

**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  
FOR COMPULSORY POOLING AND AN UNORTHODOX  
WELL LOCATION, EDDY COUNTY, NEW MEXICO.**

**Case No. 14,869**

**VERIFIED STATEMENT OF STEVEN J. SMITH**

Steven J. Smith, being duly sworn upon his oath, deposes and states:

1. I am a landman for Mewbourne Oil Company, and have personal knowledge of the matters stated herein.

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) No opposition is expected because the working interest owner being pooled has been contacted regarding the proposed well and has not decided whether to join in the well or lease her interests.

(b) A plat outlining the unit being pooled is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the following described acreage in the W/2 of Section 14, Township 26 South, Range 28 East, NMPM, and in the following manner: From the surface to the top of the Wolfcamp formation underlying the NE/4NW/4 of Section 14 to form a standard 40 acre oil spacing and proration unit; and the Wolfcamp formation underlying the W/2 of Section 14 to form a standard 320 acre gas spacing and proration unit. The units are to be dedicated to the Delaware Ranch 14 CN Well No. 1, a horizontal well with a surface location 330 feet from the north line and 1650 feet from the west line, and a terminus 330 feet from the south line and 1650 feet from the west line, of Section 14. A Form C-102 describing the horizontal well path is attached hereto as Exhibit B. The terminus is unorthodox in the Wolfcamp formation.

(c) The party being pooled and her working interest (unleased mineral interest) in the W½ of Section 14 well unit is as follows:

Oil Conservation Division  
Case No. \_\_\_\_\_  
Exhibit No.   1

Catherine Foley Estate  
10061 Fieldcrest Drive  
Omaha, Nebraska 68124

0.854135%

This address is current and correct.

(d) A copy of the proposal letter sent to the uncommitted working interest owner is attached hereto as Exhibit C. Mewbourne did not receive a response to its proposal letter. After the Estate received the notice of hearing in this case Mewbourne was contacted by one of decedent's children, John C. Foley. Mewbourne was informed that Mrs. Foley's estate would not be probated. As a result, the Estate's interest will pass by New Mexico's intestacy laws. However, at this time we do not know the identity of the heirs, and do not know if Mewbourne will be able to lease their interests. Mewbourne must proceed with pooling because of time deadlines in the development of its interests in this area. If Mewbourne reaches voluntary agreement with any of Ms. Foley's heirs we will notify the Division, and they will not be subject to pooling.

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

(f) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against a non-consenting working interest owner.

(g) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit D. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Eddy County.

(h) Overhead charges of \$7500/month for a drilling well, and \$750/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Applicant also requests that the order contain a provision adjusting the rates pursuant to the COPAS accounting procedure.

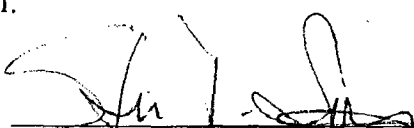
(i) The operator of Section 23, offsetting the unorthodox location, is COG Operating LLC, Suite 100, 550 West Texas, Midland, Texas 79701.

(j) Applicant requests that it be designated operator of the well.

VERIFICATION

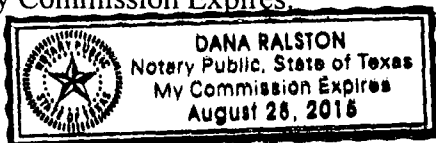
STATE OF TEXAS                     )  
  ) ss.  
COUNTY OF MIDLAND            )

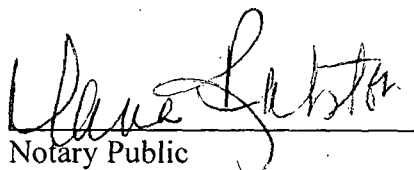
Steven J. Smith, being duly sworn upon his oath, deposes and states that: He is a landman for Mewbourne Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge,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

  
\_\_\_\_\_  
Steven J. Smith

SUBSCRIBED AND SWORN TO before me this 29<sup>th</sup> day of June, 2012 by Steven J. Smith.

