

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING JULY 10, 2025**

CASE No. 25425

PICANHA 23/14 STATE COM #523H WELL

LEA COUNTY, NEW MEXICO



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

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

CASE NO. 25425

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COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 25425	APPLICANT'S RESPONSE
Date:	July 10, 2025
Applicant	Mewbourne Oil Company
Designated Operator & OGRID (affiliation if applicable)	Mewbourne Oil Company [OGRID 14744]
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF MEWBOURNE OIL COMPANY FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
Entries of Appearance/Intervenors:	N/A
Well Family	Picanha 23/14
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring formation
Pool Name and Pool Code:	Reeves; Bone Spring [51870]
Well Location Setback Rules:	Statewide rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres, more or less
Building Blocks:	40 acres
Orientation:	South-North
Description: TRS/County	E/2 W/2 of Sections 14 and 23, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit C-2
Well(s)	
Name & API (if assigned), surface and bottom hole location,	
Well #1	Picanha 23/14 State Com #523H (API No. Pending) SHL: 220' FSL & 250' FWL (Unit M) of Sec 23 BHL: 100' FNL & 1,700' FWL (Unit C) of Sec 14 Completion Target: Bone Spring formation Well Orientation: Standup Completion Location expected to be: Standard
Horizontal Well First and Last Take Points	Exhibit C-1
Completion Target (Formation, TVD and MD)	Exhibit D-3
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$12,000
Production Supervision/Month \$	\$1,200

Justification for Supervision Costs	Exhibit C
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit B
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit E
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit F
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C-2
Tract List (including lease numbers and owners)	Exhibit C-2
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	Exhibit C-2
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit C-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-2
Chronology of Contact with Non-Joined Working Interests	Exhibit C-4
Overhead Rates In Proposal Letter	Exhibit C-3
Cost Estimate to Drill and Complete	Exhibit C-3
Cost Estimate to Equip Well	Exhibit C-3
Cost Estimate for Production Facilities	Exhibit C-3
Geology	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit D-2
Well Orientation (with rationale)	Exhibit D
Target Formation	Exhibit D, D-3
HSU Cross Section	Exhibit D-3
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-1
Tracts	Exhibit C-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-2
General Location Map (including basin)	Exhibit D
Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D-2
Cross Section Location Map (including wells)	Exhibit D-2
Cross Section (including Landing Zone)	Exhibit D-3
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Paula M. Vance

Signed Name (Attorney or Party Representative):	
Date:	3-Jul-25

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

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

CASE NO. 25425

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 interest owners in a standard 320-acre, more or less, well spacing unit in the Bone Spring formation underlying the E/2 W/2 of Sections 14 and 23, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico. In support of its application, Mewbourne states:

1. Applicant is a working interest owner in the proposed spacing unit and has the right to drill thereon.
2. Mewbourne seeks to dedicate the above-referenced spacing unit to the proposed **Picanha 23/14 State Com #523H** well, to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 23, a first take point in the SE/4 SW/4 (Unit N), and to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 14.
3. The completed interval of the well will comply with state setbacks for oil wells.
4. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all 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.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B
Submitted by: Mewbourne Oil Company
Hearing Date: July 10, 2025
Case No. 25425**

WHEREFORE, Applicant requests that this matter be set for hearing before an Examiner of the Oil Conservation Division on July 10, 2025, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interest owners in the horizontal spacing unit;
- B. Designating Applicant as operator of this spacing unit and the horizontal well to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, completing, and equipping the well;
- 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 well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: 

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ATTORNEYS FOR MEWBOURNE OIL COMPANY

CASE _____: **Application of Mewbourne Oil Company for Compulsory Pooling, Lea County, New Mexico.** Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in a standard 320-acre, more or less, well spacing unit in the Bone Spring formation underlying the E/2 W/2 of Sections 14 and 23, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico. Mewbourne seeks to dedicate the above-referenced spacing unit to the proposed **Picanha 23/14 State Com #523H** well, to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 23, a first take point in the SE/4 SW/4 (Unit N), and to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 14. Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Applicant as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 15 miles west of Hobbs, New Mexico.

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

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

CASE NO. 25425

SELF-AFFIRMED STATEMENT OF PEYTON WARREN

1. My name is Peyton Warren. I work for Mewbourne Oil Company ("Mewbourne") as a Landman.
2. I have previously testified before the New Mexico Oil Conservation Division ("Division") as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record.
3. I am familiar with the application filed by Mewbourne in this case, and I am familiar with the status of the lands in the subject area.
4. None of the uncommitted parties in this case have indicated opposition to proceeding by self-affirmed statement and, therefore, I do not expect any opposition at the hearing.
5. Under **Case No. 25425**, Mewbourne seeks an order pooling all uncommitted interest owners in a standard 320-acre, more or less, well spacing unit in the Bone Spring formation underlying the E/2 W/2 of Sections 14 and 23, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico. Mewbourne seeks to initially dedicate the above-referenced horizontal spacing unit to the proposed **Picanha 23/14 State Com 523H** well, to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 23, a first take point in the SE/4 SW/4 (Unit N), and to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 14.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C
Submitted by: Mewbourne Oil Company
Hearing Date: July 10, 2025
Case No. 25425

6. **Mewbourne Exhibit C-1** contains a draft Form C-102 for the proposed well. This form demonstrates that the completed interval for the well will comply with statewide setbacks for oil wells. The exhibit shows that the well will be assigned to the Reeves; Bone Spring [51870].

7. **Mewbourne Exhibit C-2** identifies the tracts of land comprising the horizontal spacing unit, the ownership interests in each tract, and ownership interests on a spacing unit basis. The parties Mewbourne seeks to pool are highlighted in yellow.

8. **Mewbourne Exhibit C-3** contains a sample of the well proposal letter and AFEs sent to owners with a working interest. The costs reflected in the AFEs are consistent with what Mewbourne and other operators have incurred for drilling similar horizontal wells in the area in this formation.

9. Mewbourne requests that the overhead and administrative costs for drilling and producing the proposed well be set at \$12,000 per month while drilling and \$1,200 per month while producing. These costs are consistent with what other operators are charging in this area for similar wells.

10. **Mewbourne Exhibit C-4** contains a general summary of the contacts with the uncommitted interest owners. As indicated in the exhibit, Mewbourne has made a good faith effort to locate and has had communications with all of the parties that it seeks to pool in this case in an effort to reach voluntary joinder. In my opinion, Mewbourne has undertaken good faith efforts to reach an agreement with the uncommitted interest owners.

11. Mewbourne has provided the law firm of Holland & Hart LLP with the names and addresses of the parties that Mewbourne seeks to pool and instructed that they be notified of this hearing. Mewbourne has conducted a diligent search of all public records in the county where the

property is located, reviewed telephone directories, and conducted computer searches to locate contact information for each interest owner.

12. **Mewbourne Exhibits C-1 through C-4** were either prepared by me or compiled under my direction and supervision.

13. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

Peyton Warren

Peyton Warren

6/24/2025

Date

C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	Submitted by: Mewbourne Oil Company Hearing Date: July 10, 2025 Case No. 25425		Revised July 9, 2024
		Submittal Type:	☐ Initial Submittal	
			☐ Amended Report	
			☐ As Drilled	

WELL LOCATION INFORMATION

API Number	Pool Code [51870]	Pool Name REEVES, BONE SPRING
Property Code	Property Name PICANHA 23/14 STATE COM	Well Number 523H
OGRID No. 14744	Operator Name MEWBOURNE OIL COMPANY	Ground Level Elevation 3865'
Surface Owner: ☐ State ☐ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☐ State ☐ Fee ☐ Tribal ☐ Federal

Surface Location

UL M	Section 23	Township 18S	Range 35E	Lot	Ft. from N/S 220 FSL	Ft. from E/W 250 FWL	Latitude 32.7264340°N	Longitude 103.4357531°W	County LEA
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Bottom Hole Location

UL C	Section 14	Township 18S	Range 35E	Lot	Ft. from N/S 100 FNL	Ft. from E/W 1700 FWL	Latitude 32.7546347°N	Longitude 103.4311630°W	County LEA
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Dedicated Acres 320	Infill or Defining Well DEFINING	Defining Well API	Overlapping Spacing Unit (Y/N)	Consolidation Code
Order Numbers.			Well setbacks are under Common Ownership: ☐ Yes ☐ No	

Kick Off Point (KOP)

UL N	Section 23	Township 18S	Range 35E	Lot	Ft. from N/S	Ft. from E/W 1700 FWL	Latitude	Longitude	County LEA
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First Take Point (FTP)

UL N	Section 23	Township 18S	Range 35E	Lot	Ft. from N/S 100 FSL	Ft. from E/W 1700 FWL	Latitude	Longitude	County LEA
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Last Take Point (LTP)

UL C	Section 14	Township 18S	Range 35E	Lot	Ft. from N/S 100 FNL	Ft. from E/W 1700 FWL	Latitude 32.7546347°N	Longitude 103.4311630°W	County LEA
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Unitized Area or Area of Uniform Interest	Spacing Unit Type ☐ Horizontal ☐ Vertical	Ground Floor Elevation:
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OPERATOR CERTIFICATIONS <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> <i>If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.</i>		SURVEYOR CERTIFICATIONS <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me under my supervision, and that the same is true and correct to the best of my belief.</i>	
Signature	Date	Signature and Seal of Professional Surveyor 	
Printed Name		Certificate Number	Date of Survey
Email Address		19680	03/28/2025

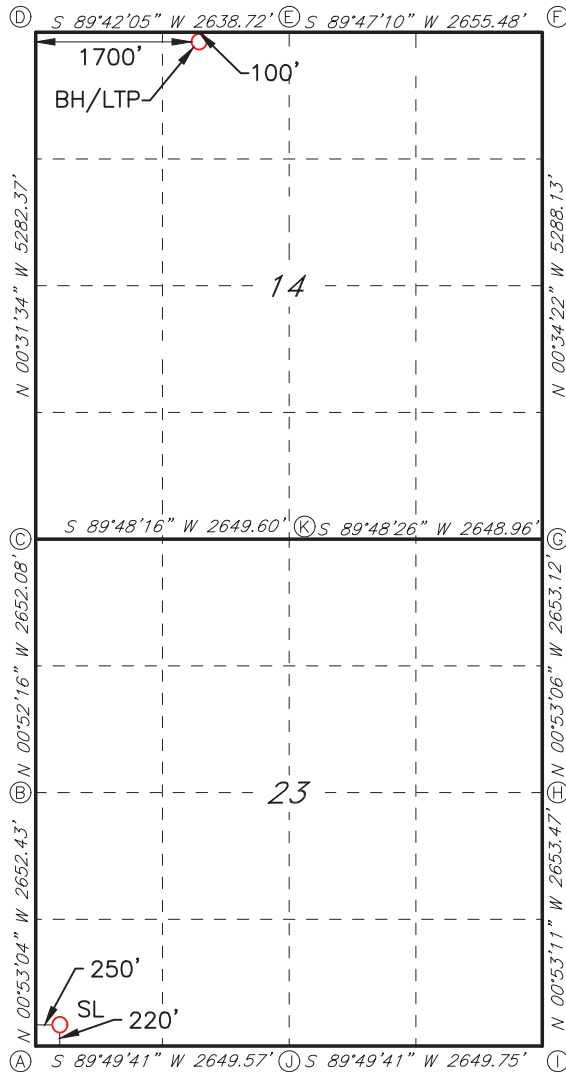
Note: No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

ACREAGE DEDICATION PLATS

This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole location, if it is a directionally drilled, with the dimensions from the section lines in the cardinal directions. If this is a horizontal wellbore show on this plat the location of the First Take Point and Last Take Point, and the point within the Completed interval (other than the First Take Point or Last Take Point) that is closest to any outer boundary of the tract.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed, contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.

PICANHA 23/14 STATE COM #523H



GEODETTIC DATA
NAD 83 GRID - NM EAST

SURFACE LOCATION (SL)
220' FSL & 250' FWL (SEC.23)
N: 629177.2 - E: 817365.4
LAT: 32.7264340° N
LONG: 103.4357531° W

BOTTOM HOLE/LAST TAKE POINT (BH/LTP)
100' FNL & 1700' FWL (SEC.14)
N: 639449.4 - E: 818689.6
LAT: 32.7546347° N
LONG: 103.4311630° W

CORNER DATA
NAD 83 GRID - NM EAST

A: FOUND 1/2" REBAR
N: 628956.5 - E: 817118.7
B: FOUND 1/2" REBAR W/ WASHER "15514"
N: 631608.1 - E: 817077.8
C: FOUND 1/4" BOLT
N: 634259.4 - E: 817037.5
D: FOUND 1/2" REBAR
N: 639540.5 - E: 816989.0
E: FOUND STONE 8X4X4
N: 639554.3 - E: 819627.2
F: FOUND 1/2" REBAR
N: 639564.2 - E: 822282.2
G: FOUND 1/2" REBAR
N: 634277.3 - E: 822335.0
H: FOUND 1/2" REBAR
N: 631625.0 - E: 822376.0
I: FOUND 1/2" REBAR W/ WASHER "15514"
N: 628972.4 - E: 822417.0
J: FOUND 1/2" REBAR
N: 628964.5 - E: 819767.8
K: FOUND 1/2" REBAR
N: 634268.4 - E: 819686.6

Section Plat
Picanha 23/14 State Com #523H

Plat covering the E/2W/2 of Section 23 and the E/2W/2 of Section 14, Township 18 South,
Range 35 East, Lea County, New Mexico.

	Tract 1 VC-1286 80 acres	Section 14 T18S-R35E
	Tract 2 VC-1287 80 acres	
	Tract 3 Fee 40 acres	Section 23 T18S-R35E
	Tract 4 Fee 40 acres	
	Tract 5 VC-1121 80 acres	

Tract 1: E/2NW/4 of Section 14 – State Lease VC-1286

Mewbourne Oil Company.

Tract 2: E/2SW/4 of Section 14 – State Lease VC-1287

Mewbourne Oil Company.

Tract 3: NE/4NW/4 of Section 23 – Fee

Mewbourne Oil Company, The Estate of V. S. Makaroff, JPW Oil & Gas LLC, Norma J. Chanley, Susan Diane Groover, Gary L. Gourley, Linda L. Gourley.

