

**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 M & M ENERGY, LLC FOR
COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.**

Case No. 15531

VERIFIED STATEMENT OF ALAN WHITE

Alan White, being duly sworn upon his oath, deposes and states:

1. I am a contract landman for M & M Energy, LLC ("M & M"), and have personal knowledge of the matters stated herein.
2. I have not previously been sworn and qualified as an expert landman before the Division. I have the following work experience in land matters: I have worked as a landman for the last 12 years. I have worked in over a dozen states conducting title searches, acquiring oil and gas leases, performing due diligence work, curing title defects, negotiating surface damages for drilling operations, and other land related activities. I am president of a land services company (Conquest Energy) which I have owned for two years. I am a Certified Petroleum Landman (No. 84714).
3. 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 certain interest owners into a well to be drilled to test the San Andres formation.
 - (b) No opposition is expected because the interest owners being pooled have either (i) been contacted regarding the proposed well, but have failed or refused to voluntarily join in the well, or (ii) are unlocatable.
 - (c) M & M seeks an order pooling all mineral interests from the surface to the base of the San Andres formation (approximately 5000 feet subsurface) in the NE/4SW/4 of Section 6, Township 22 South, Range 36 East, NMPM, to form a standard 40 acre oil spacing and proration unit for all pools or formations developed on 40 acre spacing within that vertical extent. The unit will be dedicated to the Day Well No. 9, to be located at an orthodox location in the NE/4SW/4 of Section 6. A plat of the well location is

EXHIBIT

1

attached hereto as **Attachment A**. An APD for the well has not been filed with the Division.

(d) The working interest owners being pooled, and their interests in the well unit, are listed on **Attachment B**.

(e) The land is fee land, and there are approximately 60 mineral owners in the tract being pooled. The interest owners being pooled are unleased mineral owners. M & M has leased a large majority of mineral owners.

(f) To locate the mineral owners, M & M examined county records, telephone records, and conducted an internet search. All mineral owners except those listed on **Attachment C** were located, and M & M has had extensive contacts with the mineral interest owners in an attempt to lease their interests, even though some notice letters in this case were returned undelivered.

(g) A well proposal letter in the form attached hereto as **Attachment D** letter was sent to all uncommitted mineral/working interest owners.

(h) M & M has made a good faith effort to locate the mineral/working interest owners in the well, and to obtain their voluntary joinder in the well.

(i) M & M requests that it be designated operator of the well.

(j) **Attachment E** is an AFE for the drilling of the well. The costs reflected therein are fair and reasonable, and are equivalent to those charged by other operators in this area for this type of well.

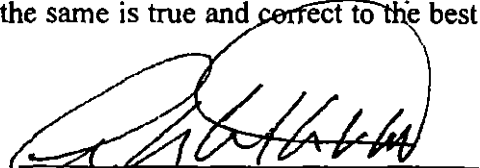
(k) M & M requests that a cost plus 200% risk charge be assessed against non-consenting interest owners.

(l) M & M requests overhead and administrative charges of \$6000 for a drilling well and \$600 for a producing well. These rates are reasonable for wells of this depth in this area of New Mexico.

VERIFICATION

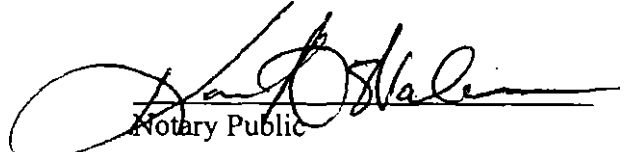
STATE OF TEXAS)
) ss.
COUNTY OF HARRIS)

Alan White, being duly sworn upon his oath, deposes and states that: He is a landman for M & M Energy, LLC; 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.


