

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

Case No. 20252

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests in the Bone Spring formation in a horizontal spacing unit comprised of the W/2SE/4 of Section 17 and the W/2E/2 of Section 20, Township 21 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the W/2SE/4 of Section 17 and the W/2E/2 of Section 20, and has the right to drill a well thereon.
2. Applicant proposes to drill the Steelhead 17/20 B2JO State Com. Well No. 1H to a depth sufficient to test the Bone Spring formation, and has dedicated the W/2SE/4 of Section 17 and the W/2E/2 of Section 20 to the well to form a 240 acre horizontal spacing unit in the Bone Spring formation. The well has a surface location in the SW/4NE/4 of Section 17, a first take point in the NW/4SE/4 of Section 17, and a final take point in the SW/4SE/4 of Section 20.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W/2SE/4 of Section 17 and the W/2E/2 of Section 20 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

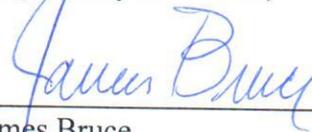
formation in the W/2SE/4 of Section 17 and the W/2E/2 of Section 20, pursuant to NMSA 1978 §§70-2-17.

5. The pooling of all mineral interests in the Bone Spring formation underlying the W/2SE/4 of Section 17 and the W/2E/2 of Section 20 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 Bone Spring formation underlying the W/2SE/4 of Section 17 and the W/2E/2 of Section 20;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost among the well's 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 and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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