

CASE NOS. 23771 and 23772

**APPLICATION OF MEWBOURNE OIL COMPANY
TO AMEND ORDERS FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

EXHIBIT LIST

1. Application and Proposed Notice (Case No. 23771)
1. Application and Proposed Notice (Case No. 23772)
2. Landman's Affidavit
4. Affidavit of Mailing

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MEWBOURNE OIL COMPANY
TO AMEND ORDER NO. R-22703 FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

Case No. 23771

APPLICATION

Mewbourne Oil Company applies for an order amending Order No. R-22703 and pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2S/2 of Section 2 and the N/2S/2 of Section 1, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the N/2S/2 of Section 2 and the N/2S/2 of Section 1 (containing 320 acres), and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the Rio Grande 2/1 B2LI State Com. Well No. 1H and the Rio Grande 2/1 B3LI State Com. Well No. 1H to depths sufficient to test the Bone Spring formation, with first take points in the NW/4SW/4 of Section 2 and last take points in the NE/4SE/4 of Section 12.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N/2S/2 of Section 2 and the N/2S/2 of Section 1 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all uncommitted mineral interest owners in the Bone

EXHIBIT 1

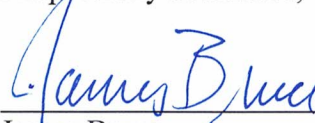
Spring formation underlying the N/2S/2 of Section 2 and the N/2S/2 of Section 1, pursuant to NMSA 1978 §70-2-17. The purpose of this application is to pool one additional interest owner.

5. The pooling of all uncommitted mineral interest owners in the Bone Spring formation underlying the N/2S/2 of Section 2 and the N/2S/2 of Section 1 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Amending Order No. R-22703 and pooling all uncommitted mineral interest owners in the Bone Spring formation (Palmillo; Bone Spring, East/Pool Code 49553) underlying the N/2S/2 of Section 2 and the N/2S/2 of Section 1;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling, completing, testing, and equipping the wells, and allocating the cost among the wells' working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling, completing, testing, and equipping the wells in the event a working interest owner elects not to participate in the wells.

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-22703 for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order amending Order No. R-22703 and pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2S/2 of Section 2 and the N/2S/2 of Section 1, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. The unit will be dedicated to Rio Grande 2/1 B2LI State Com. Well No. 1H and the Rio Grande 2/1 B3LI State Com. Well No. 1H, which have first take points in the NW/4SW/4 of Section 2 and last take points in the NE/4SE/4 of Section 12. Also to be considered will be the cost of drilling, completing, testing, and equipping the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling, completing, testing, and equipping the wells. The unit is located approximately 13 miles southwest of Loco Hills, New Mexico.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF MEWBOURNE OIL COMPANY
TO AMEND ORDER NO. R-22704 FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

Case No. 23772

APPLICATION

Mewbourne Oil Company applies for an order amending Order No. R-22704 and pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the S/2S/2 of Section 2 and the S/2S/2 of Section 1, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the S/2S/2 of Section 2 and the S/2S/2 of Section 1 (containing 320 acres), and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the Rio Grande 2/1 B2MP State Com. Well No. 1H and the Rio Grande 2/1 B3MP State Com. Well No. 1H to depths sufficient to test the Bone Spring formation, with first take points in the SW/4SW/4 of Section 2 and last take points in the SE/4SE/4 of Section 12.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S/2S/2 of Section 2 and the S/2S/2 of Section 1 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all uncommitted mineral interest owners in the Bone

EXHIBIT

2

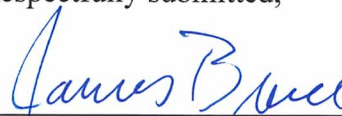
Spring formation underlying the S/2S/2 of Section 2 and the S/2S/2 of Section 1, pursuant to NMSA 1978 §70-2-17. The purpose of this application is to pool one additional interest owner.

5. The pooling of all uncommitted mineral interest owners in the Bone Spring formation underlying the S/2S/2 of Section 2 and the S/2S/2 of Section 1 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Amending Order No. R-22704 and pooling all uncommitted mineral interest owners in the Bone Spring formation (Palmillo; Bone Spring, East/Pool Code 49553) underlying the S/2S/2 of Section 2 and the S/2S/2 of Section 1;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling, completing, testing, and equipping the wells, and allocating the cost among the wells' working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling, completing, testing, and equipping the wells in the event a working interest owner elects not to participate in the wells.

