

**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 A NON-STANDARD OIL SPACING AND  
PRORATION UNIT AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.**

Case No. 15,194

**VERIFIED STATEMENT OF PAUL HADEN**

Paul Haden, 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 owners being pooled (i) have been contacted regarding the proposed well and have not decided whether to join in the well or lease their interests, or (ii) are unlocatable.

(b) A plat outlining the unit being pooled is attached hereto as Attachment A. Mewbourne Oil Company seeks an order approving an 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the S/2N/2 of Section 17, Township 20 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the S/2N/2 of Section 17 for all pools or formations developed on 40 acre spacing within that vertical extent. The unit will be dedicated to the Glock 17 B2EH Fed. Well No. 1H, a horizontal well with a surface location in the SW/4NW/4, and a terminus in the SE/4NE/4, of Section 17. Also to be considered will be the cost of drilling and completing 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 and completing the well.

(c) The parties being pooled, their working interests in the well unit, and their last known addresses, are reflected on Attachment B, which is from the operating agreement covering the subject well. The parties being pooled are denoted by asterisks.

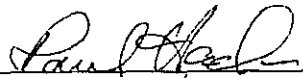
Oil Conservation Division  
Case No. 15194  
Exhibit No. 1

- (d) Copies of the proposal letters sent to the uncommitted, locatable working interest owners are attached hereto as Attachment C. We have also had telephone discussions and/or e-mails with these parties, but have been unable to reach agreement with them.
- (e) In an attempt to find the mineral interest owners, Mewbourne Oil Company examined the Eddy County records, telephone directories and records in the counties of the last known residences of the interest owners, and internet directories.
- (f) Applicant has made a good faith effort to locate and obtain the voluntary joinder of all interest owners in the well.
- (g) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against any non-consenting working interest owner.
- (h) A copy of the Authority for Expenditure for the well is attached hereto as Attachment 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.
- (i) Overhead charges of \$ 7,500.00/month for a drilling well, and \$ 750.00/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.
- (j) Applicant requests that it be designated operator of the well.
- (k) The offset operators or working interest owners are listed on Attachment E.

VERIFICATION


STATE OF TEXAS                    )  
  ) ss.  
COUNTY OF MIDLAND            )

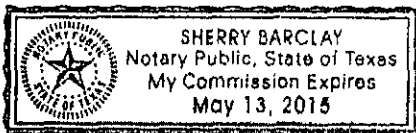
Paul Haden, being duly sworn upon his oath, deposes and states that: He is a landman for Mewbourne Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge,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

  
\_\_\_\_\_  
Paul Haden

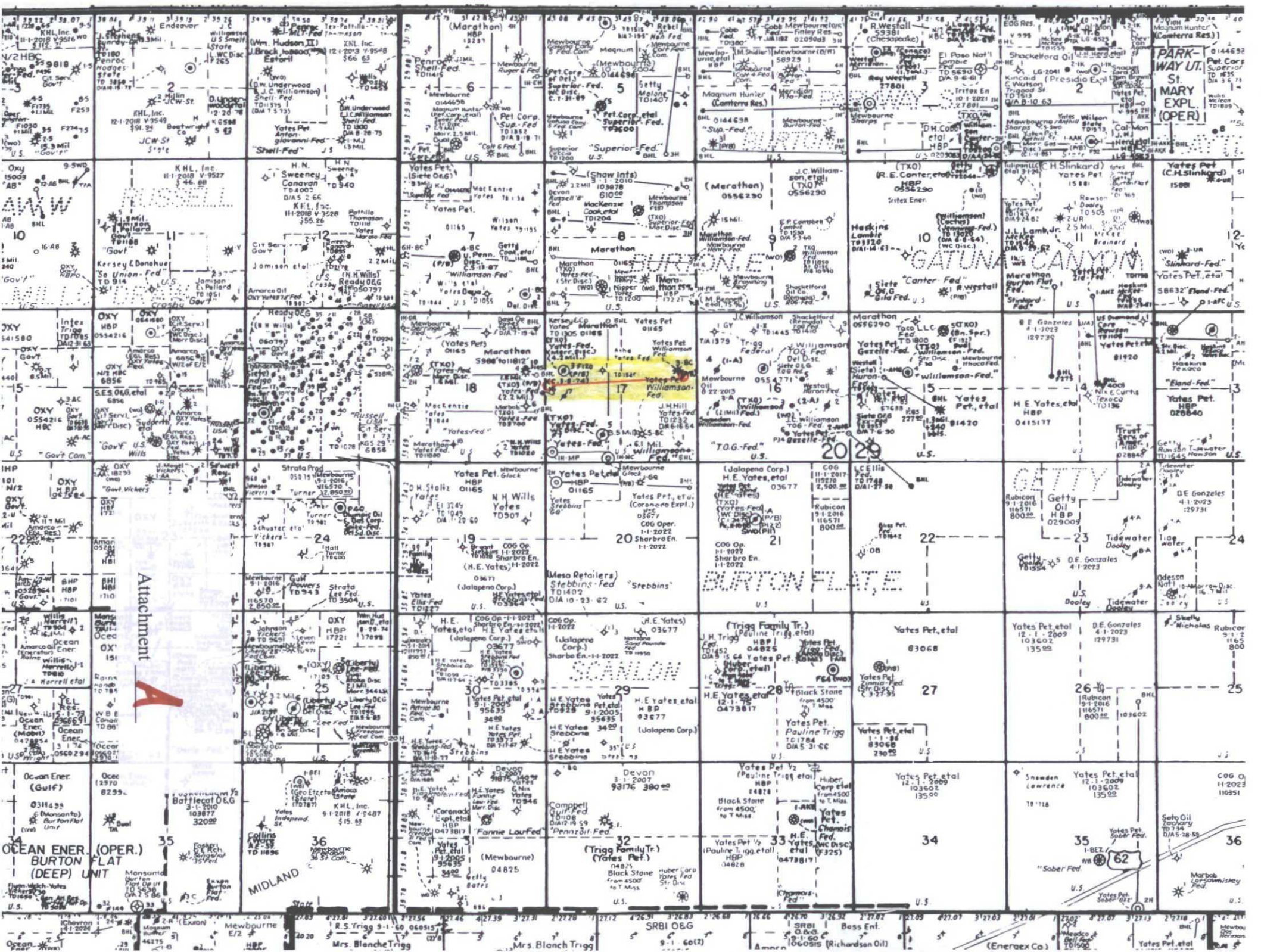
SUBSCRIBED AND SWORN TO before me this 20<sup>th</sup> day of October, 2014 by Paul Haden.

