

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 uncommitted mineral interest owners in the Bone Spring formation underlying a 635.20-acre (proximity tract) horizontal spacing unit comprised of Lots 1-4 and the S/2N/2 (the N/2) of Section 1 and Lots 1-4 and the S/2N/2 (the N/2) of Section 2, Township 20 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the N/2 of Section 1 and the N/2 of Section 2, and has the right to drill a well or wells thereon.

2. Applicant proposes to drill the following wells to a depth sufficient to test the Bone Spring formation:

(i) the Desert Eagle 1/2 B2AD Fed. Com. Well No. 1H, with a first take point in the NE/4NE/4 of Section 1 and last take point in the NW/4NW/4 of Section 2;

(ii) the Desert Eagle 1/2 B2HE Fed. Com. Well No. 1H, with a first take point in the SE/4NE/4 of Section 1 and last take point in the SW/4NW/4 of Section 2; and

(iii) the Desert Eagle 1/2 B3AD Fed. Com. Well No. 1H, with a first take point in the NE/4NE/4 of Section 1 and last take point in the NW/4NW/4 of Section 2. The wellbore will be located 1310 feet from the north line of Sections 1 and 2.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N/2 of Section 1 and the N/2 of Section 2 for the purposes set forth herein.

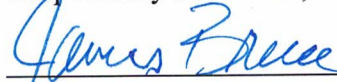
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying the N/2 of Section 1 and the N/2 of Section 2, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interest owners in the Bone Spring formation underlying the N/2 of Section 1 and the N/2 of Section 2 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 interest owners in the Bone Spring formation underlying the N/2 of Section 1 and the N/2 of Section 2;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling, completing, and equipping the wells, and allocating the cost among the wells' 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 wells in the event a working interest owner elects not to participate in the wells

Respectfully submitted,

A handwritten signature in blue ink that reads "James Bruce". The signature is written in a cursive style and is positioned above a horizontal line.

James Bruce
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Attorney for Mewbourne Oil Company