

**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. 15,298

**VERIFIED STATEMENT OF COREY MITCHELL**

Corey Mitchell, 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.
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 are unlocatable.
  - (b) A plat outlining the unit being pooled is attached hereto as Attachment A. Mewbourne seeks an order approving a 320-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2W/2 of Section 27 and the W/2W/2 of Section 22, Township 26 South, Range 27 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit for all pools or formations developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Owl Draw 27/22 B2MD Fed. Com. Well No. 1H, a horizontal well with a surface location 170 feet from the south line and 330 feet from the west line of Section 27, and a terminus 330 feet from the north line and 330 feet from the west line of Section 22. 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, and their working interests in the well unit, are as follows:

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

Petrorep Inc.  
address unknown

0.398438%

Corexcal  
address unknown

0.398438%  
**0.796876%**

(d) Because the above interest owners are unlocatable, proposal letters were not sent to them.

(e) These persons acquired their interests over 42 years ago, and have not shown up in the county records since then. In an attempt to find the mineral interest owners, Mewbourne examined the Eddy County records, telephone directories, corporate records, records in the counties of the last known addresses of the interest owners, and internet directories. Mewbourne has had numerous title opinions prepared over the past 2 years on acreage in this general area in which these persons own interests, and has never been able to locate them.

(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 B. 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 C.

VERIFICATION

STATE OF TEXAS                    )  
  ) ss.  
COUNTY OF MIDLAND            )

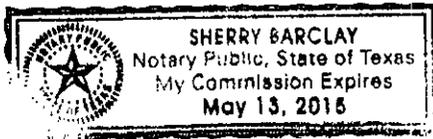
Corey Mitchell, being duly sworn upon his oath, deposes and states that: He is a landman for Mewbourne Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge,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

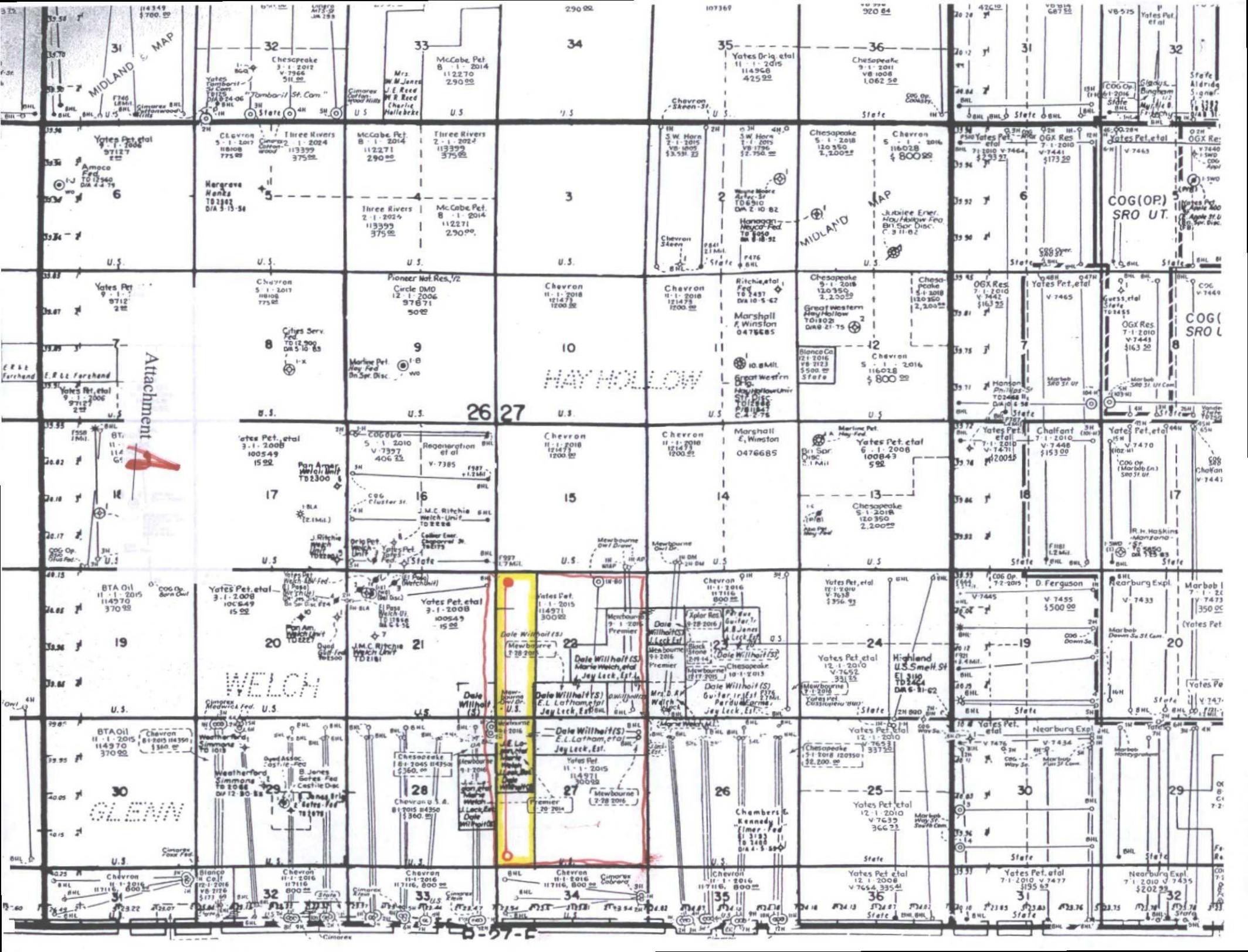
Corey Mitchell  
Corey Mitchell

SUBSCRIBED AND SWORN TO before me this 29th day of April, 2015 by Corey Mitchell.

