

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING AND APPROVAL
OF OVERLAPPING WELL UNITS, 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 472.66 acre horizontal well unit comprised of Lot 2, SE/4NW/4, and S/2NE/4 (the S/2N/2) of Section 31, the S/2N/2 of Section 32, and the S/2N/2 of Section 33, Township 18 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and approving overlapping well units, and in support thereof, states:

1. Applicant is an interest owner in the S/2N/2 of Section 31, the S/2N/2 of Section 32, and the S/2N/2 of Section 33, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill its Pavo Macho 31/33 B3EH Fed. Com. Well No. 2H to a depth sufficient to test the Bone Spring formation, and to dedicate the S/2N/2 of Section 31, the S/2N/2 of Section 32, and the S/2N/2 of Section 33 to the well. The well has a first take point in Lot 2 of Section 31 and a last take point in the SE/4NE/4 of Section 33.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation in the S/2N/2 of Section 31, the S/2N/2 of Section 32, and the S/2N/2 of Section 33 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all uncommitted 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 uncommitted mineral

interest owners in the Bone Spring formation underlying the S/2N/2 of Section 31, the S/2N/2 of Section 32, and the S/2N/2 of Section 33, pursuant to NMSA 1978 §70-2-17.

5. The proposed well unit overlaps the following existing, producing well unit:

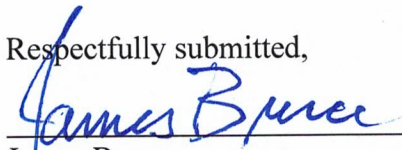
<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Pavo Macho 31/32 B2EH Fed. Com. Well No. 1H	S/2N/2 §31 & S/2N/2 §32	Applicant

6. The pooling of all uncommitted mineral interest owners in the Bone Spring underlying the S/2N/2 of Section 31, the S/2N/2 of Section 32, and the S/2N/2 of Section 33, and approval of the overlapping well units, 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 uncommitted mineral interest owners in the Bone Spring formation underlying the S/2N/2 of Section 31, the S/2N/2 of Section 32, and the S/2N/2 of Section 33, and approving the overlapping well units;
- 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,

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