

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

01 OCT 23 PM 2:09

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

No. 12760

APPLICATION

Pursuant to Division Rule 1207.A(b), Mewbourne Oil Company applies for an order pooling all mineral interests from the base of the Grayburg formation to the base of the Morrow formation underlying the E½ of Section 18, Township 19 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 E½ of Section 18, and has drilled its Remington "18" St. Com. Well No. 1, at an orthodox location in the NW¼SE¼ of the section, to a depth sufficient to test the Morrow formation.

2. Applicant has in good faith sought to obtain the voluntary joinder of all other interest owners in the E½ of Section 18 for the purposes set forth herein.

3. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to 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 interest owners in the E½ of Section 18, pursuant to NMSA 1978 §70-2-17.

4. Pursuant to Division Rule 1207.A(b), the following information is submitted in support of this application:

(a) No opposition is expected because only "record title" owners in a state lease are being pooled. The persons being

pooled are not liable for well costs, and no penalty is sought against the non-consenting interests. Pooling of the record title owners is necessary for a communitization agreement to be approved by the Commissioner of Public Lands.

(b) A map outlining the spacing unit being pooled, and marking the location of the subject well, is attached hereto as Exhibit A. Applicant seeks to dedicate the E½ of Section 18 to the well to form a standard 320 acre gas spacing and proration unit for any and all formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated West Millman-Wolfcamp Gas Pool, Millman-Strawn Gas Pool, and Undesignated South Millman-Morrow Gas Pool.

(c) The parties being pooled are the heirs or devisees of Otto Jones and his son Gerald Jones a/k/a Otto Jarold Jones, who were the record title owners of State of New Mexico Oil and Gas Lease E-952 insofar as it covers NW¼SE¼ of Section 18. Both persons are now deceased, but record title in the lease remains in their names. The parties being pooled are:

The heirs or devisees of Otto Jones, the heirs or devisees of Lena Jones (wife of Otto Jones), Jodye E. Jones a/k/a Jodye Elmo Jones (son of Otto Jones), the heirs or devisees of Gerald Jones a/k/a Otto Jarold Jones, the heirs or devisees of Barbara Etta Jones (the divorced wife of Gerald Jones), the heirs or devisees of Carolyn Kaye Jones a/k/a Carolyn Mask (the daughter of Gerald Jones), and Deborah Ann Jones a/k/a Deborah Ann Jones Mair (the daughter of Gerald Jones).

The address of Jodye E. Jones a/k/a Jodye Elmo Jones is 6608 Orlando Avenue, Lubbock, Texas 79413. A diligent search has

been made of the pertinent records, and the other persons have not been located.

Jodye E. Jones a/k/a Jodye Elmo Jones has been contacted by telephone, and is willing to sign the communitization agreement for the subject well. However, since his name is not in the records of the Commissioner of Public Lands as record title owner, his signature will not be sufficient. Because no addresses are available for the other persons, no written attempts have been made to obtain their voluntary joinder to the communitization agreement.

(d) Because the persons being pooled are not liable for well costs, and a non-consent penalty is not requested, geologic maps are not attached hereto.

(e) An Authorization for Expenditure for the subject well is attached hereto as Exhibit B, although the persons being pooled are not liable for well costs.

(f) Because the persons being pooled are not liable for well costs, overhead rates are not requested.

5. The pooling of all interests underlying the E½ of Section 18 will 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 E½ of Section 18 from the base of the Grayburg formation to the base of the Morrow formation; and

B. Designating applicant as operator of the well.

APPLICANT REQUESTS THAT IN THE ABSENCE OF OBJECTION THIS
MATTER BE TAKEN UNDER ADVISEMENT.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Mewbourne Oil Company

VERIFICATION

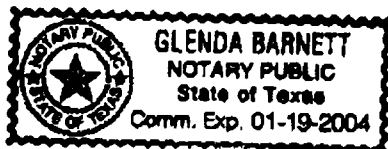
STATE OF TEXAS)
)
COUNTY OF MIDLAND) ss.

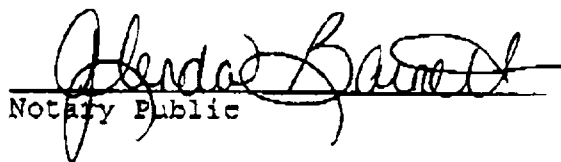
Steve Cobb, being duly sworn upon his oath, deposes and states that: He is a landman for Mewbourne Oil Company, and is authorized to make this verification on its behalf; he has read the foregoing application and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.



Steve Cobb

Subscribed and sworn to before me this 22ND day of October, 2001 by Steve Cobb.




