

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, A NON-STANDARD
SPACING AND PRORATION UNIT, AND APPROVAL
OF OVERLAPPING WELL UNITS, 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 an 1820.97-acre non-standard horizontal spacing unit comprised of Lots 1-4, E/2W/2, and E/2 (all) of Section 31, Lots 1-4, N/2, and N/2S/2 (all) of Section 32, and Lots 1-4, N/2, and N/2S/2 (all) of Section 33, Township 18 South, Range 29 East, NMPM. Eddy County, New Mexico, and approving the non-standard unit and overlapping well units, and in support thereof, states:

1. Applicant is an interest owner in Sections 31-33, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the following wells:
 - (a) the Pavo Macho 31/33 B3DA Fed. Com. Well No. 2H, with a first take point in Lot 1 of Section 31 and a last take point in the NE/4NE/4 of Section 33;
 - (b) the Pavo Macho 31/33 B3EH Fed. Com. Well No. 2H, with a first take point in Lot 2 of Section 31 and a last take point in the SE/4NE/4 of Section 33;
 - (c) the Pavo Macho 31/33 B3LI Fed.Com. Well No. 2H, with a first take point in Lot 3 of Section 31 and a last take point in the NE/4SE/4, of Section 33; and
 - (d) the Pavo Macho 31/33 B3MP Fed. Com. Well No. 2H, with a first take point in Lot 4 of Section 31 and a last take point in the SE/4SE/4, of Section 33.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation in Sections 31-33 for the purposes set forth herein.

4. Although applicant has in good faith sought to obtain voluntary agreements from all uncommitted 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 31-33, pursuant to NMSA 1978 §70-2-17. Applicant also requests approval of the non-standard unit.

5. Applicant further requests approval of the proposed well unit overlapping the well units for the following wells:

<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Pavo Macho 31/32 B2DA Fed. Com. Well No. 1H	N/2N/2 §31 & N/2N/2 §32	Applicant
<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Pavo Macho 31/32 B2EH Fed. Com. Well No. 1H	S/2N/2 §31 & S/2N/2 §32	Applicant
<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Pavo Macho 31 B2LI Fed. Com. Well No. 1H	N/2S/2 §31	Applicant
<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Pavo Macho 31 B2MP Fed. Com. Well No. 1H	S/2S/2 §31	Applicant
<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Palmillo State Well No. 2	W/2SE/4 §32	Cimarex
<u>Well Name</u>	<u>Well Unit</u>	<u>Operator</u>
Palmillo State Com. Well No. 4	W/2SW/4 §32	Cimarex

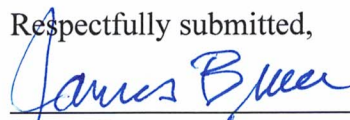
6. The pooling of all uncommitted mineral interest owners in the Bone Spring underlying Sections 31-33, approval of the non-standard unit, and approval of the overlapping well units, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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 underlying Sections 31-33, approving the non-standard unit, and approving the overlapping well units;

- 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 well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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