

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

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING AND APPROVAL
OF NON-STANDARD SPACING UNIT,
LEA COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

Pursuant to NMSA 1978, § 70-2-17 and NMAC 19.15.16.15(B)(5), Mewbourne Oil Company (“Mewbourne” or “Applicant”) (OGRID No. 14744) files this application with the Oil Conservation Division (“Division”) seeking an order pooling all uncommitted mineral interests in the Wolfcamp formation underlying a 639.4-acre, more or less, non-standard horizontal spacing unit comprised of the E/2 of Sections 6 and 7, Township 19 South, Range 35 East, Lea County, New Mexico (“Unit”). In support of this application, Mewbourne states the following:

1. Applicant is a working interest owner in the Unit and has the right to drill wells thereon.
2. Applicant seeks to dedicate the Unit to the proposed Beefalo 7/6 State Com #716H (W1OB) well (“Well”), to be drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 18 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 6.
3. The completed interval of the Well will be orthodox.
4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all interest owners.
5. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. Approval of a non-standard horizontal spacing unit is necessary to prevent waste and protect correlative rights.

7. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated the operator of the proposed horizontal Well and the Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 6, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving a non-standard horizontal spacing unit pursuant to 19.15.16.15(B)(5) NMAC;
- B. Pooling all uncommitted interests in the Unit;
- C. Approving the initial Well in the Unit;
- D. Designating Applicant as the operator of the Unit and the horizontal Well to be drilled thereon;
- E. Authorizing Applicant to recover its costs of drilling, equipping, and completing the Well;
- F. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

Jaclyn M. McLean

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 98208623

dhardy@hinklelawfirm.com

jmclean@hinklelawfirm.com

Counsel for Mewbourne Oil Company