

**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  
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.**

**Case No. 20670**

**VERIFIED STATEMENT OF CY SHOOK**

Cy Shook, being duly sworn upon his oath, deposes and states:

1. I am a landman for Mewbourne Oil Company ("Mewbourne"), and have personal knowledge of the matters stated herein. I have worked as a petroleum landman for 12.5 years.
2. Pursuant to NMAC 19.15.4.12.A(1), the following information is submitted in support of the compulsory pooling application filed herein:
  - (a) The purpose of this application is to force pool working interest owners into the Bone Spring horizontal spacing unit described below, and in wells to be drilled in the unit.
  - (b) No opposition is expected because the interest owners being pooled have been contacted regarding the proposed well, but have simply refused to voluntarily commit their interests to the well.
  - (c) A plat outlining the unit being pooled is attached hereto as Attachment A. Mewbourne seeks an order approving a 237.60-acre horizontal spacing unit in the Bone Spring formation comprised of Lots 2, 7, 10, 15, and the W2SE4 of Section 6, Township 21 South, Range 35 East, NMPM. The unit will be dedicated to the Cast Away 6 B2BW State Com Unit #1H, a horizontal well with a surface location in Unit B and a final take point in Unit W of Section 6. There are no depth severances in the Bone Spring Formation
  - (d) The parties being pooled and their .060197% working interest is set forth in Attachment B. Their current and correct addresses is also set forth.
  - (e) Attachment C contains a summary of contacts with the interest owners, together with copies of the proposal letters sent to them.

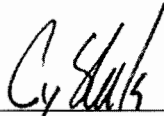
EXHIBIT /

- (f) Mewbourne has made a good faith effort to obtain the voluntary joinder of the working interest owners in the proposed well.
- (g) Mewbourne has the right to pool the overriding royalty owners in the well unit.
- (h) Attachment D is the Authorization for Expenditure for the proposed well. The estimated cost of the well 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 Lea County.
- (i) 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 portion of Lea County. Mewbourne requests that these rates be adjusted periodically as provided in the standard COPAS. Accounting Procedure.
- (j) Mewbourne requests that the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.
- (k) Applicant requests that it be designated operator of the well.
- (l) The attachments to this affidavit were prepared by me or under my supervision, or compiled from company business records.
- (m) The granting of this application is in the interests of conservation and the prevention of waste.

VERIFICATION

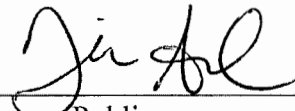
STATE OF TEXAS                    )  
  ) ss.  
COUNTY OF MIDLAND            )

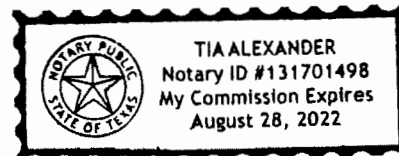
Cy Shook, being duly sworn upon his oath, deposes and states that: He is a landman for Mewbourne Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information,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

