

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

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING AND APPROVAL
OF NON-STANDARD SPACING UNIT,
LEA COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

In accordance with NMSA 1978, § 70-2-17 and NMAC 19.15.16.15(B)(5), Mewbourne Oil Company (“Mewbourne” or “Applicant”), through its undersigned attorneys, files this application with the Oil Conservation Division (“Division”) for an order: (1) establishing a 960-acre, more or less, non-standard horizontal spacing unit comprised of Section 16 and the N/2 of Section 21, Township 19 South, Range 33 East, Lea County (“Unit”); and (2) pooling all uncommitted interests in the Bone Spring formation underlying the Unit. In support of this application, Mewbourne states the following.

1. Applicant (OGRID No. 14744) is a working interest owner in the Unit and has the right to drill thereon.
2. Applicant seeks to dedicate the Unit to the following proposed wells (“Wells”):
 - a. **Bushwood 21/16 B2GB Fed Com #1H** well, to be drilled from a surface hole location in the NW/4 SE/4 (Unit J) of Section 21 to a bottom hole location in the NW/4 NE/4 (Unit B) of Section 16;
 - b. **Bushwood 21/16 B2FC Fed Com #1H** well, to be drilled from a surface hole location in the NW/4 SE/4 (Unit J) of Section 21 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 16;

- c. **Bushwood 21/16 B2ED Fed Com #1H** well, to be drilled from a surface hole location in the NW/4 SE/4 (Unit J) of Section 21 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 16; and
 - d. **Bushwood 21/16 B2HA Fed Com #1H** well, to be drilled from a surface hole location in the NW/4 SE/4 (Unit J) of Section 21 to a bottom hole location in the NE/4 NE/4 (Unit A) of Section 16.
3. The completed intervals of the Wells will be orthodox.
 4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the interest owners in the Unit.
 5. The pooling of interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
 6. Approval of a non-standard horizontal spacing unit is necessary to prevent waste and protect correlative rights.
 7. 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 the Unit should be pooled and Applicant should be designated as operator of the Wells and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 2, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving a non-standard horizontal spacing unit pursuant to 19.15.16.15(B)(5) NMAC;
- B. Pooling all uncommitted interests in the Unit;
- C. Approving the initial wells in the Unit;

- D. Designating Applicant as the operator of the Unit and the horizontal wells to be drilled thereon;
- E. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- F. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. 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,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

Jaclyn M. McLean

Yarithza Peña

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 98208623

dhardy@hinklelawfirm.com

jmclean@hinklelawfirm.com

ypena@hinklelawfirm.com

Counsel for Mewbourne Oil Company