

**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:**

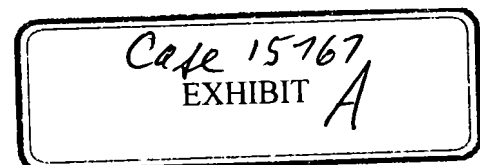
**APPLICATION OF MEWBOURNE OIL COMPANY  
FOR A NON-STANDARD GAS SPACING AND  
PRORATION UNIT AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.**

**Case No. 15,767**

**VERIFIED STATEMENT OF LEE SCARBOROUGH**

Lee Scarborough, 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. In this case Mewbourne seeks an order approving a 640-acre non-standard gas spacing and proration unit (project area) in the Wolfcamp formation comprised of the W/2 of Section 25 and the W/2 of Section 36, Township 23 South, Range 26 East, NMPM. Mewbourne further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit will be dedicated to the Ghost Rider 25/36 W0DM Fed. Com. Well No. 2H.
3. This case was presented at the July 20, 2017 hearing, and land and geology testimony were presented at that time.
4. At the original hearing, I testified that the parties being pooled were Black Stone Minerals Company, L.P. and its assignee via an unrecorded Term Assignment. Through inadvertence, I neglected to state that Magnum Hunter Production Inc. ("Magnum Hunter") and Texas and New Mexico Exploration, LLC ("TNM") also needed to be pooled.
5. Attached hereto as Exhibit 1 is a listing of the working interest owners in the well unit. Magnum Hunter and TNM own contractual working interests in the NW/4 of Section 25.
6. Attached as Exhibit 2 is the correspondence and correspondence log of contacts with Magnum Hunter. Attached as Exhibit 3 is the correspondence and correspondence log of contacts with TNM.
7. Mewbourne has made a good faith effort to obtain the voluntary joinder of Magnum Hunter and TNM in the Ghost Rider 25/36 W0DM Fed. Com. Well No. 2H.



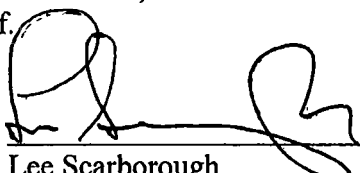
8. Mewbourne requests that Magnum Hunter and TNM be pooled into the well unit for the Ghost Rider 25/36 WODM Fed. Com. Well No. 2H.

9. If either Magnum Hunter or TNM subsequently commits its interest to the proposed well Mewbourne will notify the Division that they are not subject to compulsory pooling.

VERIFICATION


STATE OF TEXAS                    )  
  ) ss.  
COUNTY OF MIDLAND            )

Lee Scarborough, 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.

  
\_\_\_\_\_  
Lee Scarborough

SUBSCRIBED AND SWORN TO before me this 11 day of August, 2017 by Lee Scarborough.

My Commission Expires: 12-05-2020

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



Description			WIO	%	GrAcres	NetAcres	% WIU
TWP/RGE	Section	Lands					
23S26E	25	NW	Mewbourne Oil Company	0.83333	160.00000	133.33331	
			Marathon Oil Permian	0.02344		3.75000	
			Magnum Hunter Production Inc.**	0.05990		9.58336	1.4974
			Texas and New Mexico Exploration, LLC**	0.08333		13.33333	2.08333
23S26E	25	SW	Mewbourne Oil Company	0.75000	160.00000	120.00000	
			Finwing Oil & Gas, LLC	0.08102		12.96296	
			S.E.S. Resources, LLC	0.08102		12.96296	
			Tiburon Exploration, LLC	0.07500		12.00000	
			Logic Energy Holdings, LLC	0.01296		2.07408	
23S26E	36	NW	Mewbourne Oil Company	1.00000	160.00000	160.00000	
23S26E	36	NWSW	Black Stone Minerals Company, L.P.**	0.50000	40.00000	20.00000	3.125
			Gahr Energy Company	0.50000		20.00000	
23S26E	36	NESW	Mewbourne Oil Company	1.00000	40.00000	40.00000	
23S26E	36	S2SW	Mewbourne Oil Company	1.00000	80.00000	80.00000	
Totals					640.00000	640.00000	
			** Pooling - 42.91669 acres (6.70573%)				

EXHIBIT /

**Correspondence Log**  
**Ghostrider 25/36 W0DM Fed Com #2H**

[illegible]

EXHIBIT 2

## Lee Scarborough

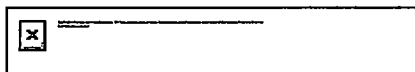
**From:** TrackingUpdates@fedex.com  
**Sent:** Wednesday, June 14, 2017 10:51 AM  
**To:** Lee Scarborough  
**Subject:** FedEx Shipment 779393675621 Delivered

## Your package has been delivered

Tracking # 779393675621

Ship date:  
Tue, 6/13/2017

Lee Scarborough  
Mewbourne Oil Company  
Midland, TX 79701  
US



Delivered

Delivery date:  
Wed, 6/14/2017 10:48  
am

Hayden P. Tresner  
Magnum Hunter Production,  
Inc.  
600 North Marienfeld, Suite 600  
MIDLAND, TX 79701  
US

### Personalized Message

Ghostrider 25/36 W0DM #2H

### Shipment Facts

Our records indicate that the following package has been delivered.

**Tracking number:** 779393675621

**Status:** Delivered: 06/14/2017 10:48  
AM Signed for By: S.GARCIA

**Reference:** Ghostrider 25/36 W0DM #2H

**Signed for by:** S.GARCIA

**Delivery location:** MIDLAND, TX

**Delivered to:** Receptionist/Front Desk

**Service type:** FedEx Standard Overnight

**Packaging type:** FedEx Envelope

**Number of pieces:** 1

**Weight:** 0.50 lb.


**Special handling/Services:** Deliver Weekday

**Standard transit:** 6/14/2017 by 3:00 pm

*Cimarron  
Magnum*

**This tracking update has been requested by:**

**Company name:** Mewbourne Oil Company  
**Name:** Lee Scarborough  
**Email:** [akirksey@mewbourne.com](mailto:akirksey@mewbourne.com)

 Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 10:50 AM CDT on 06/14/2017.

All weights are estimated.

To track the latest status of your shipment, click on the tracking number above.

This tracking update has been sent to you by FedEx on behalf of the Requestor [akirksey@mewbourne.com](mailto:akirksey@mewbourne.com). FedEx does not validate the authenticity of the requestor and does not validate, guarantee or warrant the authenticity of the request, the requestor's message, or the accuracy of this tracking update.

