

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

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

Case No. 20092

APPLICATION

Pursuant to NMSA § 70-2-17, Mewbourne Oil Company ("Mewbourne") applies for an order (i) approving a 200-acre non-standard horizontal spacing unit in the Second Bone Spring Sand zone of the Bone Spring formation comprised of the NE/4 SW/4 and N/2 SE/4 of Section 11 and the N/2 SW/4 of Section 12, Township 19 South, Range 29 East in Eddy County, New Mexico, and (ii) pooling all uncommitted mineral interests in the Second Bone Spring Sand underlying the proposed horizontal spacing unit. In support of its application, COG states:

1. Mewbourne (OGRID No. 14744) is a working interest owner in the NE/4 SW/4 and N/2 SE/4 of Section 11 and the N/2 SW/4 of Section 12 and has the right to drill a well thereon.
2. Mewbourne proposes to drill the Sapphire 11/12 B2KK State Com Well #1H to a depth sufficient to test the Second Bone Spring Sand, defined as the stratigraphic equivalent of 7,800 to 8,164 feet beneath the Kelly Bushing elevation of 3,393 feet, as found on the BHC Acoustilog for the Chisos, Ltd. State HL Well No. 1 located 660 feet FSL and 1,980 feet FWL of Section 11, Township 19 South, Range 29 East, N.M.P.M., in Eddy County (API No. 30-015-22956). Mewbourne seeks to dedicate the NE/4 SW/4 and N/2 SE/4 of Section 11 and the N/2 SW/4 of Section 12 to its proposed Sapphire 11/12 B2KK State Com #1H well to form a non-standard 200-acre horizontal spacing unit in the Second Bone Spring Sand. The well will be

horizontal drilled, with a surface location of Unit K of Section 11 and a last take point in Unit K of Section 12.

3. The completed interval for the well will be orthodox.

4. Mewbourne has undertaken diligent, good-faith efforts to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well, but has been unable to obtain voluntary agreements from all of the mineral interest owners. Therefore, Mewbourne seeks an order pooling all uncommitted mineral interest owners in the Second Bone Spring Sand underlying the NE/4 SW/4 and N/2 SE/4 of Section 11 and the N/2 SW/4 of Section 12.

5. Approval of the horizontal spacing unit, and the pooling of all uncommitted mineral interests in the Second Bone Spring Sand underlying the NE/4 SW/4 and N/2 SE/4 of Section 11 and the S/2 SW/4 of Section 12, will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Mewbourne requests that this application be set for hearing on November 15, 2018 and that, after notice and hearing, the Division enter an order:

A. Approving a horizontal spacing unit in the Second Bone Spring Sand comprised of the NE/4 SW/4 and N/2 SE/4 of Section 11 and the N/2 SW/4 of Section 12;

B. Pooling all uncommitted mineral interests in the Second Bone Spring Sand underlying the NE/4 SW/4 and N/2 SE/4 of Section 11 and the N/2 SW/4 of Section 12;


C. Designating Mewbourne as the operator of the Sapphire 11/12 B2KK State Com #1H well;

D. Authorizing Mewbourne to recover its costs of drilling, equipping, and completing the Sapphire 11/12 B2KK State Com #1H well, and allocating the costs among the well's working interest owners;

E. 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

F. Imposing a 200% penalty for the risk assumed by Mewbourne in drilling and completing the Sapphire 11/12 B2KK State Com #1H well against any working interest owner who does not voluntarily participate in the drilling of the wells.

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