

J. SCOTT HALL
Cell: (505) 670-7362
Email: shall@montand.com

www.montand.com

December 9, 2016

HAND-DELIVERED

Florene Davidson New Mexico Oil Conservation Division 1220 South St. Francis Drive Santa Fe, NM 87505

Re: IN THE MATTER OF THE APPLICATION OF MEWBOURNE OIL COMPANY FOR A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO, OCD CASE NOS. 15600, 15601 and 15602

Dear Ms. Davidson:

Enclosed are 3 originals of a Second Motion for Continuance and Request for Prehearing Conference for filing in each of the above cases.

Thank you.

Very truly yours,

7. Scott Hall

Enclosures

cc (via email, w/enc.): Jan

James Bruce (via email, w/encs.)

Luke Mildren, Mewbourne Oil Company

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

APPLICATION OF MEWBOURNE OIL COMPANY FOR A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NOS. 15600, 15601 and 15602

SECOND MOTION FOR CONTINUANCE AND REQUEST FOR PREHEARING CONFERENCE

Black Mountain Operating LLC, ("Black Mountain"), moves the Division enter its order continuing the December 15, 2016 hearings in the three cases referenced above, until a docket hearing date in February or March of 2017 as can be agreed to by the parties. In support of its motion, Black Mountain states:

Mewbourne Oil Company seeks orders approving of three non-standard oil spacing and proration units and pooling unjoined interests for the drilling of three Bone Spring formation wells in the E½ E½, the W/2 E/2 and the E/2 W/2 of Section 15, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico.

Black Mountain owns certain working interests in the S/2 of Section 15 that would be included in Mewbourne's proposed spacing and proration units. Black Mountain also owns interests in adjoining Section 10, T23S, R34E. It plans to develop its acreage in both sections with three 7,500' laterals which would also include Mewbourne's interests in the N/2 of Section 15. Proposals for Mewbourne's participation in the Black Mountain wells were recently sent. (See Well Proposals, Exhibits 1). It is not presently known whether Mewbourne will agree to participate in the development of Sections 10 and 15 as Black Mountain has proposed. There are also other interest owners in Section 10 who must consider whether to participate in the Black Mountain

wells. If voluntary participation cannot be achieved, compulsory pooling proceedings may become necessary. If such becomes the case, then it is in the interests of administrative economy and efficiency to consolidate all such proceedings for simultaneous hearing.

In order to allow the parties sufficient time to consider Black Mountain's drilling and development proposals and negotiate their participation, Black Mountain requests that the December 15, 2016 hearing be continued.

The undersigned attempted to contact Mewbourne's counsel, Mr. Bruce, to discuss these matters, but believe he may be involved in another hearing. A pre-hearing conference early next week is requested.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: 1.) 101

Post Office Box 2307

Santa Fe, New Mexico 87504-2307

(505) 982-3873

shall@montand.com

Attorneys for Black Mountain Operating LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on the following counsel of record by electronic mail on December 9, 2016:

James Bruce Post Office Box 1056 Santa Fe, NM 87504 jamesbruc@aol.com

J. Scott Hall



BLACK MOUNTAIN OPERATING, LLC

December 9, 2016

Mewbourne Oil Company Attn: Corey Mitchell 500 West Texas, Suite 1020 Midland, Texas 79701

Ro.

Natice of Intent to Drill

Duke Federal 10 #26H E2E2 of Section 15-235-34E & E2SE4 of Section 10-235-34E Lea County, New Mexico

To Whom it May Concern:

Black Mountain Operating, LLC ("BMO") hereby delivers this notice describing its intent to drill the Duke Federal 10 #26H well name (the "Well"), as described below.

Well Type: New Drill Horizontal
Objective Formation: 3rd Bone Spring Sand
Estimated Total Vertical Depth: 11,300°
Estimated total Measured Depth: 18,567'
Surface Hole Location: 2442' FSL, 461' FEL
Bottom Hole Location: 330' FSL, 461' FEL
Proposed Project Area: E2 E2 Section 15, E2 SE4 Section 10

According to preliminary ownership reports it appears that Mewbourne Oil Company("Mewbourne") owns working interest in and to Section 15. Prior to commencing actual drilling operations the ownership interests will be verified under a drilling title opinion. Should Mewbourne's ownership be verified BMO will provide Mewbourne a copy of BMO's JOA and an opportunity to participate in the Well, in accordance to the rules of New Mexico Oil Conservation Division.

