

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING AND APPROVAL OF
A NON-STANDARD SPACING AND PRORATION
UNIT, EDDY COUNTY, NEW MEXICO.**

Case No. _____

APPLICATION

Mewbourne Oil Company applies for an order pooling all uncommitted mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the S/2 of Section 23 and the S/2 of Section 24, Township 21 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and approval of a non-standard spacing and proration unit therefor, and in support thereof, states:

1. Applicant is an interest owner in the S/2 of Section 23 and the S/2 of Section 24, 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 Chile Verde W0LI 23/24 Fed. Com. Well No. 1H, a horizontal well with a first take point in the NW/4SW/4 of Section 23 and a last take point in the NE/4SE/4 of Section 24; and (b) the Chile Verde W0MP 23/24 Fed. Com. Well No. 1H, a horizontal well with a first take point in the SW/4SW/4 of Section 23 and a last take point in the SE/4SE/4 of Section 24. The producing interval of each well will be orthodox.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S/2 of Section 23 and the S/2 of Section 24 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 23 and the S/2 of Section 24, pursuant to NMSA 1978 §70-2-17.

5. Applicant requests that the wells be dedicated to a non-standard 640-acre spacing and proration unit in the Lone Tree Draw-Wolfcamp (oil) Pool.

6. The pooling of all uncommitted mineral interest owners in the Wolfcamp formation underlying the S/2 of Section 23 and the S/2 of Section 24, and approval of the non-standard spacing and proration unit, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing. The Division enters its order:

- A. Pooling all uncommitted mineral interest owners in the Wolfcamp formation underlying the S/2 of Section 23 and the S/2 of Section 24;
- B. Approving the non-standard spacing and proration unit;
- C. Designating applicant as operator of the proposed wells;
- D. Considering the cost of drilling, completing, and equipping the wells, and allocating the cost among the wells' working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. 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 with a large initial "J".

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Mewbourne Oil Company