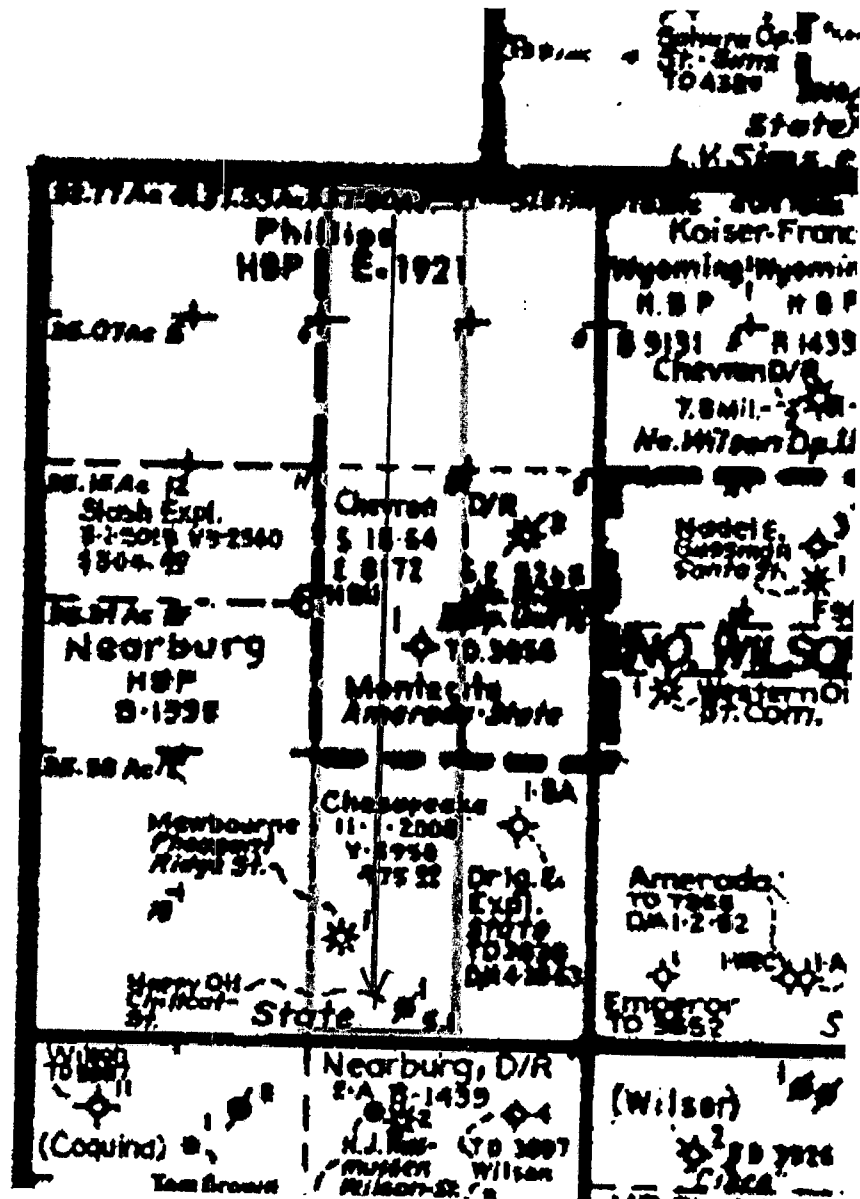
  
\_\_\_\_\_  
Cy Shook

SUBSCRIBED AND SWORN TO before me this 30th day of July, 2019 by Cy Shook.

My Commission Expires: 8-28-22

  
\_\_\_\_\_  
Notary Public





ATTACHMENT

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

AUG 09 2018

☐ AMENDED REPORT

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number <b>70-025-46059</b>		2 Pool Code <b>97704</b>		3 Pool Name <b>WILSON; BONE SPRING, NORTH</b>	
4 Property Code <b>72270</b>		5 Property Name <b>CAST AWAY 6 B2BW STATE COM UNIT</b>			6 Well Number <b>1H</b>
7 GRID NO. <b>14744</b>		8 Operator Name <b>MEWBOURNE OIL COMPANY</b>			9 Elevation <b>3658'</b>
10 Surface Location					
UL or lot no. <b>2</b>	Section <b>6</b>	Township <b>21S</b>	Range <b>35E</b>	Lot Idn <b>220</b>	Feet from the North/South line <b>NORTH</b>
				Feet from the East/West line <b>2540</b>	County <b>EAST</b>
11 Bottom Hole Location If Different From Surface					
UL or lot no. <b>2</b>	Section <b>6</b>	Township <b>21S</b>	Range <b>35E</b>	Lot Idn <b>100</b>	Feet from the North/South line <b>SOUTH</b>
				Feet from the East/West line <b>2234</b>	County <b>EAST</b>
12 Dedicated Acres <b>237.60</b>		13 Joint or Infill		14 Consolidation Code	
15 Order No.					

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.

<p>16</p> <p><b>GEODETIC DATA</b> NAD 83 GRID - NM EAST</p> <p><b>SURFACE LOCATION</b> N: 554788.1 - E: 827013.7</p> <p>LAT: 32.5217567° N LONG: 103.4064920° W</p> <p><b>BOTTOM HOLE</b> N: 547268.1 - E: 827310.0</p> <p>LAT: 32.5010822° N LONG: 103.4054964° W</p> <p><b>CORNER DATA</b> NAD 83 GRID - NM EAST</p> <p>A: FOUND 2" PIPE N: 547148.8 - E: 824492.3</p> <p>B: FOUND 1/2" REBAR N: 549789.2 - E: 824471.7</p> <p>C: FOUND NAIL N: 554985.0 - E: 824430.0</p> <p>D: FOUND NAIL N: 555030.7 - E: 829551.7</p> <p>E: FOUND 6"x4"x2.5" LIMESTONE ROCK N: 549825.8 - E: 829596.4</p> <p>F: FOUND 12"x6"x4" LIMESTONE ROCK N: 547184.0 - E: 829620.4</p>	<p>17 OPERATOR CERTIFICATION</p> <p>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 in a voluntary pooling agreement or a compulsory pooling order as may be entered by the division.</p> <p>Signature: <i>Bradley Bishop</i> Date: 8-8-18</p> <p>Printed Name: <b>BRADLEY BISHOP</b></p> <p>E-mail Address: <b>BBISHOP@MEWBOURNE.COM</b></p>			
	<p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p>7-17-18</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p>19680</p> <p>Certificate Number</p>			

N 89°36'24" E 5129.19' RRC-Job No.: LS1807904

Attachment B

Heirs or devisees of Joe R. Wright

0.060197% WI

Summary of Communications with Heirs and Devisees of Joe R. Wight, Dec'd

10/30/18: Sent Well Proposal for referenced well and was received 11/5/2018

5/16/2019: Discussed title issues with Mark Nearburg who said he speaks for the heirs and devisees of Joe R. Wright, Dec'd.