Standard transit is the date and time the package is scheduled to be delivered by, based on the selected service, destination and ship date. Limitations and exceptions may apply. Please see the FedEx Service Guide for terms and conditions of service, including the FedEx Money-Back Guarantee, or contact your FedEx Customer Support representative.

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Thank you for your business.

## Lee Scarborough

**From:** TrackingUpdates@fedex.com  
**Sent:** Tuesday, June 13, 2017 4:13 PM  
**To:** Lee Scarborough  
**Subject:** FedEx Shipment 779393675621 Notification

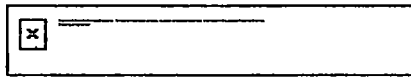
This shipment is scheduled to be sent on  
**06/13/2017.**

See "Preparing for Delivery" for helpful tips

Tracking # 779393675621

Anticipated ship date:  
Tue, 6/13/2017

Lee Scarborough  
Mewbourne Oil Company  
Midland, TX 79701  
US



Initiated

Scheduled delivery:  
Wed, 6/14/2017 by 3:00  
pm

Hayden P. Tresner  
Magnum Hunter Production,  
Inc.  
600 North Marienfeld, Suite 600  
MIDLAND, TX 79701  
US

### Personalized Message

Ghostrider 25/36 W0DM #2H

### Shipment Facts

Tracking number:	<u>779393675621</u>
Reference:	Ghostrider 25/36 W0DM #2H
Service type:	FedEx Standard Overnight
Packaging type:	FedEx Envelope
Number of pieces:	1
Weight:	0.50 lb.
Special handling/Services:	Deliver Weekday

### Preparing for Delivery


To help ensure successful delivery of your shipment, please review the below.

Won't be in?

You may be able to hold your delivery at a convenient FedEx World Service Center or FedEx Office location for pick up. Track your shipment to determine Hold at FedEx location availability.

**This tracking update has been requested by:**

**Company name:** Mewbourne Oil Company  
**Name:** Lee Scarborough  
**Email:** [akirksey@mewbourne.com](mailto:akirksey@mewbourne.com)

 Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 4:12 PM CDT on 06/13/2017.

All weights are estimated.

The shipment is scheduled for delivery on or before the scheduled delivery displayed above. FedEx does not determine money-back guarantee or delay claim requests based on the scheduled delivery. Please see the FedEx Service Guide for terms and conditions of service, including the FedEx Money-Back Guarantee, or contact your FedEx customer support representative.

To track the latest status of your shipment, click on the tracking number above.

This tracking update has been sent to you by FedEx on behalf of the Requestor [akirksey@mewbourne.com](mailto:akirksey@mewbourne.com). FedEx does not validate the authenticity of the requestor and does not validate, guarantee or warrant the authenticity of the request, the requestor's message, or the accuracy of this tracking update.

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Thank you for your business.



June 13, 2017

Via Overnight Mail

To: Working Interest Owners

Re: Ghost rider 25/36 W0DM Fed Com #2H  
185' FNL, 450' FWL (SL), Section 25  
330' FSL, 450' FWL (BHL), Section 36  
Township 23 South, Range 26 East  
Eddy County, New Mexico

Ladies and Gentlemen:

Enclosed for your review and further handling is Mewbourne Oil Company's revised AFE (working interest percentage revised based off of preliminary title review) along with our Joint Operating Agreement for the proposed Ghost rider 25/36 W0DM Fed Com #2H well. Our spud date is currently set for July 25, 2017. In the event you elect to participate, please execute the enclosed AFE and Joint Operating Agreement as soon as possible.

Should you have any questions regarding this proposal, please email me at [lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com) or call me at (432) 682-3715.

Very truly yours

MEWBOURNE OIL COMPANY

Bee M. Scarborough  
Landman

Enclosures

# AEBWBOURNE OIL COMPANY

## AUTHORIZATION FOR EXPENDITURE

Well Name: <b>Ghostrider 25/36 WODM Fed Com #2H</b>		Prospect: <b>Ghostrider</b>	
Location: <b>SL: 185' FNL &amp; 450' FWL (25); BHL: 330' FSL &amp; 450' FWL (36)</b>		County: <b>Eddy</b>	ST: <b>NM</b>
Sec: <b>25</b>	Blk: <b></b>	Survey: <b></b>	TWP: <b>23S</b> RNG: <b>26E</b> Prop. TVD: <b>8793'</b> TMD: <b>18650'</b>

