

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

APPLICATIONS OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

Case Nos. 22729 - 22730

NOTICE OF FILING SUPPLEMENTAL AND CORRECTED EXHIBITS

Mewbourne Oil Company hereby submits for filing the following:

Exhibit 2, which is the landman's affidavit. When filing the exhibits for the hearing, the undersigned had omitted page 2 of the affidavit.

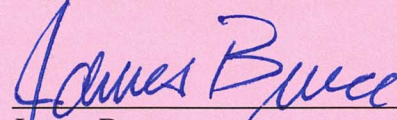
Exhibit 4-A, which contains the returned green cards signed by the two pooled parties.

Corrected Exhibits 6-A in each case. These correct the land descriptions.

Exhibit 7, which is a supplemental affidavit of the geologist stating why there will be no stranded acreage to the east of Mewbourne's proposed wells.

Exhibit 8, the certified notice spreadsheet for both cases.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
jamesbruc@aol.com

Attorney for Mewbourne Oil Company

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

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

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

Case Nos. 22729 & 22730

SELF-AFFIRMED STATEMENT OF JOSH ANDERSON

Josh Anderson 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. Pursuant to Division Rules, the following information is submitted in support of the compulsory pooling application filed herein:

(a) The purpose of this application is to force pool working interest owners into the Bone Spring horizontal spacing units described below, and in wells to be drilled in the unit.

(b) No opposition is expected because the interest owners being pooled have been contacted regarding the proposed well, but have failed or refused to voluntarily commit their interests to the wells.

(c) Plats outlining the units being pooled are submitted as Attachment A. Mewbourne seeks an order pooling all mineral interests in the Bone Spring formation underlying horizontal spacing unit comprised of:

(i) the N/2SW/4 of Section 2, the N/2S/2 of Section 3, and the N/2S/2 of Section 4, Township 18 South, Range 30 East, NMPM. The unit will be dedicated to the Loco Hills 2/4 B2KL Fed. Com. Well No. 1H; and

(ii) the S/2SW/4 of Section 2, the S/2S/2 of Section 3, and the S/2S/2 of Section 4, Township 18 South, Range 30 East, NMPM. The unit will be dedicated to the Loco Hills 2/4 B2NM Fed. Com. Well No. 1H.

Forms C-102 for the wells are also part of Attachment A.

EXHIBIT 2


There is no depth severance in the Bone Spring formation.

- (d) The parties being pooled, and their interests, are set forth in Attachment B.
- (e) In order to locate the interest owners, Mewbourne examined the county and federal records, performed internet searches, checked telephone records, made calls to family members, and searched Accurint and Whitepages.
- (f) Attachment C is a summary of communications and sample copies of the proposal letters sent to the interest owners.
- (g) Mewbourne has made a good faith effort to obtain the voluntary joinder of the working interest owners in the proposed well, or to locate the owners.
- (h) Mewbourne has the right to pool the overriding royalty owners in the well unit.
- (i) Attachment D contains the Authorizations for Expenditure for the proposed wells. The estimated costs of the wells set forth therein is fair and reasonable, and comparable to the cost of other wells of similar depth and length drilled in this area of Eddy County.
- (j) Mewbourne requests overhead and administrative rates of \$8000/month for a drilling well and \$800/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this portion of Eddy County. They are also the rates set forth in the Joint Operating Agreement for the well unit. Mewbourne requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.
- (k) Mewbourne requests that the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.
- (l) Mewbourne requests that it be designated operator of the wells.
- (m) The attachments to this affidavit were prepared by me, or compiled from company business records.
- (n) The granting of this application is in the interests of conservation and the prevention of waste.