My Commission Expires: 5/13/2015

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









**EXHIBIT "A"**

Attached to and made a part of that certain Operating Agreement dated March 1, 2013, by and between MEWBOURNE OIL COMPANY as Operator and GREAT WESTERN DRILLING, LTD., et al., as Non-Operators.

1. LANDS SUBJECT TO THIS AGREEMENT:

Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico  
Section 17: All; containing 640.00 acres, more or less.

2. DEPTH RESTRICTIONS:

This agreement covers depths from the top of the Bone Spring formation to the base of the Bone Spring formation.

3. ADDRESSES OF THE PARTIES:

Mewbourne Oil Company  
P.O. Box 7698  
Tyler, Texas 75711  
Phone: (903) 561-2900  
Fax: (903) 561-8909

Tulipan LLC  
428 Sandoval, Suite 200  
Santa Fe, New Mexico 87501  
Phone: (505) 984-1766  
Fax: (505) 820-2245

Great Western Drilling, Ltd.  
P.O. Box 1659  
Midland, Texas 79702-1659  
Phone: (432) 682-5241  
Fax: (432) 682-4348

OXY Y-1 Company  
P.O. Box 4294  
Houston, Texas 77210  
Phone: (713) 985-6971  
Fax: (713) 985-8857

Davoil, Inc.  
P.O. Box 122269  
Fort Worth, Texas 76121-2269  
Phone: (817) 570-6516  
Fax: (817) 737-2763

Wildcat Energy, LLC  
P.O. Box 13323  
Odessa, Texas 79768  
Phone: (432) 563-8130  
Fax: (432) 563-5076

Brooks Oil & Gas Interests, Ltd.  
P.O. Box 23314  
Santa Fe, New Mexico 87502

Axis Energy Corporation  
P.O. Box 2107  
Roswell, New Mexico 88202-2107  
Phone: (575) 623-1996  
Fax: (575) 625-2620

Santo Legado LLLP  
P.O. Box 1010  
Artesia, New Mexico 88211-1020  
Phone: (575) 736-3268  
Fax: (575)

Homer C. Tutton  
6510 F.M. 3012  
Wharton, Texas 77488  
Phone:  
Fax:

Yates Petroleum Corporation,  
Abo Petroleum Corporation,  
Myco Industries, Inc.,  
John A. Yates, Individually and as Trustee  
of Trust Q u/w/o Peggy A. Yates, Deceased  
Sharbro Energy, LLC and  
Marigold LLLP  
105 South Fourth Street  
Artesia, New Mexico 88210  
Phone: (575) 748-1471  
Fax: (575) 748-4572

Attachment

**B**

4. PERCENTAGES OF THE PARTIES:Initial, Substitute and Subsequent Wells

Mewbourne Oil Company	43.6250000%
Yates Petroleum Corporation	30.4891870%
Great Western Drilling, Ltd.	4.0297500%
Abo Petroleum Corporation	3.1250000%
Myco Industries, Inc.	3.1250000%
OXY Y-1 Company	3.1250000%
Davol, Inc.	2.2202500%
Sharbro Energy, LLC	2.0833335%
Axis Energy Corporation	1.4321200%
Wildcat Energy, LLC	1.4321200%
John A. Yates, Individually	1.0416665%
John A. Yates, Trustee of Trust Q u/w/o Peggy A. Yates, Deceased	1.0416665%
* Westway Petroleum	0.7812500%
Marigold LLLP	0.6944445%
Santo Legado LLLP	0.6944445%
Tulipan LLC	0.6944445%
Brooks Oil & Gas Interests, Ltd.	0.1250000%
* Estate of E. Trompeter aka Earl Trompeter, Deceased	0.0242215%
* William Evert Andrau Trust No. 2	0.0089905%
* Helene B. Hewett/Barbara A. Powell Trust No. 2	0.0089905%
Siegler Family Trust No. 2	0.0089905%
Homer C. Tutton	0.0075695%
* S.K. Clay U/TRT 6-21-78	0.0075695%
* W.P. Kendall U/TRT 6-21-78	0.0075690%
* William Jacobs	0.0075690%
* Andrew E. McMacMahon	0.0060560%
Greenstar Resources, LLC	0.0050460%
Robert L. Beavers, Inc.	0.0050460%
* Russell S. Sampson	0.0050460%
* Ivor J. Silver	0.0045415%
* Patricia A. McMillian	0.0045415%
* Lewis F. Holmes	0.0037845%
* Alex M. Roter	0.0030280%
* Ann S. Ragsdale	0.0030280%
* Anthony Hawe	0.0030280%
(MOC) Arthur A. Ostmann	0.0030280%
* Arturo G. Sterling	0.0030280%
Charles C. Albright Trust	0.0030280%
(MOC) Don Friedman	0.0030280%
* Dorothy Hinchliff	0.0030280%
* First State Bank	0.0030280%
* George M. Oringdulph and H.E. Oringdulph	0.0030280%
* Gilbert T. Kanegawa	0.0030280%
* Glenn E. Duke	0.0030280%
* Harry Bersner	0.0030280%
* Harry F. Poll	0.0030280%
* Harry L. Green, Sr.	0.0030275%
* Henry C. Landers (JOANNE M. CAINS)	0.0030275%
James Roby Clopton, Inc.	0.0030275%
* Janet S. Joslin	0.0030275%
* John Steinman	0.0030275%
* Larry M. Pickett and wife, Betty Jean Pickett	0.0030275%
Leroy H. Simpkins, Jr.	0.0030275%
* Leroy L. Burnette	0.0030275%
* Lillian Kamph, Trustee of Trust 454F	0.0030275%
* John L. Steffan	0.0030275%
* Louesther Zwick Trust IV	0.0030275%
* M.D. Williams and D.L. Pilant	0.0030275%
* Mark J. Sandler and wife, Beth Sandler	0.0030275%
Neil W. Schilke	0.0030275%
* Norton S. Waldfogel	0.0030275%
* Robert M. Varn	0.0030275%
* Steven R. Lindersmith	0.0030275%
* Thomas Geimer	0.0030275%