Alan White

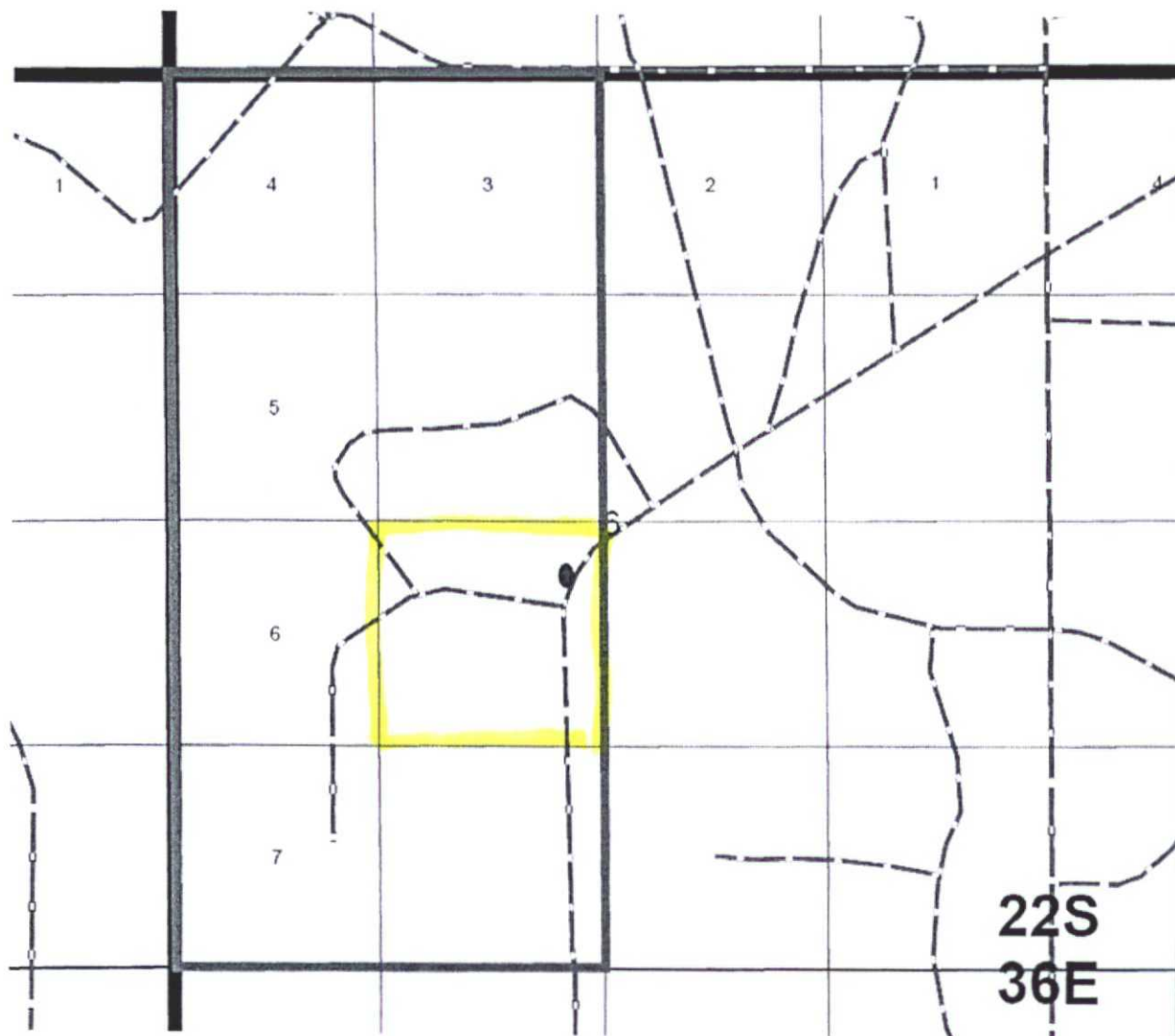
SUBSCRIBED AND SWORN TO before me this 17th day of August, 2016 by Alan White.

My Commission Expires: 5-20-17


Notary Public



ATTACHMENT **A**



Planned location: 1650' FSL + 2310' FWL

The Wilson Children's Trust

0.173611%

Robert J. Anderson as Trustee of the Jeff Anderson Trust

0.001927%

JAS 3125 LLC

0.001927%

Marvin Properties L.L.C.

0.001927%

William G. Seal

0.005781%

Emely Ann Edwards

0.005799%

Apache Corporation

Suite 1000

303 Veterans Airpark Road

Midland, TX 79705

24.419167%

Samson Resources Company

Suite 1500

2 West 2nd Street

Tulsa, OK 74103

12.500000%

Harold G. Osborn, Jr.

P.O. Box 420

Brooklyn, CT 06234

1.206140%

The Glass-Glen Burnie Foundation

c/o Farmers National Company

Suite 400

5110 South Yale

Tulsa, OK 74135

0.146484%

RAM Foundation

P.O. Box 6519

Paris, TX 75461

0.028076%

RSG Properties, Ltd.

2700 Racquet Club Drive

Midland, TX 79705

0.020215%

ATTACHMENT

B

Sally McIlhenny Osborn Hewitt
1411 West Bridalveil Place
Tucson, AZ 85737

1.2061401.

Walter McIlhenny Gibbs
1835 County Road 213
Weimar, TX 78962

0.4020471.

John Osborn Gibbs
500 Crescent Drive
Bryan, TX 77801

0.4020471.

Patricia Sullivan Gibbs
608 Woodlake Drive
McQueeny, TX 78123

0.4020471.

Roy G. Barton
2914 Cashell Wood Drive
Cedar Park, TX 78613

2.6315791.

