

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 20675

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests in the Wolfcamp formation in a horizontal spacing unit comprised of the S/2 of Section 9 and the S/2 of Section 8, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the S/2 of Section 9 and the S/2 of Section 8, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the following wells to test the Wolfcamp formation:
  - (a) The Sandlot 9/8 W0PM Fee Well No. 1H; and
  - (b) The Sandlot 9/8 W0PM Fee Well No. 2H.

Both wells have surface locations in the SW/4SW/4 of adjoining Section 10, first take points in the SE/4SE/4 of Section 9, and last take points in the SW/4SW/4 of Section 8.

Applicant also proposes to drill the following well to test the Wolfcamp formation:

- (c) The Sandlot 9/8 W0IL Fee Well No. 3H.

The well has a surface location in the NW/4SW/4 of adjoining Section 10, a first take point in the NE/4SE/4 of Section 9, and a last take point in the NW/4SW/4 of Section 8.

Applicant seeks to dedicate the S/2 of Section 9 and the S/2 of Section 8 to the wells to form a standard 640 acre gas spacing and proration unit in the Wolfcamp formation.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S/2 of Section 9 and the S/2 of Section 8 for the purposes set forth herein.

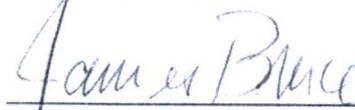
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying the S/2 of Section 9 and the S/2 of Section 8, pursuant to NMSA 1978 §§70-2-17.

5. The pooling of all mineral interests in the Wolfcamp formation underlying the S/2 of Section 9 and the S/2 of Section 8 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 S/2 of Section 9 and the S/2 of Section 8;
- 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 that reads "James Bruce". The signature is written in dark ink and is positioned above a horizontal line.

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James Bruce  
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Attorney for Mewbourne Oil Company