My Commission Expires: \_\_\_\_\_



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



COG Operating LLC

EXHIBIT

A

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 88210  
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410  
DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised July 16, 2010

Submit one copy to appropriate  
District Office

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 92102	Pool Name Crow Flats Wolfcamp Gas
Property Code	Property Name DELAWARE RANCH "14" CN Fed Com	Well Number 1H
OGRID No. 14744	Operator Name MEWBOURNE OIL COMPANY	Elevation 2976'

Surface Location

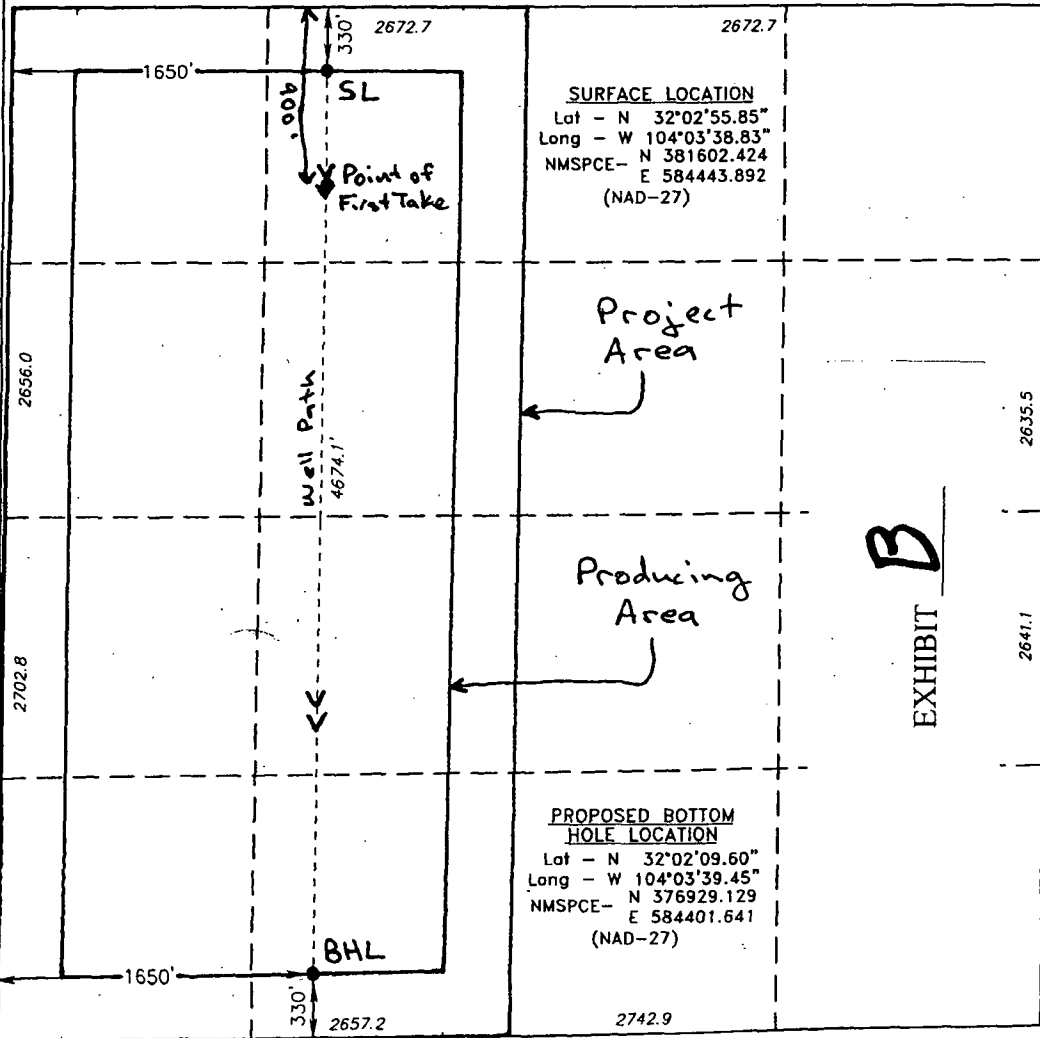
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	14	26 S	28 E		330	NORTH	1650	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	14	26 S	28 E		330	SOUTH	1650	WEST	EDDY

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p><b>OPERATOR CERTIFICATION</b></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 to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><u>Brett Bednarz</u> 3-8-12 Signature Date</p> <p><u>Brett Bednarz</u> Printed Name</p> <p>_____ Email Address</p> <p><b>SURVEYOR CERTIFICATION</b></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>NOVEMBER 11 2012 Date Surveyed</p> <p><u>Gary L. Jones</u> Signature &amp; Seal of Professional Surveyor</p> <p>25576 Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS 25576</p>
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# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

