

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MEWBOURNE OIL
COMPANY FOR COMPULSORY POOLING
AND APPROVAL OF A NON-STANDARD
OIL SPACING AND PRORATION UNIT
AND A NON-STANDARD GAS SPACING
AND PRORATION UNIT, EDDY COUNTY,
NEW MEXICO.

No. 12941

AMENDED APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral leasehold interests from the surface to the base of the Morrow formation underlying Lots 1, 2, E $\frac{1}{2}$ NW $\frac{1}{4}$, and the NE $\frac{1}{4}$ (the N $\frac{1}{2}$ equivalent) of Section 31, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is a working interest owner in the N $\frac{1}{2}$ of Section 31, and has the right to drill a well thereon.

2. Applicant proposes to drill its Liberty "31" Fed. St. Com. Well No. 1, at an orthodox well location in Lot 2 of the section (Unit E), to a depth sufficient to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) Lot 2 of Section 31 to form a non-standard oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent;

(b) Lots 1, 2, and the E $\frac{1}{2}$ NW $\frac{1}{4}$ (the NW $\frac{1}{4}$ equivalent) of Section 31 to form a non-standard 157.10 acre gas spacing and proration unit for any formations and/or pools developed on 160 acre spacing within that vertical extent; and

(c) The N $\frac{1}{2}$ of Section 31 to form a standard 317.10 acre gas spacing and proration unit for any formations and/or pools

developed on 320 acre spacing within that vertical extent.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral leasehold interest owners in the N½ of Section 31 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral leasehold 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 leasehold interest owners in the N½ of Section 31, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral leasehold interests underlying the N½ of Section 31 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 leasehold interests in the N½ of Section 31 from 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 the rates

pursuant to the COPAS accounting procedure; and

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.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

James Bruce
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Attorney for Mewbourne Oil Company