

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION TO CONSIDER:**

**Case No. 23953
Order No. R-23251**

**APPLICATION OF MEWBOURNE OIL COMPANY FOR
APPROVAL OF THE COUSIN EDDY FEDERAL UNIT,
EDDY & LEA COUNTIES, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on December 21, 2023, and after considering the testimony, evidence, and the recommendations of the Hearing Examiner,

FINDS THAT:

- (1) Due public notice has been given, and the OCD has jurisdiction of this case and its subject matter.

- (2) Mewbourne Oil Company (“Applicant”) is seeking approval from the U.S. Bureau of Land Management (“BLM”) and New Mexico State Land Office (“SLO”), as applicable, of the Cousin Eddy Federal Exploratory Unit (“Unit”) consisting of 9,612.52 acres of the following lands situated in Eddy and Lea Counties, New Mexico (“Unit Area”):

Township 21 South, Range 31 East, N.M.P.M.

Section 13: All
Section 14: All
Section 21: All
Section 22: All
Section 23: All
Section 24: All
Section 25: All
Section 26: All
Section 27: All
Section 28: All

Section 33: N/2
Section 34: N/2
Section 35: N/2
Section 36: N/2

Township 21 South, Range 32 East, N.M.P.M.

Section 8: All
Section 17: All
Section 18: All

(3) Unitized Interval: The unitized interval for the Unit is all formations below the top of the Bone Spring Formation, which is defined as the stratigraphic equivalent of 8,110 feet MD in the Federal No. 1 well located in the SE/4 NW/4 of Section 26 of Township 21 South, Range 31 East, N.M.P.M. in Eddy County, New Mexico (API No. 30-015-23045).

(4) The unitized interval underlying the Unit is currently designated by the OCD as:

WC-025 G-06 S213217K;BONE SPRING [97961]
WC WILLIAMS SINK; BONE SPRING [97650]
BIG EDDY;BONE SPRING [5540]
WC-015 G-06 S203127G;BONE SPRING [98232]
LOST TANK; WOLFCAMP [97573]
WC 22S31E13;WOLFCAMP [98351]
WC-025 G-09 S213232A;UPR WOLFCAMP [98313]
BILBREY;WOLFCAMP (GAS) [72126]
SALT LAKE;MORROW, SOUTH (GAS) [84480]

(5) Applicant presented testimony and exhibits as follows:

a. The Unit is a proposed federal exploratory unit and all depths below the top of the Bone Spring Formation will be unitized.

b. The Unit is comprised of twenty-five (25) tracts of which fourteen (14) are federal tracts, eleven (11) are state tracts, and zero (0) are fee tracts.

c. The four Unit obligation wells are the Cousin Eddy Federal Unit No. 1H, No. 2H, No. 3H, and No. 4H wells, horizontal wells with first take points located in the SE/4 NE/4 of Section 36 of Township 21 South, Range 31 East and bottomhole locations in the NE/4 NE/4 of Section 24, of Township 21 South, Range 31 East. Three wells will be completed in the Bone Spring formation, and one well will be completed in the Wolfcamp formation.

d. Applicant presented the proposed Unit Agreement (“Unit Agreement”). The Unit Agreement designates Applicant as the Unit Operator and has provisions for expansion or contraction of the Unit.

e. Applicant has received a logical designation letter from the BLM, indicating the land proposed for unitization is logically subject to exploration and development. The BLM assigned NMNM 106306061 as the case serial number to the Unit.

f. Notice of this application was provided to the uncommitted working interest owners within the Unit Area. Public notice was published in the newspaper of general circulation.

(6) Applicant requested the exclusion of an existing well from the Unit. The well to be excluded is the North Bilbrey 18 Federal No. 1 (API No. 30-025-27373).

(7) No other party appeared at the hearing or otherwise opposed this application.

(8) All proposed unit acreage appears prospective for recovery of oil and gas from the target formations under the concept proposed by the Applicant. These acres should be unitized and should equally share in the benefits from future oil and gas recovery.

(9) The approval of the Unit will serve to prevent waste and protect correlative rights within the lands assigned to the Unit Area.

IT IS THEREFORE ORDERED THAT:

(1) OCD recommends approval of the Unit.

(2) The Unit Area comprises 9,612.52 acres situated in Eddy and Lea Counties, New Mexico and described above.

(3) This Order shall become effective upon the signature of all parties to the Unit Agreement.

(4) OCD recognizes that Mewbourne Oil Company (OGRID No. 14744) is designated the Unit Operator under the Unit Agreement.

(5) Upon the approval of the Unit Agreement and filing of the Unit Agreement with the OCD, the Unit Area will be recognized by the OCD as a “unitized area” as provided in 19.15.16 NMAC.

(6) The Unit Operator will ensure that the names of the Unit wells are uniform and include the name of the Unit.

(7) The plan contained in the Unit Agreement for the development and operation of the above-described Unit Area is hereby approved in principle; provided, however, notwithstanding any of the provisions contained in the Unit Agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation that is now, or may hereafter be, vested in the OCD to supervise and control operations for the unit and production of oil and gas therefrom.

(8) The Unit Operator shall file with the OCD the fully executed Unit Agreement within thirty (30) days of the effective date of the Unit Agreement. In the event of (a) subsequent joinder by any other party, (b) expansion or contraction of the Unit Area, (c) change of Unit Operator, or (d) termination of the Unit or Unit Agreement, the Unit Operator shall file with OCD, within thirty (30) days after approval or notification of the BLM or SLO, the amended Unit Agreement or other documentation reflecting the changes.

(9) All filings required by this Order shall be submitted to the OCD Engineering Bureau (OCD.Engineer@emnrd.nm.gov). OCD may notify the Unit Operator of any changes to the filing process without need to amend this Order.

(10) Jurisdiction of this case is retained for the entry of such further orders as the OCD may deem necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



DYLAN M. FUGE
DIRECTOR (ACTING)

Date: 6/28/2024