

CASE NOS. 22723 - 22726

**APPLICATIONS OF MEWBOURNE OIL COMPANY TO AMEND ORDERS  
EDDY COUNTY, NEW MEXICO**

MEWBOURNE OIL COMPANY'S EXHIBIT LIST

- PART I

1. Applications and Notices
2. Landman's Affidavit
3. Affidavit of Mailing

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

**APPLICATION OF MEWBOURNE OIL COMPANY  
TO AMEND ORDER NO. R-21790, EDDY COUNTY,  
NEW MEXICO.**

Case No. 22723

**APPLICATION**

Mewbourne Oil Company applies for an order amending Order No. R-21790, and in support thereof states:

1. Order No. R-21790 pooled all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2N/2 of Section 18 and the N/2N/2 of Section 17, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico.

2. Applicant proposes to drill the Local Legend 18/17 B2DA Fed. Com. Well No. 1H to a depth sufficient to test the Bone Spring formation, and to dedicate the N/2N/2 of Section 18 and the N/2N/2 of Section 17 thereto. The well has a first take point in the NW/4NW/4 of 18 and a last take point in the NE/4NE/4 of Section 17. Order No. R-21790 designated applicant as operator of the well.

3. This matter was heard on July 15, 2021 and Order No. R-21790 was entered on July 22, 2021. Paragraph 19 of the order requires the operator to commence the well within one year of the date of issuance. Paragraph 20 of the order provides that the order will terminate if the well is not timely commenced, unless the operator "obtains an extension by amending this Order for good cause shown."

4. Applicant requests an extension of the drilling deadline due to market and social conditions which have altered drilling schedules, but also due to the delay in obtaining approved

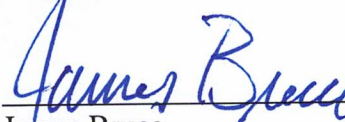
EXHIBIT ↓

APDs from the Bureau of Land Management. Thus good cause exists for Applicant's request for an extension.

5. Applicant requests an extension of the well commencement deadline to July 22, 2023.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division amend Order No. R-21790 to extend the well commencement deadline to July 22, 2023.

Respectfully submitted,



James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Mewbourne Oil Company

***Application of Mewbourne Oil Company to Amend Order No. R-21790, Eddy County, New Mexico.*** Mewbourne Oil Company seeks an order amending Order No. R-21790 to extend the well commencement deadline one year, to July 22, 2023. Order No. R-21790 pooled uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2N/2 of Section 18 and the N/2N/2 of Section 17, Township 18 South, Range 31 East, NMPM, for the purpose of drilling the Local Legend 18/17 B2DA Fed. Com. Well No. 1H. The order requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amendment of the order for good cause shown. The unit is located approximately 6-1/2 miles southeast of Loco Hills, New Mexico.

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

**APPLICATION OF MEWBOURNE OIL COMPANY  
TO AMEND ORDER NO. R-21791, EDDY COUNTY,  
NEW MEXICO.**

Case No. 22724

**APPLICATION**

Mewbourne Oil Company applies for an order amending Order No. R-21791, and in support thereof states:

1. Order No. R-21791 pooled all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the S/2N/2 of Section 18 and the S/2N/2 of Section 17, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico.

2. Applicant proposes to drill the Local Legend 18/17 B2EH Fed. Com. Well No. 1H to a depth sufficient to test the Bone Spring formation, and to dedicate the S/2N/2 of Section 18 and the S/2N/2 of Section 17 thereto. The well has a first take point in the SW/4NW/4 of 18 and a last take point in the SE/4NE/4 of Section 17. Order No. R-21791 designated applicant as operator of the well.

3. This matter was heard on July 15, 2021 and Order No. R-21791 was entered on July 22, 2021. Paragraph 19 of the order requires the operator to commence the well within one year of the date of issuance. Paragraph 20 of the order provides that the order will terminate if the well is not timely commenced, unless the operator "obtains an extension by amending this Order for good cause shown."

4. Applicant requests an extension of the drilling deadline due to market and social conditions which have altered drilling schedules, but also due to the delay in obtaining approved

APDs from the Bureau of Land Management. Thus good cause exists for Applicant's request for an extension.

5. Applicant requests an extension of the well commencement deadline to July 22, 2023.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division amend Order No. R-21791 to extend the well commencement deadline to July 22, 2023.

