

**CASE NO. 22645**

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

**MEWBOURNE OIL COMPANY'S EXHIBIT LIST**

1. Application and Proposed Notice
2. Landman's Affidavit
3. Geologist's Affidavit
4. Affidavit of Mailing
5. Pooling Checklist

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION****APPLICATION OF MEWBOURNE OIL COMPANY  
FOR COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.**Case No. 22645**APPLICATION**

Mewbourne Oil Company applies for an order pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 10 and the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 11, Township 18 South, Range 29 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 10 and the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 11, and has the right to drill a well thereon.
2. Applicant proposes to drill the Seabass 10/11 B2DA Fed. Com. Well No. 1H to a depth sufficient to test the Bone Spring formation, and to dedicate the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 10 and the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 11 to the well. The well is a horizontal well, with a first take point in the NW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 10 and a last take point in the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 11.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 10 and the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 11 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring

EXHIBIT (

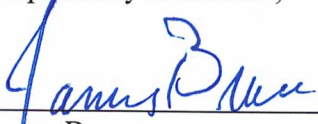
formation underlying N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 10 and the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 11, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interest owners in the Bone Spring formation underlying the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 10 and the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 11 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interest owners in the Bone Spring formation underlying the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 10 and the N $\frac{1}{2}$ N $\frac{1}{2}$  of Section 11;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling, completing, and equipping the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling, completing, and equipping the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

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

Attorney for Mewbourne Oil Company



***Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.***

Mewbourne Oil Company seeks an order pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2N/2 of Section 10 and the N/2N/2 of Section 11, Township 18 South, Range 29 East, NMPM. The unit will be dedicated to the Seabass 10/11 B2DA Fed. Com. Well No. 1H, a horizontal well with a first take point in the NW/4NW/4 of Section 10 and a last take point in the NE/NE/4 of Section 11. Also to be considered will be the cost of drilling, completing, and equipping the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling, completing, and equipping the well. The unit is located approximately 6 miles southwest of Loco Hills, New Mexico.



**Case No. 22645**

a horizontal well with a first take point in the NW/4NW/4 of Section 10 and a last take point in the NE/NE/4 of Section 11

(f) The parties being pooled and their interests are set forth in Attachment B. Exhibit C contains the proposal letter to the parties being pooled. Their current and correct addresses are also set forth. All interest owners are locatable.

(g) Mewbourne has made a good faith effort to obtain the voluntary joinder of the working interest owners in the proposed wells.

(h) Mewbourne has the right to pool the overriding royalty owners in the well unit.

(i) Attachment D contains the Authorizations for Expenditure for the proposed wells. The estimated cost of the wells set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depth and length drilled in this area of Eddy County.

(j) Mewbourne requests overhead and administrative rates of \$8000/month for a drilling well and \$800/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this area of Eddy County. They are also the rates set forth in the Joint Operating Agreement for the well unit. Mewbourne requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

(k) Mewbourne requests that the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.

(l) Mewbourne requests that it be designated operator of the well.

(m) The attachments to this affidavit were prepared by me or under my supervision, or compiled from company business records.

(n) The granting of this application is in the interests of conservation and the prevention of waste.

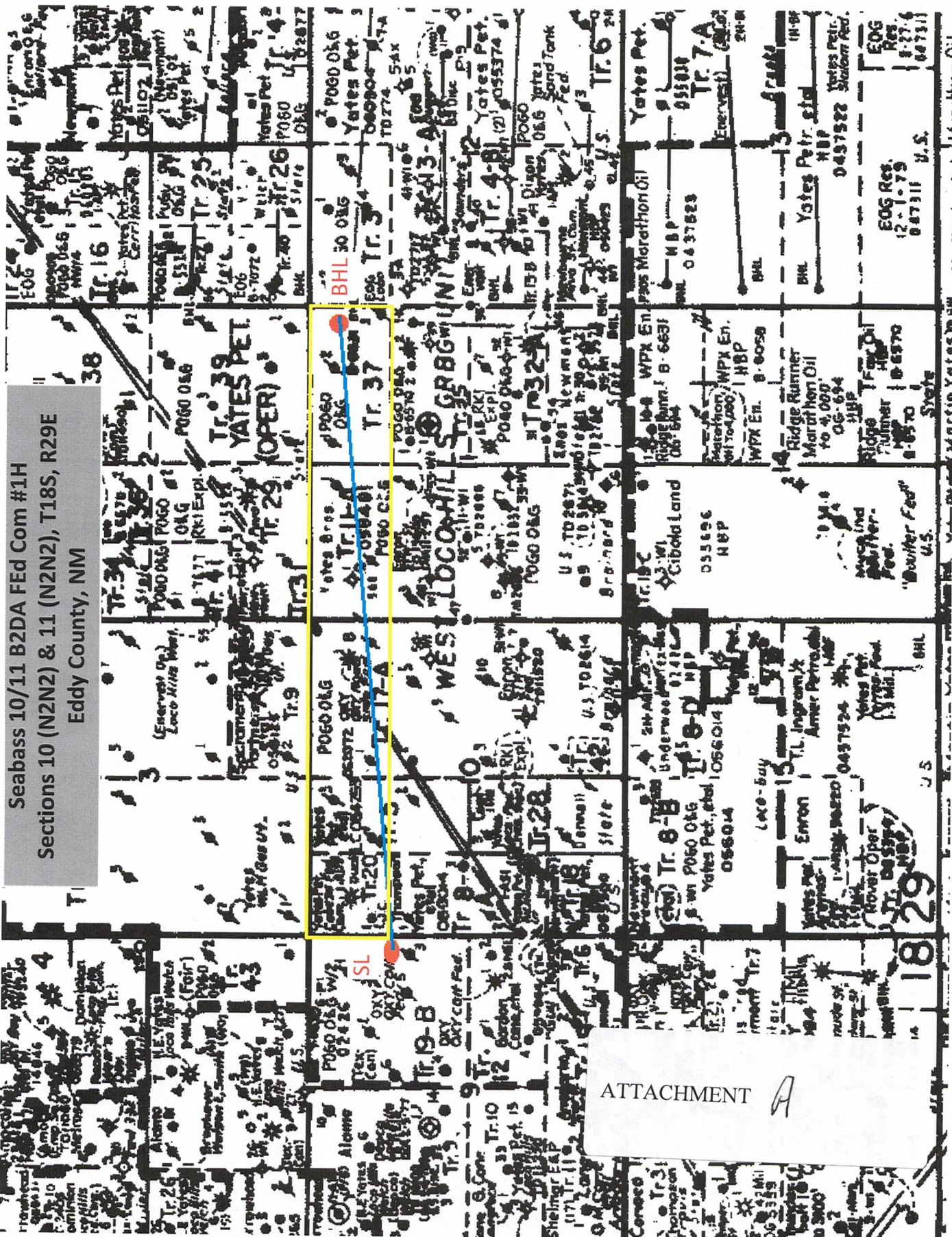
3. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 2(n) above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: 5/18/22

