

J. SCOTT HALL
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December 9, 2016

HAND-DELIVERED

Florene Davidson New Mexico Oil Conservation Division 1220 South St. Francis Drive Santa Fe, NM 87505

Re: IN THE MATTER OF THE APPLICATION OF MEWBOURNE OIL COMPANY FOR A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO, OCD CASE NOS. 15600, 15601 and 15602

Dear Ms. Davidson:

Enclosed are 3 originals of a Second Motion for Continuance and Request for Prehearing Conference for filing in each of the above cases.

Thank you.

Very truly yours,

7. Scott Hall

Enclosures

cc (via email, w/enc.): James Bruce (via email, w/encs.)

Luke Mildren, Mewbourne Oil Company

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

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

CASE NOS. 15600, 15601 and 15602

SECOND MOTION FOR CONTINUANCE AND REQUEST FOR PREHEARING CONFERENCE

Black Mountain Operating LLC, ("Black Mountain"), moves the Division enter its order continuing the December 15, 2016 hearings in the three cases referenced above, until a docket hearing date in February or March of 2017 as can be agreed to by the parties. In support of its motion, Black Mountain states:

Mewbourne Oil Company seeks orders approving of three non-standard oil spacing and proration units and pooling unjoined interests for the drilling of three Bone Spring formation wells in the E½ E½, the W/2 E/2 and the E/2 W/2 of Section 15, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico.

Black Mountain owns certain working interests in the S/2 of Section 15 that would be included in Mewbourne's proposed spacing and proration units. Black Mountain also owns interests in adjoining Section 10, T23S, R34E. It plans to develop its acreage in both sections with three 7,500' laterals which would also include Mewbourne's interests in the N/2 of Section 15. Proposals for Mewbourne's participation in the Black Mountain wells were recently sent. (See Well Proposals, Exhibits 1). It is not presently known whether Mewbourne will agree to participate in the development of Sections 10 and 15 as Black Mountain has proposed. There are also other interest owners in Section 10 who must consider whether to participate in the Black Mountain

wells. If voluntary participation cannot be achieved, compulsory pooling proceedings may become necessary. If such becomes the case, then it is in the interests of administrative economy and efficiency to consolidate all such proceedings for simultaneous hearing.

In order to allow the parties sufficient time to consider Black Mountain's drilling and development proposals and negotiate their participation, Black Mountain requests that the December 15, 2016 hearing be continued.

The undersigned attempted to contact Mewbourne's counsel, Mr. Bruce, to discuss these matters, but believe he may be involved in another hearing. A pre-hearing conference early next week is requested.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: 1. Scott Hall

Post Office Box 2307

Santa Fe, New Mexico 87504-2307

(505) 982-3873

shall@montand.com

Attorneys for Black Mountain Operating LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on the following counsel of record by electronic mail on December 9, 2016:

James Bruce Post Office Box 1056 Santa Fe, NM 87504 jamesbruc@aol.com

1. Jeon Rall



BLACK MOUNTAIN OPERATING, LLC

December 9, 2016

Mewbourne Oil Company Attn: Corey Mitchell 500 West Texas, Suite 1020 Midland, Texas 79701

Re:

Notice of Intent to Drill
Duke Federal 10 #26H
E2E2 of Section 15-235-34E &
E2SE4 of Section 10-235-34E

Lea County, New Mexico

To Whom it May Concern:

Black Mountain Operating, LLC ("BMO") hereby delivers this notice describing its intent to drill the Duke Federal 10 #26H well name (the "Well"), as described below.

 Well Type:
 New Drill Horizontal

 Objective Formation:
 3" Bone Spring 5and

 Estimated Total Vertical Depth:
 11,300"

 Estimated total Measured Depth:
 18,567"

 Surface Hole Location:
 2442" FSL, 461" FEL

 Bottom Hole Location:
 330" FSL, 461" FEL

 Proposed Project Area:
 E2 E2 Section 15, E2 SE4 Section 10

According to preliminary ownership reports it appears that Mewbourne Oil Company ("Mewbourne") owns working interest in and to Section 15. Prior to commencing actual drilling operations the ownership interests will be verified under a drilling title opinion. Should Mewbourne's ownership be verified BMO will provide Mewbourne a copy of BMO's JOA and an opportunity to participate in the Well, in accordance to the rules of New Mexico Oil Conservation Division.