Respectfully submitted,



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James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Mewbourne Oil Company

***Application of Mewbourne Oil Company to Amend Order No. R-21791, Eddy County, New Mexico.*** Mewbourne Oil Company seeks an order amending Order No. R-21791 to extend the well commencement deadline one year, to July 22, 2023. Order No. R-21791 pooled uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the S/2N/2 of Section 18 and the S/2N/2 of Section 17, Township 18 South, Range 31 East, NMPM, for the purpose of drilling the Local Legend 18/17 B2EH Fed. Com. Well No. 1H. The order requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amendment of the order for good cause shown. The unit is located approximately 6-1/2 miles southeast of Loco Hills, New Mexico.

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

**APPLICATION OF MEWBOURNE OIL COMPANY  
TO AMEND ORDER NO. R-21792, EDDY COUNTY,  
NEW MEXICO.**

Case No. 22725

**APPLICATION**

Mewbourne Oil Company applies for an order amending Order No. R-21792, and in support thereof states:

1. Order No. R-21792 pooled all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2S/2 of Section 18 and the N/2S/2 of Section 17, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico.
2. Applicant proposes to drill the Local Legend 18/17 B2LI Fed. Com. Well No. 1H to a depth sufficient to test the Bone Spring formation, and to dedicate the N/2S/2 of Section 18 and the N/2S/2 of Section 17 thereto. The well has a first take point in the NW/4SW/4 of 18 and a last take point in the NE/4SE/4 of Section 17. Order No. R-21792 designated applicant as operator of the well.
3. This matter was heard on July 15, 2021 and Order No. R-21792 was entered on July 22, 2021. Paragraph 19 of the order requires the operator to commence the well within one year of the date of issuance. Paragraph 20 of the order provides that the order will terminate if the well is not timely commenced, unless the operator "obtains an extension by amending this Order for good cause shown."
4. Applicant requests an extension of the drilling deadline due to market and social conditions which have altered drilling schedules, but also due to the delay in obtaining approved

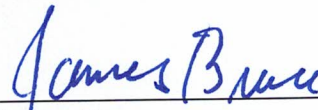


APDs from the Bureau of Land Management. Thus good cause exists for Applicant's request for an extension.

5. Applicant requests an extension of the well commencement deadline to July 22, 2023.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its amend Order No. R-21792 to extend the well commencement deadline to July 22, 2023.

Respectfully submitted,



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James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Mewbourne Oil Company

***Application of Mewbourne Oil Company to Amend Order No. R-21792, Eddy County, New Mexico.*** Mewbourne Oil Company seeks an order amending Order No. R-21792 to extend the well commencement deadline one year, to July 22, 2023. Order No. R-21792 pooled uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2S/2 of Section 18 and the N/2S/2 of Section 17, Township 18 South, Range 31 East, NMPM, for the purpose of drilling the Local Legend 18/17 B2LI Fed. Com. Well No. 1H. The order requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amendment of the order for good cause shown. The unit is located approximately 7 miles southeast of Loco Hills, New Mexico.

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

**APPLICATION OF MEWBOURNE OIL COMPANY  
TO AMEND ORDER NO. R-21793, EDDY COUNTY,  
NEW MEXICO.**

Case No. 22726

**APPLICATION**

Mewbourne Oil Company applies for an order amending Order No. R-21793, and in support thereof states:

1. Order No. R-21793 pooled all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the S/2S/2 of Section 18 and the S/2S/2 of Section 17, Township 18 South, Range 31 East, N.M.P.M., Eddy County, New Mexico.

2. Applicant proposes to drill the Local Legend 18/17 B2MP Fed. Com. Well No. 1H to a depth sufficient to test the Bone Spring formation, and to dedicate the S/2S/2 of Section 18 and the S/2S/2 of Section 17 thereto. The well has a first take point in the SW/4SW/4 of 18 and a last take point in the SE/4SE/4 of Section 17. Order No. R-21793 designated applicant as operator of the well.

3. This matter was heard on July 15, 2021 and Order No. R-21793 was entered on July 22, 2021. Paragraph 19 of the order requires the operator to commence the well within one year of the date of issuance. Paragraph 20 of the order provides that the order will terminate if the well is not timely commenced, unless the operator "obtains an extension by amending this Order for good cause shown."

