

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 Wolfcamp formation underlying a horizontal spacing unit comprised of the S/2 of Section 26 and the S/2 of Section 27, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the S/2 of Section 26 and the S/2 of Section 27, 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 Wolfcamp formation:

(a) The Waterboy 26/27 W0IL Fee Well No. 1H, with a first take point in the NE/4SE/4 of 26 and a last take point in the NW/4SW/4 of Section 2; and

(b) The Waterboy 26/27 W0PM Fee Well No. 1H, with a first take point in the SE/4SE/4 of 26 and a last take point in the SW/4SW/4 of Section 26.

The S/2 of Section 26 and the N/2 of Section 27 will be dedicated to the wells.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S/2 of Section 26 and the S/2 of Section 27 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

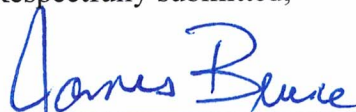
the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying the S/2 of Section 26 and the S/2 of Section 27, pursuant to NMSA 1978 §§70-2-17.

5. The pooling of all uncommitted mineral interests in the Wolfcamp formation underlying the S/2 of Section 26 and the S/2 of Section 27 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 interests in the Wolfcamp formation underlying the S/2 of Section 26 and the S/2 of Section 27;
- 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,



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