

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 uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the $W\frac{1}{2}W\frac{1}{2}$ of Section 26 and the $W\frac{1}{2}W\frac{1}{2}$ of Section 35, Township 23 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 $W\frac{1}{2}W\frac{1}{2}$ of Section 26 and the $W\frac{1}{2}W\frac{1}{2}$ of Section 35 (covering 320 acres), and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the following wells on the unit to depths sufficient to test the Bone Spring formation:
 - (a) The Layla 26/35 Fee Well No. 401H, with a first take point in the $NW\frac{1}{4}NW\frac{1}{4}$ of Section 26 and a last take point in the $SW\frac{1}{4}SW\frac{1}{4}$ of Section 35; and
 - (b) The Layla 26/35 Fee Well No. 521H, with a first take point in the $NW\frac{1}{4}NW\frac{1}{4}$ of Section 26 and a last take point in the $SW\frac{1}{4}SW\frac{1}{4}$ of Section 35.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the $W\frac{1}{2}W\frac{1}{2}$ of Section 26 and the $W\frac{1}{2}W\frac{1}{2}$ of Section 35 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 mineral interest owners have failed or refused to join in dedicating their

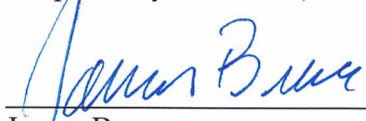
interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying $W\frac{1}{2}W\frac{1}{2}$ of Section 26 and the $W\frac{1}{2}W\frac{1}{2}$ of Section 35, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interest owners in the Bone Spring formation underlying the $W\frac{1}{2}W\frac{1}{2}$ of Section 26 and the $W\frac{1}{2}W\frac{1}{2}$ of Section 35 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 (Culebra Bluff; Bone Spring, South Pool; Pool Code 15001) underlying the $W\frac{1}{2}W\frac{1}{2}$ of Section 26 and the $W\frac{1}{2}W\frac{1}{2}$ of Section 35;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling, completing, testing, and equipping the wells and allocating the cost thereof 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, and equipping the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



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