Thank you for your careful time and consideration; we look forward to doing business with you. Respectfully,

Black Mountain Operating, LLC

Luke Mildren

Vice President, Land

500 Main Street, Suite 1220 Fort Worth, Texas 7610Z. Phone 817-698-9901. email: luke,mildren@blackmtn.com

BLACK MOUNTAIN OPERATING, LLC AUTHORIZATION FOR EXPENDITURE DRILL & COMPLETE NEW WELL	RIZATION FOR EXPENDITURE COMPLETE NEW WELL	
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BLACK MOUNTAIN OPERATING, LLC

December 9, 2016

Mewbourne Oil Company Attn: Corey Mitchell 500 West Texas, Suite 1020 Midland, Texas 79701

Re:

Notice of Intent to Drill

Duke Federal 10 #18H W2E2 of Section 15-235-34E & W2SE4 of Section 10-235-34E Lea County, New Mexico

To Whom it May Concern:

Black Mountain Operating, LLC ("BMO") hereby delivers this notice describing its intent to drill the Duke Federal 10 #18H well name (the "Well"), as described below.

According to preliminary ownership reports it appears that Mewbourne Oil Company("Mewbourne") owns working interest in and to Section 15. Prior to commencing actual drilling operations the ownership interests will be verified under a drilling title opinion. Should Mewbourne's ownership be verified BMO will provide Mewbourne a copy of BMO's IOA and an opportunity to participate in the Well, in accordance to the rules of New Mexico Oil Conservation Division.

Thank you for your careful time and consideration; we look forward to doing business with you. Respectfully,

Black Mountain Operating, LLC

Vice President, Land

500 Main Street, Suite 1220 Fort Worth, Texas 76102. Phone 817-598-9901. email: <u>luke.mildren@blackmtn.com</u>

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BLACK MOUNTAIN OPERATING, LLC

December 9, 2016

Mewbourne Oil Company Attn: Corey Mitchell 500 West Texas, Suite 1020 Midland, Texas 79701

Re:

Notice of Intent to Drill Duke Federal 10 #10H

E2W2 of Section 15-23S-34E & E25W4 of Section 10-23S-34E Lea County, New Mexico

To Whom it May Concern:

Black Mountain Operating, LLC ("BMO") hereby delivers this notice describing its intent to drill the Duke Federal 10 #10H well name (the "Well"), as described below.

Objective Formation: ,..... 3rd Bone Spring Sand Estimated total Measured Depth: 18,557 Surface Hole Location; 2470' FSL, 1906' FWL Bottom Hole Location: 330' FSL, 1546' FWL

According to preliminary ownership reports it appears that Mewbourne Oil Company ("Mewbourne") owns working interest in and to Section 15. Prior to commencing actual drilling operations the ownership interests will be verified under a drilling title opinion. Should Mewbourne's ownership be verified BMO will provide Mewbourne a copy of BMO's JOA and an opportunity to participate in the Well, in accordance to the rules of New Mexico Oil Conservation Division.

Thank you for your careful time and consideration; we look forward to doing business with you. Respectfully,

Black Mountain Operating, LLC

Vice President, Land

500 Main Street, Suite 1220 Fort Worth, Texas 76102. Phone 817-698-9901. email: <u>[uke.mildren@blackmtn.com</u>

AUTHORIZATION FOR EXPENDITURE	AFE#:	16008
DRILL & COMPLETE NEW WELL		
Dete: 12/9/2016 RESER DUA FESSERI 10	County/State Les NA Well No. 10H	
urface Location SEC 10, 1-235, R-3-5 rapposed Depth: 18 567 LMD	· 	
Topochine Dr.D.& Complete Horszomal Web in 3rd Bone Soring F	onnation, 7500 lateral, 30 trac stages	
Duke Federal 10		
Indiana Development AFE		
SURVEY / LOCATION / PERMITS		AFE Amounts \$150,00
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