

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

**APPLICATION OF MEWBOURNE OIL
COMPANY FOR APPROVAL OF AN
OVERLAPPING HORIZONTAL WELL SPACING
UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Mewbourne Oil Company (“Mewbourne” or “Applicant”) (OGRID No. 14744), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order (1) approving a 320.38-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying Lot 2, SW/4 NE/4, and W/2 SE/4 (W/2 E/2 equivalent) of irregular Section 4, and W/2 E/2 of Section 9, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted interests in this acreage. In support of its application, Mewbourne states:

1. Applicant is a working interest owner in the proposed overlapping horizontal spacing unit and has the right to drill thereon.
2. Mewbourne seeks to dedicate the above-referenced overlapping horizontal spacing unit to the proposed **San Lorenzo 9-4 State Com #556H** well to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 9 to a bottom hole location in Lot 2 (NW/4 NE/4 equivalent) of irregular Section 4.
3. This proposed horizontal well spacing unit will overlap the following existing spacing unit in the Bone Spring formation:
 - 160-acre spacing unit comprised of Lot 2, SW/4 NE/4, and W/2 SE/4 (W/2 E/2 equivalent) of irregular Section 4, T25S-R28E, dedicated to the Kayro 4 State 1H (API: 30-015-41292) well currently operated by RAYBAW Operating, LLC.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all mineral owners in the subject spacing unit.


5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this matter be set for hearing before an Examiner of the Oil Conservation Division on February 13, 2025, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed overlapping spacing unit;
- B. Pooling all uncommitted interests in the horizontal spacing unit;
- C. Designating Applicant as operator of the overlapping horizontal spacing unit and the horizontal well to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping, and completing the well;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. 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,

HOLLAND & HART LLP

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ATTORNEYS FOR MEWBOURNE OIL COMPANY

CASE _____: **Application of Mewbourne Oil Company for Approval an Overlapping Horizontal Well Spacing Unit and Compulsory Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) approving a 320.38-acre, more or less, overlapping horizontal well spacing unit in the Bone Spring formation underlying Lot 2, SW/4 NE/4, and W/2 SE/4 (W/2 E/2 equivalent) of irregular Section 4, and W/2 E/2 of Section 9, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico, and (2) pooling all uncommitted interests in this acreage. Mewbourne seeks to dedicate the above-referenced overlapping horizontal spacing unit to the proposed **San Lorenzo 9-4 State Com #556H** well to be drilled from a surface hole location in the SE/4 SW/4 (Unit N) of Section 9 to a bottom hole location in Lot 2 (NW/4 NE/4 equivalent) of irregular Section 4. This proposed horizontal well spacing unit will overlap the following existing spacing units in the Bone Spring formation:

- 160-acre spacing unit comprised of Lot 2, SW/4 NE/4, and W/2 SE/4 (W/2 E/2 equivalent) of irregular Section 4, T25S-R28E, dedicated to the Kayro 4 State 1H (API: 30-015-41292) well currently operated by RAYBAW Operating, LLC.

Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Applicant as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 5 miles southwest of Malaga, New Mexico.