3. 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 2(n) 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: 6/9/22

Josh Anderson
Josh Anderson

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input checked="" type="checkbox"/> <i>L. H. Smith</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
1. Article Addressed to:	B. Received by (Printed Name) <i>L. H. Smith</i>	C. Date of Delivery <i>6/15/22</i>
<p>Rialto Production Company P.O. Box 981028 Houston, TX 77098</p>  <p>9590 9402 6746 1074 2386 15</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
2. Article Number (Transfer from service label)	<p>3. Service Type</p> <input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™ <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Restricted Delivery	
	<p>7021 0950 0002 0372 2059</p>	
PS Form 3811, July 2020 PSN 7530-02-000-9053		Domestic Return Receipt


SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input checked="" type="checkbox"/> <i>F. B. Craft</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
1. Article Addressed to:	B. Received by (Printed Name) <i>F. B. Craft</i>	C. Date of Delivery
<p>Sydran, L.P. P.O. Box 940549 Houston, TX 77094</p>  <p>9590 9402 6746 1074 2542 88</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
2. Article Number (Transfer from service label)	<p>3. Service Type</p> <input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™ <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Restricted Delivery	
	<p>7021 0950 0002 0372 2066</p>	
PS Form 3811, July 2020 PSN 7530-02-000-9053		Domestic Return Receipt

EXHIBIT 4.A

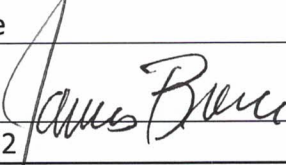
COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case:	22729
Date	June 16, 2022
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	Loco Hills Bone Spring wells
Formation/Pool	
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:	Loco Hills; Bone Spring, East/ Pool Code 39513
Well Location Setback Rules:	Current horizontal well rules
Spacing Unit Size:	Quarter-quarter sections/40 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	480 acres
Building Blocks:	40 acres
Orientation:	East-West
Description: TRS/County	N/2SW/4 §2, N/2S/2 §3, and N/2S/2 §4-18S-30E, NMPM, Eddy County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
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	
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non- standard)	Loco Hills 2/4 B2KL Fed. Com. Well No. 1H API No. 30-015-Pending SHL: 2255 FSL & 2530 FEL §2 BHL: 2000 FSL & 100 FWL §4 FTP: 2000 FSL & 2540 FWL §2 LTP: 2000 FSL & 100 FWL §4 Third Bone Spring/TVD 7560 feet/MD 20800 feet

EXHIBIT

Corrected
6

Horizontal Well First and Last Take Points	See above
Completion Target (Formation, TVD and MD)	See above
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit 2
Requested Risk Charge	Exhibit 2
Notice of Hearing	
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)	Exhibit 5
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit 2-B
Tract List (including lease numbers and owners)	Exhibit 2-B
Pooled Parties (including ownership type)	Exhibit 2-B
Unlocatable Parties to be Pooled	
Ownership Depth Severance (including percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit 2--C
List of Interest Owners (<i>i.e.</i> Exhibit A of JOA)	Exhibit 2-B
Chronology of Contacts 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
Geology	
Summary (including special considerations)	Exhibit 3
Spacing Unit Schematic	Exhibit 3-A
Gunbarrel/Lateral Trajectory Schematic	Exhibit 3-C
Well Orientation (with rationale)	Exhibit 3
Target Formation	Bone Spring
HSU Cross Section	Exhibit 3-C
Depth Severance Discussion	N/A
Forms, Figures and Tables	
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
Structure Contour Map - Subsea Depth	Exhibit 3-A
Cross Section Location Map (including wells)	Exhibit 3-A
Cross Section (including Landing Zone)	Exhibit 3-C
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	James Bruce
Signed Name (Attorney or Party Representative):	
Date:	June 14, 2022

Effective

COMPULSORY POOLING APPLICATION CHECKLIST**ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

Case:	22730
Date	June 16, 2022
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	Loco Hills Bone Spring wells
Formation/Pool	
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:	Loco Hills; Bone Spring, East/ Pool Code 39513
Well Location Setback Rules:	Current horizontal well rules
Spacing Unit Size:	Quarter-quarter sections/40 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	480 acres
Building Blocks:	40 acres
Orientation:	East-West
Description: TRS/County	S/2SW/4 §2, S/2S/2 §3, and S/2S/2 §4-18S-30E, NMPM, Eddy County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
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	
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non- standard)	Loco Hills 2/4 B2NM Fed. Com. Well No. 1H API No. 30-015-Pending SHL: 2255 FSL & 2560 FEL §2 BHL: 660 FSL & 100 FWL §4 FTP: 660 FSL & 2540 FWL §2 LTP: 660 FSL & 100 FWL §4 Third Bone Spring/TVD 8050 feet/MD 22000 feet

