

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 11956
Order No. R-10974**

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 2, 1998 at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 15th day of April, 1998, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) This case was styled such that "In the absence of objection, this matter will be taken under advisement". Legal counsel appeared on behalf of the applicant in this case and presented as evidence an "Affidavit Regarding Notice". No other party appeared or entered an appearance in this case.

(3) The applicant, Mewbourne Oil Company, seeks an order pooling all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 35, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico, thereby forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320 acres within said vertical extent, which presently includes but is not necessarily limited to the North Black River-Atoka Gas Pool and the South Carlsbad-Morrow Gas Pool. Said unit is to be dedicated to the applicant's existing Black River "35" State Com Well No. 1, located at a previously approved unorthodox Morrow location (approved by Division Order No. NSL-3831) 760 feet from the North line and 1650 feet from the West line (Unit C) of Section 35.

(4) The applicant has the right to drill and has drilled and completed the Black River "35" State Com Well No. 1 in the Morrow formation.

(5) According to the evidence, the applicant seeks to pool the interest of Natomas North America (Natomas), which may currently be known as Maxus Bulgaria, Inc. (Maxus), which owns a record title interest (but no operating rights) in State of New Mexico Oil & Gas Lease No. K-3328-2, covering the SW/4 NE/4 and SE/4 NW/4 of Section 35.

(6) Natomas is not liable for any of the costs of drilling the subject well, however, state regulations require record title owners of state leases to execute communitization agreements.

(7) The evidence further indicates that the applicant has thus far been unable to locate Natomas (or Maxus). As a result, the applicant requests an order pooling this party so that the Commissioner of Public Lands for the State of New Mexico will approve a communitization agreement for the subject well.

(8) To avoid the drilling of unnecessary wells, to protect correlative rights, to prevent waste, and to afford to the owner of each royalty interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of hydrocarbon production within the Wolfcamp and/or Pennsylvanian formations, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(9) Mewbourne Oil Company should be designated the operator of the subject well and unit.

(10) All proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(11) Should all the parties to this force-pooling reach voluntary agreement subsequent to entry of this order, this order should thereafter be of no further effect.

(12) The operator of the well and unit should notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

IT IS THEREFORE ORDERED THAT:

(1) All mineral interests, whatever they may be, from the base of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 35, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico, are hereby pooled thereby forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320 acres within said vertical extent, which presently includes but is not necessarily limited to the North Black River-Atoka Gas Pool and the South Carlsbad-Morrow Gas Pool. Said unit shall be dedicated to the existing Black River "35" State Com Well No. 1, located at a previously approved unorthodox Morrow location (approved by Division Order No. NSL-3831) 760 feet from the North line and 1650 feet from the West line (Unit C) of Section 35.

(2) Mewbourne Oil Company is hereby designated the operator of the subject well and unit.

(3) Any well costs or charges which are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(4) All proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; the operator shall notify the Division of the name and address of said escrow agent within 90 days from the date of first deposit with said escrow agent.

(5) Should all the parties to this force-pooling reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(6) The operator of the subject well and unit shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

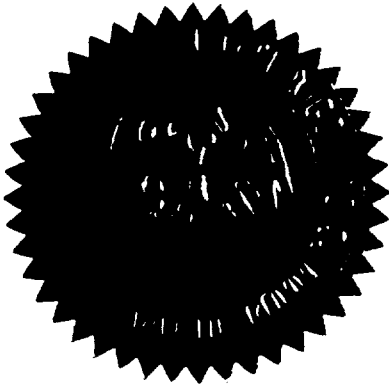
(7) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director



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