Tract 4: SE/4NW/4 of Section 23 – Fee

Mewbourne Oil Company, JPW Oil & Gas LLC, Norma J. Chanley, Susan Diane Groover, Gary L. Gourley, Linda L. Gourley.

Tract 5: E/2SW/4 of Section 23 – VC-1121

Mewbourne Oil Company.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No.C-2
Submitted by: Mewbourne Oil Company
Hearing Date: July 10, 2025
Case No. 25425

RECAPITULATION FOR
Picanha 23/14 State Com #523H

Tract No.	No. of Acres Committed	Percentage of Interest in Communitized Area
1	80.00	25.0000%
2	80.00	25.0000%
3	40.00	12.5000%
4	40.00	12.5000%
5	80.00	25.0000%
Total	320.00	100.0000%

TRACT OWNERSHIP
Picanha 23/14 State Com #523H

Total:

Mewbourne Oil Company	309.93936012	0.96856050
The Estate of V.S. Makaroff	6.66666667	0.02083333
Linda L. Gourley (Sep Prop)	1.00000000	0.00312500
Gary L. Gourley (Sep Prop)	0.78571429	0.00245536
Susan Diane Groover (Sep Prop)	0.78571429	0.00245536
JPW Oil & Gas LLC	0.53683036	0.00167759
Norma J. Chanley (Sep Prop)	0.28571429	0.00089286

*** 3.143950% Total Interest Being Pooled.**

Tract 1: E/2NW/4 of Section 14 – State Lease VC-1286

Mewbourne Oil Company (100%).

Tract 2: E/2SW/4 of Section 14 – State Lease VC-1287

Mewbourne Oil Company (100%).

Tract 3: NE/4NW/4 of Section 23 – Fee

Mewbourne Oil Company (79.315475%), The Estate of V. S. Makaroff (16.666667%), JPW Oil & Gas LLC (0.446429%), Norma J. Chanley (0.357143%), Susan Diane Groover (0.982143%), Gary L. Gourley (0.982143%), Linda L. Gourley (0.982143%).

Tract 4: SE/4NW/4 of Section 23 – Fee

Mewbourne Oil Company (95.532924%), JPW Oil & Gas LLC (0.895647%), Norma J. Chanley (0.357143%), Susan Diane Groover (0.982143%), Gary L. Gourley (0.982143%), Linda L. Gourley (1.250000%).

Tract 5: E/2SW/4 of Section 23 – VC-1121

Mewbourne Oil Company (100%).

MEWBOURNE OIL COMPANY

500 West Texas, Suite 1020
Midland, Texas 79701
Phone (432) 682-3715

May 9, 2025

Certified Mail

Working Interest Owner

Re: Picanha 23/14 Working Interest Unit
All of Section 23 and All of Section 14
T18S, R35E, Lea County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("MOC"), as Operator, hereby proposes creating a working interest unit comprising all of Section 23 and all of Section 14, T18S, R35E, Lea County, New Mexico. As part of the initial development, MOC also proposes drilling the following wells:

Picanha 23/14 State Com #521H – API #pending
Surface Location: 200' FSL & 170' FWL (Section 23, T18S, R35E)
Bottom Hole Location: 100' FNL & 330' FWL (Section 14, T18S, R35E)
Proposed Total Vertical Depth: 9312'
Proposed Total Measured Depth: 19067'
Target: 2nd Bone Spring Sand

Picanha 23/14 State Com #523H – API #pending
Surface Location: 200' FSL & 190' FWL (Section 23, T18S, R35E)
Bottom Hole Location: 100' FNL & 1700' FWL (Section 14, T18S, R35E)
Proposed Total Vertical Depth: 9312'
Proposed Total Measured Depth: 19179'
Target: 2nd Bone Spring Sand

The well is tentatively planned to spud late 2nd quarter / early 3rd quarter of 2025. In the event you elect to participate in the above referenced wells, please execute the enclosed AFEs before returning them to the undersigned within thirty (30) days. After receipt of the executed AFEs, our Operating Agreement will be sent naming MOC as Operator providing a drilling well rate of \$12,000 per month and a producing well rate of \$1,200 per month. Please enclose your most current well information requirements so that we may supply well data when available.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C-3
Submitted by: Mewbourne Oil Company
Hearing Date: July 10, 2025
Case No. 25425

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Please contact me at (432) 682-3715 or via email at pwarren@mewbourne.com if you have any questions.

Very truly yours,

MEWBOURNE OIL COMPANY

Peyton Warren
Landman

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: PICANHA 23/14 STATE COM #523H		Prospect: PICANHA	
Location: SL: 200 FSL & 190 FWL (23); BHL: 100 FNL & 1700 FWL (14)		County: LEA	ST: NM
Sec: 23/14	Blk: 	Survey: 	TWP: 18S RNG: 35E Prop. TVD: 9312 TMD: 19179

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	\$20,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	\$150,000	0180-0205	\$35,000
Location / Restoration		0180-0106	\$150,000	0180-0206	\$18,800
Daywork / Turnkey / Footage Drilling	22 days drlg / 3 days comp @ \$27,000/d	0180-0110	\$634,400	0180-0210	\$86,500
Fuel	1700 gal/day @ \$3.90/gal	0180-0114	\$155,800	0180-0214	\$246,100
Alternate Fuels		0180-0115		0180-0215	\$70,000
Mud, Chemical & Additives		0180-0120	\$55,000	0180-0220	
Mud - Specialized		0180-0121	\$240,000	0180-0221	
Horizontal Drillout Services				0180-0222	\$270,000
Stimulation Toe Preparation				0180-0223	\$33,000
Cementing		0180-0125	\$120,000	0180-0225	\$88,000
Logging & Wireline Services		0180-0130	\$34,000	0180-0230	\$280,400
Casing / Tubing / Snubbing Service		0180-0134	\$60,000	0180-0234	\$20,000
Mud Logging		0180-0137	\$16,000		
Stimulation	50 Stg 20MM gal & 20MM lbs			0180-0241	\$2,300,000
Stimulation Rentals & Other				0180-0242	\$280,000
Water & Other		0180-0145	\$35,000	0180-0245	\$254,300
Bits		0180-0148	\$102,500	0180-0248	
Inspection & Repair Services		0180-0150	\$50,000	0180-0250	\$5,000
Misc. Air & Pumping Services		0180-0154		0180-0254	\$10,000
Testing & Flowback Services		0180-0158	\$12,000	0180-0258	\$24,000
Completion / Workover Rig				0180-0260	\$10,500
Rig Mobilization		0180-0164	\$225,000		
Transportation		0180-0165	\$30,000	0180-0265	\$80,000
Welding, Construction, & Maint. Services		0180-0168	\$4,000	0180-0268	\$16,500
Contract Services & Supervision		0180-0170	\$135,100	0180-0270	\$79,100
Directional Services	Includes vertical control	0180-0175	\$487,000		
Equipment Rental		0180-0180	\$153,500	0180-0280	\$20,000
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$5,800	0180-0285	
Intangible Supplies		0180-0188	\$20,000	0180-0288	\$1,000
Damages		0180-0190	\$10,000	0180-0290	\$10,000
Pipeline Interconnect & ROW Easements		0180-0192		0180-0292	\$150,000
Company Supervision		0180-0195	\$82,800	0180-0295	\$43,200
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Contingencies	5% (TCP) 5% (CC)	0180-0199	\$150,100	0180-0299	\$222,600
TOTAL			\$3,153,000		\$4,674,000

