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

CONTRACTOR OF THE PARTY OF THE Phillips HBP E- 1921 Nearburg H#P BCEI-C State

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, Azucc, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 Phone: (203) 334-0170 FBX: (203) 334-0170 <u>District IV</u> 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 FBX: (505) 476-3462

State of New Mexico

Form C-102

Energy, Minerals & Natural Resources Department BBS OCD Revised August 1, 2011
OIL CONSERVATION DIVISION HOBBS OCD Revised August 1, 2011 1220 South St. Francis Dr. District Office

Santa Fe, NM 87505

AUG 092018

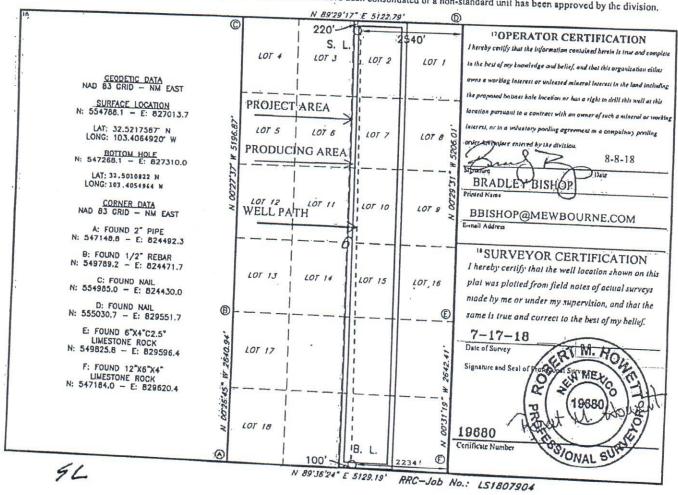
☐ AMENDED REPORT

RECEIVED

| 30-025- 44049 4Property Code | 97704 | CREAGE DEDICATION PLAT Pool Name WILSON; BONE SPRING, NORTH | | |
|---------------------------------|---------------|---|------------------|--|
| 7222 30 'OGRID NO. | CAST AWAY 6 B | operty Nanie 2BW STATE COM UNIT | 6 Well Number | |
| 14744 | MEWBOURN | E OIL COMPANY | *Elevation 3658* | |

| UL or lot no. | Section | Z1S | Range 35E | Loi Idn | Peet from the 220 | North/South line NORTH | Feet From the 2540 | East/West line EAST | County |
|-----------------|------------|-----------|------------------|---------|-------------------|------------------------|--------------------|---------------------|--------|
| UL or lot no. | Section | Taurati | " I | Bottom | Hole Location | If Different Fro | om Surface | EAST | LEA |
| Dedicated Acres | 6 . | Z1S | 35E | Loi Idn | Feet from the | North/South line SOUTH | Feet from the 2234 | East/West line EAST | County |
| 237.60 | 13 Joint o | or Infill | 14 Consolidation | Code | 5 Order No. | | | EASI | LEA |

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.



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.



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.

Sincerely,

MEWBOURNE OIL COMPANY

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

Status:

Delivered

Status Date / Time:

November 5, 2018, 12:00 pm

Location:

AUSTIN, TX 78734

Postal Product:

First-Class Mail®

Extra Services:

Certified Mail™

Return Receipt Electronic

Recipient Name:

Heirs and Devisees of Joe R Wright deceased

Shipment Details

Weight:

1.0oz

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: Cast Away 6 B2BW State Com Unit #1H Pr Location: SL: 220' FNL & 2540' FEL; BHL: 100' FSL & 2230' FEL | The state of the s | one Spring | | |
|---|--|-------------|---|---|
| Sec. 6 Bik! Supply | County: Le | 111 | | ST: N |
| TWP: 21 | S RNG: | 35E Prop. | TVD: 9894 | TMD: 1741 |
| INTANGIBLE COSTS 0180 Regulatory Permits & Surveys | CODE | TCP | CODE | СС |
| Location / Road / Site / Preparation | 0180-0100 | | 000 0180-0200 | |
| Location / Restoration | 0180-0108 | \$60, | 000 0180-0205 | \$30 |
| Daywork / Turnkey / Footage Drilling 29 days drig / 4 days comp @ \$22,000/d | 0180-0106 | \$200, | 000 0180-0206 | \$30 |
| -uel 4700 -uel 4700 -uel | 0180-0110 | | 000 0180-0210 | \$94 |
| Mud, Chemical & Additives Horizontal Drillout Services | 0180-0114 | \$166, | 00 0180-0214 | \$300 |
| Cementing Children Services | 0100-0120 | \$230,0 | 000 0180-0220 | |
| ogging & Wireline Services | 0180-0125 | \$957 | 0180-0222 | \$200 |
| Casing / Tubing / Snubbing Service | 0180-0130 | \$2.0 | 00 0180-0223 | \$300 |
| Mud Logging | 0180-0134 | \$25,0 | 00 0180-0234 | \$80 |
| Stimulation 38 Stg 14.9 MM gal / 14.9 MM lb | 0180-0137 | \$30,0 | | - 400 |
| Tarreladori Meritais & Other | - | | 0180-0241 | \$2,280 |
| Vater & Other | 0180-0145 | 272. | 0180-0242 | \$175 |
| nspection & Repair Services | 0180-0148 | \$50,0 | 00 0180-0245 | \$475 |
| lisc. Air & Pumping Services | 0180-0150 | \$40.0 | 00 0180-0248 00 0180-0250 | \$8 |
| esting & Flowback Services | 0180-0154 | 340,0 | 0180-0254 | \$5 |
| ompletion / Workover Rig | 0180-0158 | \$15,0 | 00 0180-0258 | \$10 \$30 |
| ig Mobilization | | | 0180-0260 | \$10, |
| ransportation | 0180-0164 | \$150,0 | 00 | \$10, |
| /elding Services | 0180-0165 | \$20,0 | 00 0180-0265 | \$20, |
| ontract Services & Supervision | 0180-0168 | \$5,0 | 00 0180-0268 | \$15, |
| rectional Services Includes Vertical Control guipment Rental | 0180-0170 | | 00 0180-0270 | \$30, |
| ell / Lease Legal | 0180-0180 | \$283,50 | | |
| ell / Lease Insurance | 0180-0184 | | 00 0180-0280 | \$30, |
| langible Supplies | 0180-0185 | \$5,00 | 00 0180-0284 | |
| mages | 0180-0188 | \$8.00 | 0 0180-0288 | \$10,0 |
| DW & Easements | 0180-0190 | | 0180-0290 | \$10,0 |
| peline Interconnect | 0180-0192 | | 0180-0292 | \$1,0 |
| mpany Supervision | 1 | | 0180-0293 | |
| erhead Fixed Rate | 0180-0195 | \$153,60 | 0 0180-0295 | \$96,0 |
| ntingencies | 0180-0196 | \$10,00 | 0 0180-0296 | \$20,0 |
| nungencies 10% (TCP) 10% (CC) | 0180-0199 | \$263,40 | 0180-0298 | \$428,0 |
| sing (6.1" - 8.0") 10170' - 7" 29# P-110 LT&C @ \$27.76/ft sing (4.1" - 6.0") 8000' - 4 1/2" 13.5# P-110 BPN @ \$13.66/ft sing (4.1" - 6.0") 8000' - 4 1/2" 13.5# P-110 BPN @ \$13.66/ft sing Head sing Head & Upper Section szonial Completion Tools ker Rods surface Equipment solal Lift Systems Gas Lift Valves & Packer sing Unit ace Pumps & Prime Movers sts - Oil 3 - 750 bbl ss - Water 3 - 750 bbl sraellon / Treating Equipment surface Equipment solar Lift Systems 3 - 750 bbl solar Valves - Sathering 1.3 Mile 4" Car & 6.25 Mile 140 bbl/VRT sing Equipment Pipe & Valves - Gathering 1.3 Mile 4" Car & 6.25 Mile 140 bbl/VRT | 0181-0796 | \$301,600 | 0181-0797 0181-0798 0181-0870 0181-0871 0181-0875 0181-0886 0181-0886 0181-0895 0181-0895 0181-0895 0181-0897 | \$116.8 \$56,6 \$50,0 \$70,0 \$25,0 \$40,0 \$55,00 \$66,00 \$75,00 \$25,00 |
| ripe & Valves - Gathering 1.3 Mile 4" Gas & 5.25 Miles 4" Water | | | 0181-0898 | \$14,000 |
| odic Protection | | | 0181-0900 | \$200,00 |
| rical Installation | | | 0181-0906 0181-0908 | \$60,000 |
| oment Installation | | | 0181-0908 | \$8,000 |
| Ine Construction 1.3 Mile 4" Steel & 5.25 Miles 4" Poly | | | 0181-0910 | \$50,000 |
| TO VALUE 4 POLY | | | 0181-0920 | \$170,000 |
| | | \$584,600 | | |
| TOTAL | | \$3,482,300 | | \$1,131,400 |
| TOTAL SUBTOTAL | | 70,402,300 | | \$5,838,900 |
| SUBTOTAL | | | 1 200 | |
| Expense Insurance I elect to be covered by Operator's Extra Expense Insurance and pay my proportion Operator has secured Extra Expense Insurance covering costs of well control, clean up a I elect to purchase my own well control insurance policy. er box is checked above, non-operating working interest owner elects to be covered by Operator's well control in Prepared by: B. Talley | and redfilling a | \$9,32 | | 0185. |
| Expense Insurance I elect to be covered by Operator's Extra Expense Insurance and pay my proportion Operator has secured Extra Expense Insurance and pay my proportion I elect to purchase my own well control insurance policy. er box is checked above, non-operating working interest owner elects to be covered by Operator's well control in Prepared by: B. Talley | and redrilling a | \$9,32 | | 0185. |
| Expense Insurance I elect to be covered by Operator's Extra Expense Insurance and pay my proportion Operator has secured Extra Expense Insurance and pay my proportion I elect to purchase my own well control insurance policy. If box is checked above, non-operating working interest owner elects to be covered by Operator's well control in | and redfilling a | \$9,32 | | 0185. |