  
Tyler Jolly



Seabass 10/11 B2DA FED Com #1H  
Sections 10 (N2N2) & 11 (N2N2), T18S, R29E  
Eddy County, NM





District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code		<sup>3</sup> Pool Name	
<sup>4</sup> Property Code		<sup>5</sup> Property Name <b>SEABASS 10/11 B2DA FED COM</b>			<sup>6</sup> Well Number <b>1H</b>
<sup>7</sup> OGRID NO.		<sup>8</sup> Operator Name <b>MEWBOURNE OIL COMPANY</b>			<sup>9</sup> Elevation <b>3504'</b>

<sup>10</sup> Surface Location

UL or lot no. <b>D</b>	Section <b>10</b>	Township <b>18S</b>	Range <b>29E</b>	Lot Idn	Feet from the <b>1300</b>	North/South line <b>NORTH</b>	Feet From the <b>100</b>	East/West line <b>WEST</b>	County <b>EDDY</b>
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<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no. <b>A</b>	Section <b>11</b>	Township <b>18S</b>	Range <b>29E</b>	Lot Idn	Feet from the <b>660</b>	North/South line <b>NORTH</b>	Feet from the <b>100</b>	East/West line <b>EAST</b>	County <b>EDDY</b>
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<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

<sup>16</sup> <b>GEODETIC DATA</b> NAD 83 GRID - NM EAST <b>SURFACE LOCATION</b> N: 642388.8 - E: 622017.4 LAT: 32.7656867° N LONG: 104.0708612° W <b>BOTTOM HOLE</b> N: 643054.0 - E: 632375.3 LAT: 32.7674400° N LONG: 104.0371587° W			<b>CORNER DATA</b> NAD 83 GRID - NM EAST A: FOUND BRASS CAP "1916" N 638408.5 - E 621927.5 B: FOUND BRASS CAP "1916" N 641048.0 - E 621920.8 C: FOUND BRASS CAP "1916" N 643688.2 - E 621914.3 D: FOUND BRASS CAP "1916" N 643696.2 - E 624556.2			E: CALCULATED CORNER N 643704.8 - E 627198.1 F: CALCULATED CORNER N 643714.1 - E 632473.8 G: FOUND BRASS CAP "1916" N 638440.2 - E 632485.9 H: FOUND BRASS CAP "1916" N 638432.3 - E 629849.9 I: FOUND BRASS CAP "1916" N 638424.5 - E 627213.2		
<b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature _____ Date _____ Printed Name _____ E-mail Address _____								
<b>18 SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. <b>04/30/2021</b> Date of Survey Signature and Seal of Professional Surveyor _____ <b>19680</b> Certificate Number								

Diagram labels: S 89°49'35" W 2642.57', S 89°48'51" W 2642.49', S 89°53'58" W 5277.05', S 89°49'36" W 5287.05', S 89°49'47" W 2637.35', S 89°49'43" W 2636.69', S 00°08'23" E 2640.87', S 00°08'14" E 2640.14', S 00°09'53" E 5281.60', S 00°07'56" E 5275.14', S.L., 1300', 100', 10, 11, 660', 100'.