Jane Sack
302 Park Avenue
Statesboro, GA 30458

0.5953131.

Bebe De'Vlaming
Apartment 2145
2151 Southern Avenue
Mesa, AZ 85204

0.5953131.

Kirby Mineral, GP
Suite 1008
100 Park Avenue
Oklahoma City, OK 73102

0.3298611.

John E. McCool
Room 104
213 West 3rd Avenue
Warren, PA 16365

0.1464841.

Wilma M. Phillips Trust
P.O. Box 2411
Bakersfield, CA 93303

0.0146481.

Judith Cruz Trust
P.O. Box 4539
Sedona, AZ 86340

0.0073241

Barbara Blewett Trust
P.O. Box 4539
Sedona, AZ 86340

0.0073241

The Wilson Children's Trust

Robert J. Anderson as Trustee of the Jeff Anderson Trust

JAS 3125 LLC

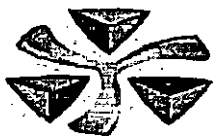
Marvin Properties L.L.C.

William G. Seal

Emely Ann Edwards

ATTACHMENT

C



ConquestTM

ENERGY

April 27, 2016

Apache Corp
c/o Jake Bebermeyer
303 Veterans Airpark Lane
Suite 1000
Midland, TX 79705

Re: Final Offer Letter
Lea County, New Mexico

Mr. Bebermeyer:

Due to the fact that Conquest Energy, LLC ("Conquest") has not received an answer from Apache Corp ("Apache") regarding the proposed Oil and Gas lease, we are sending out this letter as a final offer to lease the following property to wit:

That certain tract of land containing 302.99 acres more or less, being Lots 3, 4, 5, 6, & 7 & the Southeast quarter of Northwest quarter (SE/4 NW/4) & East half of Southwest quarter (E/2 SW/4), of Section 6, Township 22 South, Range 36 East, N.M.P.M, Lea County, New Mexico.

Conquest is prepared to offer you the outlined terms below for the right to lease all right, title and interest owned by Apache and are also prepared to grant a 1/4 royalty interest with regards to any production associated with the interests therein owned by Apache in the aforementioned tract if the said tract(s) are included in a drilling/proration unit.

Lease Terms:

Gross Mineral Acres: 302.99
Net Mineral Interest: 0.24479167
Net Mineral Acres: 74.16942809
Bonus: \$300.00/NMA
Total Bonus: \$22,250.83

Royalty: 1/4
Rentals: Paid Up
Primary Term: 3 years
Option to renew: N/A
Lease Form: Producers 88 with 640 Acres Pooling

If you are unwilling to lease the above mentioned mineral interest and want to participate in the drilling of the prospective well, we have included an AFE for you to sign and return. The AFE will detail the costs associated with the drilling of the first well; to be located on the aforementioned subject property. If you choose to participate, Apache's proportionate share of the drilling costs for the proposed well would be in the amount of \$421,481.32.

If we do not receive a response regarding this letter or future correspondence in the time frame identified below, your interest will be considered an unleased mineral interest and we will be forced to move forward with the compulsory pooling process.

Offer Time Parameters: 30 days from receipt of this letter

Regards,

ATTACHMENT 



ConquestTM

ENERGY

Alan White, CPL
Petroleum Landman
Conquest Energy, LLC
9950 Westpark Drive, Suite 135
Houston, Texas 77063
Cell: 337-257-6351
alan.white@conquestenergyllc.com

Confidentiality Warning: This message and any attachments are intended only for the use of the intended recipient(s), are confidential, and may be privileged. If you are not the intended recipient, you are hereby notified that any review, retransmission, conversion to hard copy, copying, circulation or other use of all or any portion of this message and any attachments is strictly prohibited. If you are not the intended recipient, please notify the sender immediately by return e-mail, and delete this message and any attachments from your system.

AUTHORITY FOR EXPENDITURE

WELL NAME: **M & M Energy Day #9** FIELD: **Eunice Monument** DATE: **03/21/16**
 COUNTY: **Lea** STATE: **NM** PTD: **5,000**
 RECOMMENDED WORK: **Drill San Andres exploratory well, downthrown to the Capitan Reef in the W 1/2 Sec 6 T22S-R36E**
 WORK TYPE: **DRILLING** API NO. **TBD (30-025-xxxxx)**

