

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

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

CASE 25228

**APPLICATION OF PBEX OPERATIONS, LLC
FOR COMPULSORY POOLING AND APPROVAL
OF AN OVERLAPPING SPACING UNIT,
EDDY COUNTY AND LEA COUNTY, NEW MEXICO.**

CASE 25301

**APPLICATION OF PBEX OPERATIONS, LLC
FOR COMPULSORY POOLING AND APPROVAL
OF AN OVERLAPPING SPACING UNIT,
EDDY COUNTY AND LEA COUNTY, NEW MEXICO.**

CASE 25303

PBEX OPERATIONS, LLC'S PRE-HEARING STATEMENT

PBEX Operations, LLC ("PBEX") submits this Pre-Hearing Statement for the above-referenced cases. PBEX has objected to the application filed by Mewbourne Oil Company ("Mewbourne") proceeding by affidavit.

APPEARANCES

APPLICANT

PBEX (25301, 25303)

ATTORNEY

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OPPONENT

Mewbourne

ATTORNEY

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**OTHER PARTIES
WITH AN EOA IN
PBEX'S CASES**

Concho Oil and Gas,
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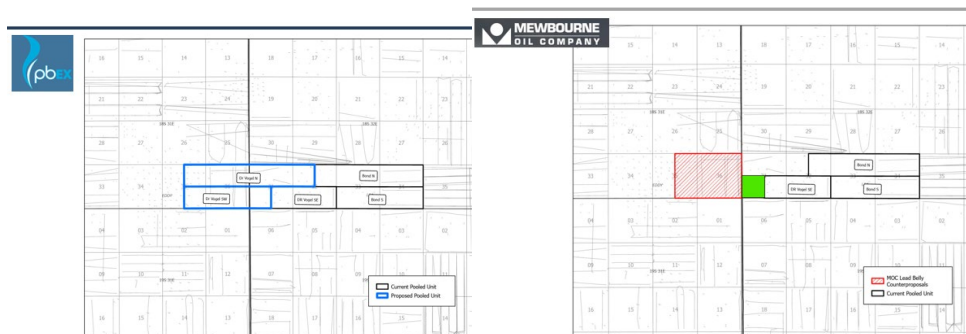
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STATEMENT OF CASE

In these competing cases, PBEX and Mewbourne both seek operatorship in overlapping acreage, located in the E/2 of Section 35 and all of Section 36, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico. Both operators have proposed wells in the Bone Spring formation with a laydown orientation. PBEX, however, seeks to develop longer laterals that extend into Sections 31 and 32, Township 18 South, Range 32 East, NMPM, Lea County. The wells that PBEX seeks to drill will be located directly adjacent to other spacing units to the west of these Sections. Here is a visual of each operator's proposed development plan:



In comparison to PBEX's proposed development plan, Mewbourne is seeking to form a non-standard Bone Spring spacing unit that is developed by 1.5 mile laterals.

PBEX owns significant working interests in the spacing units proposed in Cases 25301 and 25303. Additionally, PBEX has obtained support from a majority of working interest owners in the lands that it seeks to develop – in both cases *it has obtained a working interest control percentage that exceeds 75%*. PBEX is a responsible operator, and it should be afforded the opportunity to develop these sections, where it owns the largest stake of the working interests. At hearing, PBEX's evidence will show that:

- The underlying geology is suitable for lay-down development.
- PBEX has gained working interest control within its proposed spacing units. It owns significant working interests, several working interest owners have executed Joint Operating Agreements, and several working interest owners have agreed to participate by signing AFE elections.
- If Mewbourne's application is granted, there is a risk of stranded acreage in Section 31, T18S, R32E, Lea County. There is significant Dunes Sage Brush Lizard Habitat in the area – resulting in no-surface disturbance being allowed in Sections 31 and 32 large enough to accommodate a drilling pad location. Due to habitat concerns, best available surface location is in Section 35.

- PBEX has proposed to drill longer laterals which allows for the development of the setback areas under Mewbourne's proposal – maximizing development and avoiding waste. This helps reduce surface disturbances and allows to complete portions of the formation that would be otherwise subject to the Division's setback requirements.
- PBEX's authorizations for expenditure ("AFEs") propose costs that are lower than the costs proposed by Mewbourne, resulting in millions of dollars of savings for working interest owners in Sections 31 and 32.
- PBEX is a prudent oil and gas operator that proposes a responsible development plan. It has a drilling rig that is actively drilling wells nearby the Subject Area.

