

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

**APPLICATION OF MEWBOURNE OIL  
COMPANY FOR APPROVAL OF AN OVERLAPPING  
NON-STANDARD 1,280-ACRE HORIZONTAL  
WELL SPACING UNIT AND COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO.**

**CASE NO. 24132**

**MEWBOURNE OIL COMPANY'S PRE-HEARING STATEMENT**

Mewbourne Oil Company ("Mewbourne" or "Applicant"), the applicant in the above-referenced matter, submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

**APPEARANCES**

**APPLICANT**

Mewbourne Oil Company  
("Mewbourne")

**ATTORNEY**

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**APPLICANT'S STATEMENT OF THE CASE**

Under **Case No. 24132**, Mewbourne seeks an order (a) approving an overlapping 1,280-acre, more or less, non-standard horizontal well spacing unit in the Bone Spring formation (Tamano Bone Spring Pool [58040]) underlying Sections 23 and 24, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico and (b) pooling all uncommitted interests in this acreage.

Due to the nature and configuration of the federal leases in the subject area, the Bureau of Land Management (“BLM”) will not approve the commingling of production at central facilities if the subject area is developed using standard horizontal well spacing units. *See, e.g.*, 43 CFR 3173.14 (addressing authorized commingling). However, if the proposed overlapping non-standard spacing unit is approved by the Division, the BLM has stated it will issue a corresponding Communitization Agreement for the federal leases within the subject area to allow commingling and the corresponding reduction of the necessary surface facilities.

Mewbourne seeks to minimize cost and surface disturbance by consolidating facilities and commingling production from existing and future wells in the proposed overlapping non-standard spacing unit. To allow the proposed wells to be dedicated to a federal Communitization Agreement, Mewbourne requires approval of a corresponding overlapping non-standard horizontal well spacing unit in the Bone Spring formation.

Mewbourne seeks to initially dedicate the above-referenced spacing unit to the proposed **Neato Bandito 23/24 Fed Com 511H**, to be drilled horizontally from a surface location in the NW/4 NW/4 (Unit D) of Section 23, a first take point in the same, and a last take point in the NE/4 NE/4 (Unit A) of Section 24; **Neato Bandito 23/24 Fed Com 513H**, to be drilled horizontally from a surface location in the NW/4 NW/4 (Unit D) of Section 23, a first take point in the SW/4 NW/4 (Unit E) of Section 23, and a last take point in the SE/4 NE/4 (Unit H) of Section 24; **Neato Bandito 23/24 Fed Com 515H**, to be drilled horizontally from a surface location in the NW/4 SW/4 (Unit L) of Section 23, a first take point in the same, and a last take point in the NE/4 SE/4 (Unit I) of Section 24; and **Neato Bandito 23/24 Fed Com 517H**, to be drilled horizontally from a surface location in the NW/4 SW/4 (Unit L) of Section 23, SW/4 SW/4 (Unit M) of Section 23,

and a last take point in the SE/4 SE/4 (Unit P) of Section 24. The proposed horizontal well spacing unit will overlap the following existing Bone Spring spacing units:

- 40-acre vertical well spacing unit comprised of the SE/4 SW/4 of Section 23 dedicated to Mewbourne’s Geronimo 23 Federal Com #002 (API: 30-015-35163);
- 40-acre vertical well spacing unit comprised of the NW/4 SE/4 of Section 23 dedicated to RAYBAW Operating, LLC’s Shugart 23 Federal Com #001 (API: 30-015-30448);
- 40-acre vertical well spacing unit comprised of the SW/4 SW/4 of Section 24 dedicated to Mewbourne’s Geronimo 24 Federal Com #002 (API: 30-015-35016); and
- 40-acre vertical well spacing unit comprised of the NW/4 NW/4 of Section 24 dedicated to Penroc Oil Corp’s Gandhi Federal #001 (API: 30-015-26243).

The completed interval for the wells will comply with statewide setbacks for oil wells. Mewbourne has sought and been unable to obtain voluntary agreement for the development of these lands from all interest owners in the subject acreage.

**APPLICANT’S PROPOSED EVIDENCE**

<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Ariana Rodrigues, Landman	Self-Affirmed Statement	Approx. 7
Charles Crobsy, Geologist	Self-Affirmed Statement	Approx. 4

**PROCEDURAL MATTERS**

Mewbourne intends to present this case by self-affirmed statement if there is no opposition at the time of hearing.

Respectfully submitted,

HOLLAND & HART LLP

By:  \_\_\_\_\_

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**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
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QUESTIONS

Action 308010

**QUESTIONS**

Operator: MEWBOURNE OIL CO P.O. Box 5270 Hobbs, NM 88241	OGRID: 14744
	Action Number: 308010
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

**QUESTIONS**

<b>Testimony</b>	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>