

OIL CONSERVATION DIV.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

No. 12238

APPLICATION

Mewbourne Oil Company applies for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W½ of Section 28, Township 21 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 W½ of Section 28, and has the right to drill a well thereon.

2. Applicant proposes to drill its Esperanza "28" Fee Com. Well No. 1, at a location 1750 feet from the south line and 660 feet from the west line of the section,¹ to test the Morrow formation, and seeks to dedicate the following acreage to the well:

(a) The W½ of Section 28 for all pools or formations developed on 320 acre spacing, including the Undesignated East Carlsbad-Wolfcamp Gas Pool, Undesignated La Huerta-Strawn Gas Pool, Undesignated La Huerta-Atoka Gas Pool or Undesignated Southeast La Huerta-Atoka Gas Pool, and Burton Flat-Morrow Gas Pool;

(b) The SW¼ of Section 28 for all pools or formations developed on 160 acre spacing; and

(c) The NW¼SW¼ of Section 28 for all pools or formations developed on 40 acre spacing, including the Esperanza-Delaware

¹The location is unorthodox in the Morrow formation. It was approved by Division Administrative Order NSL-4329.

Pool and Undesignated La Huerta-Wolfcamp Pool.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W½ of Section 28 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 W½ of Section 28, pursuant to NMSA 1978 §70-2-17 (1996).

5. The pooling of all mineral interests underlying the W½ of Section 28, as set forth above, will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

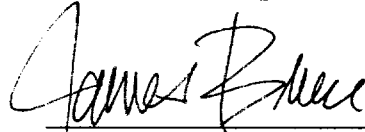
WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the W½ of Section 28, 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 per 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,

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

James Bruce
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Attorney for Mewbourne Oil Company