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0")	1900' - 13 3/8" 54.5# J-55 ST&C @ \$42.93/ft	0181-0794	\$87,100		
Casing (8.1" - 10.0")	3385' - 9 5/8" 40# HCL80 LT&C @ \$35.11/ft	0181-0795	\$126,900		
Casing (6.1" - 8.0")	9100' - 7" 29# HCP-110 LT&C @ \$30.17/ft	0181-0796	\$293,200		
Casing (4.1" - 6.0")	11200' - 4 1/2" 13.5# P-110 BPN @ \$17.99/ft			0181-0797	\$215,200
Tubing	8764' - 3 1/2" 9.2# L-80 EUE IPC tbg @ \$15.50/ft			0181-0798	\$145,100
Drilling Head		0181-0860	\$50,000		
Tubing Head & Upper Section				0181-0870	\$30,000
Horizontal Completion Tools	Completion liner hanger			0181-0871	\$75,000
Subsurface Equip. & Artificial Lift	Packer			0181-0880	\$25,000
Pumping Unit Systems				0181-0885	
Service Pumps	(1/3) TP/CP/Circ pump			0181-0886	\$10,000
Storage Tanks	(1/3) 8 OT/7 WT/GB			0181-0890	\$150,000
Emissions Control Equipment	(1/3) VRT's/VRU/Flare/KO's			0181-0892	\$115,000
Separation / Treating Equipment	(1/3) H sep/V sep/HT			0181-0895	\$50,000
Automation / Metering Equipment				0181-0898	\$100,000
Line Pipe & Valves - Gathering	(1/3) 1.5 miles gas & water			0181-0900	\$300,000
Fittings / Valves & Accessories				0181-0906	\$200,000
Cathodic Protection				0181-0908	\$7,500
Electrical Installation				0181-0909	\$200,000
Equipment Installation				0181-0910	\$105,000
Pipeline Construction	(1/3) 1.5 miles gas & water			0181-0920	\$350,000
TOTAL			\$557,200		\$2,077,800
SUBTOTAL			\$3,710,200		\$6,751,800
TOTAL WELL COST		\$10,462,000			

Extra Expense Insurance

☐ I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium.
Operator has secured Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185.

☐ I elect to purchase my own well control insurance policy.

If neither box is checked above, non-operating working interest owner elects to be covered by Operator's well control insurance.

Prepared by: Nick Stowers	Date: _____
Company Approval: _____	Date: _____
Joint Owner Interest: _____ Amount: _____	Signature: _____
Joint Owner Name: _____	

Summary of Communications

Picanha 23/14 State Com #523H

E/2W/2 of Section 23 and the E/2W/2 of Section 14, Township 18 South, Range 35 East, Lea County, New Mexico.

The Estate of V.S. Makaroff, dec'd:

4/30/2025: Email with a representative of the above listed party.

5/9/2025: Mailed Well Proposal Letter and AFEs to above listed party.

7/1/2025: Email with a representative of the above listed party.

Linda L. Gourley (Sep Prop):

5/9/2025: Mailed Well Proposal Letter and AFEs to above listed party.

5/15/2025: Phone call with a representative of the above listed party.

7/1/2025: Email with a representative of the above listed party.

Susan Diane Groover (Sep Prop):

5/9/2025: Mailed Well Proposal Letter and AFEs to above listed party.

5/29/2025: Phone call with a representative of the above listed party.

6/5/2025: Email with a representative of the above listed party.

6/10/2025: Email with a representative of the above listed party.

Gary L. Gourley (Sep Prop):

5/9/2025: Mailed Well Proposal Letter and AFEs to above listed party.

5/29/2025: Phone call with the above listed party.

6/5/2025: Email with the above listed party.

6/18/2025: Email with the above listed party.

6/24/2025: Email with the above listed party.

7/1/2025: Email with the above listed party.

JPW Oil & Gas LLC:

5/9/2025: Mailed Well Proposal Letter and AFEs to above listed party.

6/26/2025: Phone call with a representative of the above listed party.

6/26/2025: Email with a representative of the above listed party.

7/1/2025: Phone call with a representative of the above listed party.

7/1/2025: Phone call with a representative of the above listed party.

7/1/2025: Phone call with a representative of the above listed party.

Norma J. Chanley (Sep Prop):

5/9/2025: Mailed Well Proposal Letter and AFEs to above listed party.

6/5/2025: Correspondence with the above listed party.

6/13/2025: Phone call with the above listed party.

6/24/2025: Phone call with the above listed party.

6/25/2025: Phone call with the above listed party.

6/30/2025: Phone call with the above listed party.

7/1/2025: Phone call with the above listed party.

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

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

CASE NO. 25425

SELF-AFFIRMED STATEMENT OF GEOLOGIST

1. My name is Charles Crosby. I work for Mewbourne Oil Company ("Mewbourne") as a Geologist.

2. I have previously testified before the New Mexico Oil Conservation Division ("Division") as an expert witness in petroleum geology. My credentials as an expert in petroleum geology have been accepted by the Division and made a matter of record.

3. I am familiar with the application filed by Mewbourne in this case, and I have conducted a geologic study of the lands in the subject area. Mewbourne is targeting the Bone Spring formation in this case.

4. **Mewbourne Exhibit D-1** is a general locator map.

5. **Mewbourne Exhibit D-2** is a subsea structure map that I prepared for the Base of the 2nd Bone Spring Sand. The contour intervals are 100 feet. The area comprising the proposed spacing unit is outlined in black with the approximate location and orientation of the initial well noted with a dashed green arrows. The structure map shows the targeted formation gently dipping to the east. The structure appears consistent across the proposed spacing unit, and I do not observe any faulting, pinch outs, or other geologic impediments to drilling horizontal wells.

6. Mewbourne Exhibit D-2 also shows a line of cross-section through the proposed horizontal spacing unit from A to A'. I chose the logs from these wells to create the cross-section

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. D

Submitted by: Mewbourne Oil Company

Hearing Date: July 10, 2025

Case No. 25425

because they penetrate the targeted interval, are of good quality and have been subjected to petrophysical analysis of the targeted interval. In my opinion, these well logs are representative of the geology in the subject area.

7. **Mewbourne Exhibit D-3** is a stratigraphic cross-section that I prepared using the logs from the representative wells shown in Exhibit D-2. Each well on the cross-section contains gamma ray, resistivity, and porosity logs. The target interval for the proposed well is marked on the cross-section with a green arrow. The cross-section demonstrates that the targeted interval is continuous across the proposed spacing unit.

8. In my opinion, standup orientation of the proposed well is the appropriate orientation for horizontal well development in this area.

9. Based on my geologic study, the Bone Spring formation underlying the subject area is suitable for development by horizontal wells and the acreage comprising the proposed spacing unit will contribute more-or-less equally to the production from the wellbore. I have not identified any geologic impediments to drilling horizontal wells in the area of the spacing unit proposed.

10. In my opinion, horizontal drilling will be the most efficient method to develop this acreage, to prevent the drilling of unnecessary wells, and to result in the greatest ultimate recovery, and that approving Mewbourne's application will be in the best interest of conservation, the prevention of waste, and protection of correlative rights.

