

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 Wolfcamp formation underlying a horizontal spacing unit comprised of the E/2 of Section 5 and the E/2 of Section 8, Township 25 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 E/2 of Section 5 and the E/2 of Section 8, and has the right to drill a well or wells thereon.

2. Applicant proposes to drill the following wells to a depth sufficient to test the Wolfcamp formation:

(a) The Pale Rider W0OB 8/5 State Com. Well No. 1H, a horizontal well with a first take point in the SW/4SE/4 of Section 8 and a last take point in the NW/4NE/4 of Section 5;

(b) The Pale Rider W1OB 8/5 State Com. Well No. 1H, a horizontal well with a first take point in the SW/4SE/4 of Section 8 and a last take point in the NW/4NE/4 of Section 5;

(c) The Pale Rider W0PA 8/5 State Com. Well No. 1H, a horizontal well with a first take point in the SE/4SE/4 of Section 8 and a last take point in the NE/4NE/4 of Section 5; and

(d) The Pale Rider W1PA 8/5 State Com. Well No. 1H, a horizontal well with a first take point in the SE/4SE/4 of Section 8 and a last take point in the NE/4NE/4 of Section 5;

The producing interval of each well will be orthodox. Applicant seeks to dedicate the E/2 of Section 5 and the E/2 of Section 8 to the wells to form a standard 640 acre horizontal spacing unit in the Wolfcamp formation (Purple Sage; Wolfcamp (Gas) Pool).

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2 of Section 5 and the E/2 of 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 mineral interest owners in the Wolfcamp formation underlying the E/2 of Section 5 and the E/2 of Section 8, pursuant to NMSA 1978 §§70-2-17.

5. The pooling of all mineral interests in the Wolfcamp formation underlying the E/2 of Section 5 and the E/2 of Section 8 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

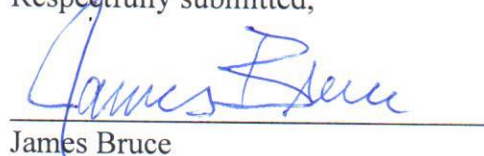
WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

A. Pooling all mineral interests in the Wolfcamp formation underlying the E/2 of Section 5 and the E/2 of Section 8;

B. Designating applicant as operator of the proposed wells;

- C. Considering the cost of drilling, completing, 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, and equipping the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "James Bruce", is written over a horizontal line.

James Bruce
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Attorney for Mewbourne Oil Company