

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MEWBOURNE OIL COMPANY
TO RE-OPEN CASE NO. 16081 FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

Case No. 16081 (re-opened)

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit in the Wolfcamp formation comprised of the W/2 of Section 26 and the SW/4 of Section 23, 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 W/2 of Section 26 and the SW/4 of Section 23, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the following wells to test the Wolfcamp formation:
 - (a) The Rustler Breaks 26/23 W2ML Fee Com. Well No. 1H, a horizontal well with a first take point in the NW/4NW/4 of Section 35 and a final take point in the NW/4SW/4 of Section 23; and
 - (b) The Rustler Breaks 26/23 W0ML Fee Com. Well No. 2H, a horizontal well with a first take point in the NW/4NW/4 of Section 35 and a final the NW/4SW/4 of Section 23.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W/2 of Section 26 and the SW/4 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 wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests.

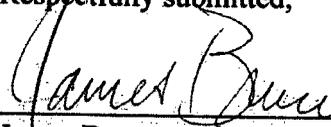
Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying the W/2 of Section 26 and the SW/4 of Section 23, pursuant to NMSA 1978 §70-2-17, 18.

5. The pooling of all mineral interests in the Wolfcamp formation underlying the W/2 of Section 26 and the SW/4 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. Approving a non-standard spacing and proration unit in the Wolfcamp formation comprised of the W/2 of Section 26 and the SW/4 of Section 23;
- B. Pooling all mineral interests in the Wolfcamp formation underlying the W/2 of Section 26 and the SW/4 of Section 23;
- C. Designating applicant as operator of the wells;
- D. Considering the cost of drilling and completing the wells, and allocating the cost among the wells' 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 wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

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Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 16081 (re-opened):

Application of Mewbourne Oil Company to re-open Case 16081 for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 480 acre non-standard gas spacing and proration unit in the Wolfcamp formation underlying the W/2 of Section 26 and the SW/4 of Section 23, Township 24 South, Range 28 East, NMPM, and pooling all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit. The unit will be dedicated to (i) the Rustler Breaks 26/23 W2ML Fee Com. Well No. 1H, a horizontal well with a surface location in the NW/4NW/4 of Section 35, and a terminus in the NW/4SW/4 of Section 23; and (ii) the Rustler Breaks 26/23 W0ML Fee Com. Well No. 2H, a horizontal well with a surface location in the NW/4NW/4 of Section 35, and a terminus the NW/4SW/4 of Section 23. The producing interval of each well will be orthodox. 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 2 miles south of Malaga, New Mexico.

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