

**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. 12760
ORDER NO. R-11707**

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on November 15, 2001 and at 8:15 a.m. on December 6, 2001, at Santa Fe, New Mexico, before Examiner David K. Brooks.

NOW, on this 15th day of January, 2002, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) Mewbourne Oil Company. ("Applicant"), seeks an order pooling all uncommitted mineral interests from the base of the Grayburg to the base of the Morrow formation underlying the E/2 of Section 18, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico, in the following manner:

The E/2, forming a standard 320-acre gas spacing and proration unit (the "Unit") for all formations or pools spaced on 320 acres within this vertical extent, which presently include, but are not necessarily limited to, the Undesignated West Millman-Wolfcamp Gas Pool, Millman-Strawn Gas Pool and Undesignated South Millman-Morrow Gas Pool.

(3) The above-described unit (the Unit) is to be dedicated to Applicant's Remington 18 State Com. Well No. 1, which has been drilled at a standard gas well location within the NW/4 SE/4 of Section 18.

(4) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(5) Applicant is an owner of an oil and gas working interest within the Unit. Applicant has the right to drill and has drilled its Remington 18 State Com. Well No. 1 (the "well") to a common source of supply at a standard well location within the NW/4 SE/4 of Section 18.

(6) There are interest owners in the proposed unit that have not agreed to pool their interests.

(7) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense its just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas within the Unit.

(8) Applicant should be designated the operator of the well and of the Unit.

(9) All of the owners of operating rights or working interests in the Unit have voluntarily agreed to pool their interests in the Unit. The parties whose interests remain to be pooled pursuant to this order own only bare record title to a State of New Mexico oil and gas lease covering a part of the Unit. Accordingly no provision need be made for recovery of well costs, allowance for risk or charges for supervision.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Mewbourne Oil Company, all uncommitted interests, whatever they may be, in the oil and gas from the base of the Grayburg to the base of the Morrow formation underlying the E/2 of Section 18, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, are hereby pooled, as follows:

The E/2, forming a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent which presently include but are not necessarily limited to the Undesignated West Millman-Wolfcamp Gas Pool, Millman-Strawn Gas Pool and Undesignated South Millman-Morrow Gas Pool.

The Unit shall be dedicated to Applicant's Remington 18 State Com. Well No. 1, which has been drilled to the Morrow formation at a standard well location within the NW/4 SE/4 of Section 18.

(2) Applicant is hereby designated the operator of the well and of the Unit.

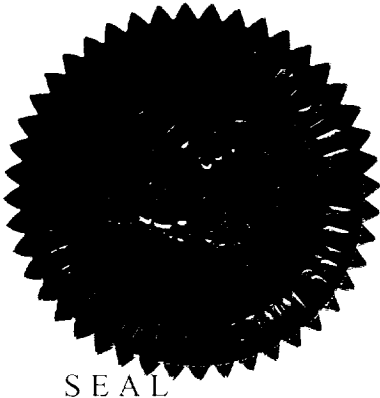
(3) All proceeds from production from the well that are not disbursed for any reason shall be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership. The operator shall notify the Division of the name and address of the escrow agent within 30 days from the date of first deposit with the escrow agent.

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

(5) The operator of the well and Unit shall notify the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

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

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



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery".

LORI WROTENBERY
Director