

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

**APPLICATION OF MEWBOURNE OIL COMPANY FOR  
APPROVAL OF A NON-STANDARD, OVERLAPPING 640-ACRE  
HORIZONTAL WELL SPACING UNIT AND COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. \_\_\_\_\_

**APPLICATION**

Mewbourne Oil Company (“Mewbourne” or “Applicant”) (OGRID No. 14744), through its undersigned attorneys, hereby files this application with the Oil Conservation Division for an order (a) approving a non-standard, overlapping 640-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying the S2 of Section 1, Township 19 South, Range 30 East, and the S2 of Section 6, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico and (b) pooling all uncommitted interests in this acreage. In support of its application, Mewbourne states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Due to the nature and configuration of the federal leases in the subject area, the Bureau of Land Management (“BLM”) will not approve the commingling of production at central facilities if the subject area is developed using standard horizontal well spacing units. See, e.g., 43 CFR 3173.14 (addressing authorized commingling). However, if the proposed non-standard spacing unit is approved by the Division, the BLM has stated it will issue a corresponding Communitization Agreement for the federal leases within the subject area to allow commingling and the corresponding reduction of the necessary surface facilities.

3. Mewbourne seeks to minimize cost and surface disturbance by consolidating facilities and commingling production from existing and future wells in the proposed non-standard spacing unit. To allow the proposed wells to be dedicated to a federal Communitization Agreement, Mewbourne requires approval of a corresponding non-standard horizontal well spacing unit in the Bone Spring formation.

4. Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed **Tin Man 1/6 Fed Com 616H** and the **Tin Man 1/6 Fed Com 618H** wells to be horizontally drilled from a common surface location in the NW4 of Section 12, Township 19 South, Range 30 East, to bottom hole locations in the NE4SE4 (Unit I) and the SE4SE4 (Unit P) of Section 6, Township 19 South, Range 31 East.

5. This proposed horizontal well spacing unit will overlap the following existing Bone Spring spacing units:

- A 159.85-acre horizontal well spacing unit comprised of Lot 3, SE4NW4, E2SW4 of Section 6, operated by Colgate Operating, LLC and dedicated to the Hackberry 6 Federal 4H (30-015-4124);
- A 159.63-acre horizontal well spacing unit comprised of Lot 1, SE4NE4, E2SE4 of Section 6, operated by Devon Energy Production Company, L.P. and dedicated to the Helios 6 Federal Com 1H (30-015-38482) and the Helios 6 Federal Com 3H (30-015-41619); and
- A 159.74-acre horizontal spacing unit comprised of Lot 2, SW4NE4, W2SE4 of Section 6, operated by Devon Energy Production Company, L.P. and dedicated to the Helios 6 Federal Com 2H (30-015-38483) and the Helios 6 Federal Com 4H (30-015-42316).

6. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the working interest owners in the subject spacing unit.

7. Approval of the non-standard unit will allow Mewbourne to efficiently locate surface facilities for the recovery of oil and gas underlying the subject lands, reduce surface disturbance, and lower operating costs.

8. The pooling of interests will allow Mewbourne to obtain a just and fair share of oil and gas underlying the subject lands, avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

WHEREFORE, Applicant requests that this matter be set for hearing before an Examiner of the Oil Conservation Division on December 7, 2023, and, after notice and hearing as required by law, the Division enter an order:

- A. Approving the proposed non-standard, overlapping horizontal well spacing unit;
- B. Pooling all uncommitted interests in the horizontal spacing unit and approving the initial wells thereon;
- C. Designating Applicant as operator of the horizontal spacing unit and the horizontal wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert

Adam G. Rankin

Paula M. Vance

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

(505) 988-4421

(505) 983-6043 Facsimile

mhfeldewert@hollandhart.com

agrarkin@hollandhart.com

pmvance@hollandhart.com

**ATTORNEYS FOR MEWBOURNE OIL  
COMPANY**

CASE: \_\_\_\_\_

**Application of Mewbourne Oil Company for Approval of a Non-Standard, Overlapping 640-acre Horizontal Well Spacing Unit and Compulsory Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (a) approving a non-standard, overlapping 640-acre, more or less, horizontal well spacing unit in the Bone Spring formation underlying the S2 of Section 1, Township 19 South, Range 30 East, and the S2 of Section 6, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico, and (b) pooling all uncommitted interests in this acreage. This spacing unit will be initially dedicated to the proposed **Tin Man 1/6 Fed Com 616H** and the **Tin Man 1/6 Fed Com 618H** wells to be horizontally drilled from a common surface location in the NW4 of Section 12, Township 19 South, Range 30 East, to bottom hole locations in the NE4SE4 (Unit I) and the SE4SE4 (Unit P) of Section 6, Township 19 South, Range 31 East. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof, the operating costs and charges for supervision, the designation of applicant as operator of the proposed spacing unit, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 10 miles south of Loco Hills, New Mexico.