March 2, 2012

Certified Mail-Return Receipt No. 7368

Mrs. Catherine Ann Foley  
10061 Fieldcrest Drive  
Omaha, Nebraska 68124

Re: Proposed Horizontal Wolfcamp Test  
Delaware Ranch "14" CN #1-H  
W/2 Section 14, T-26-S, R-28-E  
Eddy County, New Mexico  
**Delaware Ranch Prospect**

Dear Mrs. Foley:

Mewbourne Oil Company hereby proposes drilling a horizontal Wolfcamp test at a surface location 330' FNL & 1650' FWL (NE/4NW/4) and a bottom hole location 330' FSL & 1650' FWL (SE/4SW/4) of Section 14, T-26-S, R-28-E, Eddy County, New Mexico well to be called the Delaware Ranch "14" CN #1-H. We anticipate drilling at the surface location to an approximate vertical depth of 10,050' where horizontal drilling operations will commence that should result in turning the well completely horizontal at an approximate vertical depth of 10,640' in the Wolfcamp. We then plan to drill horizontally to the south in the Wolfcamp to the bottom hole location at an approximate total measured depth of 15,000'. The anticipated project area for this well will be the W/2 of said Section 14.

Based upon available title information, you appear to own an undivided 0.976154% unleased mineral interest in all of said Section 14 save and except the SW/4SW/4 and NE/4SE/4 thereof. To facilitate the orderly development of said Section 14, Mewbourne also proposes forming a 640 acre working interest unit covering all of said Section 14. Assuming you would be willing to commit your interest to such a unit, you would have a 0.854135% working and net revenue interest in each well drilled in the unit.

Enclosed are duplicate originals of Mewbourne's AFE well cost estimate for this well. Also enclosed is the AAPL 1989 Model Form Joint Operating Agreement Mewbourne proposes for this project along with an extra set of signature pages thereto. To make your election to participate in the proposed working interest unit and well, please properly execute and return to my attention the extra set of signature pages to the JOA along with one of the AFEs. You will also need to provide your "Well Information" requirements.

Oil Conservation Division

Case No. C

Exhibit No.

Mrs. Catherine Ann Foley  
Delaware Ranch "14" CN Fed COM #1-H Well  
March 2, 2012  
Page 2 of 2

Please note that 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. To opt out of this insurance, please be sure to sign the AFE a second time at the bottom of each AFE. If you do opt out, you will need to provide evidence that you have adequate "Well Control Insurance".

As an alternative to participation in this project, Mewbourne would be interested in acquiring an oil and gas lease covering your unleased mineral interest in the area under mutually acceptable terms.

Feel free to contact me if you have any questions or would like to discuss this proposal in greater detail. I can be reached by phone at (432) 682-3715 or via email at [ssmith@mewbourne.com](mailto:ssmith@mewbourne.com).

Sincerely,

**MEWBOURNE OIL COMPANY**

A handwritten signature in black ink, appearing to read "Steven J. Smith", with a long horizontal flourish extending to the right.

Steven J. Smith  
Senior Landman

Enclosures

Del. Ret. 14CN #111

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- 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.

1. Article Addressed to:

**Mrs. Catherine Ann Foley**  
10061 Fieldcrest Drive  
Omaha, Nebraska 68124

2. Article Number

(Transfer from service label)

7010 1870 0001 6456 7368

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-84-1540

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X *Catherine Ann Foley*

☐ Agent

☒ Addressee

B. Received by (Printed Name)

DEANNA K FOLEY

C. Date of Delivery

3-6-12

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes



**MEWBORNE OIL COMPANY**  
AUTHORIZATION FOR EXPENDITURE

Well Name: <b>Delaware Ranch "14" CN Fed Com #1H</b>		Prospect: <b>Delaware Ranch 14</b>	
Location: <b>SL: 330' FNL &amp; 1650' FWL BHL: 330' FSL &amp; 1650' FWL</b>		County: <b>Eddy</b> ST: <b>NM</b>	
Sec: <b>14</b>	BLK: <b></b>	Survey: <b></b>	TWP: <b>26S</b> RNG: <b>28E</b> Prop. TMD: <b>10661</b> TMD: <b>15000</b>