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	\$15,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	\$50,000	0180-0205	\$25,000
Location / Restoration		0180-0106	\$195,000	0180-0206	\$55,000
Daywork / Turnkey / Footage Drilling 28 days drilg / 4 days comp @ \$18,000/day		0180-0110	\$536,800	0180-0210	\$78,700
Fuel 1500 gal/day @ 1.90/gal		0180-0114	\$91,200		
Mud, Chemical & Additives		0180-0120	\$200,000	0180-0220	
Horizontal Drillout Services				0180-0222	\$105,000
Cementing		0180-0125	\$80,000	0180-0225	\$30,000
Logging & Wireline Services		0180-0130	\$2,000	0180-0230	\$404,000
Casing / Tubing / Snubbing Service		0180-0134	\$25,000	0180-0234	\$20,000
Mud Logging		0180-0137	\$25,000		
Stimulation 60 stg 24.4 MM gals X 24.4 MM#				0180-0241	\$4,400,000
Stimulation Rentals & Other				0180-0242	\$150,000
Water & Other		0180-0145	\$40,000	0180-0245	\$820,000
Bits		0180-0148	\$81,000	0180-0248	\$4,000
Inspection & Repair Services		0180-0150	\$40,000	0180-0250	\$5,000
Misc. Air & Pumping Services		0180-0154		0180-0254	\$10,000
Testing & Flowback Services		0180-0158	\$15,000	0180-0258	\$30,000
Completion / Workover Rig 5 days @ \$3500/day				0180-0260	\$18,500
Rig Mobilization		0180-0164	\$160,000		
Transportation		0180-0165	\$25,000	0180-0265	\$12,000
Welding Services		0180-0168	\$5,000	0180-0268	\$5,000
Contract Services & Supervision		0180-0170		0180-0270	\$48,000
Directional Services Includes vertical control		0180-0175	\$218,000		
Equipment Rental		0180-0180	\$194,000	0180-0280	\$30,000
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$5,700	0180-0285	
Intangible Supplies		0180-0188	\$8,000	0180-0288	\$1,000
Damages		0180-0190	\$25,000	0180-0290	
ROW & Easements		0180-0192		0180-0292	\$65,000
Pipeline Interconnect				0180-0293	
Company Supervision		0180-0195	\$143,000	0180-0295	\$115,000
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Well Abandonment		0180-0198		0180-0298	
Contingencies 10% (TCP) 5% (CC)		0180-0199	\$219,500	0180-0299	\$322,500
TOTAL			\$2,414,200		\$6,771,700
TANGIBLE COSTS 0181					
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0") 475' - 13 3/8" 54.5# J-55 ST&C @ \$28.51/ft		0181-0794	\$14,500		
Casing (8.1" - 10.0") 1720' - 9 5/8" 40# N-80 LT&C @ \$25.40/ft		0181-0795	\$46,800		
Casing (6.1" - 8.0") 8900' - 7" 29# P-110 LT&C @ \$21.21/ft		0181-0796	\$201,200		
Casing (4.1" - 6.0") 10355' - 4 1/2" 13.5# P-110 BPN @ \$14.21/ft				0181-0797	\$156,800
Tubing (2" - 4")				0181-0798	
Drilling Head		0181-0860	\$30,000		
Tubing Head & Upper Section 10K frac valve & tree				0181-0870	\$45,000
Horizontal Completion Tools				0181-0871	\$30,000
Sucker Rods				0181-0875	
Subsurface Equipment				0181-0880	
Artificial Lift Systems				0181-0884	
Pumping Unit				0181-0885	
Surface Pumps & Prime Movers VRU and SWD pump				0181-0886	\$50,000
Tanks - Oil 3 - 750 steel				0181-0890	\$40,000
Tanks - Water 3 - 750 steel coated				0181-0891	\$45,000
Separation / Treating Equipment 36"x15"x1000# 3ph, 30"x10"x1000# 3 ph, GB				0181-0895	\$50,000
Heater Treaters, Line Heaters 6"x20"x75#				0181-0897	\$15,000
Metering Equipment				0181-0898	\$7,000
Line Pipe & Valves - Gathering 2.5 miles 8" SWD & 1 mile 4 1/2" gas				0181-0900	\$240,000
Fittings / Valves & Accessories				0181-0906	\$60,000
Cathodic Protection				0181-0908	\$6,000
Electrical Installation				0181-0909	\$75,000
Equipment Installation				0181-0910	\$35,000
Pipeline Construction 2.5 miles 8" SWD & 1 mile 4 1/2" gas				0181-0920	\$232,000
TOTAL			\$292,300		\$1,086,800
SUBTOTAL			\$2,706,500		\$7,858,500
TOTAL WELL COST			\$10,565,000		

Extra Expense Insurance	
<input type="checkbox"/>	I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium. Operator has secured Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185.
<input type="checkbox"/>	I elect to purchase my own well control insurance policy.
If neither box is checked above, non-operating working interest owner elects to be covered by Operator's well control insurance.	
Prepared by: <u>R. Terrell</u>	Date: <u>5/2/2017</u>
Company Approval: <u><i>M. White</i></u>	Date: <u>5/2/2017</u>
Joint Owner Interest: <u>1.49740000%</u> Amount: <u>\$158,200.31</u>	
Joint Owner Name: <u>Magnum Hunter Production Inc.</u>	Signature: _____



Date: May 9, 2017

Simple Certified:

The following is in response to your May 9, 2017 request for delivery information on your Certified Mail™/RRE item number 9414810699945022891784. The delivery record shows that this item was delivered on May 9, 2017 at 1:26 pm in MIDLAND, TX 79701. The scanned image of the recipient information is provided below.

Signature of Recipient :

A handwritten signature in black ink, appearing to read "S. K. R." or similar, written over a light background.

Address of Recipient :

A handwritten address in black ink, appearing to read "600 - 600", written over 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

Hayden P. Tresner  
Magnum Hunter Production Inc.  
600 N MARIENFELD ST STE 600  
MIDLAND, TX 79701  
Reference #: Ghost rider 25/36 W0DM #2H LS  
Item ID: Ghost rider 25 36 W0DM No 2H LS

May 5, 2017

Via Certified Mail

Magnum Hunter Production Inc.  
600 North Marienfeld, #600  
Midland, Texas 79701-4405  
Attn: Mr. Hayden P. Tresner

Re: Ghost rider 25/36 W0DM Fed Com #2H  
185' FNL, 450' FWL (SL), Section 25  
330' FSL, 450' FWL (BHL), Section 36  
Township 23 South, Range 26 East  
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company ("Mewbourne"), as Operator, hereby proposes to form a 1,280.00 acre Working Interest Unit ("WIU") covering all of Section 25 and Section 36, Township 23 South, Range 26 East, Eddy County, New Mexico. Our records indicate Magnum Hunter Production Inc. ("Magnum Hunter") owns 19.16667 net acres in the N/2 of Section 25, (19.16667 net acres / 1280 WIU = 1.4974% working interest, all derived from BLM Lease No. NMNM 027994).

In conjunction with formation of the WIU, Mewbourne proposes to drill the Ghost rider 25/36 W0DM Fed Com #2H, Surface Location (SL) and Bottom Hole Location (BHL) referenced above, to a proposed Total Vertical Depth (TVD) of 8,793' and Total Measured Depth (TMD) of 18,650', to test the Wolfcamp formation. The W/2 of Sections 25 and 36 will be dedicated to the well as the gas proration unit.

Enclosed for your review and further handling is Mewbourne's AFE, dated May 2, 2017, for the proposed well. In the event you elect to participate, please execute the enclosed AFE and return to me within thirty (30) days, our Joint Operating Agreement will follow upon receipt. A drilling title opinion has been ordered.

Should you have any questions regarding this proposal, please email me at [lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com) or call me at (432) 682-3715.