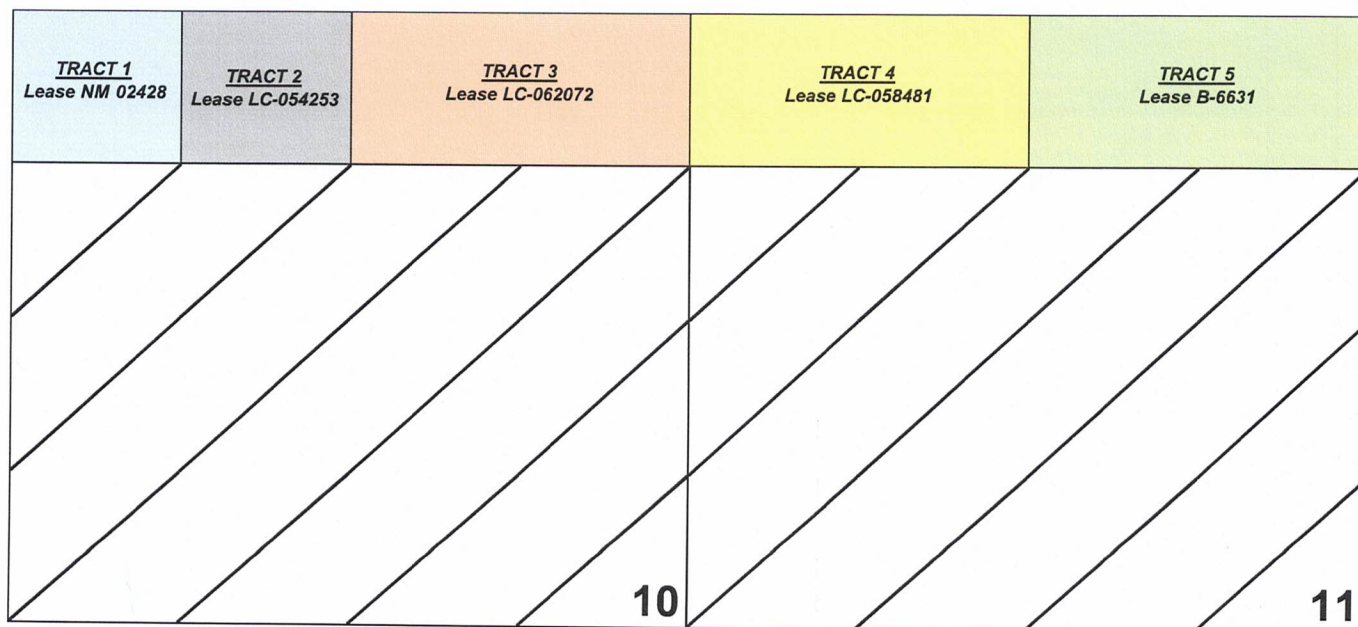
Job No.:LS21020117R

**SECTION PLAT**

North Half of the North Half (N/2N/2) of Section 10, Township 18 South, Range 29 East

North Half of the North Half (N/2N/2) of Section 11, Township 18 South, Range 29 East

County of Eddy, State of New Mexico

**Tract 1:** NW4NW4 SEC. 10—FEDERAL LEASE NO. NMNM-02428

MEWBOURNE OIL COMPANY

J. CLEO THOMPSON &amp; JAMES CLEO THOMPSON JR. LP

SLAYTON INVESTMENTS LLC

BLACK SHALE MINERALS, LLC

OXY USA INC.

**Tract 2:** NE4NW4 SEC. 10—FEDERAL LEASE NO. LC-054253

MEWBOURNE OIL COMPANY

OXY USA INC.

ATTACHMENT

B



**Tract 3:** N2NE4 SEC. 10—FEDERAL LEASE NO. LC-062072

MEWBOURNE OIL COMPANY  
FINLEY PRODUCTION COMPANY, LP  
H. M. BETTIS, INC.  
W. T. BOYLE & CO.  
STOVALL ENERGY, LTD.  
SLAYTON INVESTMENTS, LLC  
S. B. STREET FAMILY OIL PROPERTIES, LTD.  
RICHARD SCOTT BRIGGS  
DERRICK SALLEE  
T C ENERGY  
BARRY WHITE & COMPANY, INC.  
GRASSLANDS ENERGY, LP