INTANGIBLE COSTS 180	CODE	TCP	CODE	CC
Permits and Surveys	100	\$12,000	200	\$2,000
Location: Roads, Pits & Site Preparation	105	\$75,000	205	\$10,000
Location: Site Restoration, Excavation & Other	106	\$135,000		
Day Work, Footage, Turnkey Drilling 35 days drlg & 4 days comp @ \$17,000/day	110	\$595,000	210	\$68,000
Fuel	114	\$150,000		
Mud	120	\$100,000		
Chemicals and Additives	121		221	\$5,000
Cementing	125	\$100,000	225	
Logging, Wireline & Coring Services	130	\$36,000	230	
Casing, Tubing & Snubbing Services	134	\$40,000	234	\$10,000
Mud Logging	137	\$25,000		
Stimulation			241	\$1,100,000
Stimulation Rentals & Other			242	\$250,000
Water & Other	145	\$55,000		
Bits	148	\$50,000	248	
Inspection & Repair Services	150	\$15,000	250	\$1,500
Misc. Air & Pumping Services	154		254	
Testing	158	\$6,500	258	\$20,000
Completion / Workover Rig			260	\$15,000
Rig Mobilization	164	\$200,000		
Transportation	165	\$25,000	265	\$5,000
Welding and Construction	168	\$6,000	268	\$2,000
Engineering & Contract Supervision	170	\$75,000	270	
Directional Services	175	\$175,000		
Equipment Rental	180	\$150,000	280	\$5,000
Well / Lease Legal	184	\$8,000	284	\$1,000
Well / Lease Insurance	185	\$4,000	285	
Intangible Supplies	188	\$15,000	288	\$1,000
Damages	190	\$5,000	290	
Pipeline, Road, Electrical ROW & Easements	192		292	\$3,000
Pipeline Interconnect			293	
Company Supervision	195	\$75,000	295	\$35,000
Overhead Fixed Rate	196	\$9,000	296	\$4,000
Well Abandonment	198		298	
Contingencies 10% (TCP) 5% (CC)	199	\$214,200	299	\$76,900
<b>TOTAL</b>		<b>\$2,355,700</b>		<b>\$1,614,400</b>

TANGIBLE COSTS 181	CODE	TCP	CODE	CC
Casing (19.1" - 30")	793			
Casing (10.1" - 19.0") 1000' 13 3/8" 48# J55 STC @ \$39/ft	794	\$39,000		
Casing (8.1" - 10.0") 4400' 9 5/8" 36/40# N80 LTC @ \$29/ft	795	\$127,600		
Casing (6.1" - 8.0") 11000' 7" 26# P110 BTC/LTC @ \$28/ft	796	\$308,000		
Casing (4.1" - 6.0") 4500' 4 1/2" 13.5# P110 LTC @ \$16/ft			797	\$72,000
Tubing (2" - 4") 10000' 2 7/8" 6.5# EUE 8rd @ \$7.50/ft			798	\$75,000
Drilling Head	860	\$12,000		
Tubing Head & Upper Section			870	\$15,000
Sucker Rods			875	
Packer Pump & Subsurface Equipment 20 ports + pump assembly			880	\$235,000
Artificial Lift Systems			884	\$700
Pumping Unit			885	
Surface Pumps & Prime Movers			886	
Tanks - Steel 4 - 500 bbl steel			890	\$30,000
Tanks - Others 2 - 500 bbl fiberglass			891	
Separation Equipment 20" x 7 1/2" x 1000# 2-phase			895	\$15,000
Gas Treating Equipment			896	
Heater Treaters, Line Heaters 6' x 20' x 75#			897	\$25,000
Metering Equipment			898	\$10,000
Line Pipe - Gas Gathering and Transportation			900	\$10,000
Misc. Fittings, Valves, Line Pipe and Accessories			906	\$50,000
Cathodic Protection			908	
Electrical Installations			909	
Production Equipment Installation			910	\$50,000
Pipeline Construction			920	\$10,000
<b>TOTAL</b>		<b>\$486,600</b>		<b>\$597,700</b>
<b>SUBTOTAL</b>		<b>\$2,842,300</b>		<b>\$2,212,100</b>
<b>TOTAL WELL COST</b>		<b>\$5,054,400</b>		

Prepared by: J. Burnett Date: 2/16/2012  
Co. Approval: M. Whittier Date: 2/17/2012

Joint Owner Interest: 0.85413500% Amount: \$43,171.40

Joint Owner Name: Catherine Ann Foley

Joint Owner Approval: \_\_\_\_\_

Operator has secured Operator's Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 185. Non-Operator may elect NOT to be covered by this Operator's Extra Expense Insurance only by signing below. The

Joint Owner Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Form Rev. 1/1/12