*T. Grover Swift, Jr.	0.0030275%
Jackie D. Willis	0.0030275%
*Warren N. Rosenquist and wife, Judith V. Rosenquist	0.0030275%
Whitney Karis Wilson	0.0030275%
William Bondeson and wife, Julie Bondeson	0.0030275%
William P. McCormick	0.0030275%
William R. Manclark and wife, Darlen Manclark	0.0030275%
*William W. Fetner	0.0030275%
*William Evert Andran Trust No. 1	0.0011020%
*Helene B. Hewett/Barbara A. Powell Trust No. 1	0.0011020%
Siegler Family Trust No. 1	0.0011020%
Sandra Houppermans	0.0003785%
	100.0000000%

5. OIL AND GAS LEASE SUBJECT TO THIS AGREEMENT:

Lease Serial No.: NM 01165.  
Date of Lease: July 1, 1950.  
Lessor: United States of America.  
Original Lessee: S.P. Yates, as Executor of the Estate of Martin Yates, Jr., Deceased.  
Recorded: Unrecorded in Eddy County.  
Land Description: Township 20 South, Range 29 East, N.M.P.M.,  
Eddy County, New Mexico  
Section 17: All; containing 640.00 acres, more or less,  
among other lands not covered hereby.

6. BURDENS ON PRODUCTION:

Burdens of record as of the effective date of this Agreement.

End of Exhibit "A"

POOLED INTERESTS = 0.9601365 %

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

August 13, 2014

Via Certified Mail

Westway Petro  
6440 North Central Expressway, Suite 308  
Dallas, Texas 75206  
Attn: Mr. Benjamin H. Read

Re: Glock "17" B2EH Federal #1H  
2320' FNL & 170' FWL (SL)  
2100' FNL & 330' FEL (BHL)  
Section 17, T20S, R29E  
Eddy County, New Mexico

Dear Mr. Read:

Mewbourne Oil Company as Operator hereby proposes to drill the captioned well at the referenced surface location (SL) and drill same to a terminus point at the referenced bottom hole location (BHL). The proposed well will be drilled to a true vertical depth of approximately 7,834 feet beneath the surface in the Bone Spring formation and drilled horizontally from a westerly direction to an easterly direction in the Second Bone Spring Sand interval in the Bone Spring formation to the terminus point referenced above for oil production. The well will be drilled to a true measured depth of approximately 12,300 feet with the well being dedicated to the S/2N/2 of the captioned Section 17 as its nonstandard oil proration unit and Project Area.

In reference to the above, enclosed is our AFE dated June 9, 2014. Regarding same, please have the AFE signed and returned to me at your very earliest convenience within thirty (30) days of receipt of same. The above well is being proposed under the terms of the governing Operating Agreement dated August 1, 2013. In the event you elect not to participate in this well, enclosed are duplicates of a Farmout Agreement prepared for your signature and a copy of same for your file. If you elect to farmout, please sign both of the Farmout Agreements and return same to me for our execution. I'll return one of them to you upon our execution.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden  
Senior Landman

Attachment 2

DPH/gb



# WESTWAY PETRO

*A Texas Joint Venture*

6440 North Central Expressway

Suite 308

Dallas, Texas 75206

Telephone (214) 740-4080

Facsimile (214) 740-4090

June 4, 2014

Mr. D. Paul Haden, Senior Landman  
Mewbourne Oil Company  
500 W. Texas, Suite 1020  
Midland, TX 79701

Re: Glock 17 LI Federal #1H Well  
N/2S/2 Section 17, T20S, R29E  
Eddy County, New Mexico

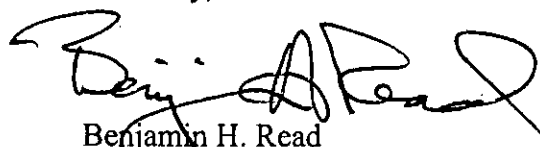
Dear Mr. Haden:

Enclosed as you requested are our executed duplicate originals of your Farmout Agreement on the referenced well for your further handling. You will see that I have corrected the spelling of my last name on the agreement. Once the agreement has been execute by Mewbourne, please send me a fully-executed original for our file. Also, as agreed, please dismiss Westway Petro from the pooling hearing.

Finally, please note and correct our mailing address for your records. The correct address is 6440 N. Central Expressway, not 6400.

Good luck with this new well!

Sincerely,



Benjamin H. Read  
Managing Venturer

BHR:dcz  
Encls.



UNITED STATES  
POSTAL SERVICE

Date: June 17, 2014

Simple Certified:

The following is in response to your June 17, 2014 request for delivery information on your Certified Mail™/RRE item number 9414810699945005407490. The delivery record shows that this item was delivered on June 16, 2014 at 2:49 pm in PARK CITY, UT 84060. The scanned image of the recipient information is provided below.