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

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

Case No. 20670

EXHIBIT 2

SELF-AFFIRMED STATEMENT OF NOTICE

| COUNTY OF SANTA FE) | |
|---|--|
| STATE OF NEW MEXICO) | |
| James Bruce deposes and states: | |
| 1. I am over the age of 18, and have personal knowledge of the r | natters stated herein. |
| 2. I am an attorney for Mewbourne Oil Company. | |
| 3. Mewbourne Oil Company has conducted a good faith, diligenames and correct addresses of the interest owners entitled to receive notice filed herein. | ent effort to find the |
| 4. Notice of the application was provided to the interest owners addresses, by certified mail. Copies of the notice letter and certified return thereto as Attachment A. | , at their last known receipts are attached |
| 5. Applicant has complied with the notice provisions of Division | Rules. |
| 6. I understand that this Self-Affirmed Statement will be used in this case. I affirm that my testimony in paragraphs 1 through 5 above is tr made under penalty of perjury under the laws of the State of New Mexico. Mas of the date handwritten next to my signature below. Date: Date: James Bruce | ue and correct and is Iy testimony is made |

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)

jamesbruc@aol.com

July 17, 2019

CERTIFIED MAIL

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed is a copy of an application for compulsory pooling (Case No. 20670), filed with the New Mexico Oil Conservation Division by Mewbourne Oil Company, regarding a Bone Spring well in the W/2E/2 of Section 6, Township 21 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

This matter is set for hearing at 8:15 a.m. on Thursday, August 8, 2019, in Porter Hall at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting the matter at a later date.

