

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

**APPLICATIONS OF AVANT OPERATING, LLC
FOR APPROVAL OF A NON-STANDARD UNIT,
COMPULSORY POOLING, AND TO THE EXTENT
NECESSARY, APPROVAL OF AN
OVERLAPPING SPACING UNIT
LEA COUNTY, NEW MEXICO**

CASE NO. 24774

**APPLICATIONS OF MEWBOURNE OIL COMPANY
FOR APPROVAL OF AN OVERLAPPING SPACING
HORIZONTAL WELL SPACING UNIT AND
COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

**CASE NOS. 24892 - 24893
ORDER NO. R-23766**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on February 18, 2025, and after considering the testimony, evidence, and recommendation of the Hearing and Technical Examiners, issues the following Order.

FINDINGS OF FACT

1. These cases involve competing compulsorily pooling applications with overlapping horizontal spacing units filed by Avant Operating, LLC (“Avant”) and Mewbourne Oil Company (“Mewbourne”). These cases were consolidated for hearing and a single order is being issued for the consolidated cases.
2. Both Avant and Mewbourne have the right to drill within the proposed spacing units, and each seeks to be named operator of its proposed wells and spacing units.
3. Avant submitted one (1) application under case number 24744 to compulsorily pool the uncommitted mineral interests within a non-standard 642.24-acre, more or less, Bone Spring horizontal spacing unit comprised of the S/2 of Sections 29 and 30, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico (“Avant Unit”)
4. Mewbourne submitted two (2) applications under the following case numbers collectively known as (“Mewbourne Unit”):
 - a. Case 24892 which requests for an order approving a standard 161.13-acre, more or less, horizontal well spacing unit in the Bone Spring formation limited to the Second Bone Spring interval underlying Lot 4, the SE4SW4 and the S/2 SE/4 of irregular Section 30, Township 18 South, Range 32

East, NMPM, Lea County, New Mexico, and pooling the uncommitted interest owners in this acreage.

- b. Case 24893 for an order approving a standard 642.24-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying the S/2 of Sections 29 and Lots 3-4, E2SW4 and the SE4 of irregular Section 30, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico, and pooling the uncommitted interest owners in this acreage.
5. Avant proposes to dedicate to the Avant Unit, the well family known as Dire Wolf which includes eight wells.
6. Mewbourne proposes to dedicate to the Mewbourne Unit the well family known as Choctaw Bingo which includes five wells.
7. Avant did **not** present witnesses, testimony, or exhibits during the hearing in support of its application.
8. Mewbourne presented two witnesses in support of its applications:
 - a. Thomas Sloan, Landman
 - b. Charles Crosby, Geologist
9. The Oil Conservation Commission (“Commission”) and OCD have developed several factors they “may consider” in evaluating competing compulsory pooling applications which are listed as follows:
 - a. A comparison of geologic evidence presented by each party as it relates to the proposed well location and the potential of each proposed prospect to efficiently recover the oil and gas reserves underlying the property.
 - b. A comparison of the risk associated with the parties' respective proposal for the exploration and development of the property.
 - c. A review of the negotiations between the competing parties prior to the applications to force pool to determine if there was a "good faith" effort.
 - d. A comparison of the ability of each party to prudently operate the property and, thereby, prevent waste.
 - e. A comparison of the differences in well cost estimates (AFEs) and other operational costs presented by each party for their respective proposals.
 - f. An evaluation of the mineral interest ownership held by each party at the time the application was heard
 - g. A comparison of the ability of the applicants to timely locate well sites and to operate on the surface (the "surface factor").

Geological Evidence:

10. Mewbourne Geologist testified that Mewbourne conducted a geological study of the lands comprising the Mewbourne Unit and the Bone Spring formation is suitable for development of Mewbournes proposed horizontal wells.

Working Interest:

11. Mewbournes Landman testified that in case 24892 Mewbourne owns 57.8% working interest whereas Avant owns 3.2% working interest. Mewbourne further testified that in case 24893 Mewbourne owns 73.5% working interest and Avant owns 2% working interest.

