

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 20299

APPLICATION

Mewbourne Oil Company applies for an order) pooling all mineral interests in the Bone Spring formation underlying a horizontal unit in the Bone Spring formation comprised of the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 22, Township 23 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

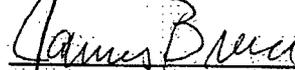
1. Applicant is an interest owner in the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 22, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the following wells to test the Bone Spring formation:
(a) the Gazelle 22 B3NC Fed. Com. Well No. 1H, with a first take point in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ and a final take point in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 22; and (b) the Gazelle 22 B2NC Fed. Com. Well No. 2H, with a first take in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ and a last take point in the NE $\frac{1}{4}$ NW, of Section 22.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 22 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 Bone Spring formation underlying the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 22, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Bone Spring formation underlying the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 22 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 E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 22;
- 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

PROPOSED ADVERTISEMENT

Case No. 20299 :

Application of Mewbourne Oil Company for compulsory pooling, Lea County, New Mexico.
Mewbourne Oil Company seeks an order pooling of all mineral interests in the Bone Spring formation underlying a 160-acre horizontal spacing unit comprised of the E/2W/2 of Section 22, Township 23 South, Range 34 East, NMPM. The unit will be dedicated to (a) the Gazelle 22 B3NC Fed. Com. Well No. 1H, a horizontal well with a first take point in the SE/4SW/4 and a final take point in the NE/4NW/4 of Section 22, and (b) the Gazelle 22 B2NC Fed. Com. Well No. 2H, a horizontal well with a first take point in the SE/4SW/4 and a final take point in the NE/4NW/4 of Section 22. 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 well. The unit is located approximately 18-1/2 miles southwest of Oil Center, New Mexico.

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