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2009 MAR 3 PM 2 44

March 2, 2009

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Case 14297

Dear Florene:

Enclosed for filing, on behalf of Mewbourne Oil Company, are an original and one copy of an application for compulsory pooling, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set the application for the March 31, 2009 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

Parties Being Pooled

ConocoPhillips Company
3WL-14066
600 North Dairy Ashford Street
Houston, Texas 77079

Attention: Tom J. Scarborough

BP America Production Company
501 Westlake Boulevard
Houston, Texas 77079

Attention: J.P. Adams

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

2008 MAR 3 PM 2 44

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

Case No. 14297

APPLICATION

ORDER
14744

Mewbourne Oil Company applies for an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the N $\frac{1}{2}$ of Section 11, Township 17 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 $\frac{1}{2}$ of Section 11, and has the right to drill a well thereon.

30-05-37009

2. Applicant proposes to drill its Orca "11" Fed. Com. Well No. 1, at an orthodox location in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 11, to a depth sufficient to test the Morrow formation, and seeks to dedicate the N $\frac{1}{2}$ of Section 11 to the well to form a standard 320 acre gas spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated Grayburg-Morrow Gas Pool.

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3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ of Section 11 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 N $\frac{1}{2}$ of Section 11, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the N¹/₂ of Section 11 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 N¹/₂ of Section 11, from the top of the Wolfcamp formation to the base of the Morrow formation;
- 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,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 14297 :

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.
Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 11, Township 17 South, Range 29 East, NMPM, to form a standard 320-acre gas spacing and proration unit for all pools or formations developed on 320-acre spacing within that vertical extent, including the Undesignated Grayburg-Morrow Gas Pool. The unit will be dedicated to the proposed Orca "11" Fed. Com. Well No. 1, to be drilled at an orthodox location in the NE/4NW/4 of Section 11. 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 4-1/2 miles northwest of Loco Hills, New Mexico.

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