

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

NO. 11744

APPLICATION

Mewbourne Oil Company hereby applies for an order pooling all mineral interests from 3500 feet beneath the surface to the base of the Morrow formation underlying the S½ of Section 34, Township 18 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Applicant is a working interest owner in the S½ of said Section 34, and has the right to drill a well thereon.

2. Applicant proposes to drill its Scanlon Draw "34" State Com. Well No. 1, at an orthodox location, to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) The S½ of Section 34 for all pools or formations spaced on 320 acres, including the Undesignated North Turkey Track-Atoka Gas Pool and the Undesignated North Turkey Track-Morrow Gas Pool;

(b) The SE¼ of Section 34 for all pools or formations spaced on 160 acres; and

(c) The SW¼SE¼ of Section 34 for all pools or formations spaced on 40 acres, including the Undesignated Palmillo-Bone Spring Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 34 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 S½ of Section 34, pursuant to *N.M. Stat. Ann. § 70-2-17 (1995 Repl. Pam.)*.

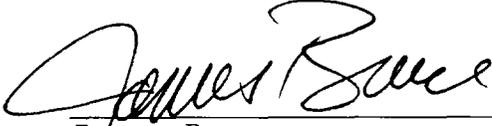
5. The pooling of all mineral interests underlying the S½ of Section 34, as set forth above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- (a) Pooling all mineral interests in the S½ of Section 34, from 3500 feet beneath the surface to the base of the Morrow formation;
- (b) Designating applicant as operator of the well;
- (c) Considering the cost of drilling and completing the well, and allocating the cost thereof among the well's working interest owners;
- (d) Approving actual operating charges and costs charged for supervision, together with a provision adjusting said rates per the COPAS accounting procedure;
- (e) Setting a penalty for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well; and

(f) Granting such further relief as the Division deems proper.

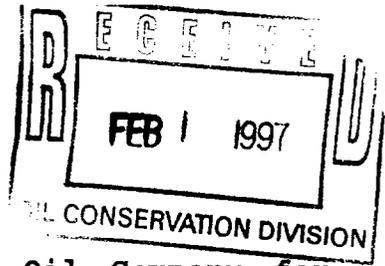
Respectfully submitted,

A handwritten signature in black ink, appearing to read "James Bruce", written over a horizontal line.

James Bruce
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Attorney for Mewbourne Oil
Company

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PROPOSED ADVERTISEMENT

Case 11744 : Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 3500 feet beneath the surface to the base of the Morrow formation underlying the following described acreage in Section 34, Township 18 South, Range 28 East, NMPM, and in the following manner: The S $\frac{1}{2}$ of Section 34 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated North Turkey Track-Atoka Gas Pool and the Undesignated North Turkey Track-Morrow Gas Pool; the SE $\frac{1}{4}$ of Section 34 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent; and the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 34 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within said vertical extent, including the Undesignated Palmillo-Bone Spring Pool. Said units are to be dedicated to applicant's Scanlon Draw "34" State Com. Well No. 1, to be drilled at an orthodox location in said Section 34. Also to be considered will be the cost of drilling and completing said 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 charge for the risk involved in drilling and the well. Said unit is located approximately 3 miles East-Southeast of Old Illinois Camp.