

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

Case No. 20493

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 21 and the E/2W/2 of Section 28, Township 19 South, Range 35 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the E/2W/2 of Section 21 and the E/2W/2 of Section 28, and has the right to drill a well thereon.
2. Applicant proposes to drill the Charolais 28/21 WINC State Com. Well No. 1H to a depth sufficient to test the Wolfcamp formation. Applicant seeks to dedicate the E/2W/2 of Section 21 and the E/2W/2 of Section 28 to the well. The well has a first take point in the SE/4SW/4 of Section 28, and a final take point in the NE/4NW/4 of Section 21.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the Wolfcamp formation in the E/2W/2 of Section 21 and the E/2W/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 Wolfcamp

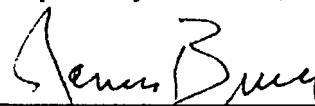
formation in the E/2W/2 of Section 21 and the E/2W/2 of Section 28, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Wolfcamp formation underlying the E/2W/2 of Section 21 and the E/2W/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 Wolfcamp formation underlying the E/2W/2 of Section 21 and the E/2W/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 thereof 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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Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. _____:

Application of Mewbourne Oil Company for compulsory pooling, Lea County, New Mexico.

Mewbourne Oil Company seeks an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the E/2W/2 of Section 21 and the E/2W/2 of Section 28, Township 19 South, Range 35 East, NMPM. The unit will be dedicated to the Charolais 28/21 W1NC State Com. Well No. 1H, with a first take point in the SE/4SW/4 of Section 28 and a final take point in the NE/4NW/4 of Section 21. 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 21 miles west-southwest of Hobbs, New Mexico.