

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

Mewbourne Oil Company applies for an order pooling all mineral interests in a horizontal spacing unit in the Bone Spring formation comprised of the N/2NE/4 of Section 29 and the N/2N/2 of Section 28, Township 18 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the N/2NE/4 of Section 29 and the N/2N/2 of Section 28, and has the right to drill a well thereon.
2. Applicant has drilled its Pavo Frio 29/28 B3BA Fed. Com. Well No. 1H to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the N/2NE/4 of Section 29 and the N/2N/2 of Section 28 to the well in the Bone Spring formation. The well has a first take point in the NW/4NE/4 of Section 29 and a final take point in the NE/4NE/4 of Section 28.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Bone Spring formation in the N/2NE/4 of Section 29 and the N/2N/2 of Section 28 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

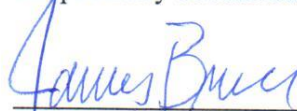
formation in the N/2NE/4 of Section 29 and the N/2N/2 of Section 28, pursuant to NMSA 1978 §§70-2-17.

5. The pooling of all mineral interests in the Bone Spring formation underlying the SN2NE/4 of Section 29 and the N/2N/2 of Section 28 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/2NE/4 of Section 29 and the N/2N/2 of Section 28;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, and allocating the cost 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 200% charge 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,



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