

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.**Case No. 20249**APPLICATION**

Mewbourne Oil Company applies for an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2N/2 of Section 17 and Lots 5, 6 and N/2NE/4 (the N/2N/2) of Section 18, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the N/2N/2 of Section 17 and the N/2N/2 of Section 18, and has the right to drill a well thereon.
2. Applicant proposes to drill the Little Rascals 17/18 B3AD Fed. Com. Well No. 1H to a depth sufficient to test the Bone Spring formation, and to dedicate N/2N/2 of Section 17 and the N/2N/2 of Section 18 (containing 230.77 acres) thereto. The well is a horizontal well with a first take point in the NE/4NE/4 of 17 and a final take point in the NW/4NW/4 of Section 18.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N/2N/2 of Section 17 and the N/2N/2 of Section 18 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

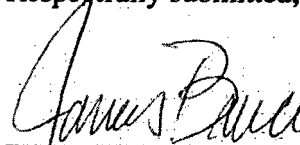
formation underlying the N/2N/2 of Section 17 and the N/2N/2 of Section 18, pursuant to NMSA 1978 §§70-2-17.

5. The pooling of all mineral interests in the Bone Spring formation underlying the N/2N/2 of Section 17 and the N/2N/2 of Section 18 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 Bone Spring formation underlying the N/2N/2 of Section 17 and the N/2N/2 of Section 18;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the wells, and allocating the cost thereof among the well's 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 well 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

PROPOSED ADVERTISEMENT

Case No. _____:

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.

Mewbourne Oil Company seeks an order pooling all mineral interests in the Bone Spring formation in a horizontal spacing unit comprised of the N/2N/2 of Section 17 and the N/2N/2 of Section 18, Township 22 South, Range 28 East, NMPM. The unit will be dedicated to the Little Rascals 17/18 B3AD Fed. Com. Well No. 1H, a horizontal well a first take point in the NE/4NE/4 of Section 17 and a final take point in the NW/4NW/4 of Section 18. 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 6 miles east-southeast of Carlsbad, New Mexico.

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PARTIES NOTIFIED

**Marathon Oil Permian LLC
5555 San Felipe Street
Houston, Texas 77056
Attn: Land Manager**

**Devon Energy Production Company, L.P.
333 W. Sheridan Ave.
Oklahoma City, OK 73102
Attn: Land Manager**

**XTO Energy Inc.
22777 Springwoods Village Pkwy.
Spring, Texas 77389
Attn: Land Manager**

**Maverick Oil & Gas Corp
C/O Kimbrough Engineering Co.
1001 W. Wall Street
Midland, TX 79701
Attn: Land Manager**