Signature of Recipient :

Delivery Section	
Signature	
Printed Name	Anthony Howe

Address of Recipient :

Address	2724 American Saddle Dr
---------	-------------------------

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,  
United States Postal Service

Anthony Howe  
2724 AMERICAN SADDLER DR  
PARK CITY, UT 84060  
Reference #: Glock 17 B2EH 1H

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

June 12, 2014

Via Certified Mail

Anthony Hawe  
2724 American Saddler Dr.  
Park City, UT 84060

Re: Glock "17" B2EH Federal #1H  
2320' FNL & 170' FWL (SL)  
2100' FNL & 330' FEL (BHL)  
Section 17, T20S, R29E  
Eddy County, New Mexico

Dear Mr. Hawe:

Mewbourne Oil Company as Operator hereby proposes to drill the captioned well at the referenced surface location (SL) and drill same to a terminus point at the referenced bottom hole location (BHL). The proposed well will be drilled to a true vertical depth of approximately 7,834 feet beneath the surface in the Bone Spring formation and drilled horizontally from a westerly direction to an easterly direction in the Second Bone Spring Sand interval in the Bone Spring formation to the terminus point referenced above for oil production. The well will be drilled to a true measured depth of approximately 12,300 feet with the well being dedicated to the S/2N/2 of the captioned Section 17 as its nonstandard oil proration unit and Project Area.

In reference to the above, enclosed is our AFE dated June 9, 2014. Regarding same, please have the AFE signed and returned to me at your very earliest convenience within thirty (30) days of receipt of same. The above well is being proposed under the terms of the governing Operating Agreement dated August 1, 2013.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden  
Senior Landman

DPH/gb

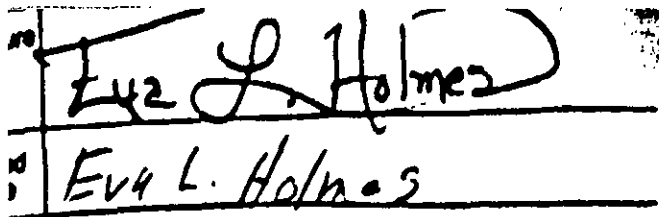


Date: September 16, 2014

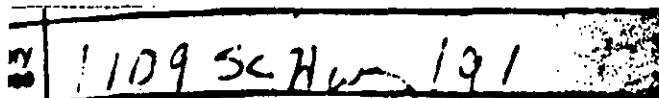
Simple Certified:

The following is in response to your September 16, 2014 request for delivery information on your Certified Mail™/RRE item number 9414810699945006248535: The delivery record shows that this item was delivered on September 16, 2014 at 1:32 pm in TRENTON, SC 29847. The scanned image of the recipient information is provided below.

Signature of Recipient :

The image shows a handwritten signature "Eva L. Holmes" on a line. Below it, the name "Eva L. Holmes" is printed in a stylized font.

Address of Recipient :

The image shows a handwritten address "1109 Sc Highway 191" on a line. Below it, the address "1109 Sc Highway 191" is printed in a stylized font.

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,  
United States Postal Service

Lewis F. Holmes  
1109 Sc Highway 191  
Trenton, SC 29847  
Reference #: Glock 17 LI 1H  
Item ID: Glock 17 LI 1H



Date: June 25, 2014

Simple Certified:

The following is in response to your June 25, 2014 request for delivery information on your Certified Mail™/RRE item number 9414810699945005475048. The delivery record shows that this item was delivered on June 24, 2014 at 1:30 pm in TRENTON, SC 29847. The scanned image of the recipient information is provided below.

Signature of Recipient :

Lewis F. Holmes  
Evq L. Holmes  
1109

Address of Recipient :

1109 SC Hwy 191

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,  
United States Postal Service

Lewis F. Holmes  
1109 SC Highway 191  
Trenton, SC 29847  
Reference #: Glock 17 B2EH 1H  
Item ID: Glock 17 B2EH 1H



# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

June 20, 2014

Via Certified Mail

Mr. Lewis F. Holmes  
1109 SC Highway 191  
Trenton, SC 29847

Re: Glock "17" B2EH Federal #1H  
2320' FNL & 170' FWL (SL)  
2100' FNL & 330' FEL (BHL)  
Section 17, T20S, R29E  
Eddy County, New Mexico

Dear Mr. Holmes:

Regarding the captioned Section 17, enclosed for your information is a copy of the pertinent pages of our Opinion of Title dated July 31, 2013 regarding your ownership in the E/2 of the captioned Section 17. You own a 0.0037845% working interest, being 0.0242208 net acres in our Glock "17" Working Interest Unit (WIU) as to rights in the Bone Spring formation. Mewbourne Oil Company ("Mewbourne") as Operator has formed this WIU in order to drill multiple horizontal wells in the captioned Section 17 for Bone Spring oil production.

In reference to the above, Mewbourne hereby proposes to drill the captioned well at the referenced surface location (SL) and drill same to a terminus point at the referenced bottom hole location (BHL). The proposed well will be drilled to a true vertical depth of approximately 7,834 feet beneath the surface in the Bone Spring formation and drilled horizontally from a westerly direction to an easterly direction in the Second Bone Spring Sand interval in the Bone Spring formation to the terminus point referenced above for oil production. The well will be drilled to a true measured depth of approximately 12,300 feet with the well being dedicated to the S/2N/2 of the captioned Section 17 as its nonstandard oil proration unit and Project Area.

In reference to the above, you are afforded the opportunity to participate in the above proposed well as to your 0.0037845% working interest in the proposed WIU. Enclosed for your further handling regarding same is a Authorization For Expenditure (AFE) which is an estimate of the total well cost for the proposed well which sets forth your working interest percent and your estimated proportionate part of the well cost. If you elect to participate in this proposed well, please sign and return the AFE to me and I will forward you our Operating Agreement for this proposed WIU.

Mr. Lewis F. Holmes  
Glock 17 B2EH Federal #1H  
June 20, 2014  
Page 2 of 2

In the event you elect not to participate in the proposed well and WIU, Mewbourne hereby offers to purchase your 0.0242208 net acres on the basis of \$2,000 per net acre (\$48.44). Should you elect this option, please sign and return this letter to me at your very earliest convenience and I will forward you an Assignment of Operating Rights for your execution with our check for \$48.44.

