

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

**APPLICATION 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

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by the FED Operating, LLC ("FED") (OGRID No. 333904), the applicant in Case Nos. 26131-26132, as required by Division rules.

APPEARANCES

APPLICANT

FED Operating, LLC

Mewbourne Oil Company

Permian Resources Operating, LLC

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STATEMENT OF THE CASE

In Case No. 26131, FED requests an order from the Division: (1) approving 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, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico (the “Unit”).

FED seeks to dedicate the Unit to the following wells, to be horizontally drilled:

- the Chancer 5-17 State #111H well, the Chancer 5-17 State #121H well, and the Chancer 5-17 State #131H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5; and
- the Chancer 5-17 State #112H well, the Chancer 5-17 State #122H well, and the Chancer 5-17 State #132H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 NE/4 NW/4 (Unit C) of Section 5;
- the Chancer 5-17 State #113H well, the Chancer 5-17 State #123H well, and the Chancer 5-17 State #133H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 (Unit D) of Section 5; and
- the Chancer 5-17 State #114H well, the Chancer 5-17 State #124H well, and the Chancer 5-17 State #134H well with proposed surface hole locations in the NE/4 NW/4 (Unit C) of Section 20, and proposed last take points in the NW/4 NW/4 NE/4 NW/4 (Unit C) of Section 5.

The wells will be horizontally drilled, and the producing areas for the wells are expected to be orthodox.

The wells are expected to be producing within the MESCALERO ESCARPE;BONE SPRING [Pool Code: 45793].

In Case No. 26132, FED seeks an order from the Division (1) approving a non-standard 1,920-acre, more or less, horizontal well spacing unit in the Wolfcamp formation (Pool: E-K;WOLFCAMP [Pool Code: 21670]), underlying all of Sections 5, 8, and 17, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico (the "Unit").

- the Chancer 5-17 State #211H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NW/4 NW/4 (Unit D) of Section 5;
- the Chancer 5-17 State #212H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NE/4 NW/4 (Unit C) of Section 5;
- the Chancer 5-17 State #213H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NW/4 NE/4 (Unit B) of Section 5; and
- the Chancer 5-17 State #214H well, with a proposed surface hole location in the NW/4 NE/4 (Unit B) of Section 20, and a proposed last take point in the NE/4 NE/4 (Unit A) of Section 5.

The wells will be horizontally drilled, and the producing areas for the wells are expected to be orthodox. The wells are expected to be producing within the E-K;WOLFCAMP [Pool Code: 21670].

FED's development plan is superior, has less waste, reduced surface impacts, and will benefit more interest owners across the three-section development plan. FED further asks that the Division deny the requested pooling by Mewbourne in Case Nos. 26446-26447 because each of the five competing pooling factors weighs in FED's favor. Most important to this proceeding, Mewbourne's development underdevelops the proposed formation, thereby causing waste. Mewbourne's development plan is not appropriate for this area and Mewbourne has never drilled a u-turn well before, upon information and belief. Correlative rights are also an issue due to disputed ownership in Section 17. Mewbourne failed to timely propose and develop the wells in its cases and the poolings requested by Mewbourne should be denied.

PROPOSED EVIDENCE

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Paul Venincasa, Land	Affidavit	7
Joseph Dishron, Geology	Affidavit	6
Kayleigh Landry, Engineer	Affidavit	1
Josh Sperry, Drilling Engineer	Affidavit	1

PROCEDURAL MATTERS

FED requests that the Division issue orders granting the pooling applications to FED in Case Nos. 26131-26132.

Respectfully,

A handwritten signature in blue ink, appearing to read "Kaitlyn Luck", is positioned above a horizontal line.

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CERTIFICATE OF SERVICE

I certify that on this September 9, 2026, the foregoing pleading was electronically filed with the New Mexico Oil Conservation Division Clerk and served on all parties of record through counsel as follows:

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QUESTIONS

Action 622951

QUESTIONS

Operator: FED Operating LLC 1208 W Wall St. Midland, TX 79701	OGRID: 333904
	Action Number: 622951
	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.