

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. _____

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests in the Bone Spring formation in a non-standard horizontal spacing unit comprised of Section 9 and Section 8, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in Section 9 and Section 8, and has the right to drill a well or wells thereon.

2. Applicant proposes to drill the following wells to test the Bone Spring formation:

(a) The Sandlot 9/8 Fee Well No. 554H, with a first take point in the SE/4NE/4 of Section 9 and a last take point in the SW/4NW/4 of Section 8; and

(b) The Sandlot 9/8 Fee Well No. 525H, with a first take point in the NE/4SE/4 of Section 9 and a last take point in the NW/4SW/4 of Section 8.

Applicant seeks to dedicate the all of Section 9 and all of Section 8 to the wells to form a 1280 acre non-standard oil spacing and proration unit in the Bone Spring formation.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in Section 9 and Section 8 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.

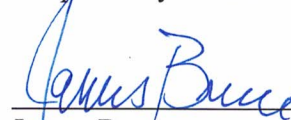
Therefore, applicant seeks an order pooling all uncommitted mineral interest owners in the Bone Spring formation underlying Section 9 and Section 8, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all uncommitted mineral interest owners in the Bone Spring formation underlying Section 9 and Section 8 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 (Cass Draw; Bone Spring/Pool Code 10380) underlying Section 9 and Section 8;
- 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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