

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

APR 20 2018 PM 04:07
Case No. 16136

APPLICATION

Mewbourne Oil Company applies for an order (i) approving a non-standard spacing and proration unit in the Wolfcamp formation comprised of the E½ of Section 12 and the E½ of Section 1, Township 24 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the E½ of Section 12 and the E½ of Section 1, and has the right to drill a well or wells thereon.

2. Applicant proposes to drill the following wells to a depth sufficient to test the Wolfcamp formation:

(a) The Riverboat 12/1 W0PA Fed. Com. Well No. 1H, a horizontal well with a surface location in the SE¼SE¼ of 12, and a terminus in the NE¼NE¼ of Section 1; and

(b) The Riverboat 12/1 W2PA Fed. Com. Well No. 1H, a horizontal well with a surface location in the SE¼SE¼ of Section 12, and a terminus in the NE¼NE¼ of Section 1.

The beginning and end of the producing interval of each well will be orthodox.

Applicant seeks to dedicate the E½ of Section 12 and the E½ of Section 1 to the wells to form a non-standard 640 acre gas spacing and proration unit in the Wolfcamp formation.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½ of Section 12 and the E½ of Section 1 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 Wolfcamp formation underlying the E½ of Section 12 and the E½ of Section 1, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard spacing and proration unit, and the pooling of all mineral interests in the Wolfcamp formation underlying the E½ of Section 12 and the E½ of Section 1, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

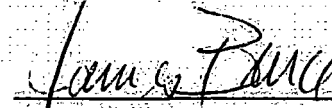
WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Approving a non-standard gas spacing and proration unit (project area) in the Wolfcamp formation comprised of the E½ of Section 12 and the E½ of Section 1;
- B. Pooling all mineral interests in the Wolfcamp formation underlying the E½ of Section 12 and the E½ of Section 1;
- C. Designating applicant as operator of the wells;
- D. Considering the cost of drilling and completing the wells, and allocating the cost among the wells' working interest owners;

E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and

F. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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PROPOSED ADVERTISEMENT

Case No. 16136:

Application of Mewbourne Oil Company for a non-standard gas spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order approving a 640-acre non-standard gas spacing and proration unit (project area) in the Wolfcamp formation comprised of the E/2 of Section 12 and the E/2 of Section 1, Township 24 South, Range 26 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit will be dedicated to the Riverboat 12/1 W0PA Fed. Com. Well No. 1H and the Riverboat 12/1 W2PA Fed. Com. Well No. 1H. Both wells are horizontal wells with surface locations in the SE/4SE/4 of Section 12, and bottomhole locations in the NE/4NE/4 of Section 1. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The unit is located approximately 2-1/2 miles north of Black River Village, New Mexico.