

CASE NO. 23405

**APPLICATION OF MEWBOURNE OIL COMPANY TO AMEND ORDER FOR
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO**

EXHIBIT LIST

1. Application and Proposed Notice
2. Landman's Affidavit
3. Affidavit of Mailing
4. Publication Affidavit

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**APPLICATION OF MEWBOURNE OIL COMPANY
TO AMEND ORDER NO. R-22069, LEA COUNTY,
NEW MEXICO.**Case No. 23405**APPLICATION**

Mewbourne Oil Company applies for an order amending Order No. R-22069, and in support thereof states:

1. Order No. R-22069 pooled all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2E/2 of Section 11 and the W/2SE/4 of Section 2, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico.

2. Applicant proposes to drill the Dragonstone B2OJ Fed Com. Well No. 1H to a depth sufficient to test the Bone Spring formation, with a first take point in the SW/4SE/4 of Section 11 and a last take point in the NW/4SE/4 of Section 2. Order No. R-22069 designates Applicant as operator of the well.

3. This matter (Case No. 22368) was heard on February 17, 2022, and Order No. R-22069 was entered on March 9, 2022. Paragraph 19 of Order No. R-22069 requires the operator to commence the well within one year of the date of issuance. Paragraph 20 of Order No. R-22069 provides that the order will terminate if the well is not timely commenced, unless the operator "obtains an extension by amending this Order for good cause shown."

4. Applicant plans on drilling the well later this year, but would like an extension in order to collect more data from well results in the area, including some recently drilled by

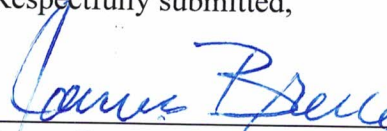
EXHIBIT /

Applicant. Applicant will apply what it learns from these results in order to increase productivity and prevent economic waste. Thus good cause exists for Applicant's request for an extension.

5. Applicant requests an extension of the well commencement deadline of Order No. R-22069 to March 9, 2024.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order amending Order No. R-22069 to extend the well commencement deadline to March 9, 2024.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Mewbourne Oil Company

Application of Mewbourne Oil Company to Amend Order No. R-22069, Lea County, New Mexico. Mewbourne Oil Company seeks an order amending Order No. R-22069, entered on March 9, 2022, to extend the well commencement deadline one year, to March 9, 2024. Order No. R-22069 pooled mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2E/2 of Section 11 and the W/2SE/4 of Section 2, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico, for purposes of drilling the Dragonstone B2OJ Fed Com. Well No. 1H. It requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amending the order for good cause shown. The unit is located approximately 6-1/2 miles south-southeast of Maljamar, New Mexico.

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF MEWBOURNE OIL COMPANY
TO AMEND ORDER NO. R-22069, LEA COUNTY,
NEW MEXICO.**

Case No. **23405**

SELF-AFFIRMED STATEMENT OF BRAD DUNN

Brad Dunn deposes and states:

1. I am a landman for Mewbourne Oil Company ("Mewbourne"), and have personal knowledge of the matters stated herein. I have been qualified by the Division as an expert petroleum landman.
2. I am familiar with the application filed by Mewbourne in the above case. Pursuant to Division rules the following information is submitted in support of the application.
3. No opposition is expected because the affected interest owners have been notified of this case and have not objected or entered an appearance.
4. In this case Mewbourne seeks an order amending the subject order, entered on March 9, 2022, to extend the well commencement deadline one year, to March 9, 2024. Order No. R-2206 is submitted as Attachment A.
5. The order pooled all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2E/2 of Section 11 and the W/2SE/4 of Section 2, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico, for the purpose of drilling the Dragonstone B2OJ Fed Com. Well No. 1H. Order No. R-22069 designates Mewbourne as operator of the well.
6. Mewbourne plans on drilling the well later this year, but would like an extension in order to collect more data from well results in the area, including some recently drilled by Applicant. Mewbourne will apply what it learns from these results in order to increase productivity and prevent economic waste. Thus good cause exists for Mewbourne's request for an extension of time to commence drilling.
7. Mewbourne requests that the deadline to commence drilling the subject well be extended for one year from March 9, 2023 to March 9, 2024.
8. Mewbourne is in good standing under the Division's Rules.
9. The granting of this application will prevent waste and protect correlative rights.

