

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MEWBOURNE OIL COMPANY
TO AMEND ORDER NO. R-21985 FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

Case No. _____

APPLICATION

Mewbourne Oil Company applies for an order amending Order No. R-21985 and pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a 320-acre horizontal spacing unit comprised of the N/2S/2 of Section 11 and the N/2S/2 of Section 12, Township 24 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 N/2S/2 of Section 11 and the N/2S/2 of Section 12, and has the right to drill a well or wells thereon.
2. Applicant has drilled or proposes to drill the following wells to a depth sufficient to test the Bone Spring formation:
 - (a) The Journey 11/12 B1LI Fed. Com. Well No. 1H; and
 - (b) The Journey 11/12 B2LI Fed. Com. Well No. 1H.

Both wells have first take points in the NW/4SW/4 of Section 11 and last take points in the NE/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 N/2S/2 of Section 11 and the N/2S/2 of Section 12 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

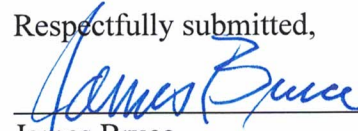
the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all uncommitted mineral interest owners in the Bone Spring formation underlying the N/2S/2 of Section 11 and the N/2S/2 of Section 12, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all uncommitted mineral interest owners in the Bone Spring formation underlying the N/2S/2 of Section 11 and the N/2S/2 of Section 12 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-21985 and pooling all uncommitted mineral interest owners in the Bone Spring formation (Malaga; Bone Spring Pool/Pool Code 42800) underlying the N/2S/2 of Section 11 and the N/2S/2 of Section 12;
- 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,



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