

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 20495

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 $\frac{1}{2}$ S $\frac{1}{2}$ of Section 9 and the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 10, Township 20 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 N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 9 and the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 10, and has the right to drill a well thereon.
2. Applicant proposes to drill the Perazzi 9-10 B2LI Fed. Com. Well No. 1H to a depth sufficient to test the Bone Spring formation, and dedicate the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 9 and the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 10 to the well. The well is a horizontal well, with a first take point in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 9 and a final take point in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 10.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 9 and the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 10 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

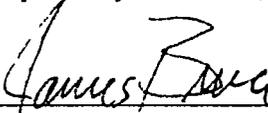
formation underlying N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 9 and the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 10, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Bone Spring formation underlying the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 9 and the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 10 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 $\frac{1}{2}$ S $\frac{1}{2}$ of Section 9 and the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 10;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost 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 well.

Respectfully submitted,



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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 of all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2S/2 of Section 9 and the N/2S/2 of Section 10, Township 20 South, Range 29 East, NMPM. The unit will be dedicated to the Perazzi 9-10 B2LI Fed. Com. Well No. 1H, a horizontal well with a first take point in the NW/4SW/4 of Section 9, and a final take point in the NE/4SE/4 of Section 10. 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 15 miles east-southeast of Lakewood, New Mexico.