

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MEWBOURNE OIL COMPANY
TO AMEND ORDER NO. R-22704 FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

Case No. _____

APPLICATION

Mewbourne Oil Company applies for an order amending Order No. R-22704 and pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the S/2S/2 of Section 2 and the S/2S/2 of Section 1, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the S/2S/2 of Section 2 and the S/2S/2 of Section 1 (containing 320 acres), and has the right to drill a well or wells thereon.

2. Applicant proposes to drill the Rio Grande 2/1 B2MP State Com. Well No. 1H and the Rio Grande 2/1 B3MP State Com. Well No. 1H to depths sufficient to test the Bone Spring formation, with first take points in the SW/4SW/4 of Section 2 and last take points in the SE/4SE/4 of Section 12.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S/2S/2 of Section 2 and the S/2S/2 of Section 1 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 uncommitted mineral interest owners in the Bone

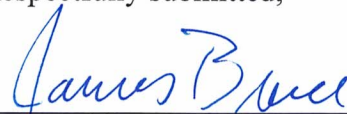
Spring formation underlying the S/2S/2 of Section 2 and the S/2S/2 of Section 1, pursuant to NMSA 1978 §70-2-17. The purpose of this application is to pool one additional interest owner.

5. The pooling of all uncommitted mineral interest owners in the Bone Spring formation underlying the S/2S/2 of Section 2 and the S/2S/2 of Section 1 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. Amending Order No. R-22704 and pooling all uncommitted mineral interest owners in the Bone Spring formation (Palmillo; Bone Spring, East/Pool Code 49553) underlying the S/2S/2 of Section 2 and the S/2S/2 of Section 1;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling, completing, testing, 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, testing, and equipping the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



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

Attorney for Mewbourne Oil Company