My Commission Expires: 5/13/15

Sherry Barclay  
Notary Public





MIDLAND C. MAP

MIDLAND MAP

Attachment

HAY HOLLOW

WELCH

GLENN

26 27

17 16

22 23

19 20

30 29

28 27

25 26

29 30

32 31

34 33

36 35

32 31

**TRACT OWNERSHIP**  
**Owl Draw "27/22" B2MD Federal Com No. 1H**  
**W/2W/2 of Section 27 and W/2W/2 of Section 22,**  
**Township 26 South, Range 27 East**  
**Eddy County, New Mexico**

**W/2W/2 of Section 27 and W/2W/2 of Section 22:**  
**Bone Spring formation:**

	<u>% Leasehold Interest</u>
Mewbourne Oil Company 500 West Texas, Ste. 1020 Midland, Texas 79701	15.912109%
OXY Y-1 Company P.O Box 4294 Houston, Texas 77210-4294	21.875000%
Abo Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210	14.875000%
Myco Industries, Inc. 105 South Fourth Street Artesia, New Mexico 88210	14.875000%
COG Operating, LLC 600 W. Illinois Avenue One Concho Center Midland, Texas 79701	14.843750%
Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210	14.000000%
Nearburg Exploration Company, L.L.C. 3300 North "A" Street, Bldg. 2, Ste. 120 Midland, Texas 79705	1.162109%
Mobil Producing Texas & New Mexico, Inc. c/o XTO Energy, Inc. 810 Houston Street CORP WGR 706 Fort Worth, Texas 76102-6298	1.162109%
Black Stone Energy Company, LLC 1001 Fannin Street, Suite 2020 Houston, Texas 77002	0.469824%

\*Corexcal 0.398438%  
Unknown Address

\* Petrorep Inc. 0.398438%  
Unknown Address

Matagorda WI, LLC 0.028223%  
1001 Fannin Street, Suite 2020 100.000000%  
Houston, Texas 77002

**\* Total interest being pooled: 0.796876%**

**Summary of Communications**  
Owl Draw "27/22" B2MD Federal Com No. 1H

Corexcal

- 1) Unable to find valid address.
- 2) Last seen in the chain of title in 1972.
- 3) I tried to find a lead by talking with the other mineral owners, internet searches, county searches and secretary of the state searches. Did not turn up any leads.

Petrorep Inc.

- 4) Unable to find valid address.
- 5) Last seen in the chain of title in 1972.
- 6) I tried to find a lead by talking with the other mineral owners, internet searches, county searches and secretary of the state searches. Did not turn up any leads.

**MEWBOURNE OIL COMPANY**  
AUTHORIZATION FOR EXPENDITURE

Well Name: Owl Draw 27-22 B2MD Fed Com 1H Prospect: \_\_\_\_\_  
 Location: SL: 170' FSL & 330' FWL (27), BHL: 330' FNL & 330' FWL (22) County: Eddy ST: NM  
 Sec. 27 Blk: \_\_\_\_\_ Survey: \_\_\_\_\_ TWP: 26S RNG: 27E Prop. TVD: 7570' TMD: 17500'

