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

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

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Case No. _20504_

APPLICATION

Pursuant to NMSA § 70-2-17, Mewbourne Oil Company ("Mewbourne") applies for an order pooling all uncommitted mineral interests in the Third Bone Spring Sand interval of the Bone Spring formation in a 320-acre standard horizontal spacing unit comprised of the N/2 N/2 of Section 16 and the N/2 N/2 of Section 17, Township 20 South, Range 29 East in Eddy County, New Mexico. In support of its application, Mewbourne states:

1.   Mewbourne (OGRID No. 14744) is a working interest owner in the N/2 N/2 of Section 16 and the N/2 N/2 of Section 17 and has the right to drill a well thereon.

2.   The horizontal spacing unit will be dedicated to the Glock 17/16 B3DA Federal Com #2H well, which will be horizontally drilled from a surface location in Unit A in Section 18 to a bottom hole location in Unit A in Section 16, Township 20 South, Range 29 East.

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.

5.   The pooling of all uncommitted mineral interests in the Third Bone Spring Sand interval underlying the N/2 N/2 of Section 16 and the N/2 N/2 of Section 17 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 mineral interests in the horizontal spacing unit should be pooled.

WHEREFORE, Mewbourne requests that this application be set for hearing on June 13, 2019 and that, after notice and hearing, the Division enter an order:

A. Pooling all uncommitted mineral interests in the Third Bone Spring Sand interval of the Bone Spring formation underlying the N/2 N/2 of Section 16 and the N/2 N/2 of Section 17;

B. Designating Mewbourne as the operator of the Glock 17/16 B3DA Federal Com #2H well;

C. Authorizing Mewbourne to recover its costs of drilling, equipping, and completing the Glock 17/16 B3DA Federal Com #2H well and allocating the costs among the well's working interest owners;

D. 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

E. Imposing a 200% penalty for the risk assumed by Mewbourne in drilling and completing the Glock 17/16 B3DA Federal Com #2H well against any mineral interest owner who does not voluntarily participate in the drilling of the well.

HINKLE SHANOR LLP

Gary W. Larson
P.O. Box 2068
Santa Fe, NM 87504-2068
Phone: (505) 982-4554
Facsimile: (505) 982-8623
glarson@hinklelawfirm.com

Counsel for Mewbourne Oil Company

PROPOSED NOTICE

Case No. _20504_ : Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all uncommitted mineral interests in the Third Bone Spring Sand interval of the Bone Spring formation in a 320-acre standard horizontal spacing unit comprised of the N/2 N/2 of Section 17 and the N/2 N/2 of Section 16, Township 20 South, Range 29 East, NMPM, in Eddy County. The horizontal spacing unit will be dedicated to the Glock 17/16 B3DA Federal Com #2H well, which will be horizontally drilled from a surface location in Unit A in Section 18 to a bottom hole location in Unit A in Section 16. The completed interval for the well will be orthodox. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs, 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 well location is approximately thirteen (13) miles northeast of Carlsbad, New Mexico.