**Tract 4:** N2NW4 SEC. 11—FEDERAL LEASE NO. LC-058481

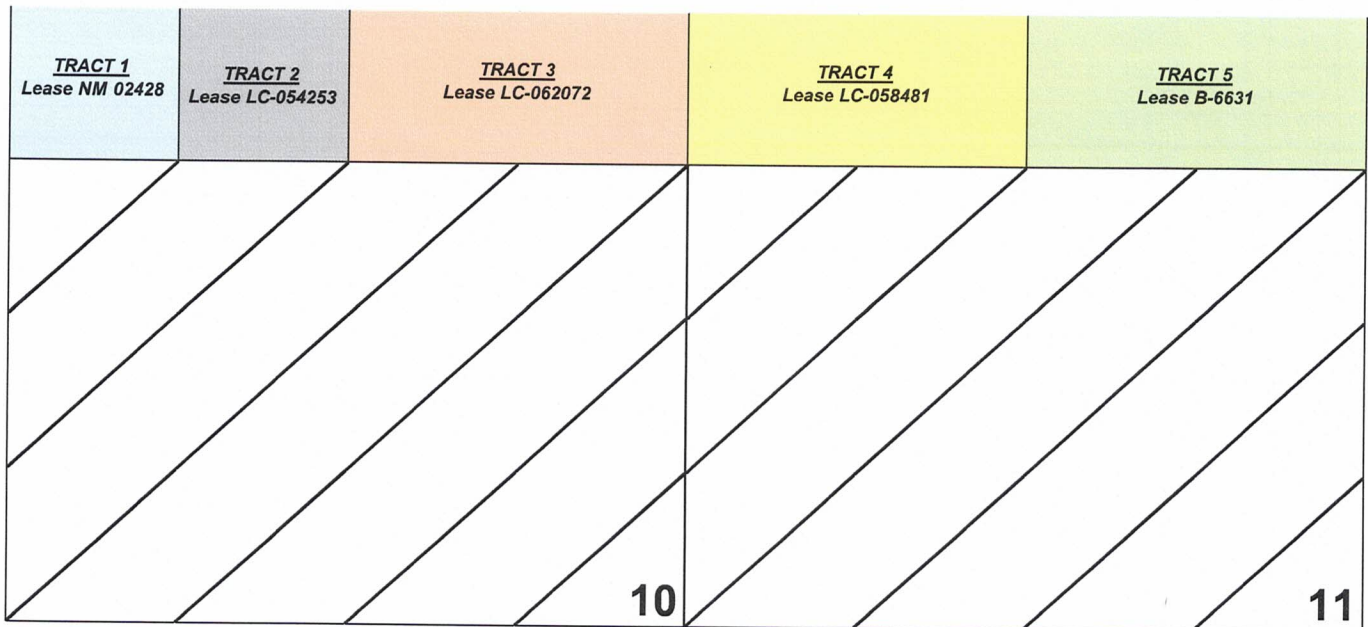
MEWBOURNE OIL COMPANY

**Tract 5:** N2NE4 SEC. 11—STATE OF NEW MEXICO LEASE NO. B-6631

MEWBOURNE OIL COMPANY

**RECAPITULATION FOR SEABASS 10-11 B2DA FED COM #1H**

Tract Number	Number of Acres Committed	Percentage of Interest In Communitized Area
1	40.00	12.500000%
2	40.00	12.500000%
3	80.00	25.000000%
4	80.00	25.000000%
5	80.00	25.000000%
<b>TOTAL</b>	<b>320.00</b>	<b>100.000000%</b>



**TRACT OWNERSHIP**  
**Seabass 10/11 B2DA FED COM #1H**  
**Sections 10 (N/2N/2) & 11 (N/2N/2), T18S, R29E**  
**Eddy County, New Mexico**

**Sections 10 (N/2N/2) & 11 (N/2N/2)**

**Bone Spring formation:**

	<u>% Leasehold Interest</u>
Mewbourne Oil Company, et al 500 West Texas, Ste. 1020 Midland, Texas 79701	89.464063%
*Finley Production Company, LP P.O. Box 4294 Fort Worth, TX 76113	5.8484370%
*OXY USA Inc. 810 Houston Street Fort Worth, Texas 76102	4.687500%
	<hr/> 100.000000%

**\* Total interest being pooled: 10.535937%**

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**OWNERSHIP BY TRACT**

**N/2NE/4 Section 10 (80 Acres):**

	<u>% Leasehold Interest</u>
Mewbourne Oil Company, et al 500 West Texas, Ste. 1020 Midland, Texas 79701	76.606250%
*Finley Production Company, LP P.O. Box 4294 Fort Worth, TX 76113	23.393750%
	<hr/> 100.000000%



**NE/4NW/4 Section 10 (40 Acres):**

Mewbourne Oil Company, et al  
500 West Texas, Ste. 1020  
Midland, Texas 79701

**% Leasehold Interest**

81.250000%

\*OXY USA Inc.  
810 Houston Street  
Fort Worth, Texas 76102

18.125000%

---

100.000000%**NW/4NW/4 Section 10 (40 Acres):**

Mewbourne Oil Company, et al  
500 West Texas, Ste. 1020  
Midland, Texas 79701

**% Leasehold Interest**

81.250000%

\*OXY USA Inc.  
810 Houston Street  
Fort Worth, Texas 76102

18.125000%

---

100.000000%**N/2NW/4 Section 11 (80 Acres):**

Mewbourne Oil Company, et al  
500 West Texas, Ste. 1020  
Midland, Texas 79701

**% Leasehold Interest**

100.000000%

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100.000000%**N/2NE/4 Section 11 (80 Acres):**

Mewbourne Oil Company, et al  
500 West Texas, Ste. 1020  
Midland, Texas 79701

**% Leasehold Interest**

100.000000%

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100.000000%

**Summary of Communications**  
**Seabass 10/11 B2DA Fed Com #1H**

Finley Production Company, LP

- 1) 5/10/2021: Well proposal letter with AFEs are sent via certified mail.
- 2) 5/19/2021: Certified mail delivery confirmation to recipient.
- 3) 7/12/2021: Email correspondence with Sam Carroll who represents this interest regarding working out a potential assignment of their interest to us.
- 4) 9/01/2021: JOA sent to Sam Carroll at his request.
- 5) 1/19/2022: Email correspondence with Sam Carroll regarding their interest and participation in this unit. Sam asked a bunch of questions regarding this Seabass well to which I promptly answered them.
- 6) 2/16/2022: Email correspondence with Sam Carroll following up again with their interest in this Seabass 10/11 unit. Sam discussed his conversations with the BLM attempting to convert their lease from a sliding scale royalty to a flat 12.5% rate. He said he has not been successful yet in that effort which is causing the delay in their participation.
- 7) 3/03/2022: Email correspondence with Sam Carroll as he discusses this lease royalty rate issue with the BLM and that he won't do anything with his interest until this issue is resolved.