A party appearing in a Division case is required by Division Regulations to file a Pre-Hearing Statement no later than Wednesday, August 1, 2019. This statement must be filed with the Division's Santa Fe office at the above address, and should include: The names of the party and its attorney; a concise statement of the case; the names of the witnesses the party will call to testify at the hearing; the approximate time the party will need to present its 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,

Attorney for Mewbourne Oil Company

ATTACHMENT

Exhibit A

The heirs or devisees of Joe R. Wright 710 Dragon Lakeway, Texas 78734

| U.S. Postal Service™ CERTIFIED MAIL® REC Domestic Mail Only | EPT / John |
|---|-----------------------------|
| Forglelivery information, visit our website Certified Mail Fee SEXTra Services & Fees (check box, add fee as appropriate) Return Receipt (hardcopy) Return Receipt (electronic) Adult Signature Required Adult Signature Restricted Delivery \$ Postage Total Postage and Fees S | Postmark Here |
| The heirs or devisees of Joe R Street and Apr. Ni City, State, ZIP+4* PS Form 3800, April 2015 PSN 7530-02-000-9047 | See Reverse for Instruction |

| SENDER: COMPLETE THIS SECTION Complete items 1, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. | A. Signature |
|--|---|
| Article Addressed to: | B. Received by (Printed Name) C. Date of Deliv |
| The heirs or devisees of Joe R. Wright 710 Dragon Lakeway, Texas 78734 | D. Is delivery address different from item 1? Yes If YES, enter delivery address below: |
| | 3. Service Type Adult Signature Adult Signature Adult Signature Register Register |
| - 4002 02/8 5930 FD | Cartification Restricted Deliver |
| 7018 2290 DDDD The | J Certified Mail Restricted Delivery Collect on Delivery Collect on Delivery Collect on Delivery |
| PS Form 3811, July 2015 PSN 7530-02-000-9053 | Mail Restricted Delivery Vali Signature Confirmation™ Vali Signature Confirmation Signature Confirmation Restricted Delivery |

Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

> Beginning with the issue dated July 25, 2019 and ending with the issue dated July 25, 2019.

Publisher

Sworn and subscribed to before me this 25th day of July 2019.

Business Manager

My commission expires

January 29, 2023

(Seal)

OFFICIAL SEAL GUSSIE BLACK Notary Public State of New Mexico My Commission Expires

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGALS

LEGAL NOTICE

JULY 25, 2019 To: Joe R. Wright, or your heirs, devisees, successors, or assigns: Mewbourne Oil Company has filed an application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interests in the Bone Spring formation underlying a 237.60-acre horizontal spacing unit in the Bone Spring formation comprised of Lots 2, 7, 10, 15 and the W/2SE/4 (the W/2E/2) of irregular Section 6; Township 21 South, Range 35 East, NMPM. The unit will be dedicated to the Cast Away B2BW State Com. Well No. 1H, with a first take point in Lot 2 and a last take point in the SW/4SE/4 of Section 6. Also to be considered will be the cost of drilling and completing to well and the allocation. cost of crilling and completing well and the allocation applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The application is scheduled to be heard at 8:15 a.m. on Thursday, August 8, 2019 at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico Santa Fe, New Mexico 87505. As an interest owner in the well unit, you have the right to enter an appearance and participate in the case. Failure to appear will preclude you from contesting this matter at a later date. The attorney for applicant is James Bruce, P.O. Box 1056, Santa Fe, New Mexico 87504. The unit is located

87504. The unit is located approximately 9-1/2 miles west-northwest of Oil Center, New Mexico. #34489

EXHIBIT 7

01101711

00231240

JAMES BRUCE JAMES BRUCE, ATTORNEY AT LAW P.O. BOX 1056 SANTA FE, NM 87504