11. **Mewbourne Exhibits D-1 through D-3** were either prepared by me or compiled under my direction and supervision.

12. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be

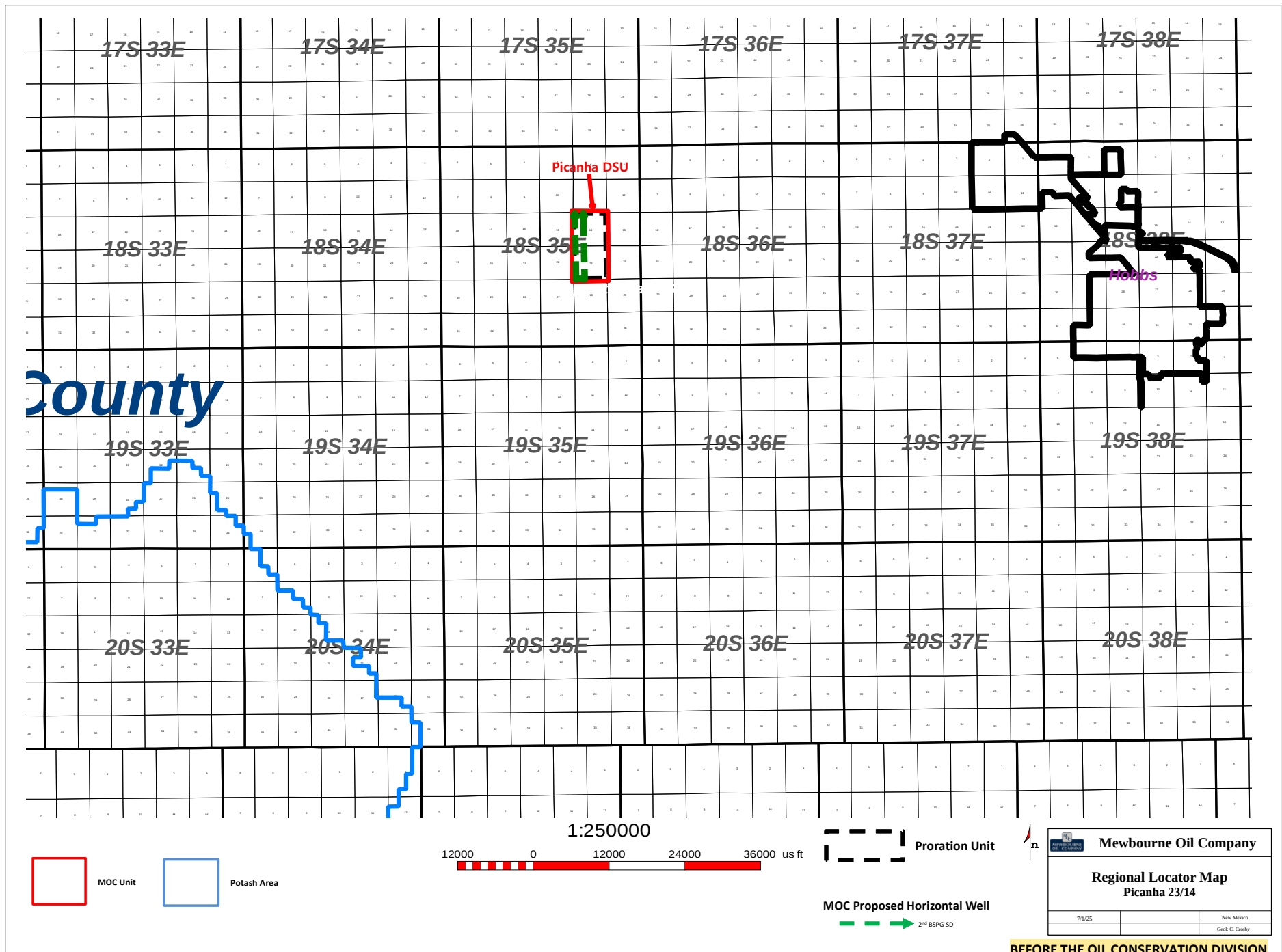
used as written testimony in this case. This statement is made on the date next to my signature below.