Thank you for your careful time and consideration; we look forward to doing business with you. Respectfully,

Black Mountain Operating, LLC

Luke Mildren Vice President, Land

500 Main Street, Suite 1220 Fort Worth, Texas 76102. Phone 817-698-9901. email: <u>luke.mildren@blackmtn.com</u>

BLACK MOUNTAIN OPERATING, LLC AUTHORIZATION FOR EXPENDITURE DRILL & COMPLETE NEW WELL	AFE	160
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BLACK MOUNTAIN OPERATING, LLC

December 9, 2016

Mewbourne Oil Company Attn: Corey Mitchell 500 West Texas, Suite 1020 Midland, Texas 79701

Notice of Intent to Drill

Duke Federal 10 #18H W2E2 of Section 15-23S-34E & WZSE4 of Section 10-235-34E Lea County, New Mexico

To Whom it May Concern:

Black Mountain Operating, LLC ("BMO") hereby delivers this notice describing its intent to drill the Duke Federal 10 #18H well name (the "Well"), as described below.

Well Type: New Drill Horizontal Estimated Total Vertical Depth. 11,300' Estimated total Measured Depth: 18,567 Surface Hole Location: _____ 2470' FSL, 1840' FEL

According to preliminary ownership reports it appears that Mewbourne Oil Company("Mewbourne") owns working interest in and to Section 15. Prior to commencing actual drilling operations the ownership interests will be verified under a drilling title opinion. Should Mewbourne's ownership be verified BMO will provide Mewbourne a copy of BMO's JOA and an opportunity to participate in the Well, in accordance to the rules of New Mexico Oil Conservation Division.

Thank you for your careful time and consideration; we look forward to doing business with you. Respectfully,

Black Mountain Operating, LLC

Vice President, Land

500 Main Street, Suite 1220 Fort Worth, Texas 75102. Phone 817-698-9901. email: <u>luke.mildren@blackmtn.com</u>

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BLACK MOUNTAIN OPERATING, LLC

December 9, 2016

Mewbourne Oil Company Attn: Corey Mitchell 500 West Texas, Suite 1020 Midland, Texas 79701

Re:

Notice of Intent to Drill

Duke Federal 10 #10H E2W2 of Section 15-23S-34E & E25W4 of Section 10-235-34E Lea County, New Mexico

To Whom it May Concern:

Black Mountain Operating, LLC ("BMO") hereby delivers this notice describing its intent to drill the Duke Federal 10 #10H well name (the "Well"), as described below.

Objective Formation: ... 3rd Bone Spring Sand Estimated total Measured Depth: 18,557' Surface Hole Location: 2470' FSL, 1906' FWL Proposed Project Area: E2 W2 Section 15, E2 SW4 Section 10

According to preliminary ownership reports it appears that Mewbourne Oil Company ("Mewbourne") owns working interest in and to Section 15. Prior to commencing actual drilling operations the awnership interests will be verified under a drilling title opinion. Should Mewbourne's awnership be verified BMO will provide Mewbourne a copy of BMO's JOA and an opportunity to participate in the Well, in accordance to the rules of New Mexico Oil Conservation Division.

Thank you for your careful time and consideration; we look forward to doing business with you. Respectfully,

Black Mountain Operating, LLC

Vice President, Land

500 Main Street, Suite 1220 Fort Worth, Texas 76102. Phone 817-698-9901. email: <u>luke.mildren@blackmtn.com</u>

BLACK MOUNTAIN OPERATING, LLC	AFE#	16008
AUTHORIZATION FOR EXPENDITURE DRILL & COMPLETE NEW WELL		
Ser. 1250019	Courty State Leg AV	
STATE LINCOLDS SEC 10 T-235 R-345 recorded Depth: 18 567 LtD	Me1 No 754	
Spective Dr 2 & Complete Hartrareal Web in 3rd Bone Spring	Formation, 7500 teneral, 30 trac graces	
Duke Federal 10		
Section Development AFE		. ;
PRINCEY / LOCATION / PERMITS		NE Attourts
EGAL / TITLE / BURFACE LAMAGES / CAMACES CHONCTOR PIPE / WATER WELL / CALVE PUPE		\$150,000 \$20,000
ONTRACT DIGILLING - FOCTAGE & TURNIEY		8,75,000 80
CATRACT CRELING - DAYWORK (DRELING, LOGGING RU		\$71E COC
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THE INSPECTION & COATING		K K
OP TESTING ND WATERIALS ECHEMICALS		\$2 530 \$225 000
NSPORAL I FLOWERCK VATER		150,000
REW DILARTERS		\$15 000 \$30,000
PÉCIAL BERVICES / DIRECTIONAL DOGING / WHIELING / PERFORATING		\$275,000 850,000
RIL STEM & PRODUCTION 1ESTS GRING & CORE AVALYSIS		<u> </u>
UD LOCGING		\$30,000 \$30,000
EVENT & GENENT BERVEES LIG. ABANDON & RESTORE		\$92,5X
RUCKING & HAULING		122 200
OUPANY SUPERVISION UPERVISION - CONTRACT		С
VIRHEAD SING CREWS / CONTRACT ABOR		\$73,500 \$2
ACEST WESTER OF FIRST CORES		\$25 DCC \$5 500
TELLING WELL INSURANCE SYTINGENCY		10 1017,250
trights firling & - 2 Mar. And A.	· · · · · · · · · · · · · · · · · · ·	62,143,750
rt ace cashg Ternicolate cashg		\$47 500
ASPLO HEAD I TURING HEAD I CHRISTNAS TREE		\$193,500 \$27,500
THÊN TANGELÊ / CENTRAL TERS / FLCAT SHOES		\$13,000 \$27,000
ngthis Drilling 1977 to 1989 to 1989		L767,600
RVCY / LOCATION / PERSETS		
CAL / TITLE / BURFACE DAMAGES / DAMAGES MULLATION TREATMENT / FRACTURING / ACOZING		\$25,000 \$2 990 000
UND CONTROL ONTRACT DAYNORK (OR LUNG), LOGGING RUNNING CASH		\$30.600
æl San hole pental tool & Ecupphent		12
REACE RENTAL TOOL & EQUIPMENT		87 500 8725,000
OK, TUBNIG-SAUSBAIG TB		\$150,000 \$3,500
PANG TOOLS & SERVICES PEINAPPECTION & COATING		57
P TESTING O MATERIALS & CHEMICALS		\$3 \$3
POSAL / FLOWBACK		150,000
FER ERALD WE		12:00 00:0 10
OGING) WREUNE / PERFORATING MENT & CEMENTING SERVICES		\$196.000
CK UNE		100 250 (A)
UCKING & HALLING MPANY BUPERVISION		\$12,000 \$3
PERMINON - CONTRACT ENGEAD		8 2 600
SING CREWS / CONTRACT LABOR		125,000
OWBACK / WELL TESTS SCELLANSOUS : OTHER OCETS / FRAC PLUCS		\$90,000 \$72,500
MLINT WELL MEURANTE WITHOUTH		8 0
Application of the last of the		\$470,715 - \$4,630,005
COLUCTION CASING	<u> </u>	\$204,237
SING HEAD! TUBING HEAD! CHRISTING TREE	1	340 000 335,500
BRIGHT CARE THE PROPERTY OF T		18,500
Congression Congre		1230,64
B LIFT MPING UNIT / PRINE INC. ER / ASSEMBLY		E .
		12
SC FITTINGS & SUPPLIES PSURFACE EQUIPMENT		\$77,500
CHERS CHUTY LABOR COST		17,500 825 500
NA BATTERY		877,500 865,000
PARATORS (MEATERS) TREATERS		\$80,000
MPRESSCR TERMS ECUPMENT / LACT LINET ILITY ECUPMENT / LACT LINET		84 750
ELINES & CONNECTIONS		\$2.500 \$82,500
MPANY SUPER-ISION MINGENCY	ļ	\$7 500 \$41 223 0
COMMISSION OF THE PROPERTY OF	tarana sa a sa	\$463,475
let Earthwared West Cost		\$4,241,371
sck Mountain Operating, LLC		
raved By	Title Caris	\ \
ASE INDICATE YOUR APPROVAL AND AUTHOCATION FOR YOU	A PRODUCTION ATE STATE	
PROTURE AS DETAILED ABOVE BY SURING BELOW AND RETURNS HERSHIP	RAING ONE SIGNED COPY TO BUICD U.C.	MIES.
REMENT	COST TO COMPLETE FARTICIPANTS ESTIMATED COST	
POVED BY	TITLE	