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June 26, 2018

Case 16314

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Mewbourne Oil Company, are an application for a non-standard unit and compulsory pooling, together with a proposed advertisement. Please set the application for the July 26, 2018 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

Parties Notified

1.) Chisholm Energy Operating
801 Cherry Street, Suite 1200-Unit 20
Fort Worth, Texas 76102
Attn: Beau Sullivan

2.) ConocoPhillips Company
P.O. Box 2197
Houston, Texas 77252-2197
Attn: Judy Webb

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

Case No. 16314

APPLICATION

Mewbourne Oil Company applies for an order (i) approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of Lots 4, 5, 12, 13, 17, and 18 (the W/2W/2) of oversized Section 6, Township 21 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the W/2W/2 of Section 6, and has the right to drill a well thereon.
2. Applicant proposes to drill its Pheasant Ridge 6 B1DU State Com. Well No. 1H to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the W/2W/2 of Section 6 to the well to form a non-standard 208.98 acre oil spacing and proration unit (project area) in the Bone Spring formation. The well is a horizontal well, with a surface location in Unit D and a terminus in Unit U of Section 6.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation in the W/2W/2 of Section 6 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 well or to otherwise commit their interests to the well, 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 Bone Spring formation in the W/2W/2 of Section 6, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit, and the pooling of all mineral interests in the Bone Spring formation underlying the W/2W/2 of Section 6, 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. Approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2W/2 of Section 6;
- B. Pooling all mineral interests in the Bone Spring formation underlying the W/2W/2 of Section 6;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, 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 and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 16314:

Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. Mewbourne Oil Company seeks an order approving a 208.98-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of Lots 4, 5, 12, 13, 17, and 18 (the W/2W/2) of oversized Section 6, Township 21 South, Range 35 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit. The unit will be dedicated to the Pheasant Ridge 6 B1DU State Com. Well No. 1H, a horizontal well with a surface location in Unit D and a terminus in Unit U of Section 6. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 10 miles west-northwest of Oil Center, New Mexico.

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