

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 (proximity tract) horizontal spacing unit comprised of the SE $\frac{1}{4}$ of Section 3 and the S $\frac{1}{2}$ of Section 2, 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 SE $\frac{1}{4}$ of Section 3 and the S $\frac{1}{2}$ of Section 2, and has the right to drill a well thereon.
2. Applicant proposes to drill the Swanson 3/2 B2JI Fed. Com. Well No. 2H to a depth sufficient to test the Bone Spring formation, and to dedicate the SE $\frac{1}{4}$ of Section 3 and the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 2 to the well. The well is a horizontal well, with a first take point in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 3 and a last take point in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 2. The well is closer than 330 feet to the centerline of the well unit.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SE $\frac{1}{4}$ of Section 3 and the S $\frac{1}{2}$ 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 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 SE $\frac{1}{4}$ of Section 3 and the S $\frac{1}{2}$ of Section 2, pursuant to NMSA 1978 §70-2-17.

5. The N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 3 and the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 2 is committed to the Swanson 3/2 B2JI Fed. Com. Well No. 1H, and the S $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 3 and the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 2 is committed to the Swanson 3/2 B2OP Fed. Com. Well No. 1H. Thus, there are overlapping well units.

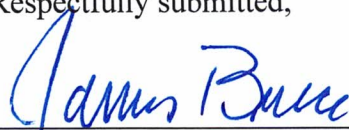
6. The pooling of all mineral interest owners in the Bone Spring formation underlying the SE $\frac{1}{4}$ of Section 3 and the S $\frac{1}{2}$ of Section 2, and approval of the overlapping well units, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interest owners in the Bone Spring formation underlying the SE $\frac{1}{4}$ of Section 3 and the S $\frac{1}{2}$ of Section 2;
- B. Approving the request fo overlapping well units;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling, completing, testing, and equipping the well, and allocating the cost among the well's 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, testing, and equipping the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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