

**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. 26446 & 26447

**APPLICATIONS OF FED OPERATING,
LLC FOR APPROVAL OF A NON-STANDARD
HORIZONTAL WELL SPACING UNIT
AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 26131-26132

MEWBOURNE'S CONSOLIDATED PRE-HEARING STATEMENT

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

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APPLICANT'S STATEMENT OF THE CASES

Mewbourne's proposed development competes with and partially overlaps spacing units proposed by FED under **Case Nos. 26131-26132**. These competing development plans fall into a particular category of contested cases involving a partial overlap of proposed spacing units that the Commission and Division have previously analyzed. *See, e.g.*, Division Order Nos. R-21826 (operator with 100% WIO in overlap acreage should prevail) and R-22204 (operator with clear

majority WIO in overlap should prevail); Commission Order No. R-21416-A (operator with 100% commitment under JOA in overlap should prevail). In every case where there is overlapping acreage the operator with the clear majority working interest control in the overlapping contested acreage prevails because their development plans were determined to “best protect[] correlative rights by presenting the best opportunity for each party to develop its own acreage.” See Division Order No. R-21826, ¶ 14. Here, Mewbourne owns the majority interest in the overlapping contested acreage in Section 17 and is working to consolidate additional interests, while FED owns nothing in this contested overlapping acreage. Moreover, Section 17 has higher quality rock—where FED owns and controls nothing—by comparison to Sections 5 and 8. Mewbourne should be allowed to develop and protect its acreage in Section 17, and FED can develop Sections 5 and 8 where it actually owns an interest.

Under its plan of development, Mewbourne seeks orders in the Bone Spring formation (Mescalero Escarpe; Bone Spring [45793]) for the referenced acreage, all in Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, as follows:

- Under **Case No. 26446**, Mewbourne seeks to pool the uncommitted interest owners in a 320-acre, more or less, standard horizontal well spacing unit underlying the W/2 of Section 17, to be initially dedicated to the proposed **Nature Boy State Com 5231H** u-turn well, to be drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 17 and a last take point in the NW/4 NW/4 (Unit D) of Section 17.
- Under **Case No. 26447**, Mewbourne seeks to pool the uncommitted interest owners in a 320-acre, more or less, standard horizontal well spacing unit underlying the E/2 of Section 17, to be initially dedicated to the proposed **Nature Boy State Com 5257H** u-

turn well, to be drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 17 and a last take point in the NE/4 NE/4 (Unit A) of Section 17.

Under its competing plans, FED seeks orders for overlapping spacing units in the Bone Spring and Wolfcamp, all in Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, as follows:

- Under **Case No. 26131**, FED seeks (1) approval of a 1,920-acre, more or less, non-standard horizontal well spacing unit in the Bone Spring formation (Pool: MESCALERO ESCARPE;BONE SPRING [Pool Code: 45793]), underlying all of Sections 5, 8, and 17, and (2) pooling all uncommitted interests therein. FED seeks to initially dedicate this spacing unit to the Chancer 5-17 State 111H, Chancer 5-17 State 112H, Chancer 5-17 State 113H, and Chancer 5-17 State 114H.
- Under **Case No. 26132**, FED seeks (1) approval of a 1,920-acre, more or less, non-standard horizontal well spacing unit in the Wolfcamp formation (Pool: E-K;WOLFCAMP [Pool Code: 21670]), underlying all of Sections 5, 8, and 17, and (2) pooling all uncommitted interests therein. FED seeks to initially dedicate this spacing unit to the Chancer 5-17 State 211H, Chancer 5-17 State 212H, Chancer 5-17 State 213H, and Chancer 5-17 State 214H.

Because Mewbourne owns and/or controls the majority working interest in the overlapping acreage that is contested between the two development plans, and FED owns nothing in the contested acreage and cannot show that the pooling of Sections 5, 8 and 17 will contribute more or less equally under its proposed plans, FED's application should be denied. Mewbourne's proposed development plan "present[s] the best opportunity for each party to develop its own acreage," thereby preventing waste and protecting correlative rights. *See Id.*

The evidence presented at hearing will demonstrate that:

- Mewbourne owns/or controls the majority working interest in Section 17;
- Mewbourne is diligently working to consolidate support in Section 17 and has moved quickly to protect its newly acquired interest in this acreage;
- FED owns and controls nothing in Section 17;
- Mewbourne operates existing wells in the area and is established as a prudent operator with effective and efficient offsetting development;
- FED's proposed Bone Spring plan is inchoate, does not match its application, and does not fully develop the E/2 of Section 17;
- FED is a new operator in New Mexico with no track record;
- FED does not operate any wells in New Mexico and has never drilled a well in New Mexico—let alone a three-mile horizontal well—and does not have an in-house drilling team to manage or oversee this development; and
- Mewbourne's interests in Section 17 has higher quality rock by comparison to Sections 5 and 8 and therefore will contribute disproportionately to FED's proposed spacing unit, impairing Mewbourne's correlative rights;
 - Mewbourne's proposed development will contribute production more or less equally thereby protecting correlative rights whereas FED's plans will not.

FILED EVIDENCE

Pursuant to the Prehearing Order entered for these consolidated matters, Mewbourne has filed the following with this prehearing statement:

- Mewbourne Exhibit C: Self-Affirmed Statement of Tyler Jolly, Landman

- Mewbourne Exhibit C-1 through C-4: Exhibits referenced by the testifying witness
- Mewbourne Exhibit D: Self-Affirmed Statement of Charles Crosby, Geologist
 - Mewbourne Exhibit D-1 through D-5: Exhibits referenced by the testifying witness
- Mewbourne Exhibit E: Self-Affirmed Statement of Gavin Edington, Reservoir Engineer
 - Mewbourne Exhibit E-1 through E-2: Exhibits referenced by the testifying witness

The qualifications and direct testimony for each witness are contained in the self-affirmed statements filed with this prehearing statement.

PROCEDURAL MATTERS

Mewbourne reserves the right to call these or other witnesses, including rebuttal witnesses, to address issues that arise with the filing of additional information or at the hearing.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on September 9, 2026, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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QUESTIONS

Action 622910

QUESTIONS

Operator: MEWBOURNE OIL CO P.O. Box 5270 Hobbs, NM 88240	OGRID: 14744
	Action Number: 622910
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
Please assist us by provide the following information about your testimony.	
Number of witnesses	3
Testimony time (in minutes)	60