Very truly yours,

**MEWBOURNE OIL COMPANY**

Lee M. Scarborough  
Landman

Enclosures

## MEWBOURNE OIL COMPANY

## AUTHORIZATION FOR EXPENDITURE

Well Name: <u>Ghostrider 25/36 W0DM Fed Com #2H</u>		Prospect: <u>Ghostrider</u>	
Location: <u>SL: 185' FNL &amp; 450' FWL (25); BHL: 330' FSL &amp; 450' FWL (36)</u>		County: <u>Eddy</u>	ST: <u>NM</u>
Sec. <u>25</u>	Blk: <u></u>	Survey: <u></u>	TWP: <u>23S</u> RNG: <u>26E</u> Prop. TVD: <u>8793'</u> TMD: <u>18650'</u>

INTANGIBLE COSTS 0180	CODE	TCP	CODE	CC
Regulatory Permits & Surveys	0180-0100	\$15,000	0180-0200	
Location / Road / Site / Preparation	0180-0105	\$50,000	0180-0205	\$25,000
Location / Restoration	0180-0108	\$195,000	0180-0206	\$55,000
Daywork / Turnkey / Footage Drilling 28 days drlg / 4 days comp @ \$18,000/day	0180-0110	\$536,800	0180-0210	\$76,700
Fuel 1500 gal/day @ 1.90/gal	0180-0114	\$91,200		
Mud, Chemical & Additives	0180-0120	\$200,000	0180-0220	
Horizontal Drillout Services			0180-0222	\$105,000
Cementing	0180-0125	\$80,000	0180-0225	\$30,000
Logging & Wireline Services	0180-0130	\$2,000	0180-0230	\$404,000
Casing / Tubing / Snubbing Service	0180-0134	\$25,000	0180-0234	\$20,000
Mud Logging	0180-0137	\$25,000		
Stimulation 60 stg 24.4 MM gals X 24.4 MM#			0180-0241	\$4,400,000
Stimulation Rentals & Other			0180-0242	\$150,000
Water & Other	0180-0145	\$40,000	0180-0245	\$820,000
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Rlg Mobilization	0180-0164	\$160,000		
Transportation	0180-0165	\$25,000	0180-0265	\$12,000
Welding Services	0180-0168	\$5,000	0180-0268	\$5,000
Contract Services & Supervision	0180-0170		0180-0270	\$48,000
Directional Services Includes vertical control	0180-0175	\$218,000		
Equipment Rental	0180-0180	\$194,000	0180-0280	\$30,000
Well / Lease Legal	0180-0184	\$5,000	0180-0284	
Well / Lease Insurance	0180-0185	\$5,700	0180-0285	
Intangible Supplies	0180-0188	\$8,000	0180-0288	\$1,000
Damages	0180-0190	\$25,000	0180-0290	
ROW & Easements	0180-0192		0180-0292	\$65,000
Pipeline Interconnect			0180-0293	
Company Supervision	0180-0195	\$143,000	0180-0295	\$115,000
Overhead Fixed Rate	0180-0196	\$10,000	0180-0296	\$20,000
Well Abandonment	0180-0198		0180-0298	
Contingencies 10% (TCP) 5% (CC)	0180-0199	\$219,500	0180-0299	\$322,500
<b>TOTAL</b>		<b>\$2,414,200</b>		<b>\$8,771,700</b>

TANGIBLE COSTS 0181	CODE	TCP	CODE	CC
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Casing (6.1" - 8.0") 8900' - 7" 29# P-110 LT&C @ \$21.21/ft	0181-0796	\$201,200		
Casing (4.1" - 6.0") 10355' - 4 1/2" 13.5# P-110 BPN @ \$14.21/ft			0181-0797	\$156,800
Tubing (2" - 4")			0181-0798	
Drilling Head	0181-0880	\$30,000		
Tubing Head & Upper Section 10K frac valve & tree			0181-0870	\$45,000
Horizontal Completion Tools			0181-0871	\$30,000
Sucker Rods			0181-0875	
Subsurface Equipment			0181-0880	
Artificial Lift Systems			0181-0884	
Pumping Unit			0181-0885	
Surface Pumps & Prime Movers VRU and SWD pump			0181-0886	\$50,000
Tanks - Oil 3 - 750 steel			0181-0890	\$40,000
Tanks - Water 3 - 750 steel coated			0181-0891	\$45,000
Separation / Treating Equipment 36"x15"x1000# 3ph, 30"x10"x1000# 3 ph, GB			0181-0895	\$50,000
Heater Treaters, Line Heaters 6"x20"x75#			0181-0897	\$15,000
Metering Equipment			0181-0898	\$7,000
Line Pipe & Valves - Gathering 2.5 miles 8" SWD & 1 mile 4 1/2" gas			0181-0900	\$240,000
Fittings / Valves & Accessories			0181-0906	\$60,000
Cathodic Protection			0181-0908	\$6,000
Electrical Installation			0181-0909	\$75,000
Equipment Installation			0181-0910	\$35,000
Pipeline Construction 2.5 miles 8" SWD & 1 mile 4 1/2" gas			0181-0920	\$232,000
<b>TOTAL</b>		<b>\$292,300</b>		<b>\$1,086,800</b>
<b>SUBTOTAL</b>		<b>\$2,706,500</b>		<b>\$7,858,500</b>
<b>TOTAL WELL COST</b>		<b>\$10,565,000</b>		

**Extra Expense Insurance**

☐ I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium.  
Operator has secured Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185.

☐ I elect to purchase my own well control insurance policy.

If neither box is checked above, non-operating working interest owner elects to be covered by Operator's well control insurance.

Prepared by: <u>R. Terrell</u>	Date: <u>5/2/2017</u>
Company Approval: <u>m. whitaker</u>	Date: <u>5/2/2017</u>
Joint Owner Interest: <u>1.49740000%</u> Amount: <u>\$158,200.31</u>	
Joint Owner Name: <u>Magnum Hunter Production Inc.</u>	Signature: _____

**Correspondence Log**  
**Ghostrider 25/36 WODM Fed Com #2H**

[illegible]

EXHIBIT

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## Lee Scarborough

---

**From:** Stretcher, Laci <Laci.Stretcher@apachecorp.com>  
**Sent:** Friday, July 21, 2017 11:05 AM  
**To:** Lee Scarborough  
**Subject:** Ghost rider 25/36 Update

Lee,

I hope the hearing went well yesterday for you on the Ghost rider 25/36 well. The team met with management yesterday, and a recommendation on our 2% working interest was made. The team really likes the area, but management would like us to term assign our acreage in the W/2 of unit.

Please send me Mewbourne's best offer for a term assignment of the acreage. We would expect a bonus, potential ORRI in the well, and some well data. The team wants to keep our interest in the E/2 of the section because we understand there's another well planned in March. I'm hopeful we will have better non-op funding at that time and could participate.