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-22704 for compulsory pooling, Eddy County, New Mexico. Mewbourne Oil Company seeks an order amending Order no. R-22704 and pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the S/2S/2 of Section 2 and the S/2S/2 of Section 1, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. The unit will be dedicated to Rio Grande 2/1 B2MP State Com. Well No. 1H and the Rio Grande 2/1 B3MP State Com. Well No. 1H, which have first take points in the SW/4SW/4 of Section 2 and last take points in the SE/4SE/4 of Section 12. Also to be considered will be the cost of drilling, completing, testing, and equipping the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling, completing, testing, and equipping the wells. The unit is located approximately 13 miles southwest 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-22703 FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

Case No. 23771

**APPLICATION OF MEWBOURNE OIL COMPANY
TO AMEND ORDER NO. R-22704 FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

Case No. 23772

SELF-AFFIRMED STATEMENT OF MITCH ROBB

Mitch Robb deposes and states:

1. I am a landman for Mewbourne Oil Company (“Mewbourne”), and have personal knowledge of the matters stated herein. I have previously testified before the Division and my qualifications as an expert in petroleum land matters was accepted of record.
2. Pursuant to Division Rules, the following information is submitted in support of the compulsory pooling application filed herein.
3. The purpose of these applications is to force pool uncommitted working interest owners into the Bone Spring horizontal spacing units described below, and in wells to be drilled in the units.
4. No opposition is expected because the interest owners being pooled have been contacted regarding the proposed wells, but have failed or refused to voluntarily commit their interests to the well.
5. The applications request the following:

Case No. 23771: Mewbourne seeks an order amending Order No. R-22703 and pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2S/2 of Section 2 and the N/2S/2 of Section 1, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. The unit will be dedicated to Rio Grande 2/1 B2LI State Com. Well No. 1H and the Rio Grande 2/1 B3LI State Com. Well No. 1H, which have first take points in the NW/4SW/4 of Section 2 and last take points in the NE/4SE/4 of Section 12.

Case No. 23772: Mewbourne seeks an order amending Order No. R-22704 and pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the S/2S/2 of Section 2 and the S/2S/2 of Section 1,

EXHIBIT 3

Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. The unit will be dedicated to Rio Grande 2/1 B2MP State Com. Well No. 1H and the Rio Grande 2/1 B3MP State Com. Well No. 1H, which have first take points in the SW/4SW/4 of Section 2 and last take points in the SE/4SE/4 of Section 12

Plats outlining the units being pooled are submitted as Attachments A and B.

6. There is no depth severance in the Bone Spring formation.

7. The only interest owner being pooled is Marathon Oil Permian LLC ("Marathon"). Attachments C and D are summary of communications and a copy of the proposal letter sent to the uncommitted working interest owner. Marathon had signed a Term Assignment, which expired after the hearings were held in the above referenced cases. It owns a 15.972222% working interest in the NW/4SW/4 and the S/2SW/4 of Section 2.

8. Mewbourne has made a good faith effort to obtain the voluntary joinder of the uncommitted working interest owner in the proposed wells.

10. Authorizations for Expenditure for the proposed wells were submitted in the original pooling applications. The estimated costs of the wells set forth therein are fair and reasonable, and comparable to the costs of other wells of similar depth and length drilled in this area of Eddy County.

11. 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.

12. Mewbourne requests that the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.

13. Mewbourne requests that it be designated operator of the wells.

14. The attachments to this affidavit were prepared by me, or compiled from company business records.

15. The granting of these applications is in the interests of conservation and the prevention of waste.

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 15 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: 09/05/2023



Mitch Robb

Summary of Communications
Rio Grande 2/1 B2LI State Com #1H
Rio Grande 2/1 B3LI State Com #1H
N/2S/2 of Section 2 and N/2S/2 of Section 1-T19S-R28E
Eddy County, NM

Marathon Oil Permian LLC:

06/05/2023: Emailed and Mailed Well Proposal, Joint Operating Agreement and Communitization Agreement to the above listed party.

06/05/2023: Above referenced party acknowledged receipt of proposals.

06/06/2023: Correspondence with above referenced party regarding proposals.

06/23/2023: Correspondence with above referenced party regarding proposals.

06/29/2023: Correspondence with above referenced party regarding proposals.

07/25/2023: Correspondence with above referenced party regarding proposals.

08/10/2023: Correspondence with above referenced party regarding proposals.

08/23/2023: Correspondence with above referenced party regarding proposals.

ATTACHMENT **A**

MEWBOURNE OIL COMPANY

FASKEN CENTER
500 WEST TEXAS, SUITE 1020
MIDLAND, TX 79701

TELEPHONE (432) 682-3715

June 5, 2023

Via Certified Mail & Email

Marathon Oil Permian LLC
990 Town & Country Blvd.
Houston, TX 77024
Attn: Patricia Schoenberger

Re: Rio Grande 2/1 B2LI State Com #1H
800' FSL & 205' FWL (SL) (Section 2)
1950' FSL & 100' FEL (BHL) (Section 1)

Rio Grande 2/1 B2MP State Com #1H
740' FSL & 205' FWL (SL) (Section 2)
600' FSL & 100' FEL (BHL) (Section 1)

Rio Grande 2/1 B3LI State Com #1H
780' FSL & 205' FWL (SL) (Section 2)
1950' FSL & 100' FEL (BHL) (Section 1)

Rio Grande 2/1 B3MP State Com #1H
760' FSL & 205' FWL (SL) (Section 2)
660' FSL & 100' FEL (BHL) (Section 1)

All in Sections 1 & 2, T19S, R28E, Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 1284.00 acre Working Interest Unit ("WIU") covering All of the captioned Sections 1 & 2 for oil and gas production.