OXY USA Inc.

- 1) 5/10/2021: Well proposal letter with AFEs are sent via certified mail.
- 2) 5/13/2021: Certified mail delivery confirmation to recipient.
- 3) 1/20/2022: Email correspondence with Clay Carroll discussing OXY's interest within this Seabass 10/11 Unit. Their interest is part of a Mewbourne-OXY farmout agreement where all of their interest will be assigned to Mewbourne assuming the farmout closes.
- 4) 2/16/2022: Email correspondence with Jonathan Gonzales discussing OXY's interest in this unit and informing him I am moving forward with force-pooling and that the Farmout Agreement is still on schedule to close soon.

ATTACHMENT 

MEWBOURNE OIL COMPANY

FASKEN CENTER  
500 WEST TEXAS, SUITE 1020  
MIDLAND, TX 79701

TELEPHONE (432) 682-3715

May 10, 2021

Via Certified Mail

Finley Production Company, LP  
P.O. Box 2200  
Fort Worth, TX 76113  
Attn: Permian Land Manager

Re: Proposed Horizontal Bone Spring Well  
Seabass 10/11 B2DA Fed Com #1H  
All of Sections 10 & 11, T18S-R29E  
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 1280.00 acre Working Interest Unit ("WIU"), covering all of the captioned Sections 10 & 11, for oil and gas production. The targeted interval for the proposed unit is the Bone Spring formation. Mewbourne as Operator hereby proposes to drill the following horizontal Bone Spring well:

- Seabass 10/11 B2DA Fed Com #1H will have a surface location 1400' FNL & 205' FEL in Section 9, T18S, R29E and a bottom hole location approximately 660' FNL & 100' FEL in the Section 11. We anticipate drilling to an approximate total vertical depth of 7,593' and an approximate total measured depth of 17,850'. The N2N2 of Section 10 and the N2N2 of Section 11 will be dedicated to the well as the proration unit.

Regarding the above, enclosed for your further handling and information is a copy of our Authorization For Expenditure ("AFE") for the Seabass 10/11 B2DA Fed Com #1H well.

Please indicate your participation election by having the AFE executed and returned to my attention at the above address within thirty (30) days of receipt hereof. Our proposed Operating Agreement will have COPAS rates of \$8,000/month while drilling, \$800/month for a producing well, and will follow the well proposal shortly.

Should you have any questions regarding the above, please email me at [bdunn@mewbourne.com](mailto:bdunn@mewbourne.com) or call me at (432) 682-3715. Thank you.

Sincerely,

MEWBOURNE OIL COMPANY



Brad Dunn  
Petroleum Landman





May 19, 2021

Dear Simple Certified:

The following is in response to your request for proof of delivery on your item with the tracking number:  
**9414 8368 9784 6931 1006 63.**

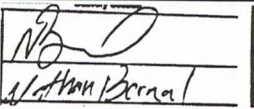
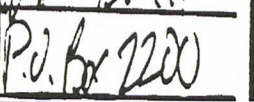
#### Item Details

**Status:** Delivered, Individual Picked Up at Postal Facility  
**Status Date / Time:** May 19, 2021, 9:31 am  
**Location:** FORT WORTH, TX 76102  
**Postal Product:** First-Class Mail®  
**Extra Services:** Certified Mail™  
Return Receipt Electronic  
**Recipient Name:** Permian Land Manager

#### Shipment Details

**Weight:** 1.0oz

#### Recipient Signature

Signature of Recipient:	
Address of Recipient:	

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Sincerely,  
United States Postal Service®  
475 L'Enfant Plaza SW  
Washington, D.C. 20260-0004

Permian Land Manager  
Finley Production Co. LP  
P.O. Box 2200  
Fort Worth, TX 76113  
Reference #: Seabass 10/11



MEWBOURNE OIL COMPANY

FASKEN CENTER  
500 WEST TEXAS, SUITE 1020  
MIDLAND, TX 79701

TELEPHONE (432) 682-3715

May 10, 2021

Via Certified Mail

OXY USA Inc.  
5 Greenway Plaza, STE 110  
Houston, TX 77046  
Attn: Permian Land Manager

Re: Proposed Horizontal Bone Spring Well  
Seabass 10/11 B2DA Fed Com #1H  
All of Sections 10 & 11, T18S-R29E  
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 1280.00 acre Working Interest Unit ("WIU"), covering all of the captioned Sections 10 & 11, for oil and gas production. The targeted interval for the proposed unit is the Bone Spring formation. Mewbourne as Operator hereby proposes to drill the following horizontal Bone Spring well:

- Seabass 10/11 B2DA Fed Com #1H will have a surface location 1400' FNL & 205' FEL in Section 9, T18S, R29E and a bottom hole location approximately 660' FNL & 100' FEL in the Section 11. We anticipate drilling to an approximate total vertical depth of 7,593' and an approximate total measured depth of 17,850'. The N2N2 of Section 10 and the N2N2 of Section 11 will be dedicated to the well as the proration unit.

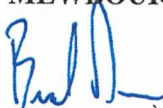
Regarding the above, enclosed for your further handling and information is a copy of our Authorization For Expenditure ("AFE") for the Seabass 10/11 B2DA Fed Com #1H well.

