

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR APPROVAL OF A NON-STANDARD HORIZONTAL
SPACING UNIT AND 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 non-standard horizontal spacing unit comprised of All of Sections 10, 11, and 12, Township 20 South, Range 27 East, NMPM (containing 1920 acres), and in support thereof, states:

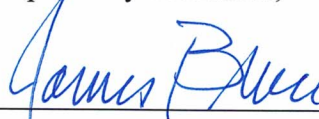
1. Applicant is an interest owner in Sections 10, 11, and 12 and has the right to drill a well or wells thereon.
2. The unit will initially be dedicated to (a) the Shark Week 12/10 Fed. Com. Well No. 622H, with a first take point in the NE/4NE/4 of Section 12 and a last take point in the NW/4NW/4 of Section 10, and (b) the Shark Week 12/10 Fed. Com. Well No. 624H, with a first take point in the SE/4NE/4 of Section 12 and a last take point in the SW/4NW/4 of Section 10.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in Sections 10, 11, and 12 and 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 Sections 10, 11, and 12, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all uncommitted mineral interest owners in the Bone Spring formation underlying the Sections 10, 11, and 12 and 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 (Avalon; Bone Spring, North/Pool Code 3712) underlying Sections 10, 11, and 12;
- B. Approving the non-standard horizontal spacing unit;
- C. Designating applicant as operator of the wells;
- D. Considering the cost of drilling, completing, equipping, and testing the wells, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling, completing, equipping, and testing the wells in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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