Conclusion:

12. OCD finds Mewbourne has properly evaluated the Mewbourne Unit and owns majority of the working interests.
13. Mewbourne will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Mewbourne Unit.
14. Mewbourne proposes the supervision and risk charges for the Well(s) described in Exhibit A.
15. Mewbourne identified the owners of uncommitted interests in oil and gas minerals in the Mewbourne Unit and provided evidence that notice was given.

CONCLUSIONS OF LAW

16. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
17. Mewbourne is the owner of an oil and gas working interest within the Mewbourne Unit.
18. Mewbourne satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
19. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
20. Mewbourne has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
21. The Mewbourne Unit contains separately owned uncommitted interests in oil and gas minerals.
22. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Mewbourne Unit.
23. The pooling of uncommitted interests in the Mewbourne Unit will prevent waste and protect correlative rights.
24. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

25. The uncommitted interests in each Unit within the Mewbourne Unit are pooled as set forth in Exhibit A.
26. The Units within the Mewbourne Unit shall be dedicated to the Well(s) set forth in Exhibit A.
27. Mewbourne is designated as operator of each Unit within the Mewbourne Unit and the Well(s).
28. Avants Applications are hereby denied.
29. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Mewbourne shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
30. If an Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Mewbourne shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.
31. Mewbourne shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
32. This Order shall terminate automatically if Mewbourne fails to comply with the preceding paragraph unless Mewbourne requests an extension by notifying the OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the extension is automatically granted up to one year. If a protest is received the extension is not granted and Mewbourne must set the case for a hearing.
33. Mewbourne may propose reasonable deviations from the development plan via notice to OCD and all parties that required notice of the original compulsory pooling application in accordance with 19.15.4.12.B and 19.15.4.12.C NMAC. Upon no objection after twenty (20) days the deviation is automatically granted. If a protest is received the deviation is not granted and Mewbourne must set the case for a hearing.
34. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
35. Mewbourne shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").

36. No later than thirty (30) days after Mewbourne submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Mewbourne no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."
37. No later than one hundred eighty (180) days after Mewbourne submits a Form C-105 for a well, Mewbourne shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
38. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Mewbourne its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Mewbourne shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
39. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
40. No later than within ninety (90) days after Mewbourne submits a Form C-105 for a well, Mewbourne shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
41. Mewbourne may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of

the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

42. Mewbourne may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
43. Mewbourne shall distribute a proportionate share of the costs and charges withheld pursuant to the preceding paragraph to each Pooled Working Interest that paid its share of the Estimated Well Costs.
44. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Mewbourne shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
45. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
46. Except as provided above, Mewbourne shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
47. A Unit in the Subject Land shall terminate if (a) the owners of all Pooled Working Interests in that Unit reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Mewbourne shall inform OCD no later than thirty (30) days after such occurrence.
48. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**GERASIMOS RAZATOS
DIRECTOR (Acting)**

GR/jag

Date: 4/23/2025

Exhibit A

Received by OCD: 2/12/2025 8:51:49 AM

Page 3 of 68

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 24892	APPLICANT'S RESPONSE
Date: February 18, 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 APPROVAL OF AN OVERLAPPING HORIZONTAL WELL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	Avant Operating, LLC
Well Family	Choctaw Bingo
Formation/Pool	
Formation Name(s) or Vertical Extent:	Second Bone Spring Interval
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Second Bone Spring Interval
Pool Name and Pool Code:	Lusk; Bone Spring, North Pool (41450)
Well Location Setback Rules:	Statewide Rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	161.13-acres
Building Blocks:	Quarter-Quarter sections
Orientation:	Laydown
Description: TRS/County	Lot 4, the SE4SW4 and the S2SE4 of irregular Section 30, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in the application?	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 A-2
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