Sincerely yours,

**MEWBOURNE OIL COMPANY**



D. Paul Haden  
Senior Landman

DPH/gb

The undersigned elects to sell her interest to Mewbourne this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Lewis F. Holmes

\_\_\_\_\_

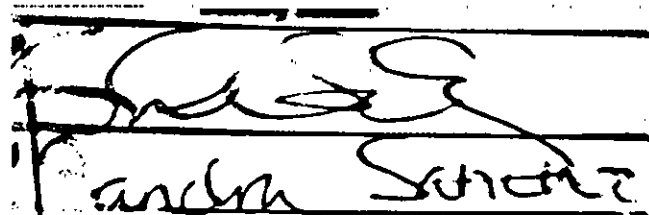


Date: September 16, 2014

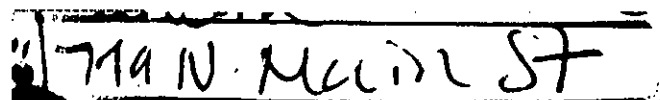
Simple Certified:

The following is in response to your September 16, 2014 request for delivery information on your Certified Mail™/RRE item number 9414810699945006248344. The delivery record shows that this item was delivered on September 15, 2014 at 1:21 pm in FORT WORTH, TX 76164. The scanned image of the recipient information is provided below.

Signature of Recipient :

A scanned image of a handwritten signature, "Brandon Schmitt", written in black ink on a white background.

Address of Recipient :

A scanned image of a handwritten address, "719 N. Main St", written in black ink on a white background.

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,  
United States Postal Service

T. Grover Swift, Jr.  
749 N MAIN ST  
FORT WORTH, TX 76164  
Reference #: Glock 17 LI 1H  
Item ID: Glock 17 LI 1H



Date: June 23, 2014

Simple Certified:

The following is in response to your June 23, 2014 request for delivery information on your Certified Mail™/RRE item number 9414810699945005475307. The delivery record shows that this item was delivered on June 23, 2014 at 12:34 pm in FORT WORTH, TX 76164. The scanned image of the recipient information is provided below.

Signature of Recipient :

A scanned image of a handwritten signature, which appears to be "T. Grover Swift, Jr.", written in dark ink on a light background.

Address of Recipient :

A scanned image of a handwritten address, which appears to be "749 N MAIN ST", written in dark ink on a light background.

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,

United States Postal Service

T. Grover Swift, Jr.  
749 N MAIN ST  
FORT WORTH, TX 76164  
Reference #: Glock 17 B2EH 1H

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

June 20, 2014

Via Certified Mail

Mr. T. Grover Swift, Jr.  
749 North Main St.  
Fort Worth, TX 76164

Re: Glock "17" B2EH Federal #1H  
2320' FNL & 170' FWL (SL)  
2100' FNL & 330' FEL (BHL)  
Section 17, T20S, R29E  
Eddy County, New Mexico

Dear Mr. Swift:

Regarding the captioned Section 17, enclosed for your information is a copy of the pertinent pages of our Opinion of Title dated July 31, 2013 regarding your ownership in the E/2 of the captioned Section 17. You own a 0.0030275% working interest, being 0.019376 net acres in our Glock "17" Working Interest Unit (WIU) as to rights in the Bone Spring formation. Mewbourne Oil Company ("Mewbourne") as Operator has formed this WIU in order to drill multiple horizontal wells in the captioned Section 17 for Bone Spring oil production.

In reference to the above, Mewbourne hereby proposes to drill the captioned well at the referenced surface location (SL) and drill same to a terminus point at the referenced bottom hole location (BHL). The proposed well will be drilled to a true vertical depth of approximately 7,834 feet beneath the surface in the Bone Spring formation and drilled horizontally from a westerly direction to an easterly direction in the Second Bone Spring Sand interval in the Bone Spring formation to the terminus point referenced above for oil production. The well will be drilled to a true measured depth of approximately 12,300 feet with the well being dedicated to the S/2N/2 of the captioned Section 17 as its nonstandard oil proration unit and Project Area.

In reference to the above, you are afforded the opportunity to participate in the above proposed well as to your 0.0030275% working interest in the proposed WIU. Enclosed for your further handling regarding same is a Authorization For Expenditure (AFE) which is an estimate of the total well cost for the proposed well which sets forth your working interest percent and your estimated proportionate part of the well cost. If you elect to participate in this proposed well, please sign and return the AFE to me and I will forward you our Operating Agreement for this proposed WIU.



Mr. T. Grover Swift, Jr.  
Glock 17 B2EH Federal #1H  
June 20, 2014  
Page 2 of 2

In the event you elect not to participate in the proposed well and WIU, Mewbourne hereby offers to purchase your 0.019376 net acres on the basis of \$2,000 per net acre (\$38.75). Should you elect this option, please sign and return this letter to me at your very earliest convenience and I will forward you an Assignment of Operating Rights for your execution with our check for \$38.75.

Sincerely yours,

**MEWBOURNE OIL COMPANY**



D. Paul Haden  
Senior Landman

DPH/gb

The undersigned elects to sell her interest to Mewbourne this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
T. Grover Swift, Jr.

\_\_\_\_\_

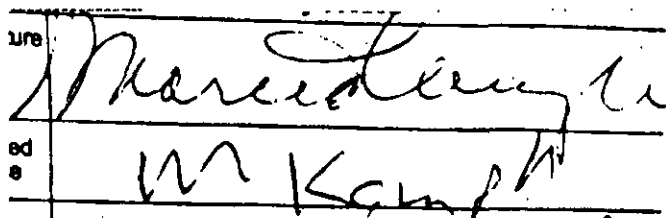


Date: June 23, 2014

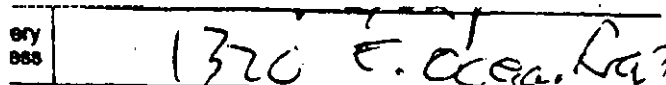
Simple Certified:

The following is in response to your June 23, 2014 request for delivery information on your Certified Mail™/RRE item number 9414810699945005475000. The delivery record shows that this item was delivered on June 23, 2014 at 2:36 pm in NEWPORT BEACH, CA 92661. The scanned image of the recipient information is provided below.

