

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MEWBOURNE OIL  
COMPANY FOR COMPULSORY POOLING  
AND AN UNORTHODOX OIL WELL  
LOCATION, EDDY COUNTY, NEW MEXICO.

No. 12930

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral leasehold interests from the surface to the base of the Atoka formation underlying the S $\frac{1}{2}$  of Section 35, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and approving an unorthodox oil well location, and in support thereof, states:

1. Applicant is a working interest owner in the S $\frac{1}{2}$  of Section 35, and has the right to drill a well thereon.

2. Applicant proposes to drill its Layla "35" Fee Com. Well No. 1, at an unorthodox oil well location/orthodox gas well location 1650 feet from the south line and 1241 feet from the east line of the section (Unit I), to a depth sufficient to test the Atoka formation, and seeks to dedicate the following acreage to the well:

(a) The NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 35 to form a standard 40 acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated Malaga-Bone Spring Pool;

(b) The N $\frac{1}{2}$ SE $\frac{1}{4}$  of Section 35 to form a standard 80 acre oil spacing and proration unit for any formations and/or pools developed on 80 acre spacing within that vertical extent, including the Undesignated South Culebra Bluff-Bone Spring Pool;

(c) The SE¼ of Section 35 to form a standard 160 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent; and

(d) The S½ of Section 35 to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated South Culebra Bluff-Wolfcamp Gas Pool, Undesignated South Culebra Bluff-Strawn Gas Pool, and South Culebra Bluff-Atoka Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral leasehold interest owners in the S½ of Section 35 for the purposes set forth herein.

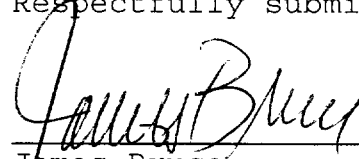
4. Although applicant attempted to obtain voluntary agreements from all mineral leasehold interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral leasehold interest owners in the S½ of Section 35, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral leasehold interests underlying the S½ of Section 35, and approval of the unorthodox oil well location, 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 leasehold interests in the S½ of Section 35 from the surface 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 the 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,



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