

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

**APPLICATION OF MEWBOURNE OIL COMPANY FOR [*Inter Alia*]
NON-STANDARD SPACING AND PRORATION UNITS,
COMPULSORY POOLING, AND UNORTHODOX
GAS WELL LOCATIONS, EDDY COUNTY, NEW MEXICO**

**CASE NOS. 15547,
15548, 15549, 15550,
15551, 15552, 15562
Consolidated**

**MOTION TO AMEND ORDERS NO. R-13879-A, R-13814-A,
R-13749-A, R-13751-A, R-13959-A, R-14018-A and R-14415**

James Wesley Welch, Joe Michael Welch, Barbara Grace Parker and Tuffy Oil Co. LLC ("the Welches") move the Division to amend certain findings in each of the orders referenced above to conform with the pleadings and the evidence presented at hearing. In support of their motion, the Welches state:

In each of the cases referenced above, the Applicant Mewbourne Oil Company sought and obtained substantially similar orders for *inter alia* the compulsory pooling of un-joined interests, and in certain instances approving of non-standard spacing and proration units and unorthodox well locations, for seven wells in Eddy County, New Mexico. All cases were consolidated for hearing before the Division's Examiners on May 25, 2017 and on July 17, 2017, the Division entered orders in each case for specific wells, lands and locations as follow:

Case No. 15547; Order No. R-13879-A, Wolfcamp formation.

Owl Draw "22" W1AP Federal Com. No. 1H
Surface Location – 230' FSL & 660" FEL (Section 15)
Bottom Hole Location – 333' FSL & 650' FEL (Section 22)
Sections 22, T26S, R27E, N.M.P.M.

Case No. 15548; Order No. R-13814-A, Bone Spring formation.

Owl Draw "22-27" B2AP Federal Com. No. 1H
Surface Location- 200' FSL & 600' FEL (Section 15)
Bottom Hole Location – 336' (or 333' per AFE) FSL & 572' FWL (Section 27)
Sections 22 and 27, T26S, R27E, N.M.P.M.

Case No. 15549; Order No. R-13749-A, Wolfcamp formation.

Owl Draw "23" DM Federal Com. No. 1H
Surface Location – 375' FSL & 990' FWL (Section 14)
Bottom Hole Location – 344' FSL & 625' FWL (Section 23)
Sections 23, T26S, R27E, N.M.P.M.

Case No. 15550; Order No. R-13751-A, Wolfcamp formation.

Owl Draw "23" DM Federal Com. No. 2H
Surface Location – 370' FSL & 1055' FWL (Section 14)
Bottom Hole Location – 334' FSL & 661' FWL (Section 23)
Sections 23, T26S, R27E, N.M.P.M.

Case No. 15551; Order No. R-13959-A, Bone Spring formation.

Owl Draw "22-27" B2BO Federal Com. No. 2H
Surface Location – 330' FNL & 1585' FEL (Section 22)
Bottom Hole Location – 330' FSL & 1980' FEL (Section 27)
Sections 22 and 27, T26S, R27E, N.M.P.M.

Case No. 15562; Order No. R-14415, Wolfcamp formation.

Owl Draw 27/22 W2NC Fed. Com. No. 2H
Surface Location – 170' FSL & 2230' FWL (Section 27)
Bottom Hole Location – 330' FNL & 2310' FWL (Section 22)
Section 27 and Section 22, T26S, R27E, N.M.P.M.

Case No. 15552; Order No. R-14018-A, Wolfcamp formation.

Owl Draw "22-27" B2MD Federal Com. No. 1H
Surface Location- 170' FSL & 330' FWL (Section 27)
Bottom Hole Location – 330' FNL & 330' FWL (Section 22)
Sections 27 and 22, T26S, R27E, N.M.P.M.

In each case, the orders pooled "all uncommitted interests, whatever they may be" within the spacing units for each of the formations indicated. Those orders with a "-A" suffix supplement

previous orders entered by NMOCD pursuant to earlier hearings that proceeded without proper notice to all the claimants to title involved. Except for the wells, locations, formations and lands, all of the “-A” orders appear to be identical. The “Welch Heirs”, Tuffy Oil Co., Premier Oil & Gas and Blair Seaton Crooke are identified as “Respondents”. (Findings ¶ 8) These orders also find that “Respondents” have not agreed to pool their interests in each case. (Findings ¶ 12) They also recite that “[n]one of the Respondents except Blair Seaton Crooke (“Crooke”) claims a working or unleased mineral interest in the Unit. (Findings ¶ 13). Findings ¶¶ 12 and 13 are inaccurate as to the Welch heirs and result in confusion.

