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WRITER:

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September 11, 2017

VIA HAND DELIVERY

Florene Davidson
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Case 15847
2017 SEP 11 P 3:51
RECEIVED OGD

Re: Mewbourne Oil Company Application

Dear Florene:

Enclosed please find: (i) for filing, the original and one (1) copy of an application by Mewbourne Oil Company for approval of a 640-acre, more or less, non-standard oil spacing and proration unit to be dedicated to the Wolfman 5/4 WOLI Federal Com #1H well; and (ii) a proposed hearing notice. I will email the proposed hearing notice to you in Word format.

As stated in the application, Mewbourne requests that the application be placed on the Division's October 12, 2017 hearing docket.

Thank you for your assistance.

Very truly yours,

Gary W. Larson

GWL:jwl
Enclosures

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**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

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

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2017 SEP 11 3:51
Case No. 158047

APPLICATION

Pursuant to NMSA § 70-2-17, Mewbourne Oil Company ("Mewbourne") applies for an order (i) approving a 640-acre, more or less, non-standard spacing and proration unit in the S/2 of Section 5 and the S/2 of Section 4, Township 23 South, Range 27 East, Eddy County, New Mexico, and (ii) pooling all uncommitted working interest owners in the Wolfcamp formation. In support of its Application, Mewbourne states:

1. Mewbourne (OGRID No. 14744) is a working interest owner in the S/2 of Section 5 and the S/2 of Section 4 and has the right to drill a well thereon.
2. Mewbourne proposes to dedicate the above-referenced non-standard spacing and proration unit as the project area for its Wolfman 5/4 W0LI Federal Com #1H well, which will be horizontally drilled from a surface location in Unit L of Section 5 to a bottom hole location in Unit I of Section 4, Township 23 South, Range 27 East.
3. The completed interval for the Wolfman 5/4 W0LI Federal Com #1H well will remain within the 330-foot standard offset required by 19.15.15.9(A) NMAC.
4. Mewbourne has undertaken diligent, good-faith efforts to obtain voluntary agreements from all working interest owners in the proposed project area to participate in the

drilling of the well, but has been unable to obtain voluntary agreements from all of the mineral interest owners.

5. The pooling of those uncommitted working interest owners will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to allow Mewbourne to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted working interest owners in the non-standard spacing and proration unit should be pooled and Mewbourne should be designated the operator of the proposed horizontal well and project area.

WHEREFORE, Mewbourne requests that this application be set for hearing on October 12, 2017 and that, after notice and hearing, the Division enter an order:

A. Approving a 640-acre, more or less, non-standard spacing and proration unit (project area) in the Wolfcamp formation in the S/2 of Section 5 and the S/2 of Section 4, Township 23 South, Range 27 East, in Eddy County;

B. Pooling all uncommitted working interest owners in the proposed project area;

C. Designating Mewbourne as the operator of the project area and the Wolfman 5/4 WOLI Federal Com #1H well;

D. Authorizing Mewbourne to recover its costs of drilling, equipping, and completing the well;

E. Considering the cost of drilling and completing the Wolfman 5/4 WOLI Federal Com #1H well and allocating the cost among the uncommitted working interest owners;

F. Approving the actual operating charges and costs of supervision during drilling and after completion, together with a provision for adjusting the rates pursuant to the COPAS accounting procedure; and

G. Imposing a 200% penalty for the risk assumed by Mewbourne in drilling and completing the Wolfcamp 5/4 WOLI Federal Com #1H well against any working interest owner who does not voluntarily participate in the drilling of the well.

HINKLE SHANOR LLP

A handwritten signature in black ink, appearing to read "Gary W. Larson", is written over a horizontal line.

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Counsel for Mewbourne Oil Company

PROPOSED NOTICE

Case No. 15847 : Application of Mewbourne Oil Company for a non-standard oil spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant seeks an order (i) creating a 640-acre, more or less, non-standard oil spacing and proration unit (project area) comprised of the S/2 of Section 5 and the S/2 of Section 4, Township 23 South, Range 27 East, in Eddy County, and (ii) pooling all mineral interests in the Wolfcamp formation underlying this acreage. The project area is to be dedicated to the Wolfman 5/4 WOLI Federal Com #1H well, which will be horizontally drilled from a surface location in Unit L of Section 5 to a bottom hole location in Unit I of Section 4, Township 23 South, Range 27 East. The completed interval for the well will remain within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of Mewbourne Oil Company as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately 2.5 miles southeast of Carlsbad, New Mexico.

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