Signature of Recipient :

Signature of Recipient: 

Address of Recipient :

Address of Recipient: 

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,  
United States Postal Service

Marsia Kamph, Trustee  
1320 E OCEANFRONT  
NEWPORT BEACH, CA 92661  
Reference #: Glock 17 B2EH 1H

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

June 20, 2014

Via Certified Mail

Ms. Marsia Kamph, Trustee  
1320 E. Ocean Front  
Newport Beach, CA 92661

Re: Glock "17" B2EH Federal #1H  
2320' FNL & 170' FWL (SL)  
2100' FNL & 330' FEL (BHL)  
Section 17, T20S, R29E  
Eddy County, New Mexico

Dear Ms. Kamph:

Regarding the captioned Section 17, enclosed for your information is a copy of the pertinent pages of our Opinion of Title dated July 31, 2013 regarding the ownership of the Lilliam F. Kamph Trust in the E/2 of the captioned Section 17. As Successor Trustee, you own a 0.0030275% working interest, being 0.019376 net acres in our Glock "17" Working Interest Unit (WIU) as to rights in the Bone Spring formation. Mewbourne Oil Company ("Mewbourne") as Operator has formed this WIU in order to drill multiple horizontal wells in the captioned Section 17 for Bone Spring oil production.

In reference to the above, Mewbourne hereby proposes to drill the captioned well at the referenced surface location (SL) and drill same to a terminus point at the referenced bottom hole location (BHL). The proposed well will be drilled to a true vertical depth of approximately 7,834 feet beneath the surface in the Bone Spring formation and drilled horizontally from a westerly direction to an easterly direction in the Second Bone Spring Sand interval in the Bone Spring formation to the terminus point referenced above for oil production. The well will be drilled to a true measured depth of approximately 12,300 feet with the well being dedicated to the S/2N/2 of the captioned Section 17 as its nonstandard oil proration unit and Project Area.

In reference to the above, you are afforded the opportunity to participate in the above proposed well as to your 0.0030275% working interest in the proposed WIU. Enclosed for your further handling regarding same is a Authorization For Expenditure (AFE) which is an estimate of the total well cost for the proposed well which sets forth your working interest percent and your estimated proportionate part of the well cost. If you elect to participate in this proposed well, please sign and return the AFE to me and I will forward you our Operating Agreement for this proposed WIU.

Ms. Marsia Kamph, Trustee  
Glock 17 B2EH Federal #1H  
June 20, 2014  
Page 2 of 2

In the event you elect not to participate in the proposed well and WIU, Mewbourne hereby offers to purchase your 0.019376 net acres on the basis of \$2,000 per net acre (\$38.75). Should you elect this option, please sign and return this letter to me at your very earliest convenience and I will forward you an Assignment of Operating Rights for your execution with our check for \$38.75.

Sincerely yours,

**MEWBOURNE OIL COMPANY**



D. Paul Haden  
Senior Landman

DPH/gb

The undersigned elects to sell her interest to Mewbourne this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

**LILLIAN F. KAMPH TRUST**  
**DATED JULY 5, 2006**

\_\_\_\_\_  
Marsia Kamph, Trustee

\_\_\_\_\_  
Tax I.D. Number

*I hereby elect to be forcepooled  
in lieu of ~~your~~ participating  
or selling my interest.*

*Marsia Kamph, Trustee*

# USPS CERTIFIED MAIL™



Mewbourne Oil Company  
Paul Haden  
500 West Texas Ave  
Ste 1020  
MIDLAND TX 79701-4279  
Glock 17 B2EH 1H

US POSTAGE  
FIRST CLASS  
Aug 29 2014  
Mailed from  
3 oz First Class  
Flat Rate  
CID: 56133

## USPS CERTIFIED MAIL

9414 8106 9994 5006 0965 94

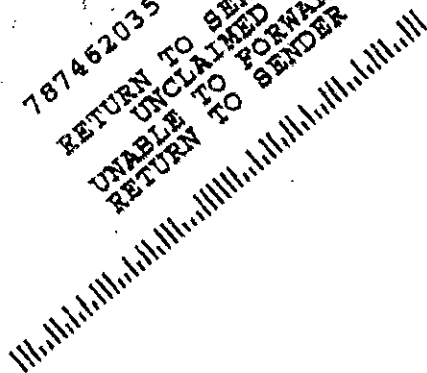
Patricia A. McMillian  
1104 CONSTANT SPRINGS DR  
AUSTIN TX 78746-6614

UNK  
9  
C  
9



NIXIE

787462035-1N 040 09/29/14  
RETURN TO SENDER  
UNCLAIMED  
UNABLE TO FORWARD  
RETURN TO SENDER



page 10

Certified Mail



# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

August 29, 2014

Via Certified Mail

Ms. Patricia A. McMillian  
1104 Constant Spring Rd.  
Austin, TX 78746

Re: Glock "17" B2EH Federal #1H  
2320' FNL & 170' FWL (SL)  
2100' FNL & 330' FEL (BHL)  
Section 17, T20S, R29E  
Eddy County, New Mexico

Dear Ms. McMillian:

Regarding the captioned Section 17, enclosed for your information is a copy of the pertinent pages of our Opinion of Title dated July 31, 2013 regarding your ownership in the E/2 of the captioned Section 17. You own a 0.0045415% working interest, being .0290656 net acres in our Glock "17" Working Interest Unit (WIU) as to rights in the Bone Spring formation. Mewbourne Oil Company ("Mewbourne") as Operator has formed this WIU in order to drill multiple horizontal wells in the captioned Section 17 for Bone Spring oil production.