Mewbourne Oil Company as Operator hereby proposes to drill the captioned Rio Grande 2/1 B2LI State Com #1H at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 7,670 feet subsurface to evaluate the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 17,639 feet. The N/2S/2 of the captioned Sections 1 & 2 will be dedicated to the well as the spacing unit.

In addition, Mewbourne as Operator hereby proposes to drill the Rio Grande 2/1 B2MP State Com #1H at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 7,700 feet subsurface to evaluate the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 17,525 feet. The S/2S/2 of the captioned Sections 1 & 2 will be dedicated to the well as the spacing unit.

In addition, Mewbourne as Operator hereby proposes to drill the captioned Rio Grande 2/1 B3LI State Com #1H at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 8,661 feet subsurface to evaluate the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 18,597 feet. The N/2S/2 of the captioned Sections 1 & 2 will be dedicated to the well as the spacing unit.

Finally, Mewbourne as Operator hereby proposes to drill the captioned Rio Grande 2/1 B3MP State Com #1H at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 8,684 feet subsurface to evaluate the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 18,528 feet. The S/2S/2 of the captioned Sections 1 & 2 will be dedicated to the well as the spacing unit.

Regarding the above, enclosed for your further handling are a copy of our Joint Operating Agreement dated March 15, 2023 ("JOA"), AFEs dated January 25, 2023 for the captioned proposed wells, and Communitization Agreements (N/2S/2 & S/2S/2 Bone Spring), dated March 1, 2022, and extra sets of signature/notary pages for each agreement.

In the event your firm elects to participate in the proposed wells, please execute the enclosed JOA, AFEs and extra sets of Communitization Agreement signature pages and return to me within thirty (30) days.

Should you have any questions regarding the above, please email me at mrobb@mewbourne.com or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Mitch Robb
Landman

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

August 16, 2023

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Marathon Oil Permian LLC
990 Town & Country Boulevard
Houston, Texas 77024

Attention: Patricia Schoenberger

Ladies and gentlemen:

Enclosed are copies of two applications for compulsory pooling, filed with the New Mexico Oil Conservation Division by Mewbourne Oil Company, seeking the following relief:

Case No. 23771: Mewbourne Oil Company seeks an order amending Order No. R-22703 and pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2S/2 of Section 2 and the N/2S/2 of Section 1, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. The unit will be dedicated to Rio Grande 2/1 B2LI State Com. Well No. 1H and the Rio Grande 2/1 B3LI State Com. Well No. 1H; and

Case No. 23772: Mewbourne Oil Company seeks an order amending Order no. R-22704 and pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the S/2S/2 of Section 2 and the S/2S/2 of Section 1, Township 19 South, Range 28 East, N.M.P.M., Eddy County, New Mexico. The unit will be dedicated to Rio Grande 2/1 B2MP State Com. Well No. 1H and the Rio Grande 2/1 B3MP State Com. Well No. 1H.

This matter is scheduled for hearing at 8:15 a.m. on Thursday, September 7, 2023. During the current circumstances, state buildings are closed to the public and the hearing will be conducted remotely. To view the hearing docket and to determine how to participate in an electronic hearing, go to <https://www.emnrd.nm.gov/ocd/hearing-info/>, or contact Marlene Salvidrez at Marlene.Salvidrez@emnrd.nm.gov. You are not required to attend this hearing, but as an owner

ATTACHMENT

A

of an interest who may be affected by the application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting this matter at a later date. A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than five business days before the hearing date. This statement may be filed online with the Division at ocd.hearings@emnrd.nm.gov, and should include: The name of the party and his or her attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate time the party will need to present his or her case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,


James Bruce

Attorney for Mewbourne Oil Company

Rio Grande

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Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

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<p>Certified Mail Fee \$ _____</p> <p>Extra Services & Fees (check box, add fee as appropriate)</p> <p><input type="checkbox"/> Return Receipt (hardcopy) \$ _____</p> <p><input type="checkbox"/> Return Receipt (electronic) \$ _____</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery \$ _____</p> <p><input type="checkbox"/> Adult Signature Required \$ _____</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery \$ _____</p> <p>Postage \$ _____</p> <p>Total Postage and Fees \$ _____</p>	<p>Postmark Here</p>
<p>Sent To Marathon Oil Permian LLC 990 Town & Country Boulevard Houston, Texas 77024</p> <p>Street and Apt. No., _____ City, State, ZIP+4® _____</p>	

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7020 0090 0000 0863 1158

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>1. Article Addressed to:</p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>Marathon Oil Permian LLC 990 Town & Country Boulevard Houston, Texas 77024</p> </div> <p>2. Article Number (Transfer from service label) 7020 0090 0000 0863 1158</p>	<p>A. Signature X <input type="checkbox"/> Agent AUG 21 2023</p> <p>B. Received by (Printed Name) <input type="checkbox"/> Addressee MARK DOM AUG 21 2023</p> <p>Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p style="text-align: center; font-size: 1.5em; font-weight: bold;">AUG 21 2023</p> <p>3. Service Type <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>
<p>PS Form 3811, July 2020 PSN 7530-02-000-9053 <i>M Rio Grande</i> Domestic Return Receipt</p>	