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Permits and Surveys		0180-0100	\$10,000	0180-0200	
Location: Roads, Pits & Site Preparation		0180-0105	\$70,000	0180-0205	\$50,000
Location: Site Restoration, Excavation & Other		0180-0106	\$225,000	0180-0206	
Day Work, Footage, Turnkey Drilling 33 days drlg & 3 comp @ \$18500/day		0180-0110	\$652,100	0180-0210	\$59,300
Fuel 1000 gal/day @ \$2.50/gal		0180-0114	\$90,000		
Mud		0180-0120	\$175,000		
Chemicals and Additives		0180-0121		0180-0221	
Cementing		0180-0125	\$60,000	0180-0225	\$60,000
Logging, Wireline & Coring Services Gryo/Wireline for Plug & Perf/TCP		0180-0130	\$6,500	0180-0230	\$146,000
Casing, Tubing & Snubbing Services		0180-0134	\$20,000	0180-0234	\$30,000
Mud Logging		0180-0137	\$40,000		
Stimulation 20 stages 7 MM gals SW x 8.5MM#				0180-0241	\$1,470,000
Stimulation Rentals & Other				0180-0242	\$650,000
Water & Other		0180-0145	\$80,000		
Bits		0180-0148	\$80,000	0180-0248	\$2,500
Inspection & Repair Services		0180-0150	\$50,000	0180-0250	\$6,500
Misc. Air & Pumping Services N2 & Reverse (Toe prep and drill out)		0180-0154		0180-0254	\$150,000
Testing		0180-0158	\$20,000	0180-0258	\$15,000
Completion / Workover Rig 10 days @ \$3500/day (Toe prep and Drillout)				0180-0260	\$35,000
Rig Mobilization		0180-0164	\$160,000		
Transportation		0180-0165	\$30,000	0180-0265	\$1,000
Welding and Construction		0180-0168	\$5,000	0180-0268	
Engineering & Contract Supervision		0180-0170	\$39,800	0180-0270	\$3,600
Directional Services		0180-0175	\$200,000		
Equipment Rental		0180-0180	\$198,000	0180-0280	\$50,000
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	\$1,000
Damages		0180-0190	\$5,000	0180-0290	
Pipeline, Road, Electrical ROW & Easements		0180-0192		0180-0292	
Pipeline Interconnect				0180-0293	
Company Supervision		0180-0195	\$66,000	0180-0295	\$30,000
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Well Abandonment		0180-0198		0180-0298	
Contingencies 10% (TCP) 5% (CC)		0180-0199	\$231,100	0180-0299	\$139,000
<b>TOTAL</b>			<b>\$2,541,700</b>		<b>\$2,918,900</b>
TANGIBLE COSTS 0181					
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0") 400' 13 3/8" 48# H40 STC @ \$32.52/ft + GRT		0181-0794	\$13,900		
Casing (8.1" - 10.0") 5900' 9 5/8" 36/40# J55/N80/HCL80 LTC @ \$28.00/ft + GRT		0181-0795	\$176,500		
Casing (6.1" - 8.0") 7100' 7" 26# HCP110 LTC @ \$26.60/ft + GRT		0181-0796	\$201,700		
Casing (4.1" - 6.0") 10400' 5 1/2" 17# P110 LTC/BTC @ \$18.10/ft + GRT				0181-0797	\$201,100
Tubing (2" - 4") 7100' 2 7/8" 6.5# L80 EUE 8rd @ \$5.23/ft + GRT				0181-0798	\$39,700
Drilling Head		0181-0850	\$14,000		
Tubing Head & Upper Section				0181-0870	\$14,000
Downhole Directional Equipment Baker 7" x 5-1/2" X-over				0181-0871	\$4,000
Sucker Rods				0181-0875	\$30,000
Packer Pump & Subsurface Equipment rod pump				0181-0880	\$10,000
Artificial Lift Systems Gas Lift				0181-0884	\$10,000
Pumping Unit Lufkin 912				0181-0885	\$100,000
Surface Pumps & Prime Movers A62 gas engine & SWD transfer pump				0181-0886	\$45,000
Tanks - Steel 8-500bbl steel (4 coated)				0181-0890	\$105,200
Tanks - Others				0181-0891	
Separation & Gas Treating Equipment 30"x10"x1000# 3ph/24"x10"x1000# 2ph & FWKO				0181-0895	\$50,000
Heater Treaters, Line Heaters 6'x20'x75# HT				0181-0897	\$17,500
Metering Equipment				0181-0898	\$14,000
Line Pipe - Gas Gathering and Transportation				0181-0900	
Misc. Fittings, Valves, Line Pipe and Accessories				0181-0906	\$60,000
Cathodic Protection				0181-0908	
Electrical Installations 1 mile overhead electric				0181-0909	\$100,000
Production Equipment Installation				0181-0910	\$50,000
Pipeline Construction 1 mile 4" buried steel				0181-0920	\$10,000
<b>TOTAL</b>			<b>\$406,100</b>		<b>\$860,500</b>
<b>SUBTOTAL</b>			<b>\$2,947,800</b>		<b>\$3,779,400</b>
<b>TOTAL WELL COST</b>			<b>\$6,727,200</b>		

Prepared by: J. Nava Date: 3/12/2015

Co. Approval: M. White Date: 3/13/2015

Joint Owner Interest: \_\_\_\_\_ Amount: \_\_\_\_\_

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

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

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: \_\_\_\_\_

Form Rev: 9/2014

Attachment

**Offset Ownership**  
**Owl Draw "27/22" B2MD Fed Com No. 1H**  
**Section 27/22, T26S, R27E**  
**Eddy County, New Mexico**

Section 15:

**Chevron USA Inc. – Operator**

Section 16:

**COG Operating LLC – Operator**

Section 21:

**Yates Petroleum Corporation – Operator**

E/2W/2, E/2 of Section 22:

**Mewbourne Oil Company - Operator**

E/2W/2, E/2 of Section 27:

**Mewbourne Oil Company – Operator**

Section 28:

**Cimarex Energy Co. – Operator**

Section 33:

**Cimarex Energy Co. – Operator**

Section 34:

**Cimarex Energy Co. – Operator**