Would you be interested in going to lunch next week sometime? I was speaking with Stuart about this well proposal, and he suggested we could all to lunch. Are you free on Tuesday or Wednesday? Please just let me know.

Thank you and have a good weekend,

**LACI LAWRENCE STRETCHER, RPL**

LANDMAN

Permian West Region – New Mexico

*direct* 432-818-1846 | *mobile* 325-338-7407 | *office* Room Number 3207C

APACHE CORPORATION

303 Veterans Airpark Lane, Suite 1000

Midland, TX 79705

U.S.A.

[ApacheCorp.com](http://ApacheCorp.com) | [LinkedIn](#) | [Facebook](#) | [Twitter](#) | [StockTwits](#) | [YouTube](#)

## Lee Scarborough

---

**From:** Stretcher, Laci <Laci.Stretcher@apachecorp.com>  
**Sent:** Thursday, July 06, 2017 2:33 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider 25-36 2H Updates

Good afternoon Lee,

I wanted to provide an update on the Ghost rider well proposal. The team is working hard to provide an answer in the middle of next week. Our geologist is still out for vacation, so we will be waiting on his analysis. If the team needs more time, Apache may file for a continuance on the hearing given the lack of notice. I understand your team is under a deadline too. In the event my team is not interested in participating, perhaps a trade might work for both parties? I'll let you know as soon as I hear from the team next Tuesday and we can go from there.

Thank you,

**LACI LAWRENCE STRETCHER, RPL**  
*direct 432-818-1846 | mobile 325-338-7407 |*

---

**From:** Lee Scarborough [mailto:lscarborough@mewbourne.com]  
**Sent:** Thursday, June 29, 2017 2:58 PM  
**To:** Stretcher, Laci <Laci.Stretcher@apachecorp.com>  
**Subject:** RE: Ghost rider 25-36 2H Updates

Laci,

Mewbourne has a farmout with a short fuse and no chance to extend. We had to file for compulsory pooling or we'd miss our deadlines. As is our standard practice, we are more than willing to work with Apache, providing any data available to us to aid in your decisions, up to and until we spud the well. Fedex Tracking Notice indicates our well proposal was delivered to your office on June 14, 2017. To answer your question (#1) of a requested deadline for an Apache response, I simply added 30 days to your receipt of our well proposal (7/14/2017).

Lee M. Scarborough  
Landman  
Mewbourne Oil Company  
(432) 682-3715  
[lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com)

---

**From:** Stretcher, Laci [mailto:Laci.Stretcher@apachecorp.com]  
**Sent:** Thursday, June 29, 2017 2:30 PM  
**To:** Lee Scarborough  
**Cc:** Travis Cude  
**Subject:** RE: Ghost rider 25-36 2H Updates

Thanks Lee. I know management is going to have some heartburn over that compulsory pooling date because there was no notice provided in the original well proposal. I'm submitting all paperwork to the team today for their review. Quite a bit of staff is out for the July 4<sup>th</sup> holiday (plus surrounding days), and this will present a problem for an expedited review.



I appreciate your help with the questions below, and I will let you know if any additional questions arise.

Thank you,

**LACI LAWRENCE STRETCHER, RPL**

*direct 432-818-1846 | mobile 325-338-7407 |*

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]

**Sent:** Thursday, June 29, 2017 1:51 PM

**To:** Stretcher, Laci <[Laci.Stretcher@apachecorp.com](mailto:Laci.Stretcher@apachecorp.com)>

**Cc:** Travis Cude <[tcude@mewbourne.com](mailto:tcude@mewbourne.com)>

**Subject:** RE: Ghost rider 25-36 2H Updates

Laci,

See comments below . . .

Regards,

Lee M. Scarborough

Landman

Mewbourne Oil Company

(432) 682-3715

[lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com)

---

**From:** Stretcher, Laci [<mailto:Laci.Stretcher@apachecorp.com>]

**Sent:** Thursday, June 29, 2017 11:07 AM

**To:** Lee Scarborough

**Subject:** Ghost rider 25-36 2H Updates

Good morning Lee,

I will be helping with the Ghost rider non-op proposal from Mewbourne because Ashley will be leaving soon on maternity leave. She forwarded the proposal and your previous email correspondence, and I reviewed the title documents you submitted. I still need to verify the title, but based on the documents and explanation provided, I prepared the proposal for the team. Please answer the questions below, and I will send to the team:

1. What is the requested deadline for Apache's response? July 14, 2017
2. Does Mewbourne plan on compulsory pooling this acreage? Yes – July 20, 2017 hearing scheduled
3. Can you provide any additional technical information on the formation or well plan? I noticed a permit has not been issued, so I cannot send the APD (and attachments) to the team. WFMP Y Sand, TVD: 8,793', TMD: 18,650'
4. What is our NRI? BLM Lease NM 027994D has a base royalty rate of 12.5%, I do not know what burdens your interest carries
5. What kind of spacing does your team anticipate? Purple Sage – WFMP Gas Pool (98220) – 640 acres – W2 Section 25, W2 Section 36
6. Do you have an engineer contact I can add to our list? If not, do you want all questions to go through you? Travis Cude – 432-682-3715
7. Any other information you can provide would be appreciated in our review process.

Thanks for your help, and we will get to this in a timely manner.

Sincerely,

**LACI LAWRENCE STRETCHER, RPL**

**LANDMAN**

Permian West Region – New Mexico

*direct* 432-818-1846 | *mobile* 325-338-7407 | *office* Room Number 3207C

**APACHE CORPORATION**

303 Veterans Airpark Lane, Suite 1000

Midland, TX 79705

U.S.A.

[ApacheCorp.com](http://ApacheCorp.com) | [LinkedIn](#) | [Facebook](#) | [Twitter](#) | [StockTwits](#) | [YouTube](#)

## Lee Scarborough

---

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I appreciate your help with the questions below, and I will let you know if any additional questions arise.

Thank you,

**LACI LAWRENCE STRETCHER, RPL**  
*direct 432-818-1846 | mobile 325-338-7407 |*

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Thursday, June 29, 2017 1:51 PM  
**To:** Stretcher, Laci <[Laci.Stretcher@apachecorp.com](mailto:Laci.Stretcher@apachecorp.com)>  
**Cc:** Travis Cude <[tcude@mewbourne.com](mailto:tcude@mewbourne.com)>  
**Subject:** RE: Ghost rider 25-36 2H Updates

Laci,

See comments below . . .

