

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, LEA 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 the W/2 of Section 33 and the SW/4 of Section 28, Township 21 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the W/2 of Section 33 and the SW/4 of Section 28 (containing 480 acres), and has the right to drill a well or wells thereon.

2. Applicant proposes to drill the following wells to depths sufficient to test the Bone Spring formation: (a) the Lobo 33/28 Fed. Com. Well Nos. 402H, 521H, and 582H, with first take points in the SW/4SW/4 of 33 and last take points in the NW/4SW/4 of Section 28; and (b) the Lobo 33/28 Fed. Com. Well Nos. 474H, 523H, 564H, and 623H, with first take points in the SE/4SW/4 of 33 and last take points in the NE/4SW/4 of Section 28.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W/2 of Section 33 and the SW/4 of Section 28 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

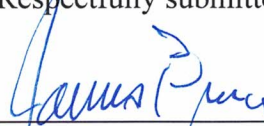
Spring formation underlying the W/2 of Section 33 and the SW/4 of Section 28, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all uncommitted mineral interest owners in the Bone Spring formation underlying the W/2 of Section 33 and the SW/4 of Section 28 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 (Bilbrey Basin; Bone Spring/Pool Code 5695) underlying the W/2 of Section 33 and the SW/4 of Section 28;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling, completing, equipping, and testing 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, equipping, and testing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



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