

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

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

Case No. 16183

AMENDED PRE-HEARING STATEMENT

Jalapeno Corporation (“Jalapeno”) provides this Amended Pre-Hearing Statement for the Division hearing as required by Rule 19.15.4.13B NMAC.

APPEARANCES

APPLICANT

Mewbourne Oil Co.

ATTORNEY

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OPPONENTS

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STATEMENT OF THE CASE

Mewbourne Oil Company (“Mewbourne”) applies for an order from the Division pooling all mineral interests across separate existing 40 acre oil spacing units into a 320 acre project area or spacing unit being the S2N2 of Section 24 and the S2N2 of Section 23 Township 18 South, Range 30 East, NMPM, in Eddy County, New Mexico. The applicant proposes to drill the Virgo 24/23 B2HE Fed Com. Well #1H to test the Bone Spring formation. It will be a horizontal well with surface location in Section 24 and a terminus in Section 23.

Jalapeno’s Pre-Hearing Statement is provided based on the Amended Application filed by Mewbourne on August 18, 2018, and the relief requested therein. Jalapeno reserves the right to supplement its response to the Amended Application if Mewbourne seeks relief at the hearing beyond that requested in the application.

JALAPENO’S POSITION ON THE FORCE POOLING APPLICATION

Jalapeno has agreed to participate in the Virgo well at issue in this application. Jalapeno and Mewbourne have reached agreement on Jalapeno’s participation in the

well. Mewbourne has represented it does not intend to force pool Jalapeno in this case and that it will dismiss Jalapeno from this proceeding.

In the event of any unforeseen circumstance which would require Jalapeno to defend this force pooling application on the merits, Jalapeno adopts by reference its original Pre-Hearing Statement filed May 24, 2018 in Case No. 16183.

PROPOSED EVIDENCE

Jalapeno will present evidence that it has agreed to participate to the extent of its working interest share in the cost of drilling the proposed Bone Spring wells. It cannot be ordered force pooled. Jalapeno's evidence will include data establishing that drilling of the proposed well presents minimal risk based on Mewbourne's experience in the area.

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Harvey Yates (operator/landman)	20 min.	2 approx.
Emmons Yates (practical oil man/landman)	20 min.	2 approx.

Respectfully submitted,

GALLEGOS LAW FIRM, P.C.

By /s/ J. E. Gallegos
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on counsel of record by electronic mail this 11th day of October, 2018:

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