4. Applicant requests an extension of the drilling deadline due to market and social conditions which have altered drilling schedules, but also due to the delay in obtaining approved

APDs from the Bureau of Land Management. Thus good cause exists for Applicant's request for an extension.

5. Applicant requests an extension of the well commencement deadline to July 22, 2023.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its amend Order No. R-21793 to extend the well commencement deadline to July 22, 2023.

Respectfully submitted,



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James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Mewbourne Oil Company

***Application of Mewbourne Oil Company to Amend Order No. R-21793, Eddy County, New Mexico.*** Mewbourne Oil Company seeks an order amending Order No. R-21793 to extend the well commencement deadline one year, to July 22, 2023. Order No. R-21793 pooled uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the S/2S/2 of Section 18 and the S/2S/2 of Section 17, Township 18 South, Range 31 East, NMPM, for the purpose of drilling the Local Legend 18/17 B2MP Fed. Com. Well No. 1H. The order requires the commencement of drilling within one year of the date of the order unless the operator obtains an extension by amendment of the order for good cause shown. The unit is located approximately 7 miles southeast of Loco Hills, New Mexico.

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

**APPLICATION OF MEWBOURNE OIL COMPANY  
TO AMEND ORDER NO. R-21790, EDDY COUNTY,  
NEW MEXICO.**

**Case No. 22723**

**APPLICATION OF MEWBOURNE OIL COMPANY  
TO AMEND ORDER NO. R-21791, EDDY COUNTY,  
NEW MEXICO.**

**Case No. 22724**

**APPLICATION OF MEWBOURNE OIL COMPANY  
TO AMEND ORDER NO. R-21792, EDDY COUNTY,  
NEW MEXICO.**

**Case No. 22725**

**APPLICATION OF MEWBOURNE OIL COMPANY  
TO AMEND ORDER NO. R-21793, EDDY COUNTY,  
NEW MEXICO.**

**Case No. 22726**

**SELF-AFFIRMED STATEMENT OF MITCH ROBB**

Mitch Robb, being duly sworn upon his oath, deposes and states:

1. I am a landman for Mewbourne Oil Company (“Mewbourne”), and have personal knowledge of the matters stated herein. I have been qualified by the Division as an expert petroleum landman.
2. I am familiar with the applications filed by Mewbourne in the above cases. Pursuant to Division rules the following information is submitted in support of the applications.
3. No opposition is expected because the affected interest owners been notified regarding amending the subject orders, and have not objected or entered an appearance.
4. In these cases Mewbourne seeks orders amending the subject orders, issued on July 22, 2021, to extend the well commencement deadlines one year, to July 22, 2023. The subject orders are submitted as Attachment A.
5. The orders pooled all mineral interests in the Bone Spring formation in horizontal spacing units collectively covering Sections 18 and 17, Township 18 South, Range 31 East, NMPM, for the purpose of drilling four “Local Legend” wells.

EXHIBIT 2

6. Good cause exists for Mewbourne's request for an extension of time to commence drilling, due to the Bureau of Land Management's failure to approve the APDs for the wells. Mewbourne still plans on drilling the well when APDs are approved.

7. Mewbourne requests that the deadline to commence the drilling of the subject wells be extended for one year from July 22, 2021 to July 22, 2023.

8. Mewbourne is in good standing under the Division's Rules.

9. The granting of these applications will prevent waste and protect correlative rights.

I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 9 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: 6/14/22

Mitch Robb

Mitch Robb

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

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
MEWBOURNE OIL COMPANY**

**CASE NO. 21884  
ORDER NO. R-21790**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard these matters through a Hearing Examiner on July 15, 2021, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Orders:

**FINDINGS OF FACT**

1. Mewbourne Oil Company (“Operator”) submitted an application (“Application”) to compulsorily pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**CONCLUSIONS OF LAW**

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

ATTACHMENT **A**



10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

**ORDER**

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the

CASE NO. 21884  
ORDER NO. R-21790

Page 2 of 8

well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of

the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL  
DIRECTOR  
AES/kms

Date: 7/22/2021

CASE NO. 21884  
ORDER NO. R-21790

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Exhibit "A"