ATTACHMENT C

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

(432) 682-3715  
FAX (432) 685-4170

October 30, 2018

Via Certified Mail

Heirs and Devisees of Joe R. Wright, Dec'd  
710 Dragon  
Lakeway, Texas 78734

Re: Well Proposal  
Cast Away 6 B2BW State Com Unit #1H  
Section 6: W2E2  
T-21-S, R-35-E, Lea County, New Mexico

Dear Owner:

Mewbourne Oil Company ("Mewbourne") hereby proposes to drill the referenced horizontal Bone Spring well. The Cast Away 6 B2BW State Com Unit #1H will be at a surface location 220' FNL & 2540' FEL and a bottom hole location approximately 100' FSL & 2230' FEL in Section 6, T-21-S, R-35-E, Lea County, New Mexico. We anticipate drilling to an approximate vertical depth of 9,894' and an approximate measured depth of 17,418'. The estimated cost to casing point for this well is \$3,482,300 and the estimated cost of a producing well is \$9,321,200. These costs are more fully detailed in the AFE enclosed herewith. If successful, the project area for this well will be comprised of the W2E2 of Section 6.

To facilitate the drilling of this well and the development of the E2 of Section 6, Mewbourne proposes forming a working interest unit by signing an Operating Agreement with a Contract Area comprised of the E2 of Section 6. If you wish to form this working interest unit, please advise and I will send an Operating Agreement for your review and execution.

If you does not wish to participate in the well Mewbourne is interested in discussing a Farmout of your interest.

Enclosed is an original of Mewbourne's AFE for the well. To make your election to participate in the proposed well, properly execute and return the AFE. You will also need to provide your "Well Information" requirements. As a reminder, Mewbourne's AFEs provide all participants the opportunity to opt out of the "Extra Expense Well Control Insurance" that Mewbourne purchases for each well it drills. If you do opt out, you must provide evidence that you have adequate "Well Control Insurance".

Feel free to contact me if you have any questions. I can be reached by phone at (432) 682-3715 or via email at [cshook@mewbourne.com](mailto:cshook@mewbourne.com).

Sincerely,

**MEWBOURNE OIL COMPANY**

A handwritten signature in black ink, appearing to read 'Cy Shook', written in a cursive style.

Cy Shook  
Landman



November 5, 2018

Dear Simple Certified:

The following is in response to your request for proof of delivery on your item with the tracking number:  
**9414 8106 9994 5036 0017 59.**

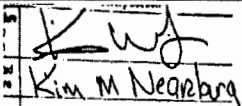

#### Item Details

<b>Status:</b>	Delivered
<b>Status Date / Time:</b>	November 5, 2018, 12:00 pm
<b>Location:</b>	AUSTIN, TX 78734
<b>Postal Product:</b>	First-Class Mail®
<b>Extra Services:</b>	Certified Mail™ Return Receipt Electronic
<b>Recipient Name:</b>	Heirs and Devisees of Joe R Wright deceased

#### Shipment Details

<b>Weight:</b>	1.0oz
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#### Recipient Signature

Signature of Recipient:	
Address of Recipient:	

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

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

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

Heirs and Devisees of Joe R. Wright deceased  
710 Dragon  
Lakeway, TX 78734  
Reference #: Cast Away WPCs  
Item ID: Cast Away WP

# MEWBOURNE OIL COMPANY

## AUTHORIZATION FOR EXPENDITURE

Well Name: <b>Cast Away 6 B2BW State Com Unit #1H</b>		Prospect: <b>Bone Spring</b>	
Location: <b>SL: 220' FNL &amp; 2540' FEL; BHL: 100' FSL &amp; 2230' FEL</b>		County: <b>Lea</b> ST: <b>NM</b>	
Sec: <b>6</b>	Blk: <b></b>	Survey: <b></b>	TWP: <b>21S</b> RNG: <b>35E</b> Prop. TVD: <b>9894</b> TMD: <b>17418</b>