Charles Crosby



Date



BEFORE THE OIL CONSERVATION DIVISION

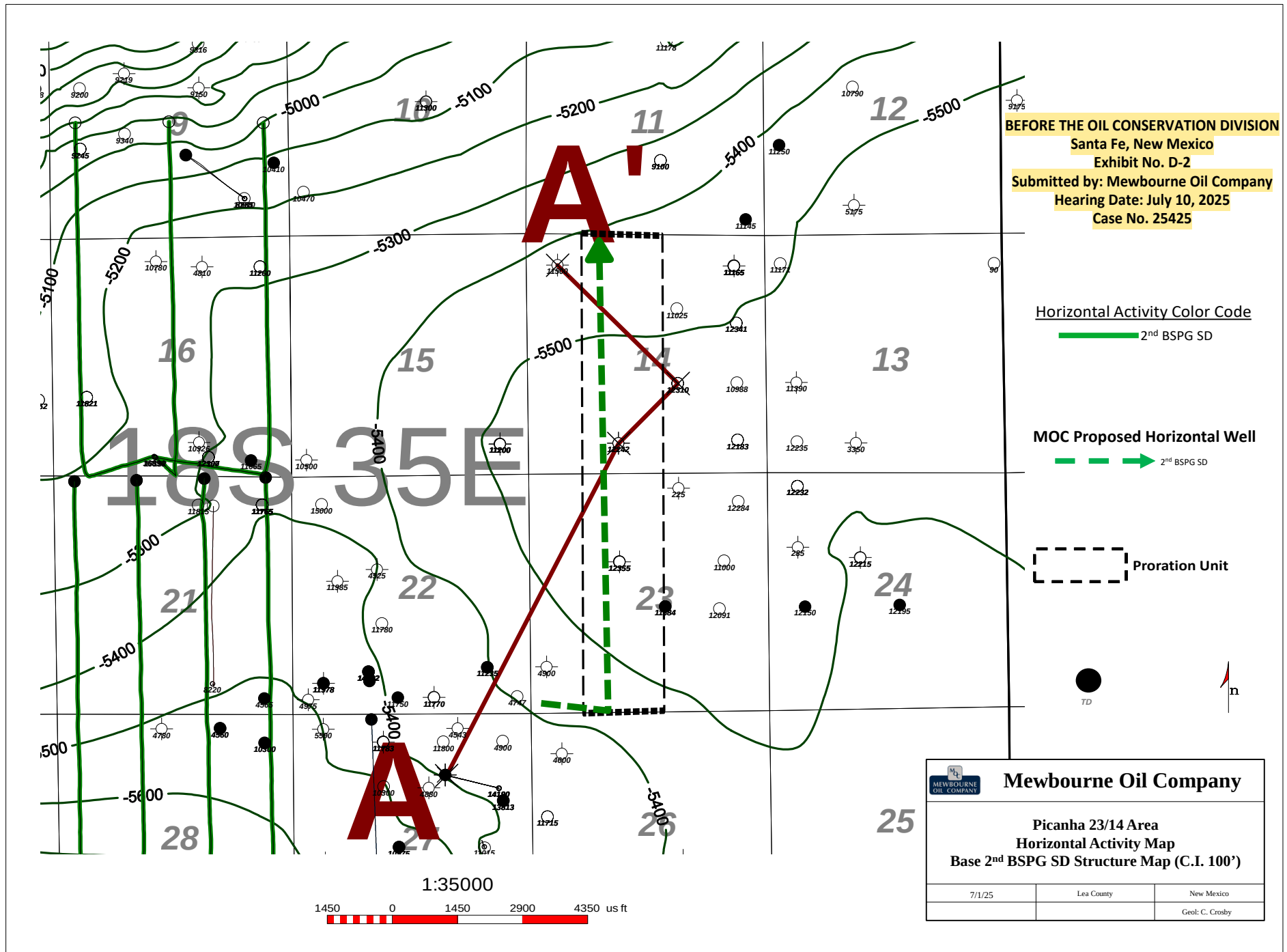
Santa Fe, New Mexico

Exhibit No. D-1

Submitted by: Mewbourne Oil Company

Hearing Date: July 10, 2025

Case No. 25425



A
S

A'
N

30025372990000
PALADIN ENERGY CORP
VACUUM SOUTH 27S
Datum=3907.00
TWP: 18 S - Range: 35 E - Sec. 14

30025031160000
KELLY JOHN M
STATE CS 1
Datum=3895.00
660 FSL 1980 FWL
TWP: 18 S - Range: 35 E - Sec. 14

30025293560000
MEWBOURNE OIL CO
FEDERAL 'I' 1
Datum=3890.00
1980 FSL 1980 FEL
TWP: 18 S - Range: 35 E - Sec. 14

30025261990000
YATES PETROLEUM CORP
REEVES 'KK' STATE 1
Datum=3912.00
660 FNL/660 FWL
TWP: 18 S - Range: 35 E - Sec. 14

27H

14N

14J

14D

500

Top 2nd BSPG SD

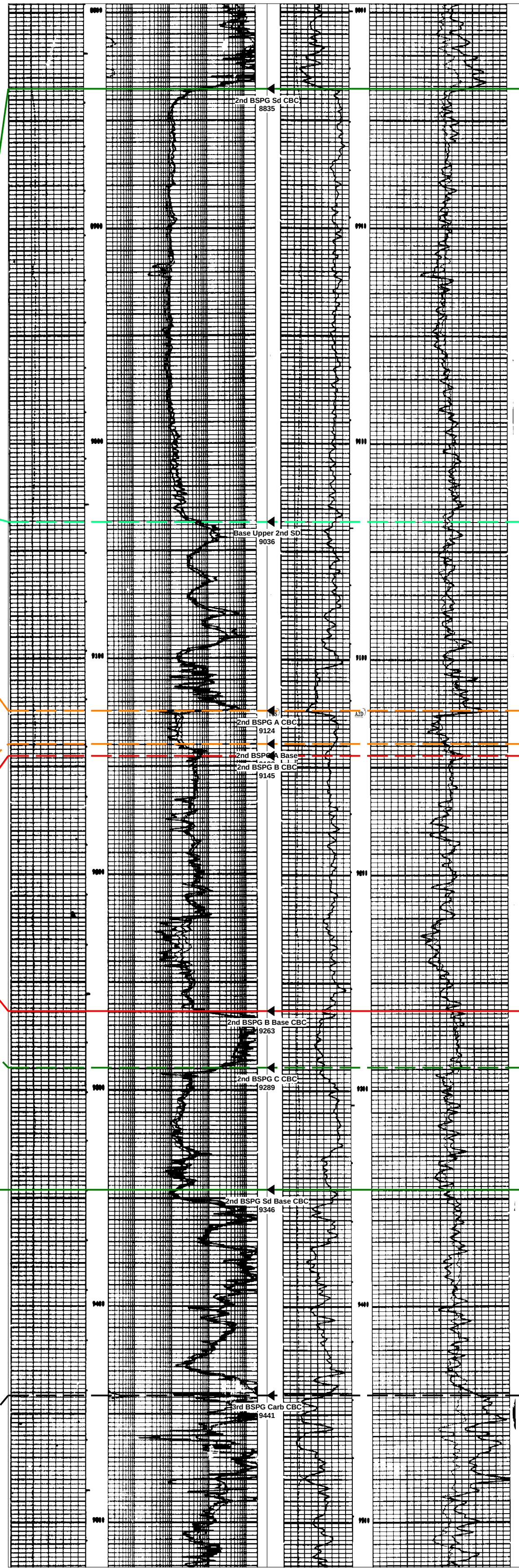
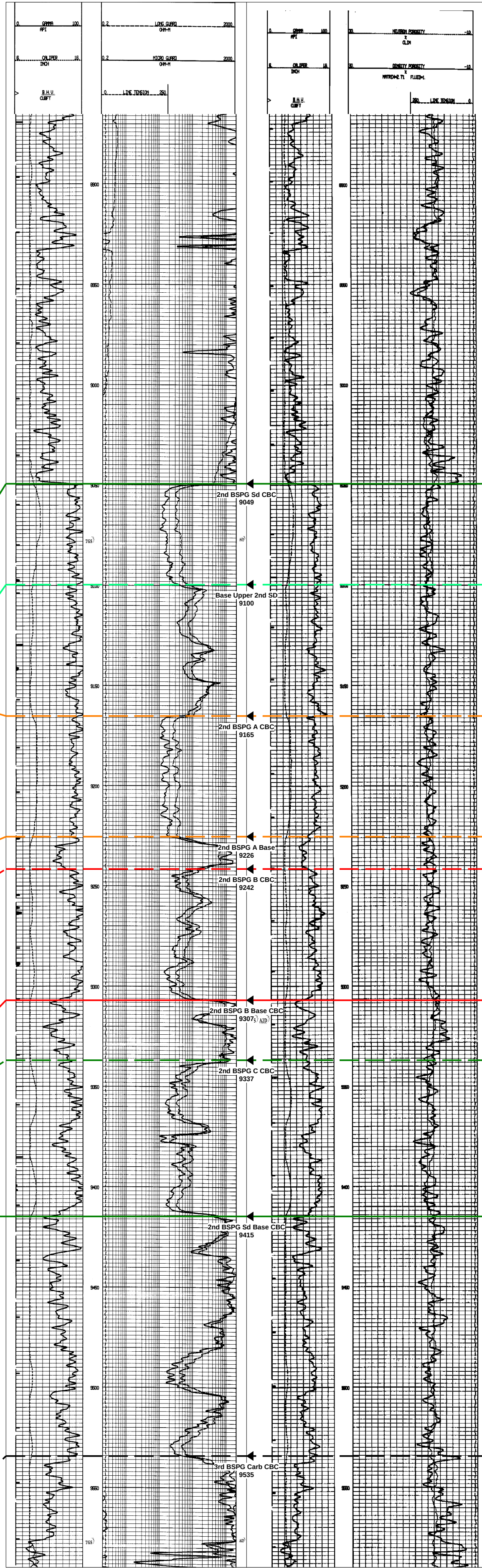
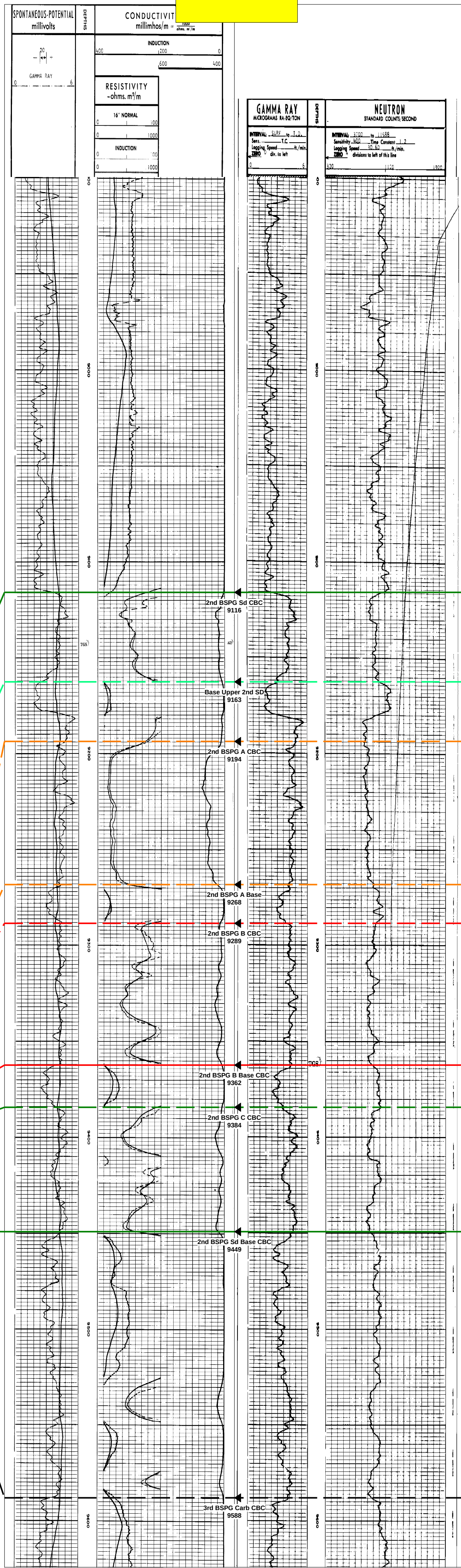
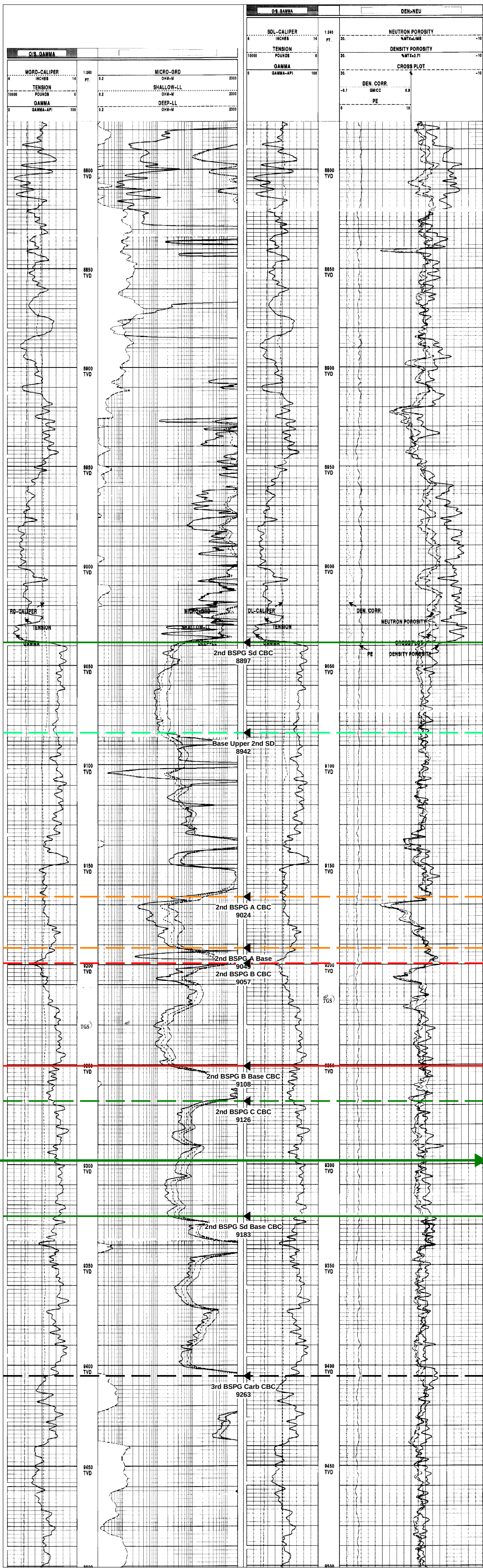
Picanha 23/14 2nd
BSPG SD Target