<p><i>Received by OCD: 7/13/2021 7:57:22 PM</i></p> <p><b>COMPULSORY POOLING APPLICATION CHECKLIST</b></p> <p style="text-align: right;"><i>Page 34 of 36</i></p>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case:</b>	<b>21884</b>
<b>Date:</b>	<b>July 15, 2021</b>
Applicant	Mewbourne Oil Company
Designated Operator & OGRID (affiliation if applicable)	Mewbourne Oil Company/OGRID No.14744
Applicant's Counsel:	James Bruce
Case Title:	Application of Mewbourne Oil Company for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	
Well Family	Local Legend Bone Spring wells
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Entire Bone Spring formation
Pool Name and Pool Code:	Shugart; Bone Spring, North (Pool Code46405)
Well Location Setback Rules:	Statewide rules and current horizontal well rules
Spacing Unit Size:	Quarter-quarter sections/40 acres
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	
Orientation:	West-East
Description: TRS/County	N/2N/2 §18 and N/2N/2 §17-18S-31E, NMPM
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	
Applicant's Ownership in Each Tract	Exhibit 2-B
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Local Legend 18/17 B2DA Fed. Com. Well No. 1H API No. 30-015-Pending SHL: 1620 FNL & 335 FWL §18 BHL: 400 FNL & 100 FEL §17 FTP: 400 FNL & 100 FWL §18 LTP: 400 FNL & 100 FEL §17 Bone Spring/TVD 8489 feet/MD 18283 feet
Horizontal Well First and Last Take Points	See above

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EXHIBIT **S**

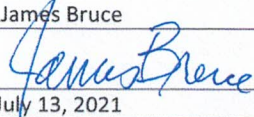
CASE NO. 21884  
ORDER NO. R-21790

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<b>AFE Capex and Operating Costs</b>		
Drilling Supervision/Month \$	\$8000	
Production Supervision/Month \$	\$800	
Justification for Supervision Costs	Exhibit 2	
Requested Risk Charge	Cost + 200%/Exhibit 2, page 2	
<b>Notice of Hearing</b>		
Proposed Notice of Hearing	Exhibit1	
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit 4	
Proof of Published Notice of Hearing (10 days before hearing)	Not necessary	
<b>Ownership Determination</b>		
Land Ownership Schematic of the Spacing Unit	Exhibit 2-A	
Tract List (including lease numbers and owners)	Exhibit 2-B	
Pooled Parties (including ownership type)	Exhibit 2-B	
Unlocatable Parties to be Pooled	N/A	
Ownership Depth Severance (including percentage above & below)	None	
<b>Joinder</b>		
Sample Copy of Proposal Letter	Exhibit 2-C	
List of Interest Owners (i.e. Exhibit A of JOA)	Exhibit 2-B	
Chronology of Contact with Non-Joined Working Interests	Exhibit 2-C	
Overhead Rates In Proposal Letter		
Cost Estimate to Drill and Complete	Exhibit 2-D	
Cost Estimate to Equip Well	Exhibit 2-D	
Cost Estimate for Production Facilities	Exhibit 2-D	
<b>Geology</b>		
Summary (including special considerations)	Exhibit 3	
Spacing Unit Schematic	Exhibit 3-A	
Gunbarrel/Lateral Trajectory Schematic	Exhibit 3-A	
Well Orientation (with rationale)	Standup/Exhibit 3	
Target Formation	Bone Spring	
HSU Cross Section	Exhibit 3-C	
Depth Severance Discussion	Not Applicable	
<b>Forms, Figures and Tables</b>		
C-102	Exhibit 2-A	
Tracts	Exhibit 2-B	
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit 2-B	
General Location Map (including basin)	Exhibit 2-A	
Well Bore Location Map	Exhibit 2-A	

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CASE NO. 21884  
ORDER NO. R-21790

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Structure Contour Map - Subsea Depth	Exhibit 3-A
Cross Section Location Map (including wells)	Exhibit 3-C
Cross Section (including Landing Zone)	Exhibit 3-C
<b>Additional Information</b>	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
Printed Name (Attorney or Party Representative):	James Bruce
Signed Name (Attorney or Party Representative):	
Date:	July 13, 2021

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CASE NO. 21884  
ORDER NO. R-21790

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

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
MEWBOURNE OIL COMPANY**

**CASE NO. 21885  
ORDER NO. R-21791**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard these matters through a Hearing Examiner on July 15, 2021, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Orders:

**FINDINGS OF FACT**

1. Mewbourne Oil Company (“Operator”) submitted an application (“Application”) to compulsorily pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**CONCLUSIONS OF LAW**

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.