PBEX's applications are summarized as follows:

Case 25301, PBEX filed an application for Compulsory Pooling and Approval of an Overlapping Spacing Unit, Eddy County and Lea County, New Mexico. It seeks an order pooling a standard 961.18 acre, more or less, horizontal well spacing unit in the Bone Spring formation comprised of NE/4 of Section 35 and the N/2 of Section 36, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico and the N/2 of Section 31 and NW/4 of Section 32, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico initially dedicated to the proposed Dr. Vogel N 35-32 Fed Com 101H, 102H, 103H, and the Dr. Vogel N 35-23 Fed Com 201H, 203H, and 205H wells to be horizontally drilled as follows:

- Dr. Vogel N 35-32 Fed Com 101H, which will be drilled from a surface hole location the NE/4 of Section 35, Township 18 South, Range 31 East, in Eddy County New Mexico to a bottom hole located 330' from the North Line and 2540' from the West Line of Section 32 (Unit C), Township 18 South, Range 32 East, in Lea County, New Mexico.
- Dr. Vogel N 35-32 Fed Com 102H, which will be drilled from a surface hole location the NE/4 of Section 35, Township 18 South, Range 31 East, in Eddy County New Mexico to a bottom hole located 1254' from the North Line and 2540' from the West Line of Section 32 (Unit C), Township 18 South, Range 32 East, in Lea County, New Mexico.
- Dr. Vogel N 35-32 Fed Com 103H, which will be drilled from a surface hole location the NE/4 of Section 35, Township 18 South, Range 31 East, in Eddy County New Mexico to a bottom hole located 2200' from the North Line and 2540' from the West Line of Section 32 (Unit F), Township 18 South, Range 32 East, in Lea County, New Mexico.
- Dr. Vogel N 35-32 Fed Com 201H, which will be drilled from a surface hole location the NE/4 of Section 35, Township 18 South, Range 31 East,

in Eddy County New Mexico to a bottom hole located 330' from the North Line and 2540' from the West Line of Section 32 (Unit C), Township 18 South, Range 32 East, in Lea County, New Mexico.

- Dr. Vogel N 35-32 Fed Com 203H, which will be drilled from a surface hole location the NE/4 of Section 35, Township 18 South, Range 31 East, in Eddy County New Mexico to a bottom hole located 1254' from the North Line and 2540' from the West Line of Section 32 (Unit C), Township 18 South, Range 32 East, in Lea County, New Mexico.
- Dr. Vogel N 35-32 Fed Com 205H, which will be drilled from a surface hole location the NE/4 of Section 35, Township 18 South, Range 31 East, in Eddy County New Mexico to a bottom hole located 2200' from the North Line and 2540' from the West Line of Section 32 (Unit F), Township 18 South, Range 32 East, in Lea County, New Mexico.

The spacing unit for these wells will overlap with the spacing units for the: Nervous Horz Com #2H (API No. 30-015-37143) in the E/2 E/2 of Section 36, Township 18 South, Range 31 East; Nervous Horz Com #4H (API No. 30-015-37146) in the W/2 W/2 of Section 36, Township 18 South, Range 31 East; Nervous Horz Com #3H (API No. 30-015-37145) in the W/2 E/2 of Section 36, Township 18 South, Range 31 East; EGL Fed #1 (API No. 30-025-35690) in the NE/NE of Section 31, Township 18 South, Range 32 East; LPC 31 Fed #3 (API No. 30-025-37859) in the SENW of Section 31, Township 18 South, Range 32 East; Hulkster #1 (API No. 30-025-38446) in the NWNE of Section 36, Township 18 South, Range 31 East; N Lusk 32 St #1 (API No. 30-025-35747) in the NENW of Section 36 in Township 18 South, Range 31 East; SDL Fed Com #1H (API No. 30-025-39537) in the N2NW and NWNE of Section 31, Township 18 South, Range 32 East; LPC 31 Fed #4 (API No. 30-025-38109) in the SWNW of Section 31, Township 18 South, Range 32 East; LPC 31 Fed #2 (API No. 30-025-37857) in the SWNE of Section 31, Township 18 South, Range 32 East; Hulkster #2 (API No. 30-025-38844) in the SWNW of Section 32 in Township 18 South, Range 32 East; Watkins 32 St #1 (API No. 30-025-31735) in the SENW of Section 32, Township 18 South, Range 32 East. Applicant requests approval of the overlapping spacing unit. Also, to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of PBEX Operations, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. The subject area is located approximately 30.4 miles Northeast of Carlsbad, New Mexico.