Please indicate your participation election by having the AFE executed and returned to my attention at the above address within thirty (30) days of receipt hereof. Our proposed Operating Agreement will have COPAS rates of \$8,000/month while drilling, \$800/month for a producing well, and will follow the well proposal shortly.

Should you have any questions regarding the above, please email me at [bdunn@mewbourne.com](mailto:bdunn@mewbourne.com) or call me at (432) 682-3715. Thank you.

Sincerely,

MEWBOURNE OIL COMPANY



Brad Dunn  
Petroleum Landman



May 13, 2021

Dear Simple Certified:

The following is in response to your request for proof of delivery on your item with the tracking number:  
**9414 8368 9784 6929 9660 11.**

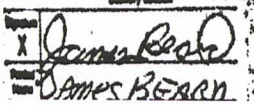
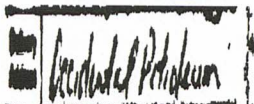
#### Item Details

**Status:** Delivered to Agent for Final Delivery  
**Status Date / Time:** May 13, 2021, 10:10 am  
**Location:** HOUSTON, TX 77046  
**Postal Product:** First-Class Mail®  
**Extra Services:** Certified Mail™  
Return Receipt Electronic  
**Recipient Name:** Permian Land Manager

#### Shipment Details

**Weight:** 1.0oz

#### Recipient Signature

Signature of Recipient: (Authorized Agent)	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

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Sincerely,  
United States Postal Service®  
475 L'Enfant Plaza SW  
Washington, D.C. 20260-0004

Permian Land Manager  
OXY USA Inc.  
5 Greenway Plaza, STE 110  
Houston, TX 77046  
Reference #: Seabass 10/11



## MEWBOURNE OIL COMPANY

## AUTHORIZATION FOR EXPENDITURE

Well Name: SEABASS 10/11 B2DA FED COM #1H		Prospect: 2ND BSS	
Location: SL: 1400 FNL & 205 FEL (9); BHL: 660 FNL & 100 FEL (11)		County: Eddy ST: NM	
Sec. 10/11	Bik:	Survey:	TWP: 18S RNG: 29E Prop. TVD: 7593 TMD: 17850

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	\$20,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	\$70,000	0180-0205	\$35,000
Location / Restoration		0180-0106	\$200,000	0180-0206	\$30,000
Daywork / Turnkey / Footage Drilling	23 days drlg / 3 days comp @ \$18,550/d	0180-0110	\$455,700	0180-0210	\$59,400
Fuel	1700 gal/day @ \$1.30/gal	0180-0114	\$56,600	0180-0214	\$204,900
Alternate Fuels		0180-0115		0180-0215	
Mud, Chemical & Additives		0180-0120	\$60,000	0180-0220	
Mud - Specialized		0180-0121	\$90,000	0180-0221	
Horizontal Drilling Services				0180-0222	\$200,000
Stimulation Toe Preparation				0180-0223	\$30,000
Cementing		0180-0125	\$80,000	0180-0225	\$35,000
Logging & Wireline Services		0180-0130	\$2,500	0180-0230	\$295,000
Casing / Tubing / Snubbing Service		0180-0134	\$20,000	0180-0234	\$40,000
Mud Logging		0180-0137	\$30,000		
Stimulation	51 Stg 20.2MM gal & 20.2MM lbs			0180-0241	\$1,300,000
Stimulation Rentals & Other				0180-0242	\$180,000
Water & Other		0180-0145	\$40,000	0180-0245	\$256,800
Bits		0180-0148	\$96,100	0180-0248	\$5,000
Inspection & Repair Services		0180-0150	\$50,000	0180-0250	\$5,000
Misc. Air & Pumping Services		0180-0154		0180-0254	\$10,000
Testing & Flowback Services		0180-0158	\$12,000	0180-0258	\$24,000
Completion / Workover Rig				0180-0260	\$10,500
Rig Mobilization		0180-0164	\$120,000		
Transportation		0180-0165	\$30,000	0180-0265	\$20,000
Welding, Construction, & Maint. Services		0180-0168	\$5,000	0180-0268	\$15,000
Contract Services & Supervision		0180-0170	\$38,400	0180-0270	\$30,400
Directional Services	Includes vertical control	0180-0175	\$299,000		
Equipment Rental		0180-0180	\$166,600	0180-0280	\$15,000
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$5,600	0180-0285	
Intangible Supplies		0180-0188	\$8,000	0180-0288	\$10,000
Damages		0180-0190	\$10,000	0180-0290	\$10,000
Pipeline Interconnect & ROW Easements		0180-0192		0180-0292	\$10,000
Company Supervision		0180-0195	\$288,000	0180-0295	\$79,100
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Contingencies	2% (TCP) 2% (CC)	0180-0199	\$45,400	0180-0299	\$58,600
<b>TOTAL</b>			<b>\$2,313,900</b>		<b>\$2,988,700</b>