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	\$10,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	\$60,000	0180-0205	\$30,000
Location / Restoration		0180-0106	\$200,000	0180-0206	\$30,000
Daywork / Turnkey / Footage Drilling 28 days drlg / 4 days comp @ \$22,000/d		0180-0110	\$682,000	0180-0210	\$94,000
Fuel 1700 gal/day @ 2.70/gal		0180-0114	\$166,800	0180-0214	\$300,000
Mud, Chemical & Additives		0180-0120	\$230,000	0180-0220	
Horizontal Drillout Services				0180-0222	\$200,000
Cementing		0180-0125	\$95,000	0180-0225	\$30,000
Logging & Wireline Services		0180-0130	\$2,000	0180-0230	\$300,000
Casing / Tubing / Snubbing Service		0180-0134	\$25,000	0180-0234	\$80,000
Mud Logging		0180-0137	\$30,000		
Stimulation 38 Stg 14.9 MM gal / 14.9 MM lb				0180-0241	\$2,280,000
Stimulation Rentals & Other				0180-0242	\$175,000
Water & Other		0180-0145	\$50,000	0180-0245	\$475,000
Blits		0180-0148	\$90,000	0180-0248	\$8,000
Inspection & Repair Services		0180-0150	\$40,000	0180-0250	\$5,000
Misc. Air & Pumping Services		0180-0164		0180-0254	\$10,000
Testing & Flowback Services		0180-0158	\$15,000	0180-0258	\$30,000
Completion / Workover Rig				0180-0260	\$10,500
Rig Mobilization		0180-0164	\$150,000		
Transportation		0180-0165	\$20,000	0180-0265	\$20,000
Welding Services		0180-0168	\$5,000	0180-0268	\$15,000
Contract Services & Supervision		0180-0170	\$48,000	0180-0270	\$30,000
Directional Services Includes Vertical Control		0180-0175	\$283,500		
Equipment Rental		0180-0180	\$250,000	0180-0280	\$30,000
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$5,400	0180-0285	
Intangible Supplies		0180-0188	\$8,000	0180-0288	\$10,000
Damages		0180-0190		0180-0290	
ROW & Easements		0180-0192		0180-0292	\$1,000
Pipeline Interconnect				0180-0293	
Company Supervision		0180-0195	\$153,600	0180-0295	\$96,000
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Well Abandonment		0180-0198		0180-0298	
Contingencies 10% (TCP) 10% (CC)		0180-0199	\$263,400	0180-0299	\$428,000
<b>TOTAL</b>			<b>\$2,897,700</b>		<b>\$4,707,500</b>

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0") 1960' - 13 3/8" 54.5# J-55 ST&C @ \$35.90/ft		0181-0794	\$75,200		
Casing (8.1" - 10.0") 5620' - 9 5/8" 40# N-80 LT&C @ \$27.61/ft		0181-0795	\$162,800		
Casing (6.1" - 8.0") 10170' - 7" 29# P-110 LT&C @ \$27.78/ft		0181-0796	\$301,600		
Casing (4.1" - 6.0") 8000' - 4 1/2" 13.5# P-110 BPN @ \$13.66/ft				0181-0797	\$116,800
Tubing 9420' - 2 7/8" 6.5# L-80 EUE 8rd @ \$5.62/ft				0181-0798	\$56,600
Drilling Head		0181-0880	\$45,000		
Tubing Head & Upper Section				0181-0870	\$50,000
Horizontal Completion Tools Completion Liner Hanger				0181-0871	\$70,000
Sucker Rods				0181-0875	
Subsurface Equipment				0181-0880	
Artificial Lift Systems Gas Lift Valves & Packer				0181-0884	\$25,000
Pumping Unit				0181-0885	
Surface Pumps & Prime Movers 1/2 VRU/SWD Pump/Circ Pump				0181-0886	\$40,000
Tanks - Oil 3 - 750 bbl				0181-0890	\$55,000
Tanks - Water 3 - 750 bbl				0181-0891	\$66,000
Separation / Treating Equipment 30"x10"x1k# 3 ph/36"x15"x1k#/Gun bbl/VRT				0181-0895	\$75,000
Heater Treaters, Line Heaters 8"x20"x75# HT				0181-0897	\$25,000
Metering Equipment				0181-0898	\$14,000
Line Pipe & Valves - Gathering 1.3 Mile 4" Gas & 5.25 Miles 4" Water				0181-0900	\$200,000
Fittings / Valves & Accessories				0181-0906	\$60,000
Cathodic Protection				0181-0908	\$8,000
Electrical Installation				0181-0909	\$50,000
Equipment Installation				0181-0910	\$50,000
Pipeline Construction 1.3 Mile 4" Steel & 5.25 Miles 4" Poly				0181-0920	\$170,000
<b>TOTAL</b>			<b>\$584,600</b>		<b>\$1,131,400</b>
<b>SUBTOTAL</b>			<b>\$3,482,300</b>		<b>\$5,838,900</b>
<b>TOTAL WELL COST</b>			<b>\$9,321,200</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: <u>B. Talley</u>	Date: <u>8/1/2018</u>
Company Approval: <u>M. White</u>	Date: <u>8/2/2018</u>
Joint Owner Interest: <u>0.06019000%</u> Amount: <u>\$5,610.43</u>	
Joint Owner Name: <u>Joe R. Wright, Dec'd</u>	Signature: _____

ATTACHMENT D