

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 interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of Lots 3 and 4 (the N/2NW/4) of Section 2 and Lots 1-4 (the N/2N/2) of Section 3, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the N/2NW/4 of Section 2 and the N/2N/2 of Section 3, and has the right to drill a well thereon.
2. Applicant proposes to drill the Loco Hills 2/3 B2CD Fed. Com. Well No. 1H to a depth sufficient to test the Bone Spring formation, and to dedicate the N/2NW/4 of Section 2 and the N/2N/2 of Section 3 thereto. The well is a horizontal well with a first take point in Lot 3 of Section 2 and a last take point in Lot 4 of Section 3.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N/2NW/4 of Section 2 and the N/2N/2 of Section 3 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 Bone Spring

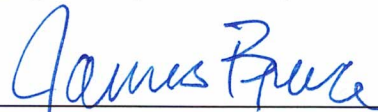
formation underlying the N/2NW/4 of Section 2 and the N/2N/2 of Section 3, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interest owners in the Bone Spring formation underlying the N/2NW/4 of Section 2 and the N/2N/2 of Section 3 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 Bone Spring formation underlying the N/2NW/4 of Section 2 and the N/2N/2 of Section 3;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling, completing, and equipping the well, and allocating the cost 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,



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