0

Top 3rd BSPG
Carbonate

500

0



Picanha 23/14 2nd Bone Spring Sand
Cross Section Exhibit (A-A')

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

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

CASE NO. 25425

**SELF-AFFIRMED STATEMENT OF
PAULA M. VANCE**

1. I am attorney in fact and authorized representative of Mewbourne Oil Company (“Mewbourne”), the Applicant herein. I have personal knowledge of the matter addressed herein and am competent to provide this self-affirmed statement.

2. The above-referenced application and notice of the hearing on this application was sent by certified mail to the locatable affected parties on the date set forth in the letter attached hereto.

3. The spreadsheet attached hereto contains the names of the parties to whom notice was provided.

4. The spreadsheet attached hereto contains the information provided by the United States Postal Service on the status of the delivery of this notice as of June 27, 2025.

5. I caused a notice to be published to all parties subject to this compulsory pooling proceeding. An affidavit of publication from the publication’s legal clerk with a copy of the notice of publication is attached herein.

6. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. E
Submitted by: Mewbourne Oil Company
Hearing Date: July 10, 2025
Case No. 25425**



Paula M. Vance

July 3, 2025

Date



Paula M. Vance
Associate
Phone (505) 988-4421
Email pmvance@hollandhart.com

June 20, 2025

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Mewbourne Oil Company for Compulsory Pooling, Lea County, New Mexico: Picanha 23/14 State Com #523H well

Greetings:

This letter is to advise you that Mewbourne Oil Company has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on July 10, 2025, and the status of the hearing can be monitored through the Division's website at <https://www.emnrd.nm.gov/ocd/>.

It is anticipated that hearings will be held in a hybrid format with both in-person and virtual participation options. The meeting will be held in the Pecos Hall Hearing Room at the Wendall Chino Building, 1st Floor, 1220 South St. Francis Dr., Santa Fe, New Mexico. To participate virtually in the hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>.

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required to file a Pre-hearing Statement four business days in advance of a scheduled hearing that complies with the provisions of NMAC 19.15.4.13.B.

If you have any questions about this matter, please contact Peyton Warren at (432) 682-3715, or at pwarren@mewbourne.com.

Sincerely,

A handwritten signature in blue ink that reads "Paula M. Vance".