Released to Imaging: 2/12/2025 10:58:08 AM

Well #1	Choctaw Bingo 30 Fed Com 528H (API Pending) SHL: 945' FSL & 380' FWL (Lot 4) of Sec. 30, T18S, R32E BHL: 330' FSL & 100' FEL (Unit P) of Sec. 30, T18S, R32E Completion Target: Second Bone Spring interval Well Orientation: West to East Completion Location expected to be: Standard
Horizontal Well First and Last Take Points	Exhibit A-1
Completion Target (Formation, TVD and MD)	Exhibit A-3
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$10,000
Production Supervision/Month \$	\$1,000
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C
Proof of Published Notice of Hearing (10 days before hearing)	N/A
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-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 A-2
Unlocatable Parties to be Pooled	None
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-1

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-1
Tracts	Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibits A-1, B-1
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-3
Additional Information	
Special Provisions/Stipulations	Application seeks approval of an overlapping horizontal well spacing unit
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Michael H. Feldewert
Signed Name (Attorney or Party Representative):	
Date:	12-Feb-25

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 24893	APPLICANT'S RESPONSE
Date: February 18, 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 APPROVAL OF AN OVERLAPPING HORIZONTAL WELL SPACING UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	Avant Operating, LLC
Well Family	Choctaw Bingo
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Lusk; Bone Spring, North Pool (41450)
Well Location Setback Rules:	Statewide Rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	642.24-acres
Building Blocks:	Quarter-Quarter sections
Orientation:	Laydown
Description: TRS/County	S2 of Section 29 and Lots 3-4, E2SW4 and the SE4 of irregular Section 30, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in the application?	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	Yes, there is slight ownership difference in the First Bone Spring interval underling Lot 4 & SE4SW4 of Section 30 which will be addressed contractually.
Proximity Tracts: If yes, description	Yes, the N2S2 equivalent and the S2S2 equivalent of Sections 29 and 30
Proximity Defining Well: if yes, description	Choctaw Bingo 467H and Choctaw Bingo 526H wells
Applicant's Ownership in Each Tract	Exhibit A-2
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

Well #1	Choctaw Bingo 30/29 Fed Com 476H (API Pending) SHL: 985' FSL & 380' FWL (Lot 4) of Sec. 30, T18S, R32E BHL: 1050' FSL & 100' FEL (Unit P) of Sec. 29, T18S, R32E Completion Target: Bone Spring Well Orientation: West to East Completion Location expected to be: Standard
Well #2	Choctaw Bingo 30/29 Fed Com 526H (API Pending) SHL: 1005' FSL & 380' FWL (Lot 4) of Sec. 30, T18S, R32E BHL: 1500' FSL & 100' FEL (Unit I) of Sec. 29, T18S, R32E Completion Target: Bone Spring Well Orientation: West to East Completion Location expected to be: Standard
Well #3	Choctaw Bingo 30/29 Fed Com 625H (API Pending) SHL: 1025' FSL & 380' FWL (Lot 4) of Sec. 30, T18S, R32E BHL: 1980' FSL & 100' FEL (Unit I) of Sec. 29, T18S, R32E Completion Target: Bone Spring Well Orientation: West to East Completion Location expected to be: Standard
Well #4	Choctaw Bingo 30/29 Fed Com 627H (API Pending) SHL: 965' FSL & 380' FWL (Lot 4) of Sec. 30, T18S, R32E BHL: 600' FSL & 100' FEL (Unit P) of Sec. 29, T18S, R32E Completion Target: Bone Spring Well Orientation: West to East Completion Location expected to be: Standard
Horizontal Well First and Last Take Points	Exhibit A-1
Completion Target (Formation, TVD and MD)	Exhibit A-3
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$10,000
Production Supervision/Month \$	\$1,000
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C
Proof of Published Notice of Hearing (10 days before hearing)	N/A
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-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 A-2
Unlocatable Parties to be Pooled	None
Ownership Depth Severance (including percentage above & below)	N/A

Joinder	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates In Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-1
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-1
Tracts	Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibits A-1, B-2
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-3
Additional Information	
Special Provisions/Stipulations	Application seeks approval of an overlapping horizontal well spacing unit
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Michael H. Feldewert
Signed Name (Attorney or Party Representative):	
Date:	12-Feb-25