Case No. 15562 was initiated following the other cases and had not been previously heard by NMOCD. Therefore, Order No. R-14415 does not reflect an “-A” suffix. It effectively provides the same relief as the other orders, but refers to the Respondents as “contingent owners”. Order No. R-14415 does not contain findings like Findings ¶¶ 12 and 13 in the (“-A”) orders.

All of the Division’s orders referenced above refer to the pendency of quiet title litigation. *(In The Matter Of The Last Will And Testament Of Marie G. Welch, Deceased; Premier Oil and Gas, Inc. v. Mewbourne Oil Company, et. al.; 5th Judicial District Cause No. D-503-PB-2012-00036-LBR.)* In that quiet title proceeding, the Welches, as heirs and devisees of Joe H. Welch and Grace Welch Phelan, claim ownership of the Herbert Welch community interests, being a net 145 mineral acres under the lands affected by Mewbourne’s compulsory pooling Applications. These mineral interests are unleased. **Pre-Hearing Statement; James Wesley Welch, Joe Michael Welch and Barbara Grace Parker**, (November 21, 2016), pg. 4. The Eddy County quiet title proceeding remains unresolved, but there has been no determination that the Welches do not own the unleased mineral interests they claim. To the

extent that Findings ¶¶ 13 in each of the “-A” orders indicate that the Welches do not claim unleased mineral interests, those findings are incorrect.

Mewbourne Oil Company submitted well proposals and AFE’s to the Welches, seeking their voluntary participation in each of the wells identified above. The Welches, through their operating company, Tuffy Oil Co., LLC, returned Mewbourne’s executed Well Proposal Election Forms indicating their election to participate in the following wells:

Case No. 15548

Owl Draw “22-27” B2AP Federal Com. No. 1H

Case No. 15550

Owl Draw “23” DM Federal Com. No. 2H

Case No. 15551

Owl Draw “22-27” B2BO Federal Com. No. 2H

Case No. 15552

Owl Draw “22-27” B2MD Federal Com. No. 1H

Case No. 15562

Owl Draw 27/22 W2NC Fed. Com. #2H

Pre-Hearing Statement; James Wesley Welch, Joe Michael Welch and Barbara Grace Parker, (November 21, 2016), pg. 6. Accordingly, Findings ¶¶ 12 stating that “Respondents” have not agreed to pool their interests, to the extent the Welches are included within that definition, are incorrect in the following orders: R-13841-A, R-13751-A, R-13959-A, and R-14018-A. Order No. R-14415 does not include language like that in Finding ¶¶ 12 in the “-A” orders, making reference to “contingent owners” instead. For the reason that the Welches voluntarily agreed to

participate in the Owl Draw 27/22 W2NC Fed Com No. 2H, Order No. R-14415 should be clarified.

The Welches informed Mewbourne of their elections not to participate in these wells:

Case No. 15547

Owl Draw “22” W1AP Federal Com. No. 1H

Case No. 15549

Owl Draw “23” DM Federal Com. No. 1H

Pre-Hearing Statement; James Wesley Welch, Joe Michael Welch and Barbara Grace Parker, (November 21, 2016), pg. 7. Correspondingly, as to these wells Finding ¶¶ 12 in Orders R-13879-A and R-13749-A are not inaccurate and do not require correction.

WHEREFORE, the Welches request that the following changes be made by way of the issuance of *nunc pro tunc* orders amending the orders entered on June 27, 2017 as follow:

(1) As to all of the “-A” orders, Findings ¶¶ 13 should be changed to reflect that the Welches do own or claim unleased mineral interests.

(2) As to Orders R-13841-A, R-13751-A, R-13959-A and R-R-14018-A, Findings ¶¶ 12 should be changed to clarify that certain parties other than the Welches have not agreed to pool their interests.

(3) As to Order No. R-14415, Finding ¶ 12 should be changed to clarify that interest owners other than the Welches have not agreed to pool their interests.

Counsel for Mewbourne Oil Company and Blair Seaton Crooke do not oppose this motion. Premier Oil & Gas, Inc. is undecided at this time.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: T. Scott Hall

J. Scott Hall

Seth C. McMillan

Post Office Box 2307

Santa Fe, New Mexico 87504-2307

(505) 982-3873

shall@montand.com

smcmillan@montand.com

*Attorneys for James Wesley Welch, Joe Michael
Welch, Barbara Grace Parker and Tuffy Oil Co.
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 September 21, 2017:

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

Ernest L. Padilla
Post Office Box 2523
Santa Fe, NM 87504
padillalaw@qwestoffice.net

Scott S. Morgan
Cavin & Ingram, P.A.
P.O. Box 1216
Albuquerque, NM 87103-1216
smorgan@cilawnm.com

T. Scott Hall

J. Scott Hall