Imposing a 200% penalty for the risk assumed by Mewbourne in drilling and completing the Dolly Varden 25/24 B2ED State Com #1H well against any working interest owner who does not voluntarily participate in the drilling of the well.

HINKLE SHANOR LLP



Gary W. Larson

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

glarson@hinklelawfirm.com

Counsel for Mewbourne Oil Company

PROPOSED NOTICE

Case No. _____: Application of Mewbourne Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all uncommitted mineral interests in the Bone Spring formation in a standard 240-acre horizontal spacing unit comprised of the W/2 NW/4 of Section 25 and the W/2 W/2 of Section 24, Township 21 South, Range 34 East in Lea County. The horizontal spacing unit will be dedicated to the proposed Dolly Varden 25/24 B2ED State Com #1 H well, which will be horizontally drilled from a surface location in Unit E in Section 25 to a last take point in Unit D in Section 24, Township 21 South, Range 34 East. The completed interval for the well will be orthodox. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs, the designation of Mewbourne Oil Company as the operator of the well, and a 200% charge for the risk involved in drilling and completing the wells. The location of the well is approximately 12.5 miles west of Eunice, New Mexico.

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