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0")	350' - 13 3/8" 54.5# J-55 ST&C @ \$32.16/ft	0181-0794	\$12,000		
Casing (8.1" - 10.0")	1400' - 9 5/8" 36# J-55 LT&C @ \$18.31/ft	0181-0795	\$27,400		
Casing (6.1" - 8.0")	7540' - 7" 29# HCP-110 LT&C @ \$21.47/ft	0181-0796	\$172,900		
Casing (4.1" - 6.0")	10800' - 4 1/2" 13.5# P-110 BPN @ \$11.72/ft			0181-0797	\$135,200
Tubing	6810' - 2 7/8" 6.5# L-80 EUE tbg @ \$4.54/ft			0181-0798	\$33,000
Drilling Head		0181-0860	\$40,000		
Tubing Head & Upper Section				0181-0870	\$50,000
Horizontal Completion Tools	Completion liner hanger			0181-0871	\$82,000
Subsurface Equip. & Artificial Lift Sys.	Gas lift valves & packer			0181-0880	\$25,000
Pumping Unit Systems				0181-0885	
Service Pumps	(1/2) SWD pump/circ pump/VRU			0181-0886	\$50,000
Storage Tanks	(1/2) 6 - 750 bbl & 5 - 750 bbl coated			0181-0890	\$120,000
Emissions Control Equipment				0181-0892	\$70,000
Separation / Treating Equipment	GB,30"x10"x1k# 3ph,36"x15"x1k#,VRT,flare,8"x20"x75# HT			0181-0895	\$150,000
Automation / Metering Equipment				0181-0898	\$100,000
Line Pipe & Valves - Gathering				0181-0900	\$100,000
Fittings / Valves & Accessories				0181-0906	\$180,000
Cathodic Protection				0181-0908	\$8,000
Electrical Installation				0181-0909	\$75,000
Equipment Installation				0181-0910	\$100,000
Pipeline Construction				0181-0920	\$100,000
<b>TOTAL</b>			<b>\$252,300</b>		<b>\$1,378,200</b>
<b>SUBTOTAL</b>			<b>\$2,566,200</b>		<b>\$4,366,900</b>

<b>TOTAL WELL COST</b>		<b>\$6,933,100</b>
------------------------	--	--------------------

Extra Expense Insurance

☐ I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium.  
Operator has secured Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185.

☐ I elect to purchase my own well control insurance policy.

If neither box is checked above, non-operating working interest owner elects to be covered by Operator's well control insurance.

Prepared by: T. Cude Date: 1/14/2021

Company Approval: Date:

Joint Owner Interest: Amount:

Joint Owner Name: Signature:

ATTACHMENT



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

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

**Case No. 22645**

**SELF-AFFIRMED STATEMENT OF NOTICE**

COUNTY OF SANTA FE     )  
  ) ss.  
STATE OF NEW MEXICO    )

James Bruce deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am an attorney for Mewbourne Oil Company.
3. Mewbourne Oil Company has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the application filed herein.
4. Notice of the application was provided to the interest owners, at their last known addresses, by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Attachment A.
5. Applicant has complied with the notice provisions of Division Rules.
6. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 5 above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date:

6/14/22

James Bruce

James Bruce

EXHIBIT

4

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

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

May 26, 2022

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Ladies and gentlemen:

Enclosed is a copy of an application for compulsory pooling (Case No. 22645), filed with the New Mexico Oil Conservation Division by Mewbourne Oil Company, seeking to pool all uncommitted mineral interest owners in the Bone Spring formation underlying a horizontal spacing unit comprised of the N/2N/2 of Section 10 and the N/2N/2 of Section 11, Township 18 South, Range 29 East, NMPM. The unit will be dedicated to the Seabass 10/11 B2DA Fed. Com. Well No. 1H.

This matter is scheduled for hearing at 8:15 a.m. on Thursday, June 16, 2022. During the COVID-19 Public Health Emergency, state buildings are closed to the public and the hearing will be conducted remotely. To determine the location of the hearing or to participate in an electronic hearing, go to [emnrd.state.nm.us/OCD/hearings](http://emnrd.state.nm.us/OCD/hearings) or see the instructions posted on the Division's website, <http://emnrd.state.nm.us/OCD/announcements.html>. You are not required to attend this hearing, but as an owner of an interest who may be affected by the application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting this matter at a later date. A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than five business days before the hearing date. This statement may be filed online with the Division at [ocd.hearings@state.nm.us](mailto:ocd.hearings@state.nm.us), and should include: The name of the party and his or her attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate time the party will need to present his or her case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,

  
James Bruce

Attorney for Mewbourne Oil Company

ATTACHMENT 

EXHIBIT A

Finley Production Company, LP  
P.O. Box 2200  
Fort Worth, TX 76113  
Attn: Sam Carroll

OXY USA Inc.  
P.O. Box 4294  
Houston, Texas 77210-4294  
Attn: Jonathan Gonzales



M. Sea

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☐ Adult Signature Required \$

☐ Adult Signature Restricted Delivery \$

Postage \$

**Total Postage and Fees** \$

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 Street and Apt. No., Houston, Texas 77210-4294  
 City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7021 0950 0002 0372 1748

