

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 20594

APPLICATION

Mewbourne Oil Company applies for an order (i) approving a non-standard spacing and proration unit in the Wolfcamp formation comprised of the NW/4 of Section 21 and the W/2 of Section 16, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and (ii) pooling all mineral interests in the Wolfcamp formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the NW/4 of Section 21 and the W/2 of Section 16, and has the right to drill a well thereon.
2. Applicant proposes to drill the following wells to test the Wolfcamp formation:
 - (a) The Creedence 21/16 W2ED State Com. Well No. 1H;
 - (b) The Creedence 21/16 W1ED State Com. Well No. 1H; and
 - (c) The Creedence 21/16 W0ED State Com. Well No. 2H.

These three wells are horizontal wells with surface locations in the SW/4NW/4 of 21 and final take points in the NW/4NW/4 of Section 16.

- (d) The Creedence 21/16 W1FC State Com. Well No. 3H; and
- (e) The Creedence 21/16 W0FC State Com. Well No. 4H.

These two wells are horizontal wells with surface locations in the SE/4NW/4 of 21 and final take points in the NE/4NW/4 of Section 16.

Applicant seeks to dedicate the NW/4 of Section 21 and the W/2 of Section 16 to the wells to form a 480 acre horizontal spacing unit.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the NW/4 of Section 21 and the W/2 of Section 16 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 wells or to otherwise commit their interests to the wells, 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 underlying the NW/4 of Section 21 and the W/2 of Section 16, pursuant to NMSA 1978 §§70-2-17, 18.

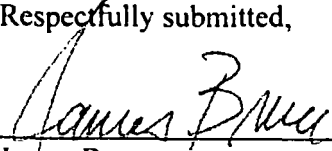
5. The pooling of all mineral interests in the Wolfcamp formation underlying the NW/4 of Section 21 and the W/2 of Section 16 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

- A. Pooling all mineral interests in the Wolfcamp formation underlying the NW/4 of Section 21 and the W/2 of Section 16;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling and completing the wells, and allocating the cost among the wells' 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 wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

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

James Bruce
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Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

Case No. 20594 _____:

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

Mewbourne Oil Company seeks an order pooling of all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the NW/4 of Section 21 and the W/2 of Section 16, Township 24 South, Range 28 East, NMPM. The unit will be dedicated to the Creedence 21/16 W2ED State Com. Well No. 1H, Creedence 21/16 W1ED State Com. Well No. 1H, Creedence 21/16 W0ED State Com. Well No. 2H, Creedence 21/16 W1FC Fed. Com. Well No. 3H, and Creedence 21/16 W0FC State Com. Well No. 4H. 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 1-1/2 mile west of Malaga, New Mexico.