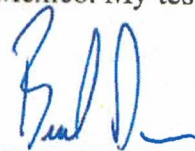
EXHIBIT

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I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 9 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date:

2/28/2023



Brad Dunn

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING SUBMITTED BY
MEWBOURNE OIL COMPANY**

**CASE NO. 22368
ORDER NO. R-22069**

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on February 17, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Mewbourne Oil Company ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the

ATTACHMENT

A

depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

CASE NO. 22368
ORDER NO. R-22069

Exhibit A

Received by OCD: 2/15/2022 5:10:34 PM

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COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case No.:	22368
Hearing Date:	2/17/2022
Applicant	Mewbourne Oil Company
Designated Operator & OGRID	OGRID # 14744
Applicant's Counsel	Hinkle Shanor LLP
Case Title	Application of Mewbourne Oil Company for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors	COG Operating LLC; Concho Oil & Gas LLC; MRC permian Company
Well Family	Dragonstone
Formation/Pool	
Formation Name(s) or Vertical Extent	Bone Spring
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Bone Spring
Pool Name and Pool Code	Young; Bone Spring-North Pool (63350)
Well Location Setback Rules	Statewide
Spacing Unit Size	240-acre
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	240-acre
Building Blocks	quarter-quarter
Orientation	Standup
Description: TRS/County	W/2E/2 of Section 11 and W/2SE/4 of Section 2, Township 18 South, Range 32 East, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), if No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Dragonstone 11/2 B2OJ Fed Com #1 (API # pending) SHL: 405' FNL & 660' FEL (Unit A), Section 14, T18S-R32E BHL: 2540' FSL & 1815' FEL (Unit J), Section 2, T18S-R32E Completion Target: Bone Spring formation (Approx. 9279' TVD)
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	8000
Production Supervision/Month \$	800
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit A-6

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CASE NO. 22368
ORDER NO. R-22069

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**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF MEWBOURNE OIL
COMPANY TO AMEND ORDER FOR
COMPULSORY POOLING, EDDY
COUNTY, NEW MEXICO.**

Case No. 23405

SELF-AFFIRMED STATEMENT OF NOTICE

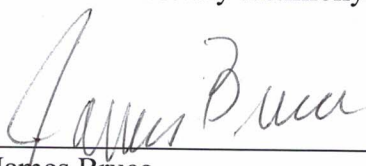
COUNTY OF SANTA FE)
) ss.
STATE OF NEW MEXICO)

James Bruce deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am an attorney for Mewbourne Oil Company.
3. Mewbourne Oil Company has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the application filed herein.
4. Notice of the application was provided to the interest owners, at their last known addresses, by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Attachment A.
5. Applicant has complied with the notice provisions of Division Rules.
6. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 5 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: _____

4/4/23



James Bruce

EXHIBIT 3

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruce@aol.com

March 16, 2023

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

To: Persons listed on Exhibit A

Ladies and gentlemen:

Enclosed is a copy of an application to amend a compulsory pooling order (Case No. 23405), filed with the New Mexico Oil Conservation Division by Mewbourne Oil Company, seeking an order amending Order No. R-22069, entered on March 9, 2022, to extend the well commencement deadline one year, to March 9, 2024. Order No. R-22069 pooled mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2E/2 of Section 11 and the W/2SE/4 of Section 2, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico, for purposes of drilling the Dragonstone B2OJ Federal Com. Well No. 1H. It requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amending the order for good cause shown. This matter is scheduled for hearing at 8:15 a.m. on Thursday, April 6, 2023. During the current circumstances, state buildings are closed to the public and the hearing will be conducted remotely. To view the hearing docket and to determine how to participate in an electronic hearing, go to <https://www.emnrd.nm.gov/ocd/hearing-info/>, or contact Marlene Salvidrez at Marlene.Salvidrez@emnrd.nm.gov. You are not required to attend this hearing, but as an owner of an interest who may be affected by the application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting this matter at a later date. A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than five business days before the hearing date. This statement may be filed online with the Division at ocd.hearings@emnrd.nm.gov, and should include: The name of the party and his or her attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate time the party will need to present his or her case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,


