

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. _____

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests in the Third Bone Spring Sand formation¹ underlying a horizontal spacing unit comprised of the S/2N/2 of Section 26 and the S/2N/2 of Section 25, Township 19 South, Range 29 East, N.M.P.M., and Lot 2 and the SE/4NW/4 (the S/2NW/4) of Section 30, Township 19 South, Range 30 East, N.M.P.M., all in Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the S/2N/2 of Section 26, the S/2N/2 of Section 25, and the S/2NW/4 of Section 30, and has the right to drill a well thereon.
2. Applicant proposes to drill the Hemingway 26/30 B3EF Fed. Com. Well No. 1H to a depth sufficient to test the Third Bone Spring Sand formation, and to dedicate the S/2N/2 of Section 26, the S/2N/2 of Section 25, and the S/2NW/4 of Section 30 thereto. The well is a horizontal well with a first take point in the SW/4NW/4 of Section 26 and a last take point in the SE/4NW/4 of Section 30.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S/2N/2 of Section 26, the S/2S/2 of Section 25, and the S/2NW/4 of Section 30 for the purposes set forth herein.

¹ The top of the Third Bone Spring Sand formation is defined as the stratigraphic equivalent of 8914 feet as referenced in the Dual Laterlog/Neutron Density Log for the Halcon State Well No. 1, API No. 30-015-23943, located 1980 feet from the north and east lines of Section 26, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. The top of the Wolfcamp formation (or the base of the Third Bone Spring Sand formation) is defined as the stratigraphic equivalent of 9345 feet as referenced in the Dual Laterlog/Neutron Density Log for the Halcon State Well No. 1.

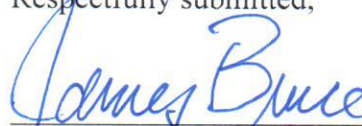
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Third Bone Spring Sand formation underlying the S/2N/2 of Section 26, the S/2N/2 of Section 25, and the S/2NW/4 of Section 30, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Third Bone Spring Sand formation underlying the S/2N/2 of Section 26, the S/2N/2 of Section 25, and the S/2NW/4 of Section 30 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 Third Bone Spring Sand formation underlying the S/2N/2 of Section 26, the S/2N/2 of Section 25, and the S/2NW/4 of Section 30;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling, completing, and equipping 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 200% charge for the risk involved in drilling, completing, and equipping 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