

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

APPLICATION OF MEWBOURNE
OIL COMPANY FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. _____

APPLICATION

Mewbourne Oil Company (“Mewbourne” or “Applicant”) (OGRID No. 14744), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 640-acre, more or less, horizontal spacing unit comprised of the N/2 of Sections 21 and 22, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. In support of its application, Mewbourne states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing unit to the following proposed initial **Papa Grande 22/21 B3AD Fee #1H well**, to be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 22, to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 21.
3. The completed interval for the proposed **Papa Grande 22/21 B3AD Fee #1H well** will remain within 330 feet of the quarter-quarter line separating the N/2 N/2 from the S/2 N/2 of Sections 21 and 22, to allow inclusion of this acreage into a standard horizontal well spacing unit.

4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the working interest owners in the subject spacing unit.

5. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled, and Applicant should be designated the operator of the proposed horizontal wells and spacing unit.

7. This pooling application is competing with the Application of Ascent Energy, LLC for a Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico, in Case No. 22184, set on the December 16, 2021 Division docket.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit and approving the initial wells thereon;
- B. Designating Applicant as operator of the horizontal spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP

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