In reference to the above, Mewbourne hereby proposes to drill the captioned well at the referenced surface location (SL) and drill same to a terminus point at the referenced bottom hole location (BHL). The proposed well will be drilled to a true vertical depth of approximately 7,834 feet beneath the surface in the Bone Spring formation and drilled horizontally from a westerly direction to an easterly direction in the Second Bone Spring Sand interval in the Bone Spring formation to the terminus point referenced above for oil production. The well will be drilled to a true measured depth of approximately 12,300 feet with the well being dedicated to the S/2N/2 of the captioned Section 17 as its nonstandard oil proration unit and Project Area.

In reference to the above, you are afforded the opportunity to participate in the above proposed well as to your 0.0045415% working interest in the proposed WIU. Enclosed for your further handling regarding same is a Authorization For Expenditure (AFE) which is an estimate of the total well cost for the proposed well which sets forth your working interest percent and your estimated proportionate part of the well cost. If you elect to participate in this proposed well, please sign and return the AFE to me and I will forward you our Operating Agreement for this proposed WIU.

Ms. Patricia A. McMillian  
Glock 17 B2EH Federal #1H  
August 29, 2014  
Page 2 of 2

In the event you elect not to participate in the proposed well and WIU, Mewbourne hereby offers to purchase your 0.0290656 net acres on the basis of \$2,000 per net acre (\$58.13). Should you elect this option, please sign and return this letter to me at your very earliest convenience and I will forward you an Assignment of Operating Rights for your execution with our check for \$58.13.

Sincerely yours,

**MEWBOURNE OIL COMPANY**



D. Paul Haden  
Senior Landman

DPH/gb

The undersigned elects to sell her interest to Mewbourne this \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Patricia A. McMillian

\_\_\_\_\_

**USPS CERTIFIED MAIL™**

Mewbourne Oil Company  
Paul Haden  
500 West Texas Ave  
Ste 1020  
MIDLAND TX 79701-4279  
Glock 17 B2EH 1H

US POSTAGE AND I  
FIRST CLASS  
Jun 20 2014  
Mailed from ZIP 79  
3 oz First Class Mail  
Flats Rate  
CID: 56133

mb 23

**USPS CERTIFIED MAIL**

**9414 8106 9994 5005 4750 86**

Patricia A. McMillian  
1104 CONSTANT SPRINGS DR  
AUSTIN TX 78746-6614

NIXIE

787462057-1N  
RETURN TO SENDER  
UNCLAIMED  
UNABLE TO FORWARD  
RETURN TO SENDER

07/23/14



# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

June 20, 2014

Via Certified Mail

Ms. Patricia A. McMillian  
1104 Constant Spring Rd.  
Austin, TX 78746

Re: Glock "17" B2EH Federal #1H  
2320' FNL & 170' FWL (SL)  
2100' FNL & 330' FEL (BHL)  
Section 17, T20S, R29E  
Eddy County, New Mexico

Dear Ms. McMillian:

Regarding the captioned Section 17, enclosed for your information is a copy of the pertinent pages of our Opinion of Title dated July 31, 2013 regarding your ownership in the E/2 of the captioned Section 17. You own a 0.0045415% working interest, being .0290656 net acres in our Glock "17" Working Interest Unit (WIU) as to rights in the Bone Spring formation. Mewbourne Oil Company ("Mewbourne") as Operator has formed this WIU in order to drill multiple horizontal wells in the captioned Section 17 for Bone Spring oil production.

In reference to the above, Mewbourne hereby proposes to drill the captioned well at the referenced surface location (SL) and drill same to a terminus point at the referenced bottom hole location (BHL). The proposed well will be drilled to a true vertical depth of approximately 7,834 feet beneath the surface in the Bone Spring formation and drilled horizontally from a westerly direction to an easterly direction in the Second Bone Spring Sand interval in the Bone Spring formation to the terminus point referenced above for oil production. The well will be drilled to a true measured depth of approximately 12,300 feet with the well being dedicated to the S/2N/2 of the captioned Section 17 as its nonstandard oil proration unit and Project Area.

In reference to the above, you are afforded the opportunity to participate in the above proposed well as to your 0.0045415% working interest in the proposed WIU. Enclosed for your further handling regarding same is a Authorization For Expenditure (AFE) which is an estimate of the total well cost for the proposed well which sets forth your working interest percent and your estimated proportionate part of the well cost. If you elect to participate in this proposed well, please sign and return the AFE to me and I will forward you our Operating Agreement for this proposed WIU.

Ms. Patricia A. McMillian  
Glock 17 B2EH Federal #1H  
June 20, 2014  
Page 2 of 2

In the event you elect not to participate in the proposed well and WIU, Mewbourne hereby offers to purchase your 0.0290656 net acres on the basis of \$2,000 per net acre (\$58.13). Should you elect this option, please sign and return this letter to me at your very earliest convenience and I will forward you an Assignment of Operating Rights for your execution with our check for \$58.13.

