

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

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August 16, 2018

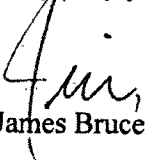
Case 16020

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Mewbourne Oil Company, are an application for compulsory pooling, together with a proposed advertisement. Please set the application for the September 20, 2018 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Mewbourne Oil Company

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MEWBOURNE OIL COMPANY
TO RE-OPEN CASE NO. 16020 FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

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Case No. 16020

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests from the top of the Second Bone Spring Sand to the base of the Bone Spring formation underlying a horizontal spacing unit comprised of the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 24 and the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 23, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 24 and the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 23, and has the right to drill a well thereon.
2. Applicant proposes to drill its Virgo 24/23 B2AD Fed. Com. Well No. 1H to a depth sufficient to test the Bone Spring formation below the top of the Second Bone Spring Sand (with the top of the Second Bone Spring Sand identified at a Measured Depth of 8,450 feet subsurface and the base of the Bone Spring formation identified at a Measured Depth of 9,675 feet subsurface from the KB datum of 3,335 feet, as identified in a neutron/density electric log and lateral log of the Shugart West 19 Federal Well No. 3 [API No. 30-015-30648] located 1980 feet FSL and 1980 feet FWL of Section 19, Township 18 South, Range 30 East, N.M.P.M.). Applicant has dedicated the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 24 and the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 23 to the well to form a 320 acre horizontal spacing unit in the Bone Spring formation. The well is a horizontal well, with a first take point in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 24, and a last take point in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 23.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N½N½ of Section 24 and the N½N½ of Section 23 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 from the top of the Second Bone Spring Sand to the base of the Bone Spring formation underlying the N½N½ of Section 24 and the N½N½ of Section 23, pursuant to NMSA 1978 §70-2-17.

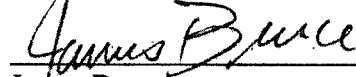
5. The pooling of all mineral interests from the top of the Second Bone Spring Sand to the base of the Bone Spring formation underlying the N½N½ of Section 24 and the N½N½ of Section 23 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

- A. Pooling all mineral interests from the top of the Second Bone Spring Sand to the base of the Bone Spring formation underlying the N½N½ of Section 24 and the N½N½ of Section 23;
- 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,

A handwritten signature in cursive script, appearing to read "James Bruce", is written over a horizontal line.

James Bruce

Post Office Box 1056

Santa Fe, New Mexico 87504

(505) 982-2043

Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 16020 (re-opened):

Application of Mewbourne Oil Company to re-open Case No. 16020 for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order pooling all mineral interests from the top of the Second Bone Spring Sand to the base of the Bone Spring formation in a horizontal spacing unit comprised of the N/2N/2 of Section 24 and the N/2N/2 of Section 23, Township 18 South, Range 30 East, NMPM. The unit will be dedicated to the Virgo 24/23 B2AD Fed. Com. Well No. 1H, a horizontal well with a first take point in the NE/4NE/4 of Section 24, and a last take point in the NW/4NW/4 of Section 23. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 6 miles south-southeast of Loco Hills, New Mexico

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