

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

No. 12871

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests from the base of the Bone Spring formation to the base of the Atoka formation underlying the W $\frac{1}{2}$ of Section 26, Township 24 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 Section 26, and has the right to drill a well thereon.

2. Applicant proposes to drill its Willow Lake "26" Fee Com. Well No. 1, at an orthodox gas well location in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of the section (Unit M), to a depth sufficient to test the Atoka formation, and seeks to dedicate the W $\frac{1}{2}$ of Section 26 to the well to form a standard 320 acre gas spacing and proration unit for any and all formations and/or pools developed on 320 acre spacing within that vertical extent, including the Salt Draw-Atoka Gas 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 26 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

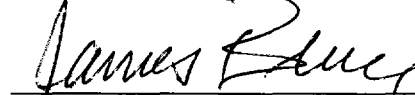
dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the W½ of Section 26, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the W½ of Section 26 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 W½ of Section 26 from the base of the Bone Spring formation to the base of the Atoka 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 pursuant to the COPAS accounting procedure; and
- 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.

Respectfully submitted,



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

Attorney for Mewbourne Oil Company