Regards,

Lee M. Scarborough  
Landman  
Mewbourne Oil Company  
(432) 682-3715  
[lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com)

---

**From:** Stretcher, Laci [<mailto:Laci.Stretcher@apachecorp.com>]  
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**To:** Lee Scarborough  
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6. Do you have an engineer contact I can add to our list? If not, do you want all questions to go through you? Travis Cude – 432-682-3715
7. Any other information you can provide would be appreciated in our review process.

Thanks for your help, and we will get to this in a timely manner.

Sincerely,

**LACI LAWRENCE STRETCHER, RPL**  
**LANDMAN**

Permian West Region – New Mexico

*direct* 432-818-1846 | *mobile* 325-338-7407 | *office* Room Number 3207C

**APACHE CORPORATION**

303 Veterans Airpark Lane, Suite 1000

Midland, TX 79705

U.S.A.

[ApacheCorp.com](http://ApacheCorp.com) | [LinkedIn](#) | [Facebook](#) | [Twitter](#) | [StockTwits](#) | [YouTube](#)

## Lee Scarborough

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1. What is the requested deadline for Apache's response?
2. Does Mewbourne plan on compulsory pooling this acreage?
3. Can you provide any additional technical information on the formation or well plan? I noticed a permit has not been issued, so I cannot send the APD (and attachments) to the team.
4. What is our NRI?
5. What kind of spacing does your team anticipate?
6. Do you have an engineer contact I can add to our list? If not, do you want all questions to go through you?
7. Any other information you can provide would be appreciated in our review process.

Thanks for your help, and we will get to this in a timely manner.

Sincerely,

**LACI LAWRENCE STRETCHER, RPL**

**LANDMAN**

Permian West Region – New Mexico

*direct* 432-818-1846 | *mobile* 325-338-7407 | *office* Room Number 3207C

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Midland, TX 79705

U.S.A.

[ApacheCorp.com](http://ApacheCorp.com) | [LinkedIn](#) | [Facebook](#) | [Twitter](#) | [StockTwits](#) | [YouTube](#)

## Lee Scarborough

---

**From:** St. Pierre, Ashley <Ashley.StPierre@apachecorp.com>  
**Sent:** Thursday, June 15, 2017 3:46 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider 25/36 ownership

I actually did find this assignment but our system shows we have 50% of the NE/4 of Section 25 which isn't calculating out to the 2% you guys are saying we have over the proposed unit. I personally think our records are wrong based on past experience. I do not have any title work or anything beyond the assignment and lease form to go off of.

Do you have a title opinion on this section?

**ASHLEY ST. PIERRE, CPL**  
LANDMAN III  
*direct 432-818-1096 | office 3216A*

---

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Thursday, June 15, 2017 3:07 PM  
**To:** St. Pierre, Ashley <Ashley.StPierre@apachecorp.com>  
**Subject:** RE: Ghost rider 25/36 ownership

Ashley,

Attached is Assignment and Bill of Sale, effective 4/1/2004, from Mobil Producing Texas & New Mexico Inc. to Texas and New Mexico Exploration LLC, found in Book 568, Page 613, Eddy County records. The Exhibit "A" describes the N/2, Section 25, T23S, R26E, Eddy County, New Mexico which is part of our two section working interest unit proposal.

Please let me know if you need additional information.

Lee M. Scarborough  
Landman  
Mewbourne Oil Company  
(432) 682-3715  
[lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com)

---

**From:** St. Pierre, Ashley [<mailto:Ashley.StPierre@apachecorp.com>]  
**Sent:** Thursday, June 15, 2017 8:13 AM  
**To:** Lee Scarborough  
**Subject:** Ghost rider 25/36 ownership

Hi Lee,

I got the Ghost rider proposal yesterday and of course, Apache's system does not show any records that match up to what Mewbourne says our working interest is in the unit/sections. Could you send me what you have for our ownership so I can work on routing this to the team?

Thanks for your help

**ASHLEY ST. PIERRE, CPL**

LANDMAN III

Permian Region

*direct* 432-818-1096 | *office* 3216A

APACHE CORPORATION

303 VETERANS AIRPARK LANE SUITE 1000

MIDLAND, TX 79705-4561

U.S.A.

## Lee Scarborough

---

**From:** St. Pierre, Ashley <Ashley.StPierre@apachecorp.com>  
**Sent:** Thursday, June 15, 2017 8:13 AM  
**To:** Lee Scarborough  
**Subject:** Ghost rider 25/36 ownership

Hi Lee,

I got the Ghost rider proposal yesterday and of course, Apache's system does not show any records that match up to what Mewbourne says our working interest is in the unit/sections. Could you send me what you have for our ownership so I can work on routing this to the team?

Thanks for your help

**ASHLEY ST. PIERRE, CPL**  
LANDMAN III  
Permian Region  
*direct 432-818-1096 | office 3216A*  
**APACHE CORPORATION**  
303 VETERANS AIRPARK LANE SUITE 1000  
MIDLAND, TX 79705-4561  
U.S.A.



## Lee Scarborough

**From:** TrackingUpdates@fedex.com  
**Sent:** Wednesday, June 14, 2017 10:51 AM  
**To:** Lee Scarborough  
**Subject:** FedEx Shipment 779393791734 Delivered

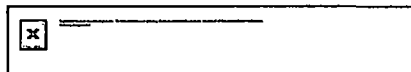
Your package has been delivered

Tracking # 779393791734

Ship date:  
Tue, 6/13/2017

Lee Scarborough

Mewbourne Oil Company  
Midland, TX 79701  
US



Delivered

Richard E. Dollins(c/o Apache  
Corp)

Texas & New Mexico  
Exploration LLC  
303 Veterans Airpark Lane  
MIDLAND, TX 79705  
US

TVS/UM  
APACHE

### Personalized Message

Ghostrider 25/36 W0DM #2H

### Shipment Facts

Our records indicate that the following package has been delivered.


