

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

**APPLICATION OF MEWBOURNE OIL
COMPANY FOR APPROVAL OF A NON-STANDARD
1,830.48-ACRE HORIZONTAL WELL SPACING
UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 24990

MEWBOURNE OIL COMPANY'S PRE-HEARING STATEMENT

Mewbourne Oil Company ("Mewbourne" or "Applicant"), the applicant in the above-referenced matter, submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Mewbourne Oil Company
("Mewbourne")

ATTORNEY

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APPLICANT'S STATEMENT OF THE CASE

Under **Case No. 24990**, Mewbourne seeks an order (a) approving an 1,830.48-acre, more or less, non-standard horizontal well spacing unit in the Bone Spring formation (Avalon Bone Spring [Pool Code 96381]) underlying all of irregular Sections 3 and 4, Township 21 South, Range 26 East, NMPM, Eddy County, New Mexico and (b) pooling all uncommitted interests in this acreage.

Due to the nature and configuration of the federal leases in the subject area, the Bureau of Land Management (“BLM”) will not approve the commingling of production at central facilities if the subject area is developed using standard horizontal well spacing units. *See, e.g.*, 43 CFR 3173.14 (addressing authorized commingling). However, if the proposed non-standard spacing unit is approved by the Division, the BLM has stated it will issue a corresponding Communitization Agreement for the federal leases within the subject area to allow commingling and the corresponding reduction of the necessary surface facilities.

Mewbourne seeks to minimize cost and surface disturbance by consolidating facilities and commingling production from existing and future wells in the proposed non-standard spacing unit. To allow the proposed wells to be dedicated to a federal Communitization Agreement, Mewbourne requires approval of a corresponding non-standard horizontal well spacing unit in the Bone Spring formation.

Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed **King Harvest 3/4 Fed Com 621H**, to be drilled horizontally from a surface location in Lot 21 of irregular Section 2, a first take point in Lot 17 of irregular Section 3, and a last take point in Lot 19 of irregular Section 4; **King Harvest 3/4 Fed Com 622H**, to be drilled horizontally from a surface location in Lot 21 of irregular Section 2, a first take point in Lot 24 of irregular Section 3, and a last take point in Lot 20 of irregular Section 4; **King Harvest 3/4 Fed Com 623H**, to be drilled horizontally from a surface location in Lot 21 of irregular Section 2, a first take point in Lot 25 of irregular Section 3, and a last take point in Lot 24 of irregular Section 4; **King Harvest 3/4 Fed Com 624H**, to be drilled horizontally from a surface location in Lot 25 of irregular Section 4 and a last take point in Lot 30 of irregular Section 3; **King Harvest 3/4 Fed Com 625H**, to be drilled horizontally from a surface location in Lot 25 of irregular Section 4 and a last take point in

Lot 31 of irregular Section 3; and **King Harvest 3/4 Fed Com 626H**, to be drilled horizontally from a surface location in Lot 25 of irregular Section 4 and a last take point in the SE/4 SE/4 (Unit P) of irregular Section 3.

The completed interval for the wells will comply with statewide setbacks for oil wells. Mewbourne has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject acreage.

APPLICANT’S PROPOSED EVIDENCE

| WITNESS Name and Expertise | ESTIMATED TIME | EXHIBITS |
|---------------------------------------|-------------------------|-----------------|
| Ariana Rodrigues, Landman | Self-Affirmed Statement | Approx. 6 |
| Charles Crosby, Geologist | Self-Affirmed Statement | Approx. 4 |

PROCEDURAL MATTERS

Mewbourne intends to present this case by self-affirmed statement if there is no opposition at the time of hearing.

Respectfully submitted,

HOLLAND & HART LLP

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 416744

QUESTIONS

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| Operator: MEWBOURNE OIL CO P.O. Box 5270 Hobbs, NM 88241 | OGRID: 14744 |
| | Action Number: 416744 |
| | Action Type: [HEAR] Prehearing Statement (PREHEARING) |

QUESTIONS

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| Testimony | |
| <i>Please assist us by provide the following information about your testimony.</i> | |
| Number of witnesses | 2 |
| Testimony time (in minutes) | 5 |