

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

OIL CONSERVATION DIV.
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No. 12070

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S½ of Section 36, Township 20 South, Range 27 East, N.M.P.M., Eddy County, New Mexico, and in support thereof states:

1. Applicant is a working interest owner in the S½ of said Section 36, and has the right to drill a well thereon.

2. Applicant proposes to drill its Avalon Hills "36" St. Com. Well No. 1, at an orthodox gas well location 660 feet from the South line and 1980 feet from the East line of the section, to a depth sufficient to test the Morrow formation (approximately 11,300 feet subsurface), and seeks to dedicate the following acreage to the well:

(a) The S½ of Section 36 for all pools or formations spaced on 320 acres, including the Undesignated West Burton Flat-Wolfcamp Pool, Undesignated Saladar-Upper Pennsylvanian Gas Pool, Undesignated West Burton Flat-Strawn Gas Pool, Undesignated Northeast Avalon Atoka-Gas Pool, and Burton Flat-Morrow Gas Pool; and

(b) The SE¼ of Section 36 for all pools or formations spaced on 160 acres, including the Undesignated Foster Draw-Delaware Gas Pool and Undesignated East Avalon-Bone Spring Gas Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S½ of Section 36 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 S½ of Section 36, pursuant to NMSA 1978 §70-2-17 (1996 Supp.).

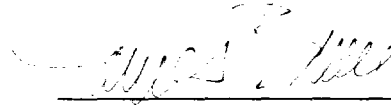
5. The pooling of all mineral interests underlying the S½ of Section 36, as set forth above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

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

- A. Pooling all mineral interests in the S½ of Section 36, as set forth above, from the surface to the base of the Morrow formation;
- 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 said rates as provided in the COPAS accounting procedure;
- E. Setting a penalty for the risk involved in drilling and

completing the well in the event a working interest owner elects not to participate in the well; and
F. Granting such further relief as the Division deems proper.

Respectfully submitted,



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