Tracking number:	<u>779393791734</u>
Status:	Delivered: 06/14/2017 10:47 AM Signed for By: A.WILLIS
Reference:	Ghostrider 25/36 W0DM #2H
Signed for by:	A.WILLIS
Delivery location:	MIDLAND, TX
Delivered to:	Mailroom
Service type:	FedEx Standard Overnight
Packaging type:	FedEx Envelope
Number of pieces:	1
Weight:	0.50 lb.
Special handling/Services:	Deliver Weekday

Standard transit:

6/14/2017 by 4:30 pm

**This tracking update has been requested by:**

**Company name:** Mewbourne Oil Company  
**Name:** Lee Scarborough  
**Email:** [akirksey@mewbourne.com](mailto:akirksey@mewbourne.com)

 Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 10:51 AM CDT on 06/14/2017.

All weights are estimated.

To track the latest status of your shipment, click on the tracking number above.

This tracking update has been sent to you by FedEx on behalf of the Requestor [akirksey@mewbourne.com](mailto:akirksey@mewbourne.com). FedEx does not validate the authenticity of the requestor and does not validate, guarantee or warrant the authenticity of the request, the requestor's message, or the accuracy of this tracking update.

Standard transit is the date and time the package is scheduled to be delivered by, based on the selected service, destination and ship date. Limitations and exceptions may apply. Please see the FedEx Service Guide for terms and conditions of service, including the FedEx Money-Back Guarantee, or contact your FedEx Customer Support representative.

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Thank you for your business.

## Lee Scarborough

---

**From:** TrackingUpdates@fedex.com  
**Sent:** Tuesday, June 13, 2017 4:23 PM  
**To:** Lee Scarborough  
**Subject:** FedEx Shipment 779393791734 Notification

This shipment is scheduled to be sent on  
**06/13/2017.**

See "Preparing for Delivery" for helpful tips

Tracking # 779393791734

Anticipated ship date:  
Tue, 6/13/2017

Lee Scarborough  
Mewbourne Oil Company  
Midland, TX 79701  
US



Initiated

Scheduled delivery:  
Wed, 6/14/2017 by 4:30  
pm

Richard E. Dollins(c/o Apache  
Corp)  
Texas & New Mexico  
Exploration LLC  
303 Veterans Airpark Lane  
MIDLAND, TX 79705  
US

**Personalized Message**  
Ghostrider 25/36 W0DM #2H

### Shipment Facts

Tracking number:	<u>779393791734</u>
Reference:	Ghostrider 25/36 W0DM #2H
Service type:	FedEx Standard Overnight
Packaging type:	FedEx Envelope
Number of pieces:	1
Weight:	0.50 lb.
Special handling/Services:	Deliver Weekday

---

### Preparing for Delivery


To help ensure successful delivery of your shipment, please review the below.

Won't be in?

You may be able to hold your delivery at a convenient FedEx World Service Center or FedEx Office location for pick up. Track your shipment to determine Hold at FedEx location availability.

## This tracking update has been requested by:

**Company name:** Mewbourne Oil Company  
**Name:** Lee Scarborough  
**Email:** [akirksey@mewbourne.com](mailto:akirksey@mewbourne.com)

 Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 4:23 PM CDT on 06/13/2017.

All weights are estimated.

The shipment is scheduled for delivery on or before the scheduled delivery displayed above. FedEx does not determine money-back guarantee or delay claim requests based on the scheduled delivery. Please see the FedEx Service Guide for terms and conditions of service, including the FedEx Money-Back Guarantee, or contact your FedEx customer support representative.

To track the latest status of your shipment, click on the tracking number above.

This tracking update has been sent to you by FedEx on behalf of the Requestor [akirksey@mewbourne.com](mailto:akirksey@mewbourne.com). FedEx does not validate the authenticity of the requestor and does not validate, guarantee or warrant the authenticity of the request, the requestor's message, or the accuracy of this tracking update.

© 2017 Federal Express Corporation. The content of this message is protected by copyright and trademark laws under U.S. and international law. Review our [privacy policy](#). All rights reserved.

Thank you for your business.

June 13, 2017

Via Overnight Mail

Texas & New Mexico Exploration LLC  
c/o Apache Corporation  
303 Veterans Airpark Lane  
Midland, Texas 79705  
Attn: Mr. Richard E. Dollins

Re: Ghost rider 25/36 W0DM Fed Com #2H  
185' FNL, 450' FWL (SL), Section 25  
330' FSL, 450' FWL (BHL), Section 36  
Township 23 South, Range 26 East  
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company ("Mewbourne"), as Operator, hereby proposes to form a 1,280.00 acre Working Interest Unit ("WIU") covering all of Section 25 and Section 36, Township 23 South, Range 26 East, Eddy County, New Mexico.

In conjunction with formation of the WIU, Mewbourne proposes to drill the Ghost rider 25/36 W0DM Fed Com #2H, Surface Location (SL) and Bottom Hole Location (BHL) referenced above, to a proposed Total Vertical Depth (TVD) of 8,793' and Total Measured Depth (TMD) of 18,650', to test the Wolfcamp formation. The W/2 of Sections 25 and 36 will be dedicated to the well as the gas proration unit.

Enclosed for your review and further handling is Mewbourne Oil Company's AFE and Joint Operating Agreement for the proposed Ghost rider 25/36 W0DM Fed Com #2H well. Our spud date is currently set for July 25, 2017. In the event you elect to participate, please execute the enclosed AFE and Joint Operating Agreement as soon as possible.

Should you have any questions regarding this proposal, please email me at [lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com) or call me at (432) 682-3715.

Very truly yours,

MEWBOURNE OIL COMPANY

Lee M. Scarborough  
Landman

Enclosures

# MEWBORNE OIL COMPANY

## AUTHORIZATION FOR EXPENDITURE

Well Name: <u>Ghostrider 25/36 W0DM Fed Com #2H</u>		Prospect: <u>Ghostrider</u>	
Location: <u>SL: 185' FNL &amp; 450' FWL (25); BHL: 330' FSL &amp; 450' FWL (36)</u>		County: <u>Eddy</u>	ST: <u>NM</u>
Sec: <u>25</u>	Blk: <u></u>	Survey: <u></u>	TWP: <u>23S</u> RNG: <u>26E</u> Prop. TVD: <u>8793'</u> TMD: <u>18650'</u>