Sincerely yours,

**MEWBOURNE OIL COMPANY**



D. Paul Haden  
Senior Landman

DPH/gb

The undersigned elects to sell her interest to Mewbourne this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Patricia A. McMillian

\_\_\_\_\_



# MEWBOURNE OIL COMPANY

## AUTHORIZATION FOR EXPENDITURE

Well Name: <b>Glock 17 B2EH Fed #1H</b>		Prospect: <b>Glock 17</b>	
Location: <b>SL: 2320' FNL &amp; 170' FWL BHL: 2100' FNL &amp; 330' FEL</b>		County: <b>Eddy</b>	ST: <b>NM</b>
Sec: <b>17</b>	Blk: <b></b>	Survey: <b></b>	TWP: <b>20S</b> RNG: <b>29E</b> Prop. TWD: <b>7834'</b> TMD: <b>12300'</b>

INTANGIBLE COSTS 0180	CODE	TCP	CODE	CC
Permits and Surveys	0180-0100	\$16,000	0180-0200	
Location: Roads, Pits & Site Preparation	0180-0105	\$80,000	0180-0205	\$2,500
Location: Site Restoration, Excavation & Other	0180-0106	\$175,000	0180-0206	
Day Work, Footage, Turnkey Drilling    22 days drlg/2 days comp @ \$17000/day	0180-0110	\$400,000	0180-0210	\$36,400
Fuel    900 gals/day @ \$3.50/gal	0180-0114	\$75,600		
Mud	0180-0120	\$50,000		
Chemicals and Additives	0180-0121		0180-0221	
Cementing	0180-0125	\$115,000	0180-0225	\$95,000
Logging, Wireline & Coring Services    Gyro, Cased Hole Logs	0180-0130	\$16,000	0180-0230	\$100,000
Casing, Tubing & Snubbing Services	0180-0134	\$25,000	0180-0234	\$20,000
Mud Logging	0180-0137	\$30,000		
Stimulation			0180-0241	\$1,050,000
Stimulation Rentals & Other			0180-0242	\$350,000
Water & Other	0180-0145	\$55,000		
Bits	0180-0148	\$60,000	0180-0248	\$2,000
Inspection & Repair Services	0180-0150	\$25,000	0180-0250	\$2,000
Misc. Air & Pumping Services    Air Package	0180-0154	\$25,000	0180-0254	\$70,000
Testing    NU BOPE & Test	0180-0158	\$20,000	0180-0258	
Completion / Workover Rig			0180-0260	\$25,000
Rig Mobilization	0180-0164	\$125,000		
Transportation	0180-0165	\$25,000	0180-0265	\$1,000
Welding and Construction	0180-0168	\$5,000	0180-0268	
Engineering & Contract Supervision	0180-0170	\$45,000	0180-0270	\$4,000
Directional Services	0180-0175	\$125,000		
Equipment Rental	0180-0180	\$150,000	0180-0280	\$20,000
Well / Lease Legal	0180-0184	\$2,500	0180-0284	
Well / Lease Insurance	0180-0185	\$3,500	0180-0285	
Intangible Supplies	0180-0188	\$12,000	0180-0288	
Damages	0180-0190	\$6,000	0180-0290	
Pipeline, Road, Electrical ROW & Easements	0180-0192		0180-0292	
Pipeline Interconnect			0180-0293	
Company Supervision	0180-0195	\$45,000	0180-0295	\$14,000
Overhead Fixed Rate	0180-0196	\$10,000	0180-0296	
Well Abandonment	0180-0198		0180-0298	
Contingencies    10% (TCP)    5% (CC)	0180-0199	\$172,200	0180-0299	\$89,600
<b>TOTAL</b>		<b>\$1,893,800</b>		<b>\$1,881,500</b>

TANGIBLE COSTS 0181	CODE	TCP	CODE	CC
Casing (19.1" - 30")    400' 20" 94# J55 BTC @ \$70.00/ft +GRT	0181-0793	\$30,000		
Casing (10.1" - 19.0")    1300' 13 3/8" 48# LTC @ \$31.80/ft +GRT	0181-0794	\$44,200		
Casing (8.1" - 10.0")    3050' 9 5/8" 36# J55 LTC @ \$23.24/ft +GRT	0181-0795	\$75,700		
Casing (6.1" - 8.0")	0181-0796			
Casing (4.1" - 6.0")    12300' 5 1/2" 17# P110 LTC/BTC @ \$18.25/ft +GRT			0181-0797	\$239,700
Tubing (2" - 4")    8000' 2 7/8" 6.5# L80 EUE 8rd @ \$6.25/ft +GRT			0181-0798	\$53,400
Drilling Head	0181-0860	\$15,000		
Tubing Head & Upper Section			0181-0870	\$15,000
Downhole Directional Equipment    10 Composite plugs/RSI tool			0181-0871	\$65,000
Sucker Rods			0181-0875	\$42,000
Packer Pump & Subsurface Equipment			0181-0880	\$15,000
Artificial Lift Systems    ESP			0181-0884	\$40,000
Pumping Unit    Lufkin 912			0181-0885	\$135,000
Surface Pumps & Prime Movers    75 HP motor			0181-0886	\$8,000
Tanks - Steel			0181-0890	
Tanks - Others			0181-0891	
Separation & Gas Treating Equipment    1-30"x10"x1000#3ph & 1-30"x10"x1000#2ph			0181-0895	\$31,000
Heater Treaters, Line Heaters			0181-0897	
Metering Equipment			0181-0898	\$8,000
Line Pipe - Gas Gathering and Transportation			0181-0900	\$20,000
Misc. Fittings, Valves, Line Pipe and Accessories			0181-0906	\$15,000
Cathodic Protection			0181-0908	\$5,000
Electrical Installations			0181-0909	\$20,000
Production Equipment Installation			0181-0910	\$15,000
Pipeline Construction			0181-0920	\$6,000
<b>TOTAL</b>		<b>\$164,900</b>		<b>\$733,100</b>
<b>SUBTOTAL</b>		<b>\$2,058,700</b>		<b>\$2,614,600</b>
<b>TOTAL WELL COST</b>		<b>\$4,673,300</b>		

Prepared by: J. Nave    Date: 6/4/2014

Co. Approval: *M. Whitton*    Date: 6/9/2014

Joint Owner Interest: 0.781250%    Amount: \$36,510.16

Joint Owner Name: Westway Petro

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 0180-0185. Non-Operator may elect NOT to be covered by this Operator's Extra Expense Insurance only by signing below. **The undersigned elects NOT to be covered by Operator's Extra Expense Insurance for their well.**

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

Offset Operators

Section 16

Mewbourne Oil Company  
Fasken Land and Minerals, Ltd.

Section 18

Mewbourne Oil Company

Attachment E

---