

**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. 23708 & 23709

AMENDED PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Mewbourne Oil Company
Suite 1020
500 West Texas
Midland, Texas 79701

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504

Attention: Carson Cullen

OPPONENT

American Energy Resources, LLC

Cimarex Energy Co.

OPPONENT'S ATTORNEY

Darin Savage

STATEMENT OF THE CASE

APPLICANT

Case No. 23708: Mewbourne Oil Company seeks an order pooling all uncommitted mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the N/2 of Section 9 and the N/2 of Section 8, Township 22 South, Range 27 East, NMPM. The unit will be dedicated to: (a) the Sandlot 9/8 W0AD Fee Well No. 1H, with a first take point in the NE/4NE/4 of Section 9 and a last take point in the NW/4NW/4 of Section 8; and (b) the Sandlot 9/8 W0HE Fee Well No. 1H, with a first take point in the SE/4NE/4 of Section 9 and a last take point in the SW/4NW/4 of Section 8.

Case No. 23709: Mewbourne Oil Company seeks an order pooling all uncommitted mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the

S/2 of Section 9 and the S/2 of Section 8, Township 22 South, Range 27 East, NMPM. The unit will be dedicated to: (a) the Sandlot 9/8 W0IL Fee Well No. 1H, with a first take point in the NE/4SE/4 of Section 9 and a last take point in the NW/4SW/4 of Section 8; and (b) the Sandlot 9/8 W0PM Fee Well No. 1H, with a first take point in the SE/4SE/4 of Section 9 and a last take point in the SW/4SW/4 of Section 8.

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.

Disputed Facts: The only disputed fact is that American Energy Resources LLC (“American”) has claimed that it owns a working interest in the well units being pooled, and would seek to develop its interest. Mewbourne has determined that American’s interest in the subject wells is a royalty interest, not a working interest. This is explained in the landman’s affidavits filed in these cases. American has not provided evidence to the Division on that issue. Therefore, American is not entitled to participate in the subject wells, or to propose wells. Because of the foregoing, Mewbourne does not seek to pool American, and hereby dismisses American from these cases.

Although the Division does not determine title matters, it must make basic title determinations. The statutes state:

70-2-12. Enumeration of powers.

B. The oil conservation division may make rules and orders for the purposes and with respect to the subject matter stated in this subsection:

(8) **to identify the ownership of oil or gas producing leases**, properties, wells, tanks, refineries, pipelines, plants, structures and all transportation equipment and facilities.

American has not provided any valid information to the Division on ownership of a working interest.

OPPONENT

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBIT

Carson Cullen
(landman)

15 min.

Approx. 8

Tyler Hill (geologist) 10 min. Approx.6

Gavin Edington (engineer) 10 min. Approx. 4

OPPONENT

WITNESSES

EST. TIME

EXHIBITS

PROCEDURAL MATTERS

Applicant requests that the cases be consolidated for hearing.

Respectfully submitted,

Handwritten signature of James Bruce

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

Attorney for Mewbourne Oil Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 15th day of October, 2023 by e-mail:

Darin Savage - Darin@abadieschill.com
Jonathan Samaniego - energy.jrs@gmail.com

November

Handwritten signature of James Bruce

James Bruce

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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 281949

QUESTIONS

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| Operator: MEWBOURNE OIL CO P.O. Box 5270 Hobbs, NM 88241 | OGRID: 14744 |
| | Action Number: 281949 |
| | 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 | Not answered. |
| Testimony time (in minutes) | Not answered. |