Notary Public

My Commission Expires:

01-19-2004



LEWBOURNE OIL COMPANY AUTHORIZATION FOR EXPENDITURE

Prospect: Remington Well Name & No. Remington "18" State Com. # 1
 Field: South Willman Location: 1980' FSL & 1980' FEL
 Section: 18 Block: Township: 198 Range: 28 E
 County: Eddy State: NM Proposed Depth: 11,200'

| DESCRIPTION | | Cost To Casing Point AFE NO. | Completion Cost AFE NO. |
|----------------------------|---|------------------------------------|-------------------------------|
| INTANGIBLE COST 180 | | | |
| 300 | Permits and Surveys | \$1,800 | \$1,200 |
| 301 | Location, Roads and Damages | \$80,000 | \$4,500 |
| 302 | Fee-for or Turnkey Drilling | | |
| 303 | Day Work (32 days @ \$15,000/day + 3 days after logs) | \$480,000 | \$45,000 |
| 304 | Fuel, Water and Other (Fuel=35K, Wtr=25K) | \$60,000 | \$5,000 |
| 305 | Completion / Workover Rig | | \$19,800 |
| 306 | Mud and Chemicals | \$40,000 | |
| 307 | Cementing | \$28,000 | \$45,000 |
| 308 | Logging and Wireline | \$38,800 | \$8,800 |
| 309 | Casing-Tubing Services | \$4,700 | \$5,300 |
| 310 | Mud Logging | \$18,000 | |
| 311 | Testing | | \$2,500 |
| 312 | Treating | | \$105,000 |
| 313 | Coring | | |
| 314 | Fishing Services | | |
| 320 | Transportation (includes 22.5K Rig Move) | \$24,300 | \$3,800 |
| 321 | Welding and Construction Labor | \$2,500 | \$1,200 |
| 322 | Contract Supervision | \$4,800 | |
| 330 | Equipment Rental | \$11,000 | \$5,000 |
| 334 | Well / Lease Legal / Tax | \$12,000 | \$2,400 |
| 335 | Well / Lease Insurance | \$2,700 | |
| 339 | Intangible Supplies Bits=(1-17 1/2", 2-12 1/4", 4-7 7/8") | \$37,500 | \$1,200 |
| 360 | Pipeline ROW and Easements | | |
| 367 | Pipeline Interconnect | | |
| 375 | Company Supervision | \$21,000 | \$11,000 |
| 380 | Overhead Fixed Rate | \$8,400 | \$3,600 |
| 388 | Well Abandonment | \$12,000 | (\$12,000) |
| 398 | Contingencies | \$83,800 | \$13,100 |
| Total Intangibles | | \$832,400 | \$278,000 |
| TANGIBLE COST 181 | | | |
| 797 | Conductor Casing | | |
| 797 | Surface Casing 450' 13 3/8" 48# H-40 STC | \$8,500 | |
| 797 | Intermediate Casing 3000' 8 5/8" 32# K-55 STC | \$36,800 | |
| 797 | Production Casing 11200' 5 1/2" 17# S95N80 LTC | | \$93,000 |
| 797 | Production Casing | | |
| 798 | Tubing 11200' 2 7/8 8.5# P-105 EUE End | | \$36,500 |
| 860 | Drilling Head | \$3,000 | |
| 865 | Tubing Head | | \$4,200 |
| 870 | Upper Section | | \$12,000 |
| 875 | Bucket Rods | | |
| 880 | Packer, Pump & Other Subsurface | | \$8,000 |
| 883 | Gas Lift Valve & System | | |
| 884 | Plunger Lift System | | |
| 885 | Pumping Unit & Prime Mover + Electricity | | |
| 886 | Pumps | | |
| 890 | Tanks - Steel | | \$9,000 |
| 891 | Tanks - Other | | \$4,200 |
| 894 | Separation Equipment - Fired | | \$12,000 |
| 896 | Separation Equipment - Non-Fired | | |
| 898 | Gas Treating Equipment | | |
| 899 | Metering Equipment | | \$7,800 |
| 900 | Line Pipe - Gas Gathering and Transportation | | \$15,000 |
| 901 | Line Pipe - Production | | \$1,500 |
| 905 | Valves | | |
| 908 | Miscellaneous Fittings & Accessories | | \$10,000 |
| 910 | Production Equipment Installation | | \$20,000 |
| 920 | Pipeline Construction | | \$30,000 |
| Total Tangibles | | \$48,800 | \$284,200 |
| SUBTOTAL | | \$870,400 | \$562,200 |
| TOTAL WELL COST | | \$1,510,800 | |

Date prepared: 04/23/01

Prepared by: T. Burke/N.M. Young

Company Approval: *M. L. Lister*

Date Approved: 04/24/01

Joint Owner Approval:

Joint Owner Interest:

Joint Owner Amount:

