

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

**IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF MEWBOURNE OIL COMPANY  
FOR COMPULSORY POOLING, LEA COUNTY,  
NEW MEXICO.**

**Case No. 20328**

**Case No. 20329**

**MEWBOURNE OIL COMPANY'S  
RESPONSE IN OPPOSITION TO MOTION TO SUSPEND DRILLING PERMIT**

Mewbourne Oil Company ("Mewbourne") files this response in opposition to the motion to suspend a drilling permit filed by Catena Resources Operating, LLC ("Catena").

A. FACTS.

1. In Case No. 20328 Mewbourne seeks an order pooling all mineral interests in the Bone Spring formation in a horizontal spacing unit comprised of the E/2E/2 of Section 21 and the E/2E/2 of Section 28, Township 19 South, Range 35 East, NMPM. The unit will be dedicated to the Charolais 21/28 B2AP State Com. Well No. 1H. In Case No. 20329 Mewbourne seeks an order pooling all mineral interests in the Bone Spring formation in a horizontal spacing unit comprised of the W/2E/2 of Section 21 and the W/2E/2 of Section 28, Township 19 South, Range 35 East, NMPM. The unit will be dedicated to the Charolais 21/28 B2BO State Com. Well No. 1H.

2. In October 2018, Mewbourne proposed its Charolais 21/28 B2AP State Com. Well No. 1H and Charolais 21/28 B2BO State Com. Well No. 1H to Catena's predecessor in title. Mewbourne's permits for both wells were approved November 21, 2018. Catena knew or

should have known about Mewbourne's planned development at the time they purchased their interest in the NE/4 and NE/4SE/4 of Section 28 which was in late December 2018.

3. Mewbourne owns interest in each tract each wellbore will traverse. Mewbourne owns the majority of the interest in the units for both wells and has additional parties signed to an Operating Agreement.

4. Mewbourne complied with all Division rules when filing the APDs establishing spacing units for the wells in accordance with said rules.

5. Mewbourne has Term Assignments covering interest in the E/2 of Sections 21 & 28 and could be severely affected by the suspension of the valid APDs.

6. Catena does not own an interest in each tract their proposed wellbores traverse. Catena's Bone Spring proposed unit in the E/2 of Section 21 includes tracts owned 100% by Mewbourne (*See Exhibit A*). Catena does not own an interest in the E/2 of Section 21 causing the appearance of using the Division to forcefully acquire gross operated acreage without any standing.

7. Mewbourne has been working on this prospect since 2018 and is ready to move forward.

8. Mewbourne's APDs were filed in November 2018, before Catena acquired its interest in Section 33.

9. Catena claims that it must be allowed to drill its wells, and that its acreage in Section 33 will be "stranded" if its motion is not granted. Looking at Exhibit D, (a) Catena can develop its acreage in Section 33 with standard horizontal proration units without interfering in Mewbourne's development plans and (b) Catena has the ability to form a two mile well unit in Sections 9 and 16 without interfering with Mewbourne's development plans.

10. The clear majority of wells in this area have been developed on one-mile laterals (83% of Bone Spring wells on Exhibit D), and Catena is free to do so in Section 33. Catena stating that one-mile laterals are not economic is an erroneous claim.

B. CONCLUSIONS.

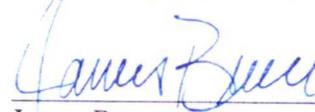
11. Based on the foregoing, Mewbourne has complied with all Division requirements to pool, file permits, and drill the Charolais 21/28 B2AP State Com. Well No. 1H and Charolais 21/28 B2BO State Com. Well No. 1H wells and will be severely harmed by the suspension of the APD.

12. The suspension of valid APDs because of the claim that use of standard one-mile horizontal spacing units would “strand” acreage would set a precedent and undermine the definition of a spacing unit.

13. Mewbourne’s proposed development in Sections 21 and 28 will not impact Catena’s correlative rights or cause waste in Section 33 as claimed in Catena’s motion.

WHEREFORE, for the foregoing reasons, Mewbourne requests that Catena’s motion be denied.

Respectfully submitted,



James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

Attorney for Mewbourne Oil Company

VERIFICATION

STATE OF TEXAS                    )  
  ) ss.  
COUNTY OF MIDLAND            )

Cy Shook, being duly sworn upon his oath, deposes and states that: He is a landman for Mewbourne Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents of Part A; and the same are true and correct to the best of his knowledge, information, and belief.



Cy Shook  
Cy Shook

SUBSCRIBED AND SWORN TO before me this 3 day of April 2019 by Cy Shook.

My Commission Expires: 8-28-19

Tia Alexander  
Notary Public

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 3rd day of April, 2019 by e-mail:

Sharon Shaheen  
*sshahen@montand.com*

James Bruce  
James Bruce

Catena Resources  
Cable 19 35 16  
State Com 2H

17

# 19S 35E

Case Case Case  
20298 20329 20328

20

21

22

29

28

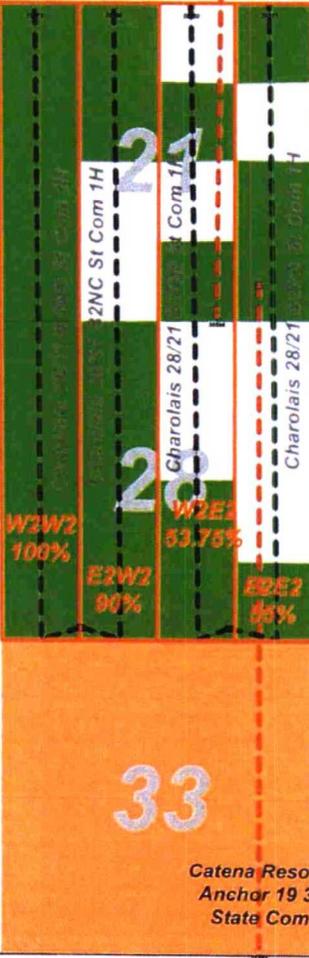
27

32

33

34

Catena Resources  
Anchor 19 35 28  
State Com 2H



Mewbourne 100% Ownership

Mewbourne Partial Ownership

Catena 100% Ownership

Catena Partial Ownership

Mewbourne BSPG Proposal

Catena BSPG Proposal

MOC Working Interest  
In Proposed Proration Unit



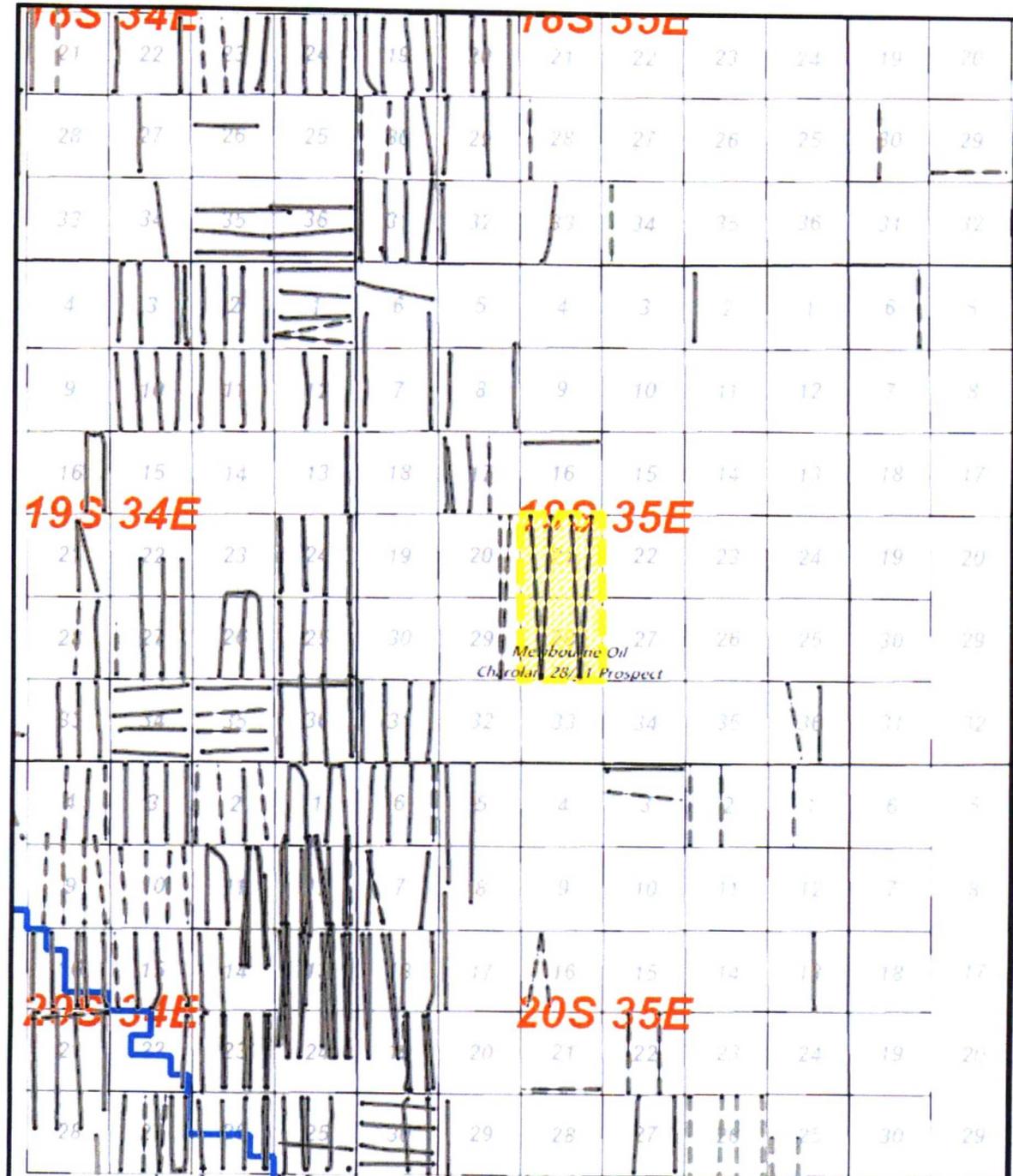
**MOC Mewbourne Oil Company**

Mewbourne Charolais Bone Spring Proposals

Case 20298  
Case 20328  
Case 20329

4-2-2014	Lee County	New Mexico
Mewbourne/Catena BSPG Proposals		N. Catena

EXHIBIT  
**A**



- - - - - **BSPG HZ Permits**  
 ————— **BSPG HZ Wells**

**Mewbourne Oil Company**

*Charolais Prospect  
 BSPG Horizontal Activity Map*

EXHIBIT  
**D**

~ 6 Mile Radius around sections 21 & 28 T19S-R35E

83% - 1.0 Mile Laterals	<u>220 HZ Bone Spring Wells Drilled</u> 17% - 1.5 Mile Laterals	0% - 2.0 Mile Laterals
66% - 1.0 Mile Laterals	<u>58 HZ Bone Spring Wells Drilled since 2017</u> 34% - 1.5 Mile Laterals	0% - 2.0 Mile Laterals

\*Information from IHS Energy