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January 31, 2017

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 compulsory pooling, together with a proposed advertisement. Please set the application for the March 2, 2017 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Mewbourne Oil Company

RECEIVED OGD

2017 JAN 31 P 4:40

Case 15638

Parties Being Pooled

J.M. Turney and husband, Steve Turney
3144 Wabash Avenue
Fort Worth, Texas 76109

Estate of John P. Bates, Deceased
5214 Ridgewood Reef
Houston, Texas 77041

Facowie Energy, a sole Proprietorship of E. Bradford Mantz
1732 Star Crest Place
San Marcos, California 92078

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

2017 JUN 31 P 11:00

Case No. 15638

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests in the Wolfcamp formation underlying Lots 1, 2, S $\frac{1}{2}$ NE $\frac{1}{4}$, and SE $\frac{1}{4}$ (the E $\frac{1}{2}$) of Section 3, Township 24 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 $\frac{1}{2}$ of Section 3, and has the right to drill a well thereon.
2. Applicant proposes to drill its Yardbirds 3 W2AP Fee Well No. 1H to a depth sufficient to test the Wolfcamp formation. Applicant seeks to dedicate to the E $\frac{1}{2}$ of Section 3 to the well to form a standard 320.25 acre gas spacing and proration unit for all pools or formations developed on 320 acre spacing within that vertical extent. The well is a horizontal well with a surface location 185 feet from the north line and 400 feet from the east line, and a terminus 330 feet from the south line and 400 feet from the east line, of Section 3. The beginning and end of the producing interval will be orthodox.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ of Section 3 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 Wolfcamp formation underlying the E½ of Section 3, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests underlying the E½ of Section 3 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 E½ of Section 3;
- 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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Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 15638 :

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.
Mewbourne Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying Lots 1, 2, S/2NE/4, and SE/4 (the E/2) of Section 3, Township 24 South, Range 28 East, NMPM, to form a standard 320.25 acre gas spacing and proration unit for all pools or formations developed on 320 acre spacing within that vertical extent. The unit will be dedicated to the Yardbirds 3 W2AP Fee Well No. 1H, a horizontal well with a surface location 185 feet from the north line and 400 feet from the east line, and a terminus 330 feet from the south line and 400 feet from the east line, of Section 3. The beginning and end of the producing interval are orthodox. 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 1-1/2 miles north of Malaga, New Mexico.

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