

**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 No. 23176  
Case No. 23178  
Order No. R-22495**

**ORDER ON MOTIONS TO DISMISS**

This Order follows a hearing on January 5, 2023, held to consider the Motions to Dismiss filed by Pride Energy Company (“Pride”). Case Nos. 23176 and 23178. The Oil Conservation Division (“Division”) Director, having considered the recommendation of the Hearing Examiner, orders as follows:

**FINDINGS AND CONCLUSIONS**

1. Mewbourne Oil Company (“Mewbourne”) filed applications (“Applications”) in Case Nos. 23176 and 23178 seeking to compulsory pool uncommitted interests in designated horizontal spacing units (“Units”).
2. In Case No. 23176, Mewbourne filed an Application on October 18, 2022, seeking to pool all uncommitted interests in the Bone Spring formation underlying a 240-acre, more or less, standard horizontal spacing unit comprised of the E/2 NE/4 of Section 21 and the E/2 E/2 of Section 16, Township 19 South, Range 33 East, Lea County, New Mexico.
3. In Case No. 23178, Mewbourne filed an Application on October 18, 2022, seeking to pool all uncommitted interests in the Bone Spring formation underlying a 240-acre, more or less, standard horizontal spacing unit comprised of the E/2 NW/4 of Section 21 and the E/2 W/2 of Section 16, Township 19 South, Range 33 East, Lea County, New Mexico.
4. In each Application, Mewbourne stated that it “is a working interest owner in the Unit and has the right to drill wells thereon”.
5. Upon an unopposed motion from Mewbourne, Case Nos. 23176 and 23178 were consolidated with Mewbourne Case Nos. 23177 and 23179 and Pride Case Nos. 22879 and 22880, and were set for a contested hearing on March 16, 2023.
6. Pride filed Motions to Dismiss for Cases 23176 and 23178 on November 28, 2022. Pride alleged that Mewbourne lacked an interest in the Units.

7. After a status conference on December 1, 2022, the Hearing Examiner set a hearing on the Motions to Dismiss for January 5, 2023, and allowed the parties the opportunity to file additional pleadings prior to the hearing.

8. The parties presented arguments on the Motions to Dismiss on January 5, 2023.

9. Pride argues in its Motions to Dismiss that Mewbourne owned no interest in the Units at the time the Applications were filed. Attached to the Motions is an affidavit from Matthew Pride, land manager for Pride, which states that a review of county and state records conducted on behalf of Pride found no interest of Mewbourne in the Units.

10. Mewbourne claims that it has an interest in the Units because it has the right to drill and produce in the Units. Mewbourne states that other interest owners support Mewbourne being the operator of the acreage in Section 16 and the north half of section 21, which acreage includes the Units. Mewbourne also states that it has a superior development plan that encompasses a larger area than the Units.

11. Analysis. Who has the right to apply to the Division for compulsory pooling? The Oil and Gas Act (“Act”) is fairly clear on this question. The Act only allows the Division to pool interests in a unit where the “owners have not agreed to pool their interests” and where one owner “who has the right to drill has drilled or proposes to drill a well on said unit”. NMSA 1978, §70-2-17(C). The Act defines “owner” as “the person who has the right to drill into and to produce from any pool and to appropriate the production either for the person or for the person and another;”. NMSA 1978, §70-2-33(E).

12. Therefore, to apply for compulsory pooling, the applicant must own a working interest in the unit being pooled. Mewbourne has provided no evidence that it has a working interest in the Units.

### **ORDER**

The Motions to Dismiss filed by Pride Energy Company in Case Nos. 23176 and 23178 are granted. The Applications of Mewbourne Oil Company in Case Nos. 23176 and 23178 are dismissed.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

  
\_\_\_\_\_  
**DYLAN FUGE**  
**DIVISION DIRECTOR (Acting)**

**Date:** 2/07/2023