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October 1, 2018

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

Case 16497

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 November 1, 2018 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Mewbourne Oil Company

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.**Case No. 16487**APPLICATION**

Mewbourne Oil Company applies for an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2N/2 of Section 24 and the N/2N/2 of Section 23, Township 19 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 N/2N/2 of Section 24 and the N/2N/2 of Section 23, and has the right to drill a well thereon.
2. Applicant proposes to drill the Parkchester 24/23 B2AD State Com. Well No. 1H and the Parkchester 24/23 B3AD State Com. Well No. 2H to a depth sufficient to test the Bone Spring formation, and to dedicate N/2N/2 of Section 24 and the N/2N/2 of Section 23 thereto. The wells are horizontal wells with first take points in the NE/4NE/4 of 24 and final take points in the NW/4NW/4 of Section 23.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N/2N/2 of Section 24 and the N/2N/2 of Section 23 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

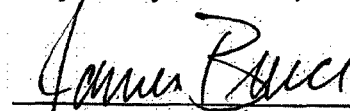
formation underlying the N/2N/2 of Section 24 and the N/2N/2 of Section 23, pursuant to NMSA 1978 §§70-2-17.

5. The pooling of all mineral interests in the Bone Spring formation underlying the N/2N/2 of Section 24 and the N/2N/2 of Section 23 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 N/2N/2 of Section 24 and the N/2N/2 of Section 23;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling and completing 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 and completing the wells in the event a working interest owner elects not to participate in the wells.

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. 16497:

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.
Mewbourne Oil Company seeks an order pooling all mineral interests in the Bone Spring formation in a horizontal spacing unit comprised of the N/2N/2 of Section 24 and the N/2N/2 of Section 23, Township 19 South, Range 28 East, NMPM. The unit will be dedicated to the Parkchester 24/23 B2AD State Com. Well No. 1H and the Parkchester 24/23 B3AD State Com. Well No. 2H, horizontal wells with first take points in the NE/4NE/4 of Section 24 and final take points in the NW/4NW/4 of Section 23. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 8 miles east-northeast of Lakewood, New Mexico.

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