Postmark  
Here

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY														
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>1. Article Addressed to:</p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>OXY USA Inc.            P.O. Box 4294            Houston, Texas 77210-4294</p> </div> <p style="text-align: center;">9590 9402 6746 1074 2389 12</p> <p>2. Article (Transfer from service label)</p> <p style="text-align: center; font-size: 1.2em;">7021 0950 0002 0372 1748</p>	<p>A. Signature</p> <p style="font-size: 1.5em; font-weight: bold;">X</p> <p style="text-align: right;"><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes            If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type</p> <table style="width: 100%;"> <tr> <td><input type="checkbox"/> Adult Signature</td> <td><input type="checkbox"/> Priority Mail Express®</td> </tr> <tr> <td><input type="checkbox"/> Adult Signature Restricted Delivery</td> <td><input type="checkbox"/> Registered Mail™</td> </tr> <tr> <td><input checked="" type="checkbox"/> Certified Mail®</td> <td><input type="checkbox"/> Registered Mail Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail Restricted Delivery</td> <td><input type="checkbox"/> Signature Confirmation™</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery</td> <td><input type="checkbox"/> Signature Confirmation Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery Restricted Delivery</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Insured Mail</td> <td></td> </tr> </table>	<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®	<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™	<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery	<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Signature Confirmation™	<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery	<input type="checkbox"/> Collect on Delivery Restricted Delivery		<input type="checkbox"/> Insured Mail	
<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®														
<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™														
<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery														
<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Signature Confirmation™														
<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery														
<input type="checkbox"/> Collect on Delivery Restricted Delivery															
<input type="checkbox"/> Insured Mail															

PS Form 3811, July 2020 PSN 7530-02-000-9053

M. Sea Domestic Return Receipt

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June 9, 2022 at 4:33 am  
HOUSTON, TX 77002

Get Updates ✓

Text & Email Updates

Tracking History

USPS Tracking Plus®

Product Information

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<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postage \$

Total Postage and Fees \$

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City, State, ZIP+4® \_\_\_\_\_

Finley Production Company, LP  
P.O. Box 2200  
Fort Worth, TX 76113

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Feedback

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Go to our FAQs section to find answers to your tracking questions.



**COMPULSORY POOLING APPLICATION CHECKLIST****ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS**

<b>Case:</b>	<b>22645</b>	
<b>Date</b>	<b>June 16, 2022</b>	
Applicant	Mewbourne Oil Company	
Designated Operator & OGRID (affiliation if applicable)	Mewbourne Oil Company/OGRID No. 14744	
Applicant's Counsel:	James Bruce	
Case Title:	Application of Mewbourne Oil Company for Compulsory Pooling, Eddy County, New Mexico	
Entries of Appearance/Intervenors:		
Well Family	Sapphire Bone Spring wells	
<b>Formation/Pool</b>		
Formation Name(s) or Vertical Extent:	Bone Spring Formation	
Primary Product (Oil or Gas):	Gas	
Pooling this vertical extent:	Entire Bone Spring formation	
Pool Name and Pool Code:		
Well Location Setback Rules:	Current horizontal well rules	
Spacing Unit Size:	Quarter-quarter sections/40 acres	
<b>Spacing Unit</b>		
Type (Horizontal/Vertical)	Horizontal	
Size (Acres)	240 acres	
Building Blocks:	40 acres	
Orientation:	West-East	
Description: TRS/County	N/2N/2 §10 and N/2N/2 §11-18S-29E, NMPM, Eddy County	
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes	
<b>Other Situations</b>		
Depth Severance: Y/N. If yes, description	No	EXHIBIT 5
Proximity Tracts: If yes, description	No	
Proximity Defining Well: if yes, description		
Applicant's Ownership in Each Tract		
<b>Well(s)</b>		
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Seabass 10/11 B2DA Fed. Com. Well No. 2H API No. 30-015-Pending SHL: 1300 FNL & 100 FWL §10 BHL: 660 FNL & 100 FEL §11 FTP: 660 FNL & 100 FWL §10 LTP: 660 FNL & 100 FEL §11 Second Bone Spring/TVD 7593 feet/MD 17850 feet	



Points	See above
Completion Target (Formation, TVD and MD)	See above
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit 2
Requested Risk Charge	Exhibit 2
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit 1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit 3
Proof of Published Notice of Hearing (10 days before hearing)	N/A
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit 2-B
Tract List (including lease numbers and owners)	Exhibit 2-B
Pooled Parties (including ownership type)	
Unlocatable Parties to be Pooled	None
Ownership Depth Severance (including percentage above & below)	None
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit 2--C
List of Interest Owners ( <i>i.e.</i> Exhibit A of JOA)	Exhibit 2-B
Chronology of Contact with Non-Joined Working Interests	Exhibit 2-C
Overhead Rates In Proposal Letter	
Cost Estimate to Drill and Complete	Exhibit 2-D
Cost Estimate to Equip Well	Exhibit 2-D
Cost Estimate for Production Facilities	Exhibit 2-D
<b>Geology</b>	
Summary (including special considerations)	Exhibit 3
Spacing Unit Schematic	Exhibit 3-A
Gunbarrel/Lateral Trajectory Schematic	Exhibit 3-C
Well Orientation (with rationale)	Exhibit 3
Target Formation	Bone Spring
HSU Cross Section	Exhibit 3-C
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	Exhibit 2-A
Tracts	Exhibit 2-B
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit 2-B

Exhibit 2-A

Well Bore Location Map

Exhibit 2-A

Structure Contour Map - Subsea Depth

Exhibit 3-A

Cross Section Location Map (including wells)

Exhibit 3-A

Cross Section (including Landing Zone)

Exhibit 3-C

Additional Information

**CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.****Printed Name** (Attorney or Party Representative):

James Bruce

**Signed Name** (Attorney or Party Representative):**Date:**

June 14, 2022