10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

**ORDER**

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the

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well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of

the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION




Date: 7/22/2021

ADRIENNE SANDOVAL  
DIRECTOR  
AES/kms

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Exhibit "A"

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<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>		
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>		
<b>Case:</b>	<b>21885</b>	
<b>Date:</b>	<b>July 15, 2021</b>	
Applicant	Mewbourne Oil Company	
Designated Operator & OGRID (affiliation if applicable)	Mewbourne Oil Company/OGRID No.14744	
Applicant's Counsel:	James Bruce	
Case Title:	Application of Mewbourne Oil Company for Compulsory Pooling, Eddy County, New Mexico	
Entries of Appearance/Intervenors:		
Well Family	Local Legend Bone Spring wells	
<b>Formation/Pool</b>		
Formation Name(s) or Vertical Extent:	Bone Spring Formation	
Primary Product (Oil or Gas):	Oil	
Pooling this vertical extent:	Entire Bone Spring formation	
Pool Name and Pool Code:	Shugart; Bone Spring, North (Pool Code46405)	
Well Location Setback Rules:	Statewide rules and current horizontal well rules	
Spacing Unit Size:	Quarter-quarter sections/40 acres	
<b>Spacing Unit</b>		
Type (Horizontal/Vertical)	Horizontal	
Size (Acres)	320 acres	
Building Blocks:		
Orientation:	West-East	
Description: TRS/County	S/2N/2 §18 and S/2N/2 §17-18S-31E, NMPM	
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes	
<b>Other Situations</b>		
Depth Severance: Y/N. If yes, description	No	
Proximity Tracts: If yes, description	No	
Proximity Defining Well: if yes, description		
Applicant's Ownership in Each Tract	Exhibit 2-B	
<b>Well(s)</b>		
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Local Legend 18/17 B2EH Fed. Com. Well No. 1H API No. 30-015-Pending SHL: 1650 FNL & 335 FWL §18 BHL: 1800 FNL & 100 FEL §17 FTP: 1800 FNL & 100 FWL §18 LTP: 1800 FNL & 100 FEL §17 Bone Spring/TVD 8522 feet/MD 18251 feet	
Horizontal Well First and Last Take Points	See above	

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Completion Target (Formation, TVD and MD)	See above
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit 2
Requested Risk Charge	Cost + 200%/Exhibit 2, page 2
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit 1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit 4
Proof of Published Notice of Hearing (10 days before hearing)	Not necessary
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit 2-A
Tract List (including lease numbers and owners)	Exhibit 2-B
Pooled Parties (including ownership type)	Exhibit 2-B
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	None
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit 2-C
List of Interest Owners (i.e. Exhibit A of JOA)	Exhibit 2-B
Chronology of Contact with Non-Joined Working Interests	Exhibit 2-C
Overhead Rates In Proposal Letter	
Cost Estimate to Drill and Complete	Exhibit 2-D
Cost Estimate to Equip Well	Exhibit 2-D
Cost Estimate for Production Facilities	Exhibit 2-D
<b>Geology</b>	
Summary (including special considerations)	Exhibit 3
Spacing Unit Schematic	Exhibit 3-A
Gunbarrel/Lateral Trajectory Schematic	Exhibit 3-A
Well Orientation (with rationale)	Standup/Exhibit 3
Target Formation	Bone Spring
HSU Cross Section	Exhibit 3-C
Depth Severance Discussion	Not Applicable
<b>Forms, Figures and Tables</b>	
C-102	Exhibit 2-A
Tracts	Exhibit 2-B
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit 2-B
General Location Map (including basin)	Exhibit 2-A
Well Bore Location Map	Exhibit 2-A

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Structure Contour Map - Subsea Depth	Exhibit 3-A
Cross Section Location Map (including wells)	Exhibit 3-C
Cross Section (including Landing Zone)	Exhibit 3-C
<b>Additional Information</b>	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
Printed Name (Attorney or Party Representative):	James Bruce
Signed Name (Attorney or Party Representative):	<i>James Bruce</i>
Date:	July 13, 2021

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