

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

**APPLICATION OF ASCENT ENERGY,
LLC FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

Case No. 21393

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

Mewbourne Oil Company ("Mewbourne") submits its Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Ascent Energy, LLC

APPLICANT'S ATTORNEYS

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OPPONENTS

Mewbourne Oil Company

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STATEMENT OF THE CASE

In Case No. 21393, Ascent Energy, LLC (“Ascent”) seeks an order pooling all uncommitted mineral interests in the Bone Spring formation in a 320-acre, more or less, horizontal spacing unit comprised of the E/2 W/2 of Sections 28 and 33, Township 20 South, Range 30 East in Eddy County, New Mexico. Ascent proposes to dedicate the horizontal spacing unit to the Anvil Fed Com 502H, 503H, and 602H Wells. The Anvil Fed Com 503H and 602H Wells will have orthodox locations, and the location of the Anvil Fed Com 502H Well will be unorthodox.

In Case No. 21394, Ascent seeks an order pooling all uncommitted mineral interests in the Wolfcamp formation in a 320-acre, more or less, horizontal spacing unit comprised of the E/2 W/2 of Sections 28 and 33, Township 20 South, Range 30 East in Eddy County, New Mexico. Ascent proposes to dedicate the horizontal spacing unit to the Anvil Fed Com 703H Well.

Mewbourne opposes Ascent’s applications because they conflict with Mewbourne’s applications in Case Nos. 21361-21364. In Case Nos. 21361-21364, Mewbourne proposes to fully develop the W/2 of Sections 28 and 33, Township 20 South, Range 30 East. Mewbourne controls 55% of the working interest in its proposed spacing units and in the spacing units proposed by Ascent, which is significantly greater than Ascent’s 34% interest. Mewbourne also has drilled and

completed over 400 horizontal wells in Eddy County, New Mexico, while Ascent has not completed any horizontal wells in Eddy County, New Mexico. The acreage at issue is located in the Potash Area, where Mewbourne is an experienced operator. Overall, Mewbourne is a successful, experienced, and prudent operator that can best develop the acreage and produce the underlying reserves while preventing waste.

Further, Ascent failed to negotiate with Mewbourne in good faith. In January of 2019, Mewbourne and Ascent entered into an agreement to trade Mewbourne's acreage in Section 33 for acreage elsewhere in Eddy County. Mewbourne then completed a quiet title action to complete the trade. After Mewbourne completed the quiet title action, Ascent refused to complete the trade.

Ascent's reliance on the Bureau of Land Management's ("BLM") approval of its Development Area to support its applications is misplaced, as the BLM retains discretion to designate operators within a Development Area under Secretarial Order No. 3324, and the approval of a Development Area does not control the Division's analysis of competing pooling applications. *See, e.g.*, Order No. R-20223, ¶ 28 (listing factors that the Division considers in evaluating competing pooling applications).

Ascent's applications should be denied, as they will impair correlative rights and result in waste, and Ascent failed to negotiate with Mewbourne in good faith. Mewbourne should be permitted to proceed with its development of the W/2 of Sections 28 and 33 as it has proposed in Case Nos. 21361-21364.

PROPOSED EVIDENCE

WITNESS	ESTIMATED TIME	EXHIBITS
Tyler Jolly (Landman)	40 minutes	Approx. 14
Nate Cless (Geologist)	30 minutes	Approx. 8
Travis Cude (Engineer)	30 minutes	Approx. 8

Mewbourne reserves the right to call a rebuttal witness(es) if appropriate.

PROCEDURAL MATTERS

Because Ascent’s applications conflict with Mewbourne’s applications in Case Nos. 21361 through 21364 and Ascent’s applications seek the denial of Mewbourne’s applications, the cases should be consolidated for hearing.

Respectfully submitted,

HINKLE SHANOR, LLP

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Counsel for Mewbourne Oil Company

CERTIFICATE OF SERVICE

I hereby certify that on this 3rd day of September, 2020, I served a true and correct copy of the foregoing pleading on the following counsel of record by electronic mail:

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