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11831

July 29, 1997

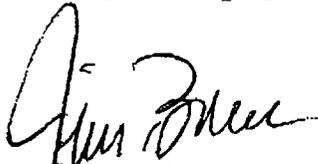
Via Fax

Florene Davidson
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed are an application for compulsory pooling, together with a proposed advertisement, filed on behalf of Mewbourne Oil Company. Please set this application for the August 21st hearing. Thank you.

Very truly yours,



James Bruce

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

No. 11831

APPLICATION

Mewbourne Oil Company hereby applies for an order pooling all mineral interests from 5000 feet beneath the surface to the base of the Morrow formation underlying Lots 3, 4, S $\frac{1}{2}$ NW $\frac{1}{4}$, and SW $\frac{1}{4}$ (the W $\frac{1}{2}$) of Section 4, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Applicant is a working interest owner in the W $\frac{1}{2}$ of said Section 4, containing 320.36 acres, and has the right to drill a well thereon.

2. Applicant proposes to drill its Scoggin Draw "4" State Com. Well No. 1, at an orthodox location 2310 feet from the South line and 660 feet from the West line of the Section, to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) The W $\frac{1}{2}$ of Section 4 for all pools or formations spaced on 320 acres, including the Empire-Pennsylvanian Gas Pool and the Undesignated North Illinois Camp-Morrow Gas Pool;

(b) The SW $\frac{1}{4}$ of Section 4 for all pools or formations spaced on 160 acres; and

(c) The N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 4 for all pools or formations spaced on 80 acres, including the undesignated Travis-Upper Pennsylvanian Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$ of Section 4 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 W $\frac{1}{2}$ of Section 4, pursuant to N.M. Stat. Ann. § 70-2-17 (1995 Repl. Pam.).

5. The pooling of all mineral interests underlying the W $\frac{1}{2}$ of Section 4, as set forth above, 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 W $\frac{1}{2}$ of Section 4, from 5000 feet beneath the surface 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 thereof among the well's working interest owners;
- (d) Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates per the COPAS accounting procedure;

- (e) Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well; and
- (f) Granting such further relief as the Division deems proper.

Respectfully submitted,



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

Attorney for Mewbourne Oil
Company

PROPOSED ADVERTISEMENT

Case 11831: Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 5000 feet beneath the surface to the base of the Morrow formation underlying the following described acreage in Section 4, Township 18 South, Range 28 East, NMPM, and in the following manner: Lots 3, 4, S $\frac{1}{2}$ NW $\frac{1}{4}$, and SW $\frac{1}{4}$ (the W $\frac{1}{4}$) to form a standard 320.36-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Empire-Pennsylvanian Gas Pool and the Undesignated North Illinois Camp-Morrow Gas Pool; the SW $\frac{1}{4}$ to form a standard 160-acre gas spacing and proration unit for any formations and/or pools spaced on 160-acre spacing within said vertical extent; and the N $\frac{1}{2}$ SW $\frac{1}{4}$ to form a standard 80-acre oil spacing and proration unit for any formations and/or pools spaced on 80 acres within said vertical extent, including the Undesignated Travis-Upper Pennsylvanian Pool. Said units are to be dedicated to applicant's Scoggin Draw "4" State Com. Well No. 1, located 2310 feet from the South line and 660 feet from the West line (Unit L) of said Section 4. Also to be considered will be the cost of drilling and completing said 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 charge for the risk involved in drilling and the well. Said unit is located approximately 13 miles Southeast of Artesia, New Mexico.