SUMMARY OF ESTIMATED COSTS

INTANGIBLES		AFE NO. 687		
		DRILL/TEST \$	COMPLETE \$	TOTAL \$
ROAD AND LOCATION, DAMAGES, PERMIT, SURVEY, INSURANCE		75,000	5,000	80,000
RAT HOLE		10,000		10,000
SERVICE RIG	8 DAYS @ \$5,000 / DAY		40,000	40,000
DRILLING	DAYWORK 12 DAYS @ \$10,000 / DAY	120,000		120,000
	FOOTAGE FT @ / FT			
	TURNKEY			
MOB / DEMOB	2 DAYS @ \$25,000	50,000		50,000
TRANSPORTATION		12,500	10,000	22,500
CONTRACT LABOR (Welder, Gate Guard)		18,000	20,000	38,000
WATER / PURCHASE & DELIVERY		50,000	5,000	55,000
INSPECTION/TESTING, REPAIRS / REPLACEMENT		6,000	2,500	8,500
DIRECTIONAL SERVICES		55,000		55,000
WELL TESTING				
WIRELINE SERVICES / LOGGING		70,000	6,000	76,000
BITS AND MILLS		20,000	2,500	22,500
FUEL / LUBE / OILS / GREASE		30,000		30,000
DRILLING FLUIDS / COMPLETION FLUIDS / WATER		50,000	5,000	55,000
CASING CREW AND EQUIPMENT		6,000	6,250	12,250
CEMENT AND CEMENTING SERVICES		15,000	50,000	65,000
DRILL STEM TESTS, CORING, ANALYSIS, & MUDLOGGING		15,000		15,000
PERFORATING SERVICE			6,500	6,500
SNUBBING UNIT / COIL TUBING UNIT				
SWABBING SERVICE				
STIMULATION SERVICE			7,500	7,500
EQUIPMENT RENTAL - (SURFACE & DOWNHOLE)		20,000	10,000	30,000
EQUIPMENT RENTAL - (PIPE, ET CETERA)		15,000	10,000	25,000
EQUIPMENT RENTAL - (CLOSED LOOP / DISPOSAL / ROLL ON / OFF)		120,000		120,000
HOUSING / PHONE / INTERNET		12,500		12,500
SUPERVISION		25,000	20,000	45,000
MISCELLANEOUS EXPENSE / SERVICE / EQUIPMENT		28,000	10,000	38,000
OVERHEAD		10,000		10,000
INSURANCE		25,000		25,000
ENGINEERING SERVICES		10,000	15,000	25,000
GEOLOGICAL SERVICES		20,000	5,000	25,000
LAND SERVICES		10,000		10,000
TOTAL INTANGIBLE COST		898,000	236,250	1,134,250

TANGIBLES						DRILL/TEST \$	COMPLETE \$	TOTAL \$
TUBULAR GOODS	Size	#	Grade	Length	\$ / ft			
CONDUCTOR	16		40'	220'		8,800		8,800
SURFACE	8-5/8"	24	J-55	400'	10'	3,964		3,964
FLOAT EQUIPMENT	8 5/8" / 5 1/2" ECP & DV TOOL					7,500	22,500	30,000
INTERMEDIATE / LINER								
INTERMEDIATE / LINER								
PRODUCTION	5-1/2	15.5	J-55	5,000'	6'		28,850	28,850
TUBING	2-7/8	6.5	J-55	5,000'	3'		15,050	15,050
LINE PIPE / FLOWLINE	2			2,000'	4'		8,800	8,800
WELLHEAD EQUIPMENT						2,000	6,000	8,000
GAS COMPRESSOR								
PUMPING UNIT AND PRIME MOVER							75,000	75,000
ROUSTABOUT / CONTRACT LABOR							50,000	50,000
SUCKER RODS / DOWNHOLE PUMP							22,000	22,000
SUBSURFACE EQUIPMENT / PACKERS							2,500	2,500
PRODUCTION TANKS							30,000	30,000
SEPARATORS, HEATERS, TREATERS							30,000	30,000
METERS AND FITTINGS							37,500	37,500
MISCELLANEOUS FITTINGS / EQUIPMENT							12,500	12,500
TOTAL TANGIBLE COST						22,264	340,700	362,964

TOTAL ESTIMATED COST

920,264 576,950 1,497,214

CONTINGENCY

15.0% 138,040 86,543 224,582

TOTAL ESTIMATED COST OF WELL

1,058,304 663,493 1,721,796

It is recognized that the amounts herein are estimates only and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, whether more or less than herein set out. By execution of the AFE, the signatory party promises to pay his proportionate share of the expenditures detailed herein on or before thirty (30) days after receipt of an invoice for same.

WORKING INTEREST OWNER APPROVAL:

PREPARED BY: Micheal McGhee
 DATE: 3/21/2016
 APPROVAL: *Micheal McGhee*
 DATE: 4/13/2016

COMPANY: _____
 INTEREST (%) _____

NAME: _____
 DATE: _____

ATTACHMENT **E**