

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

**APPLICATION OF MEWBOURNE OIL
COMPANY FOR EXPANSION OF UNIT AREA,
LEA COUNTY, NEW MEXICO**

Case No. 21418

NOTICE OF FILING

Mewbourne Oil Company hereby submits its additional Exhibit 5 in the above case, which is a revised letter of preliminary approval of unit expansion from the Commissioner of Public Lands

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
jamesbruc@aol.com

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 20th day of January, 2021 by e-mail:

Michael Feldewert
mfeldewert@hollandhart.com

Adam Rankin
agrarkin@hollandhart.com

Julia Broggi
jbroggi@hollandhart.com

Kaitlyn Luck
kaluck@hollandhart.com

Deanna Bennett
dmb@modrall.com

Earl DeBrine
edebrine@modrall.com

Lance Hough
ldh@modrall.com



James Bruce



State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

Stephanie Garcia Richard
COMMISSIONER

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

January 14, 2021

Mewbourne Oil Company
ATTN: Ms. Adriana Jimenez-Salgado
500 W. Texas Ave. #1020
Midland, Texas 79701

Re: Revised Preliminary Approval of Unit Expansion Letter No. 2
North Wilson Deep Unit
Lea County, New Mexico

Dear Ms. Jimenez-Salgado:

The State Land Office received Mewbourne Oil Company's (Mewbourne) letter dated January 12, 2021 requesting removal of 3 tracts in the unit which changed the size of the unit from the preliminary approved 13,272.13 acres to 12,142.39 acres. This letter will replace the previous Preliminary Approval Letter sent to Mewbourne on July 16, 2020. (Attached)

We have received the unexecuted copy of the unit agreement addendum that you have submitted for the proposed North Wilson Deep Unit expansion area, Lea County, New Mexico. This agreement addendum meets the general requirements for preliminary approval as to form and content, and preliminary approval is hereby granted as of this date.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short-term leases until final approval and an effective date have been given. Requested lease extensions are addressed in a separate transaction.

As specified in the unit agreement addendum and Option B of your e-mail dated July 7, 2020, Mewbourne has agreed, as of the effective date of the addendum, on the following Option to expand the Unit:

OPTION B

- 1.) SLO will allow the full 11,036.44 acres to be added to the existing 1,105.95 acre unit for a total of 12,142.39 acres.
- 2.) The first 2 wells will be spud by 12/31/2021, or within one year from the effective date of the Unit Agreement.
- 3.) 14 wells will need to be drilled and producing by the end of 5 years, or the unit will contract down to the producing drill blocks.
- 4.) Unit will contract to producing drill blocks after 10 years.

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EXHIBIT 5

When submitting your agreement for final approval, please include the following:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 19.2.100.51, a statement of facts showing that:
 - a. The agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
 - b. Under the proposed unit operation, the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas in place under its lands in the proposed unit area.
 - c. Each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.
 - d. The unit agreement is in other respects for the best interest of the Trust.
3. All ratifications and joinders from the Lessees of Record and Working Interest Owners. We require one set, all with original signatures acknowledged by a notary.
4. Approval order from the New Mexico Oil Conservation Division. State Land Office approval is conditioned upon approval by the New Mexico Oil Conservation Division.
5. One copy of the Unit Operating Agreement (if applicable).
6. A \$1,800.00 total filing fee. The filing fee is \$100 for each section or partial section included in the expansion, whether state or privately owned.

If you have any questions or if we may be of further assistance, please contact Units Manager Scott Dawson at 505.827.5791 or sdawson@slo.state.nm.us

Respectfully,



Stephanie Garcia Richard
Commissioner of Public Lands

SR/sd

cc: NMOCD, Attn: Mr. Leonard Lowe
SLORMD, Attn: Ms. Billie Luther
OGMD and Units Reader Files