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July 27, 1999

Via Fax

Florene Davidson
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 matter for the August 19, 1999 hearing.** I will hand deliver the originals to you tomorrow. Thank you.

Very truly yours,



James Bruce

Attorney for Mewbourne
Oil Company

OIL CONSERVATION DIV.

SO JUN 28 PM 2:14

12233

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

OIL CONSERVATION DIV.

99 JUN 28 PM 2:14

APPLICATION OF MEWBOURNE OIL
COMPANY FOR COMPULSORY POOLING
AND A NON-STANDARD GAS SPACING
AND PRORATION UNIT, EDDY COUNTY,
NEW MEXICO.

No. 12233

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 3, 4, E $\frac{1}{2}$ SW $\frac{1}{4}$, and the SE $\frac{1}{4}$ (S $\frac{1}{2}$ equivalent) of Section 18, Township 17 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and forming a non-standard gas spacing and proration unit, and in support thereof, states:

1. Applicant is a working interest owner in the S $\frac{1}{2}$ of Section 18, and has the right to drill a well thereon.

2. Applicant proposes to drill its Empire "18" State Com. Well No. 1, at an unorthodox gas well location 1650 feet from the south line and 990 feet from the east line of the section,¹ to a depth sufficient to test the Morrow formation (approximately 10,800 feet subsurface), and seeks to dedicate the following acreage to the well:

(a) The S $\frac{1}{2}$ of Section 18 for all pools or formations spaced on 320 acres, including the Undesignated Empire-Atoka Gas Pool and the South Empire-Morrow Gas Pool, to form a non-standard gas spacing and proration unit comprising 293.96 acres; and

(b) The SE $\frac{1}{4}$ of Section 18 for all pools or formations spaced on 160 acres, to form a standard 160 acre gas spacing and

¹The location was approved by Division Administrative Order NSL-4319.

proration unit.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 18 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 S½ of Section 18, pursuant to NMSA 1978 §70-2-17 (1996 Supp.).

5. The pooling of all mineral interests underlying the S½ of Section 18, 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 S½ of Section 18, as set forth above, from 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 as provided in 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,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

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

Attorney for Mewbourne Oil Company

OIL CONSERVATION DIV.

PROPOSED ADVERTISEMENT

99 JUN 28 PM 2:14 / 2233
Case

Application of Mewbourne Oil Company for compulsory pooling and a non-standard gas spacing and proration unit, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 18, Township 17 South, Range 29 East, NMPM, and in the following manner: Lots 3, 4, E $\frac{1}{2}$ SW $\frac{1}{4}$, and SE $\frac{1}{4}$ (S $\frac{1}{2}$ equivalent) to form a non-standard 293.96-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Empire Atoka-Gas Pool and South Empire-Morrow Gas Pool; and the SE $\frac{1}{4}$ to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent. Said units are to be dedicated to applicant's Empire "18" State Com. Well No. 1, located 1650 feet from the south line and 990 feet from the east line (Unit I) of said Section 18. 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 completing the well. Said unit is located approximately 8 miles west-northwest of Loco Hills, New Mexico.