

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

**IN THE MATTER OF APPLICATION FOR
COMPULSORY POOLING AND NON-STANDARD
SPACING UNIT SUBMITTED BY MEWBOURNE
OIL COMPANY**

**CASE NO. 23639
ORDER NO. R-22195-A**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on July 7, 2023, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Mewbourne Oil Company (“Operator”) submitted an application (“Application”) requesting an extension to Drill the well(s) as required by Order R-22195 as amended (“Order”).
2. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice of the Application was given.
3. Operator has demonstrated good cause to extend the deadlines in the Order.
4. Operator submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) which was approved under order R-22195
5. The Application also seeks approval of a Non-Standard horizontal spacing unit (“NSP”) for production from all Division-designated pools underlying the Unit.
6. Operator provides evidence in support of an NSP application.
7. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
8. Operator identified the owners of interest in the offset oil and gas minerals from the Unit and provided evidence that notice was given.
9. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

10. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.

11. Operator is the owner of an oil and gas working interest within the Unit.
12. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
13. Operator has met the notice requirements for approval of non-standard horizontal spacing units in accordance with 19.15.16.15(B)(5) NMAC.
14. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
15. OCD's rules allow the approval of a non-standard horizontal spacing unit, after notice and opportunity for hearing, "if necessary to prevent waste or protect correlative rights" 19.15.16.15(B)(5)(a) NMAC.
16. While the OCD is authorized to approve a non-standard spacing unit, Rutter & Wilbanks Corp. v. Oil Conservation Comm'n, 1975-NMSC-006, OCD lacks the authority to approve unitization and will disapprove an application if it determines that it is actually unitization. Order R-13554 (May 18, 2012) (disapproving application for a non-standard spacing unit consisting of 16 standard spacing units).
17. Approval of the Non-Standard Spacing Unit promotes effective well spacing and allows the Operator to therefore prevent waste and protect correlative rights.
18. The Unit contains separately owned uncommitted interests in oil and gas minerals.

ORDER

19. The period to drill the well(s) is extended until July 25, 2024.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 of this order unless prior to termination Operator applies, and OCD grants, to amend the Order for good cause shown.
21. The Unit is approved as a non-standard horizontal spacing unit.
22. Operator shall file Forms C-102 reflecting the correct acreage dedicated for each of the Wells.
23. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
24. Operator is designated as operator of the Unit and the Well(s).

25. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
26. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.
27. The remaining provisions of the Order remain in force or effect.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**


DYLAN M FUGE
DIRECTOR
DMF/hat

Date: 8/25/2023

Exhibit A

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Page 2 of 57

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 23639	APPLICANT'S RESPONSE
Date	July 6, 2023
Applicant	Mewbourne Oil Company
Designated Operator & OGRID (affiliation if applicable)	OGRID No. 14744
Applicant's Counsel:	Hinkle Shanor LLP
Case Title:	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.
Entries of Appearance/Intervenor:	None
Well Family	Beefalo 7/6 State Com
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Wolfcamp
Pool Name and Pool Code:	Scharb; Wolfcamp (Code 55640)
Well Location Setback Rules:	Statewide
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	632.08-acres
Building Blocks:	quarter-quarter
Orientation:	South;/North
Description: TRS/County	W/2 of Sections 6 and 7, Township 19 South, Range 35 East, Lea County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is approval of non-standard unit requested in this application?</u>	No. Yes, approval of a non-standard spacing unit is requested in this Application. See Exhibit A.
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 A-5
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	Beefalo 7/6 State Com #713H (W1NC) (API # ---) SHL: 420' FNL & 2370' FEL (Unit B), Section 18, T19S, R35E BHL: 100' FNL & 1980' FWL (Lot 3), Section 6, T19S, R35E Completion Target: Wolfcamp (Approx. 10,871' TVD)
Horizontal Well First and Last Take Points	Exhibit A-3
Completion Target (Formation, TVD and MD)	Exhibit A-6
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$10,000.00
Production Supervision/Month \$	\$1,000.00

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Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-1, Exhibit C-2, Exhibit C-3
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-4
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-5
Tract List (including lease numbers and owners)	Exhibit A-5
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	Exhibit A-4
Pooled Parties (including ownership type)	Exhibit A-5
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-6
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-5
Chronology of Contact with Non-Joined Working Interests	Exhibit A-7
Overhead Rates In Proposal Letter	Exhibit A-6
Cost Estimate to Drill and Complete	Exhibit A-6
Cost Estimate to Equip Well	Exhibit A-6
Cost Estimate for Production Facilities	Exhibit A-6
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-3
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-3
Tracts	Exhibit A-5
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-5
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-2
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-3
Cross Section (including Landing Zone)	Exhibit B-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):	Dana S. Hardy

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Signed Name (Attorney or Party Representative):	/s/ Dana S. Hardy
Date:	6/30/2023

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