Case 25303, PBEX filed an application for Compulsory Pooling and Approval of an Overlapping Spacing Unit, Eddy County and Lea County, New Mexico. It seeks an order pooling a standard 642.79 acre, more or less, horizontal well spacing unit in the Bone Spring formation comprised of the SE/4 of Section 35 and the S/2 of Section 36, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico and lots 3-4, E/2 SW/4 of Section 31, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico initially dedicated to the proposed Dr. Vogel SW 35-31 Fed Com 104H, 105H, 106H, and the Dr. Vogel SW 35-31 Fed Com 207H, 209H, and 211H wells to be horizontally drilled as follows:

- Dr. Vogel SW 35-31 Fed Com 104H, which will be drilled from a surface hole location the SE/4 of Section 35, Township 18 South, Range 31 East,

- in Eddy County New Mexico to a bottom hole located 2230' from the South Line and 2540' from the West Line of Section 31 (Unit K), Township 18 South, Range 32 East, in Lea County, New Mexico.
- Dr. Vogel SW 35-31 Fed Com 105H, which will be drilled from a surface hole location the SE/4 of Section 35, Township 18 South, Range 31 East, in Eddy County New Mexico to a bottom hole located 1254' from the South Line and 2540' from the West Line of Section 31 (Unit N), Township 18 South, Range 32 East, in Lea County, New Mexico.
 - Dr. Vogel SW 35-31 Fed Com 106H, which will be drilled from a surface hole location the SE/4 of Section 35, Township 18 South, Range 31 East, in Eddy County New Mexico to a bottom hole located 330' from the South Line and 2540' from the West Line of Section 31 (Unit N), Township 18 South, Range 32 East, in Lea County, New Mexico.
 - Dr. Vogel SW 35-31 Fed Com 207H, which will be drilled from a surface hole location the SE/4 of Section 35, Township 18 South, Range 31 East, in Eddy County New Mexico to a bottom hole located 2230' from the South Line and 2540' from the West Line of Section 31 (Unit K), Township 18 South, Range 32 East, in Lea County, New Mexico.
 - Dr. Vogel SW 35-31 Fed Com 209H, which will be drilled from a surface hole location the SE/4 of Section 35, Township 18 South, Range 31 East, in Eddy County New Mexico to a bottom hole located 1254' from the South Line and 2540' from the West Line of Section 31 (Unit N), Township 18 South, Range 32 East, in Lea County, New Mexico.
 - Dr. Vogel SW 35-31 Fed Com 211H, which will be drilled from a surface hole location the SE/4 of Section 35, Township 18 South, Range 31 East, in Eddy County New Mexico to a bottom hole located 330' from the South Line and 2540' from the West Line of Section 31 (Unit N), Township 18 South, Range 32 East, in Lea County, New Mexico.

The spacing unit for these wells will overlap with the spacing units for the: Nervous Horz Com #2H (API No. 30-015-37143) in the E/2 E/2 of Section 36, Township 18 South, Range 31 East; Nervous Horz Com #4H (API No. 30-015-37146) in the W/2 W/2 of Section 36, Township 18 South, Range 31 East; Nervous Horz Com #3H (API No. 30-015-37145) in the W/2 E/2 of Section 36, Township 18 South, Range 31 East; Lusk 31 Fed #2 (API No. 30-025-39079) in the NESW of Section 31, Township 18 South, Range 32 East; Eddy JP St Com #1 (API No. 30-015-23504) in the SESW of Section 36, Township 18 South, Range 31 East. Applicant requests approval of the overlapping spacing unit. Also, to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof, actual operating costs and charges for supervision, designation of PBEX Operations, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. The subject area is located approximately 30.1 miles Northeast of Carlsbad, New Mexico.

PROPOSED EVIDENCE

Mewbourne, has not filed an objection to PBEX presenting Cases 25301 and 25303 by affidavit. Both Mewbourne and PBEX are close to resolving these cases and they may enter into a trade agreement before the hearing on 7/29/2025. If that occurs, PBEX would like to reserve the right to present one of its cases by affidavit. As a result, PBEX will be filing separate exhibit packets for Cases 25301 and 25303, in the event one of PBEX's cases needs to be dismissed and the other case can proceed by affidavit.

Witness	Estimated Time	Exhibits
<i>Ruth Pelzel - Landman</i>	Affidavit & approx. 30 min.	Exhibit A & Exhibit E (notice exhibit)
<i>Christian Bradshaw - Geologist</i>	Affidavit & approx. 20 min.	Exhibit B
<i>Gaines Myer – Facilities Engineer</i>	Affidavit & approx. 20 min.	Exhibits C
<i>Hunter Vick – Petroleum Engineer</i>	Affidavit & approx. 30 min.	Exhibits D

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

By: 

Jennifer L. Bradfute

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on July 22, 2025:

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
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QUESTIONS

Action 487770

QUESTIONS

Operator: PBEX Operations, LLC 223 West Wall Street Midland, TX 79701	OGRID: 332544
	Action Number: 487770
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
Please assist us by provide the following information about your testimony.	
Number of witnesses	4
Testimony time (in minutes)	100