

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING, EDDY COUNTY
SUBMITTED BY MEWBOURNE OIL COMPANY**

**CASE NO. 21896
ORDER NO. R-21044-A**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on September 23, 2021, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Mewbourne Oil Company (“Mewbourne”) submitted an application (“Application”) to amend Order R-21044 issued in case 20662 to compulsory pool previously unidentified uncommitted oil and gas interests, remove two wells from Order R-21044, recognize change of well names, recognize the change of operator, and to correct the county name from the original order.
2. On January 27, 2020, OCD issued Order R-21044 to MARATHON OIL PERMIAN, LLC (“Marathon”) to pool the uncommitted oil and gas interests within the specified spacing unit (“Unit”) described in Exhibit A.
3. On August 18, 2020, OCD approved a change of ownership from Marathon to Mewbourne which included all the wells Order R-21044 previously pooled. Mewbourne seeks to be listed as the operator of the Unit in Order R-21044.
4. Subsequent to the change of ownership, Mewbourne discovered previously unidentified interest owners in the Unit, and that Order R-21044 had the incorrect county listed in the title.
5. Subsequent to the change of ownership, Mewbourne re-evaluated the Unit and deemed it necessary to remove the Thor 28 WA Fee 3H and Thor 28 WD Fee 8H from Order R-21044. Mewbourne further changed the naming convention of the remaining wells to Thor 28 W0MD Fee Well No. 1H (formally Thor 28 WXY Fee Well No. 5H) and Thor 28 W0NC Fee Well No. 1H (fromally Thor 28 WXY Fee Well No. 1H).
6. Mewbourne provided evidence that it gave notice of the Application and the hearing to the previously unidentified interest owner.
7. The Unit is expected to remain a standard horizontal spacing unit. 19.15.16.15(B) NMAC.
8. Mewbourne will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.

9. Mewbourne proposes the supervision and risk charges for the Well(s) described in Exhibit A.
10. Mewbourne identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
11. The Application was heard by the Hearing Examiner on the date specified above, during which Mewbourne presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

12. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
13. Mewbourne is the owner of an oil and gas working interest within the Unit.
14. Mewbourne satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
15. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
16. Mewbourne has drilled the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
17. The Unit contains separately owned uncommitted interests in oil and gas minerals.
18. The previously unidentified interest owner has not agreed to commit its interest to the Unit.
19. The pooling of the previously unidentified uncommitted interest in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
20. This Order affords to the previously unidentified interest owner the opportunity to produce its just and equitable share of the oil or gas in the pool.

ORDER

21. The previously unidentified uncommitted interest in the Unit is hereby pooled in the Unit.
22. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
23. The county name is hereby corrected to Eddy County.

24. Mewbourne is named as the operator of the Unit and the Well(s).
25. Order R-21044 shall remain in full force and effect.
26. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



ADRIENNE SANDOVAL
DIRECTOR
AES/jag

Date: 12/07/2021

Exhibit A

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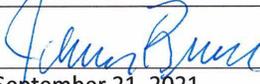
COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case:	21896
Date	September 23, 2021
Applicant	Mewbourne Oil Company
Designated Operator & OGRID (affiliation if applicable)	Mewbourne Oil Company/OGRID No. 14744
Applicant's Counsel:	James Bruce
Case Title:	Application of Mewbourne Oil Company for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	
Well Family	Thor Wolfcamp wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp Formation
Primary Product (Oil or Gas):	Gas
Pooling this vertical extent:	Entire Wolfcamp formation
Pool Name and Pool Code:	Purple Sage; Wolfcamp/Pool Code 98220
Well Location Setback Rules:	Purple Sage rules and current horizontal well rules
Spacing Unit Size:	Quarter Sections/160 acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	160 acres
Orientation:	South-North
Description: TRS/County	W/2 §28-23S-28E, NMPM, Eddy County
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	
Applicant's Ownership in Each Tract	Exhibit 2-B
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Thor 28 W0MD Fee Well No. 1H API No. 30-015-46272 SHL: 612 FSL & 1222 FWL §28 BHL: 330 FNL & 660 FWL §28 FTP: 330 FSL & 660 FWL §28 LTP: 330 FNL & 660 FWL §28 Upper Wolfcamp/TVD 9541 feet/MD 14450 feet

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	Thor WONC Fee Well No. 1H API No. 30-015-46246 SHL:612 FSL & 1252 FWL §28 BHL: 330 FNL & 1980 FWL §28 FTP: 330 FSL & 1980 FEL §28 LTP: 330 FNL & 1980 FWL §28 Upper Wolfcamp/TVD 9561 feet/MD 14450 feet
Horizontal Well First and Last Take Points	See above
Completion Target (Formation, TVD and MD)	See above
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit 2, page 2
Requested Risk Charge	Cost + 200%/Exhibit 2, page 2
Notice of Hearing	
Proposed Notice of Hearing	Exhibit 1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit 4
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit 5
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit 2-A
Tract List (including lease numbers and owners)	Exhibit 2-A
Pooled Parties (including ownership type)	Exhibit 2-B
Unlocatable Parties to be Pooled	Yes
Ownership Depth Severance (including percentage above & below)	None
Joinder	
Sample Copy of Proposal Letter	Exhibit 2-C
List of Interest Owners (i.e. Exhibit A of JOA)	Exhibit 2-C
Chronology of Contact with Non-Joined Working Interests	Exhibit 2-C
Overhead Rates In Proposal Letter	
Cost Estimate to Drill and Complete	Exhibit 2-D
Cost Estimate to Equip Well	Exhibit 2-D
Cost Estimate for Production Facilities	Exhibit 2-D
Geology	
Summary (including special considerations)	Exhibit 3
Spacing Unit Schematic	Exhibit 3-A
Gunbarrel/Lateral Trajectory Schematic	Exhibit 3-B
Well Orientation (with rationale)	Laydown/Exhibit 3, page 2 and Exhibit 3-C

Wolfcamp	
HSU Cross Section	Exhibit 3-B
Depth Severance Discussion	Not Applicable
Forms, Figures and Tables	
C-102	Exhibit 2-A
Tracts	Exhibit 2-A
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit 2-B
General Location Map (including basin)	Exhibit 2-A
Well Bore Location Map	Exhibit 2-A and Exhibit 3-A
Structure Contour Map - Subsea Depth	Exhibit 3-A
Cross Section Location Map (including wells)	Exhibit 3-B
Cross Section (including Landing Zone)	Exhibit 3-B
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	James Bruce
Signed Name (Attorney or Party Representative):	
Date:	September 21, 2021