Corrected
EXHIBIT 6

Horizontal Well First and Last Take Points	See above
Completion Target (Formation, TVD and MD)	See above
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit 2
Requested Risk Charge	Exhibit 2
Notice of Hearing	
Proposed Notice of Hearing	Exhibit 1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit 4
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Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit 2-B
Tract List (including lease numbers and owners)	Exhibit 2-B
Pooled Parties (including ownership type)	Exhibit 2-B
Unlocatable Parties to be Pooled	
Ownership Depth Severance (including percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit 2--C
List of Interest Owners (<i>i.e.</i> Exhibit A of JOA)	Exhibit 2-B
Chronology of Contacts 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
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Depth Severance Discussion	N/A
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Cross Section Location Map (including wells)	Exhibit 3-A
Cross Section (including Landing Zone)	Exhibit 3-C
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	James Bruce
Signed Name (Attorney or Party Representative):	<i>James Bruce</i>
Date:	June 14, 2022

Effective

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

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

Case Nos. 21729 and 22730

SELF-AFFIRMED STATEMENT OF CHARLES CROSBY

Charles Crosby deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am a geologist for Mewbourne Oil Company ("Mewbourne"), and I am familiar with the geological matters involved in these cases. I have been qualified by the Division as an expert petroleum geologist, and my testimony was entered into the record in this matter.
3. The Examiners asked about possible stranded acreage to the east of the proposed Loco Hills wells. I do not believe there will be stranded acreage for the following reasons:

(a) A review of The Division's online well files shows that there are no horizontal Bone Spring wells in the SE/4 of Section 2 and the S/2 of Section 3, Township 18 South, Range 30 East, N.M.P.M., and in the S/2 of Section 6, Township 18 South, Range 31 East, N.M.P.M. Thus, an operator in that acreage could drill laterals at least 2 miles long.

(b) There are vertical Bone Spring wells in the SE/4 of Section 2. See the attached plat, which was submitted as Exhibit 3-A at the hearing. They are the (i) Walters Lake AML State Well No. 1 in Unit J (P&A'd), (ii) Cedar Breaks 2 State Well No. 3 in Unit O, and (iii) Cedar Breaks 2 State Well No. 4 in Unit O.

These wells can be avoided in the drilling of horizontal wells, as Mewbourne plans on doing with the wells which are the subject of the above cases: Mewbourne planned its wellpaths to avoid the existing vertical Bone Spring (or deeper) wells in the SW/4 of Section 2. See attached plat. The wells on that acreage are the Loco Hills State Well Nos. 3 (Unit K), 2 (Unit L), 1 (Unit M), and 4 (Unit N). Those wells are operated by Mewbourne

(c) There are no vertical Bone Spring wells in the S/2 of Section 1. There are shallow (Grayburg-San Andres) wells, as well as one vertical Morrow well. Again, the operator can easily avoid that well.

(d) The following vertical Bone Spring wells are located in the S/2 of Section 6: The Neste 6 Well No. 2 (Unit I), Neste 6 Well No. 4 (Unit J), Neste Williams Fed. Well No. 3

