

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 20580

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests in the Bone Spring formation in a horizontal spacing unit comprised of the E½E½ of Section 10 and the E½E½ of Section 15, Township 23 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the E½E½ of Section 10 and the E½E½ of Section 15, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the Ibex 10/15 B1AP Fed. Com. Well No. 2H and the Ibex 10/15 B3AP Fed. Com. Well No. 1H to a depth sufficient to test the Bone Spring formation, and has dedicated the E½E½ of Section 10 and the E½E½ of Section 15 to the wells. The wells are horizontal wells, with first take points in the NE¼NE¼ of Section 10 and final take points in the SE¼SE¼ of Section 15.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E½E½ of Section 10 and the E½E½ of Section 15 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 Bone Spring

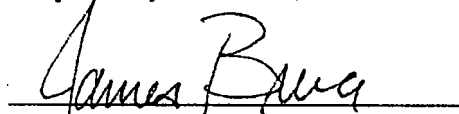
formation underlying the E½E½ of Section 10 and the E½E½ of Section 15, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Bone Spring formation underlying the E½E½ of Section 10 and the E½E½ of Section 15 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 Bone Spring formation underlying the E½E½ of Section 10 and the E½E½ of Section 15;
- 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,



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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 Bone Spring formation underlying a horizontal spacing unit comprised of the E/2E/2 of Section 10 and the E/2E/2 of Section 15, Township 23 South, Range 34 East, NMPM. The unit will be dedicated to the Ibex 10/15 B1AP Fed. Com. Well No. 2H and the Ibex 10/15 B3AP Fed. Com. Well No. 1H, horizontal wells with first take points in the NE/4NE/4 of Section 10 and final take points in the SE/4SE/4 of Section 15. 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 19 miles west-southwest of Eunice, New Mexico.