James Bruce

Attorney for Mewbourne Oil Company

ATTACHMENT 

EXHIBIT A

BTA Oil Producers, LLC
104 South Pecos
Midland, TX 79701

Explorers Petroleum Corp.
Spiral, Inc.
P.O. Box 1933
Roswell, NM 88202

Laurelind Corporation
P.O. Box 2143
Roswell, NM 88202

Lynx Petroleum Inc.
P.O. Box 11708
Hobbs, NM 88241

MRC Delaware Resources, LLC
Suite 1500
5400 LBJ Freeway
Dallas, TX 75240

OXY USA WTP Limited Partnership
Suite 110
5 Greenway Plaza
Houston, TX 77046

Winchester Energy, LLC
P.O. Box 13540
Oklahoma City, OK 73113

Affidavit of Publication

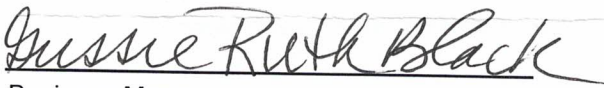
STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
March 19, 2023
and ending with the issue dated
March 19, 2023.


Publisher

Sworn and subscribed to before me this
19th day of March 2023.


Business Manager

My commission expires
January 29, 2027

(Seal) **STATE OF NEW MEXICO**
NOTARY PUBLIC
GUSSIE RUTH BLACK
COMMISSION # 1087528
COMMISSION EXPIRES 01/29/2027

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL NOTICE
March 19, 2023

To: BTA Oil Producers, LLC, OXY USA WTP Limited Partnership, Explorers Petroleum Corp., Laureland Corporation, Lynx Petroleum Inc., MRC Delaware Resources, LLC, and Winchester Energy, LLC, or your successors or assigns: Mewbourne Oil Company has an application with the New Mexico Oil Conservation Division (Case No. 23405) seeking an order amending Order No. R-22069, entered on March 9, 2022, to extend the well commencement deadline one year, to March 9, 2024. Order No. R-22069 pooled mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2E/2 of Section 11 and the W/2SE/4 of Section 2, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico, for purposes of drilling the Dragonstone B2OJ Fed Com. Well No. 1H. It requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amending the order for good cause shown. Also to be considered will be the designation of applicant as operator of the well. This matter is scheduled for hearing on April 6, 2023 at 8:15 a.m. During the current circumstances, state buildings are closed to the public and the hearing will be conducted remotely. To view the hearing docket and to determine how to participate in an electronic hearing, go to <https://www.emnrd.nm.gov/ocd/hearing-info/>, or contact Marlene Salvidrez at Marlene.Salvidrez@emnrd.nm.gov. You are not required to attend this hearing, but as an owner of an interest who may be affected by the application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting this matter at a later date. A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than five business days before the hearing date. This statement may be filed online with the Division at ocd.hearings@emnrd.nm.gov, and should include: The name of the party and his or her attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate time the party will need to present his or her case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the attorney for applicant, James Bruce, P.O. Box 1056, Santa Fe, New Mexico 87504, jamesbruce@aol.com. The unit is located approximately 6-1/2 miles south-southeast of Maljamar, New Mexico.
#00276862

EXHIBIT

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JAMES BRUCE
JAMES BRUCE, ATTORNEY AT LAW
P.O. BOX 1056
SANTA FE, NM 87504