Paula M. Vance
ATTORNEY FOR MEWBOURNE OIL COMPANY

T 505.988.4421 F 505.983.6043
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208
www.hollandhart.com

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming

MOC - Picanha State Com 523H well - Case no. 25425
Postal Delivery Report

9414811898765440464737	Abo Petroleum, LLC	PO Box 900	Artesia	NM	88211-0900	Your item was picked up at the post office at 10:36 am on June 25, 2025 in ARTESIA, NM 88210.
9414811898765440464775	Armstrong Energy Corp	PO Box 429	Roswell	NM	88202-0429	Your item arrived at the ROSWELL, NM 88202 post office at 9:18 am on June 24, 2025 and
9414811898765440464911	Beja E. Foky, Trustee of the Neja E. Foky Revocable Trust dated June 19, 2011	PO Box 331	Divide	CO	80814-0331	Your item was picked up at the post office at 2:01 pm on June 23, 2025 in DIVIDE, CO 80814.
9414811898765440464959	GCandace Good Jacobson, Trustee of the Candaceood Jacobsonb Revocable Trust under Amended and Restated Trust Agreement dated September 1	PO Box 1090	Roswell	NM	88202-1090	Your item was picked up at the post office at 2:59 pm on June 24, 2025 in ROSWELL, NM 88201.
9414811898765440464966	Copperhead Resources, LLC	PO Box 8355	Midland	TX	79708-8355	Your item was picked up at a postal facility at 10:22 am on June 26, 2025 in MIDLAND, TX
9414811898765440464928	Gary L. Gourley	2810 W 23rd St	Roswell	NM	88201-8847	Your item was delivered to an individual at the address at 12:37 pm on June 24, 2025 in
9414811898765440464904	Gourley Royalty Company LLC	PO Box 2215	Ardmore	OK	73402-2215	Your item was picked up at the post office at 10:39 am on June 25, 2025 in ARDMORE, OK
9414811898765440464997	JPW Oil & Gas LLC	PO Box 2781	Amarillo	TX	79105-2781	Your item arrived at the AMARILLO, TX 79105 post office at 9:07 am on June 24, 2025 and
9414811898765440464980	Linda L. Gourley	1522 Guadalupe St	San Angelo	TX	76901-3137	Your item was delivered to an individual at the address at 12:41 pm on June 24, 2025 in SAN
9414811898765440464935	Marshall & Winston, Inc.	PO Box 50880	Midland	TX	79710-0880	Your item has been delivered and is available at a PO Box at 11:41 am on June 24, 2025 in
9414811898765440464652	Norma J. Chanley	PO Box 728	Hobbs	NM	88241-0728	Your item was picked up at a postal facility at 3:57 pm on June 24, 2025 in HOBBS, NM 88240.
9414811898765440464669	Roy G. Barton, Jr.	1919 N Turner St	Hobbs	NM	88240-2712	Your item was delivered to an individual at the address at 1:03 pm on June 24, 2025 in HOBBS,
9414811898765440464621	Roy G. Barton, Sr. and Opal Barton Revocable Trust	1919 N Turner St	Hobbs	NM	88240-2712	Your item was delivered to an individual at the address at 1:03 pm on June 24, 2025 in HOBBS,

MOC - Picanha State Com 523H well - Case no. 25425
Postal Delivery Report

9414811898765440464607	Susan Diane Groover	PO Box 916225	Longwood	FL	32791-6225	Your item arrived at the LONGWOOD, FL 32791 post office at 9:25 am on June 26,
9414811898765440464690	Susi K. Thompson and Lane Thompson, Co-Trustees of the Red Mud Trust	271 Seneca Dr	Gunnison	CO	81230-8751	Your item was picked up at a postal facility at 3:37 pm on June 23, 2025 in GUNNISON, CO
9414811898765440464645	Texas Standard Oil LLC	One Petroleum Center, Building One, 3300 North A Street, Suite 105	Midland	TX	79705-5421	Your item was picked up at a postal facility at 8:20 am on June 26, 2025 in MIDLAND, TX 79705.
9414811898765440464638	The Estate of V.S. Makaroff, decd, C/O Frederick Prince	10 Hazard Rd	Newport	RI	02840-4296	Your item was delivered to an individual at the address at 11:04 am on June 26, 2025 in
9414811898765440464676	Thomas Jefferson Good IV, Trustee of the El Jefe y Bandito Revocable Trust dated February 24, 2015	1222 E Via Nicola	San Tan Valley	AZ	85140-8923	Your package will arrive later than expected, but is still on its way. It is currently in transit to

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
June 24, 2025
and ending with the issue dated
June 24, 2025.



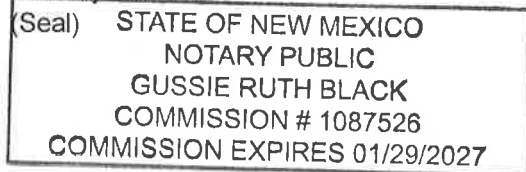
Publisher

Sworn and subscribed to before me this
24th day of June 2025.



Business Manager

My commission expires
January 29, 2027



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said publication has been made.

LEGAL	LEGAL
LEGAL NOTICE June 24, 2025	
Case No. 25425: Application of Mewbourne Oil Company for Compulsory Pooling, Lea County, New Mexico. Notice to all affected interest owners, including all heirs, devisees and successors of: Abo Petroleum, LLC; Armstrong Energy Corp; Beja E. Foky, Trustee of the Neja E. Foky Revocable Trust dated June 19, 2011; Candace Good Jacobson, Trustee of the Candace Good Jacobsonb Revocable Trust under Amended and Restated Trust Agreement dated September 19, 2012; Copperhead Resources, LLC; Gary L. Gourley; Gourley Royalty Company LLC; JPW Oil & Gas LLC; Linda L. Gourley; Marshall & Winston, Inc.; Norma J. Chanley; Roy G. Barton, Jr.; Roy G. Barton, Sr. and Opal Barton Revocable Trust; Susan Diane Groover; Susi K. Thompson and Lane Thompson, Co-Trustees of the Red Mud Trust; Texas Standard Oil LLC; The Estate of V.S. Makaroff, dec'd, C/O Frederick Prince; and Thomas Jefferson Good IV, Trustee of the El Jefe y Bandito Revocable Trust dated February 24, 2015. The State of New Mexico, Energy Minerals and Natural Resources Department, Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearing 8:30 a.m. on July 10, 2025, to consider this application. The hearing will be conducted in a hybrid fashion, both in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1st Floor, Santa Fe, NM 87505 and via the WebEx virtual meeting platform. To participate in the hearings electronically, see the instructions posted on the docket for the hearing date: https://www.emnrd.nm.gov/ocd/hearing-info/ or contact Freya Tschantz, at Freya.Tschantz@emnrd.nm.gov. Applicant in the above-styled cause seeks an order pooling all uncommitted interest owners in a standard 320-acre, more or less, well spacing unit in the Bone Spring formation underlying the E/2 W/2 of Sections 14 and 23, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico. Mewbourne seeks to dedicate the above-referenced spacing unit to the proposed Picanha 23/14 State Com #523H well, to be drilled from a surface hole location in the SW/4 SW/4 (Unit M) of Section 23, a first take point in the SE/4 SW/4 (Unit N), and to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 14. Also to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Applicant as operator, and a 200% charge for risk involved in drilling and completing the well. Said area is located approximately 15 miles west of Hobbs, New Mexico. #00302025	

67100754

00302025

HOLLAND & HART LLC
110 N GUADALUPE ST., STE. 1
SANTA FE, NM 87501

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. F
Submitted by: Mewbourne Oil Company
Hearing Date: July 10, 2025
Case No. 25425