

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

**APPLICATION OF MEWBOURNE OIL
COMPANY TO AMEND ORDER NO. R-22195 AND
EXTEND DEADLINE TO COMMENCE DRILLING,
FOR COMPULSORY POOLING, AND APPROVAL
OF NON-STANDARD SPACING UNIT,
LEA COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Pursuant to NMSA 1978, § 70-2-17 and NMAC 19.15.16.15(B)(5), Mewbourne Oil Company (“Mewbourne” or “Applicant”) (OGRID No. 14744) files this application with the Oil Conservation Division (“Division”) seeking an order: (1) amending Order No. R-22195 to establish a 632.08-acre, more or less, non-standard horizontal spacing unit comprised of the W/2 of Sections 6 and 7, Township 19 South, Range 35 East, Lea County, New Mexico (“Unit”); (2) extending by one year the deadline to commence drilling under Order No. R-22195; and (3) pooling uncommitted interests in the Wolfcamp formation underlying the Unit. In support of this application, Mewbourne states the following.

1. On July 25, 2022, the Division entered Order No. R-22195 (“Order”) in Case No. 22717. The Order pooled all uncommitted interests in the Wolfcamp formation (Scharb; Wolfcamp, Code 55640) underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the E/2 W/2 of Sections 6 and 7, Township 19 South, Range 35 East, Lea County, New Mexico. The Order further dedicated the Unit to the Mariner E2W2 06 07 W1 State Com 1H well and designated Catena Resources Operating, LLC (“Catena”) as operator of the Mariner unit and well. The Mariner well has not been drilled. The order required Catena to commence drilling within one year of the date of the order.

2. Mewbourne is the successor in interest to Catena, is a working interest owner in the Unit, and has the right to drill thereon.

3. Mewbourne seeks to amend Order No. R-22195 to form a non-standard 632.08-acre, more or less, horizontal spacing unit comprised of the W/2 of Sections 6 and 7, Township 19 South, Range 35 East, Lea County, New Mexico and pool uncommitted interests in the Wolfcamp formation underlying the Unit.

4. Mewbourne also seeks a one-year extension of the deadline to commence drilling under Order No. R-22195 to allow it to implement its amended development plan for the Unit.

5. Mewbourne seeks to dedicate the Unit to the Beefalo 7/6 State Com #713H (W1NC) well ("Well"), which will replace the Mariner well and will be drilled from a surface hole location in the NW/4 NE/4 (Unit B) of Section 18 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 6.

6. The completed interval of the Well will be orthodox.

7. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all interest owners.

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

9. Approval of a non-standard horizontal spacing unit is necessary to prevent waste and protect correlative rights.

10. Good cause exists to extend the deadline to commence drilling under Order No. R-22195.

11. 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 the operator of the proposed horizontal Well and the Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on July 6, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Amending Order No. R-22195 to establish a 632.08-acre, more or less, non-standard horizontal spacing unit comprised of the W/2 of Sections 6 and 7, Township 19 South, Range 35 East, Lea County, New Mexico;
- B. Extending by one year the deadline to commence drilling under Order No. R-22195;
- C. Approving a non-standard horizontal spacing unit pursuant to 19.15.16.15(B)(5) NMAC;
- D. Pooling all uncommitted interests in the Unit;
- E. Approving the initial Well in the Unit;
- F. Designating Applicant as the operator of the Unit and the horizontal Well to be drilled thereon;
- G. Authorizing Applicant to recover its costs of drilling, equipping, and completing the Well;
- H. Approving the actual operating charges and costs of supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- I. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

Respectfully submitted,

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