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	\$15,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	\$50,000	0180-0205	\$25,000
Location / Restoration		0180-0106	\$195,000	0180-0206	\$55,000
Daywork / Turnkey / Footage Drilling	28 days drlg / 4 days comp @ \$18,000/day	0180-0110	\$536,800	0180-0210	\$76,700
Fuel	1500 gal/day @ 1.90/gal	0180-0114	\$91,200		
Mud, Chemical & Additives		0180-0120	\$200,000	0180-0220	
Horizontal Drillout Services				0180-0222	\$105,000
Cementing		0180-0125	\$80,000	0180-0225	\$30,000
Logging & Wireline Services		0180-0130	\$2,000	0180-0230	\$404,000
Casing / Tubing / Snubbing Service		0180-0134	\$25,000	0180-0234	\$20,000
Mud Logging		0180-0137	\$25,000		
Stimulation	60 stg 24.4 MM gals X 24.4 MM#			0180-0241	\$4,400,000
Stimulation Rentals & Other				0180-0242	\$150,000
Water & Other		0180-0145	\$40,000	0180-0245	\$820,000
Bits		0180-0148	\$81,000	0180-0248	\$4,000
Inspection & Repair Services		0180-0150	\$40,000	0180-0250	\$5,000
Misc. Air & Pumping Services		0180-0154		0180-0254	\$10,000
Testing & Flowback Services		0180-0158	\$15,000	0180-0258	\$30,000
Completion / Workover Rlg	5 days @ \$3500/day			0180-0260	\$18,500
Rig Mobilization		0180-0164	\$160,000		
Transportation		0180-0165	\$25,000	0180-0265	\$12,000
Welding Services		0180-0168	\$5,000	0180-0268	\$5,000
Contract Services & Supervision		0180-0170		0180-0270	\$48,000
Directional Services	Includes vertical control	0180-0175	\$218,000		
Equipment Rental		0180-0180	\$194,000	0180-0280	\$30,000
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$5,700	0180-0285	
Intangible Supplies		0180-0188	\$8,000	0180-0288	\$1,000
Damages		0180-0190	\$25,000	0180-0290	
ROW & Easements		0180-0192		0180-0292	\$65,000
Pipeline Interconnect				0180-0293	
Company Supervision		0180-0195	\$143,000	0180-0295	\$115,000
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Well Abandonment		0180-0198		0180-0298	
Contingencies	10% (TCP)    5% (CC)	0180-0199	\$219,500	0180-0299	\$322,500
<b>TOTAL</b>			<b>\$2,414,200</b>		<b>\$6,771,700</b>

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0")	475' - 13 3/8" 54.5# J-55 ST&C @ \$28.51/ft	0181-0794	\$14,500		
Casing (8.1" - 10.0")	1720' - 9 5/8" 40# N-80 LT&C @ \$25.40/ft	0181-0795	\$46,600		
Casing (6.1" - 8.0")	8900' - 7" 29# P-110 LT&C @ \$21.21/ft	0181-0796	\$201,200		
Casing (4.1" - 6.0")	10355' - 4 1/2" 13.5# P-110 BPN @ \$14.21/ft			0181-0797	\$156,800
Tubing (2" - 4")				0181-0798	
Drilling Head		0181-0860	\$30,000		
Tubing Head & Upper Section	10K frac valve & tree			0181-0870	\$45,000
Horizontal Completion Tools				0181-0871	\$30,000
Sucker Rods				0181-0875	
Subsurface Equipment				0181-0880	
Artificial Lift Systems				0181-0884	
Pumping Unit				0181-0885	
Surface Pumps & Prime Movers	VRU and SWD pump			0181-0886	\$50,000
Tanks - Oil	3 - 750 steel			0181-0890	\$40,000
Tanks - Water	3 - 750 steel coated			0181-0891	\$45,000
Separation / Treating Equipment	36"x15"x1000# 3ph, 30"x10"x1000# 3 ph, GB			0181-0895	\$50,000
Heater Treaters, Line Heaters	6"x20"x75#			0181-0897	\$15,000
Metering Equipment				0181-0898	\$7,000
Line Pipe & Valves - Gathering	2.5 miles 8" SWD & 1 mile 4 1/2" gas			0181-0900	\$240,000
Fittings / Valves & Accessories				0181-0906	\$60,000
Cathodic Protection				0181-0908	\$6,000
Electrical Installation				0181-0909	\$75,000
Equipment Installation				0181-0910	\$35,000
Pipeline Construction	2.5 miles 8" SWD & 1 mile 4 1/2" gas			0181-0920	\$232,000
<b>TOTAL</b>			<b>\$292,300</b>		<b>\$1,086,800</b>
<b>SUBTOTAL</b>			<b>\$2,706,500</b>		<b>\$7,858,500</b>

**TOTAL WELL COST                      \$10,565,000**

Extra Expense Insurance

☐ I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium.  
Operator has secured Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185.

☐ I elect to purchase my own well control Insurance policy.

If neither box is checked above, non-operating working interest owner elects to be covered by Operator's well control Insurance.

Prepared by: <u>R. Terrell</u>	Date: <u>5/2/2017</u>
Company Approval: <u><i>m. whitaker</i></u>	Date: <u>5/2/2017</u>
Joint Owner Interest: <u>2.08333000%</u> Amount: <u>\$220,103.81</u>	
Joint Owner Name: <u>Texas &amp; New Mexico Exploration LLC</u>	Signature: _____

August 1, 2017

NOTICE

To: J.M. Huber Corporation, ExxonMobil Corporation, and XTO Energy Inc., or your successors and assigns: Mewbourne Oil Company has filed an application with the New Mexico Oil Conservation Division seeking an order approving a 640-acre non-standard gas spacing and proration unit (project area) in the Wolfcamp formation comprised of the W/2 of Section 25 and the W/2 of Section 36, Township 23 South, Range 26 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit will be dedicated to the Ghost Rider 25/36 WODM Fed. Com. Well No. 2H, a horizontal well with a surface location 185 feet from the north line and 450 feet from the west line of Section 25, and a terminus 330 feet from the south line and 450 feet from the east line of Section 36. The application is scheduled to be heard at 8:15 a.m. on August 17, 2017 at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As an offset interest owner to 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 approximately 9 miles west-southwest of Loving, New Mexico.

**Affidavit of Publication**

State of New Mexico,  
County of Eddy, ss.

**Danny Fletcher**, being first duly sworn, on oath says:

That he is the Publisher of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

August 1 2017

That the cost of publication is **\$84.16** and that payment thereof has been made and will be assessed as court costs.

Subscribed and sworn to before me this 2 day of August, 2017

Cynthia Arredondo  
My commission Expires 2/13/21

Notary Public

