

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

Case No. _____

APPLICATION

Mewbourne Oil Company applies for an order pooling all uncommitted mineral interest owners in the Lower Bone Spring formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 23 and the E/2W/2 of Section 26, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

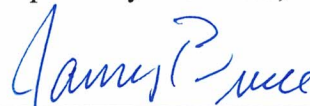
1. Applicant is an interest owner in the E/2W/2 of Section 23 and the E/2W/2 of Section 26 (containing 320 acres), and has the right to drill a well thereon.
2. Applicant proposes to drill the Querecho 23/26 Fed. Com. Well No. 616H to a depth sufficient to test the Lower Bone Spring formation, with a first take point in the NE/4NW/4 of Section 23 and a last take point in the SE/4SW/4 of Section 26.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2W/2 of Section 23 and the E/2W/2 of Section 26 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 Lower Bone Spring formation underlying the E/2W/2 of Section 23 and the E/2W/2 of Section 26, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all uncommitted mineral interest owners in the Lower Bone Spring formation underlying the E/2W/2 of Section 23 and the E/2W/2 of Section 26 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 (Querecho Plains; Lower Bone Spring Pool/Pool Code 50510) underlying the E/2W/2 of Section 23 and the E/2W/2 of Section 26;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling, completing, equipping, and testing 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, equipping, and testing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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