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

APPLICATION OF MEWBOURNE OIL COMPANY TO AMEND ORDER NO. R-22195 AND EXTEND DEADLINE TO COMMENCE DRILLING, FOR COMPULSORY POOLING AND APPROVAL OF NON-STANDARD SPACING UNIT, LEA COUNTY, NEW MEXICO.

CASE NO. 23639

PRE-HEARING STATEMENT

Mewbourne Oil Company ("Mewbourne" or "Applicant") submits its Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division ("Division").

APPEARANCES

APPLICANT ATTORNEYS

Mewbourne Oil Company

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INTERESTED PARTIES ATTORNEYS

None at this time.

STATEMENT OF THE CASE

Mewbourne seeks an order: (1) amending Order No. R-22195 to establish a 632.08-acre, more or less, non-standard horizontal spacing unit comprised of the W/2 of Sections 6 and 7, Township 19 South, Range 35 East, Lea County, New Mexico ("Unit"); (2) extending by one year

the deadline to commence drilling under Order No. R-22195; and (3) pooling uncommitted interests in the Wolfcamp formation underlying the Unit.

On July 25, 2022, the Division entered Order No. R-22195 ("Order") in Case No. 22717. The Order pooled all uncommitted interests in the Wolfcamp formation (Scharb; Wolfcamp, Code 55640) underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the E/2 W/2 of Sections 6 and 7, Township 19 South, Range 35 East, Lea County, New Mexico. The Order further dedicated the Unit to the Mariner E2W2 06 07 W1 State Com 1H well and designated Catena Resources Operating, LLC ("Catena") as operator of the Mariner unit and well. Mewbourne is the successor in interest to Catena. The Mariner well has not been drilled. The order required Catena to commence drilling within one year of the date of the order.

Mewbourne proposes to expand the Unit from approximately 320 acres to approximately 632.08 acres and dedicate the Unit to the **Beefalo 7/6 State Com #713H (W1NC)** well ("Well"), which will replace the Mariner well. The Well will be drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 18 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 6.

The completed interval of the Well will be orthodox. Mewbourne seeks a one-year extension of the deadline to commence drilling under Order R-22195 to allow it to implement its amended development plan for the Unit. Mewbourne also seeks approval of a non-standard spacing unit to provide flexibility regarding the placement of surface facilities and the ability to consolidate those facilities to the greatest extent possible. Approval of a non-standard spacing unit is necessary to prevent waste and protect correlative rights.

The Well is located approximately 18 miles west of Hobbs, New Mexico.

PROPOSED EVIDENCE

| Witness | Occupation | Estimated Time | Exhibits |
|----------------|--------------------|-----------------------|-----------------|
| Brad Dunn | Landman | Affidavit | Approx. 6 |
| Jordan Carrell | Geologist | Affidavit | Approx. 4 |
| | PROCEDURAL MATTERS | | |

Applicant will present this matter by affidavit if there is no opposition.

Respectfully submitted,

HINKLE SHANOR, LLP

/s/ Dana S. Hardy

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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 234435

QUESTIONS

| Operator: | OGRID: |
|------------------|--|
| MEWBOURNE OIL CO | 14744 |
| P.O. Box 5270 | Action Number: |
| Hobbs, NM 88241 | 234435 |
| | Action Type: |
| | [HEAR] Prehearing Statement (PREHEARING) |

QUESTIONS

| Testimony | | |
|---|---------------|--|
| Please assist us by provide the following information about your testimony. | | |
| Number of witnesses | Not answered. | |
| Testimony time (in minutes) | Not answered. | |