EXHIBIT 7

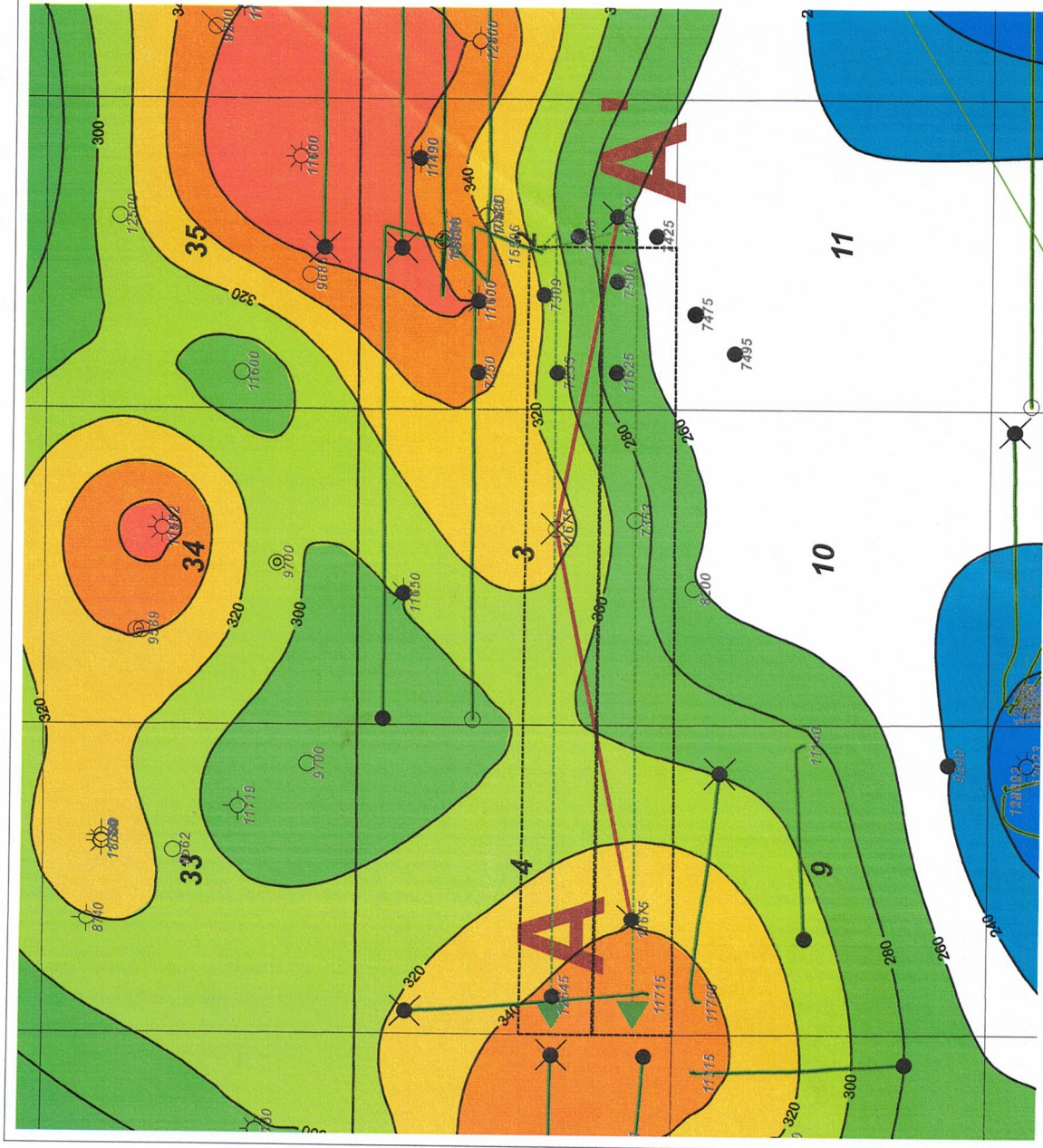
(d) The following vertical Bone Spring wells are located in the S/2 of Section 6: The Neste 6 Well No. 2 (Unit I), Neste 6 Well No. 4 (Unit J), Neste Williams Fed. Well No. 3 (Unit K), Neste Williams Fed. Well No. 5 (Unit L), Neste Williams Fed. Well No. 6 (Unit M), and Neste Williams Fed. Well No. 4 (Unit N). Again, these wells can be avoided in the drilling of horizontal wells by proper planning.

4. To reiterate, I see no problem for an operator to drill two mile (or longer) horizontal wells to the east of Mewbourne's proposed wells.

I understand that this Self-Affirmed Statement will be used as written testimony in these cases. I affirm that my testimony in paragraphs 1 4 through 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: September 30, 2022

Charles Crosby
Charles Crosby



Mewbourne Oil Company

Loco Hills 2/4 Area
Horizontal Activity Map
2nd BSPG SD Target Gross Thickness (C.I. 20')

4/29/22	Eddy County	New Mexico
Wells TD < 5000' filtered out		Geol: C. Crosby

B
ATTACHMENT

CASE NOS. 22729 - 22730

STATUS OF CERTIFIED NOTICE

<u>INTEREST OWNER</u>	<u>MAILING DATE</u>	<u>RECEIPT DATE</u>	<u>CARD RETURNED</u>
Rialto Production Company	May 26, 2022	June 15, 2022	Yes
Sydtran, L.P.	May 26, 2022	Unknown	Yes

EXHIBIT

