

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MEWBOURNE OIL COMPANY
TO RE-OPEN CASE NO. 16001 FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

Case No. 16001 (re-opened)

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the SW/4 of Section 25 and the W/2 of Section 36, Township 24 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 SW/4 of Section 25 and the W/2 of Section 36, 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 Fleetwood 36/25 W0ML State Com. Well No. 1H, a horizontal well with a first take point in the SW/4SW/4 of Section 36 and a final take point in the NW/4SW/4 of Section 25; and
 - (b) The Fleetwood 36/25 W2ML State Com. Well No. 2H, a horizontal well with a first take point in the SW/4SW/4 of Section 36 and a final take point in the NW/4SW/4 of Section 25.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SW/4 of Section 25 and the W/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 wells or to otherwise commit their interests to

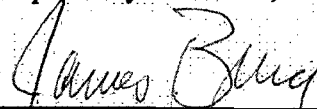
the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners underlying the Wolfcamp formation in the SW/4 of Section 25 and the W/2 of Section 36, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Wolfcamp formation underlying the SW/4 of Section 25 and the W/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 SW/4 of Section 25 and the W/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,



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PROPOSED ADVERTISEMENT

Case No. 16001 (re-opened):

Application of Mewbourne Oil Company to re-open Case No. 16001 for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying a 480 acre horizontal spacing unit underlying the W/2 of Section 36 and the SW/4 of Section 25, Township 24 South, Range 28 East, NMPM. The unit will be dedicated to: (i) the Fleetwood 36/25 W0ML State Com. Well No. 1H, with a first take point in the SW/4SW/4 of Section 36 and a final take point in the NW/4SW/4 of Section 25; and (ii) the Fleetwood 36/25 W2ML State Com. Well No. 2H, with a first take point in the SW/4SW/4 of Section 36 and a final take point in the NW/4SW/4 of Section 25. Also to be considered will be the designation of applicant as operator of the wells. The unit is located approximately 4 miles south-southeast of Malaga, New Mexico.

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SCANNED