

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,
LEA COUNTY, NEW MEXICO.

Case No. 16491

VERIFIED STATEMENT OF RAYMOND WINKELJOHN

Raymond Winkeljohn, 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. I have been qualified by the Division as an expert petroleum landman.
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) The purpose of this application is to force pool working interest owners into the Bone Spring horizontal spacing unit described below, and in wells to be drilled in the unit.
 - (b) No opposition is expected because the interest owners being pooled have been contacted regarding the proposed well, but have simply refused to voluntarily commit their interests to the well.
 - (c) A plat outlining the unit being pooled is attached hereto as Attachment A. Mewbourne seeks an order approving a 237.53-acre horizontal spacing unit in the Bone Spring formation comprised of Lots 3, 6, 11, 14 and E/2SW/4 (the E/2W/2) of oversized Section 6, Township 21 South, Range 35 East, NMPM. Mewbourne further seeks the pooling of all mineral interests in the Bone Spring formation underlying the unit. The unit will be dedicated to the La Trucha 6 B1CV State Com. Well No. 1H, a horizontal well with a surface location in Unit B, a first take point in Unit C and a final take point in Unit V of Section 6.
 - (d) The parties being pooled and their interests are set forth in Attachment B. Their current and correct addresses are also set forth.

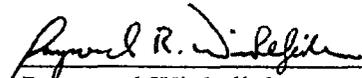
EXHIBIT /

- (e) Attachment C contains a summary of contacts with the interest owners, together with copies of the proposal letters sent to them.
- (f) Mewbourne has made a good faith effort to obtain the voluntary joinder of the working interest owners in the proposed well.
- (g) Mewbourne has the right to pool the overriding royalty owners in the well unit.
- (h) Attachment D is the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depth and length drilled in this area of Lea County.
- (i) Mewbourne requests overhead and administrative rates of \$8000/month for a drilling well and \$800/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this portion of Lea County. They are also the rates set forth in the Joint Operating Agreement for the well unit. Mewbourne requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.
- (j) Mewbourne requests that the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.
- (k) Applicant requests that it be designated operator of the well.
- (l) The attachments to this affidavit were prepared by me or under my supervision, or compiled from company business records.
- (m) The granting of this application is in the interests of conservation and the prevention of waste.

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

Raymond Winkeljohn, 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.



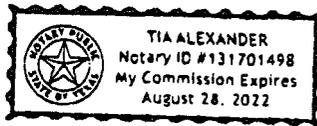
Raymond Winkeljohn

SUBSCRIBED AND SWORN TO before me this 29th day of October, 2019 by Raymond Winkeljohn.

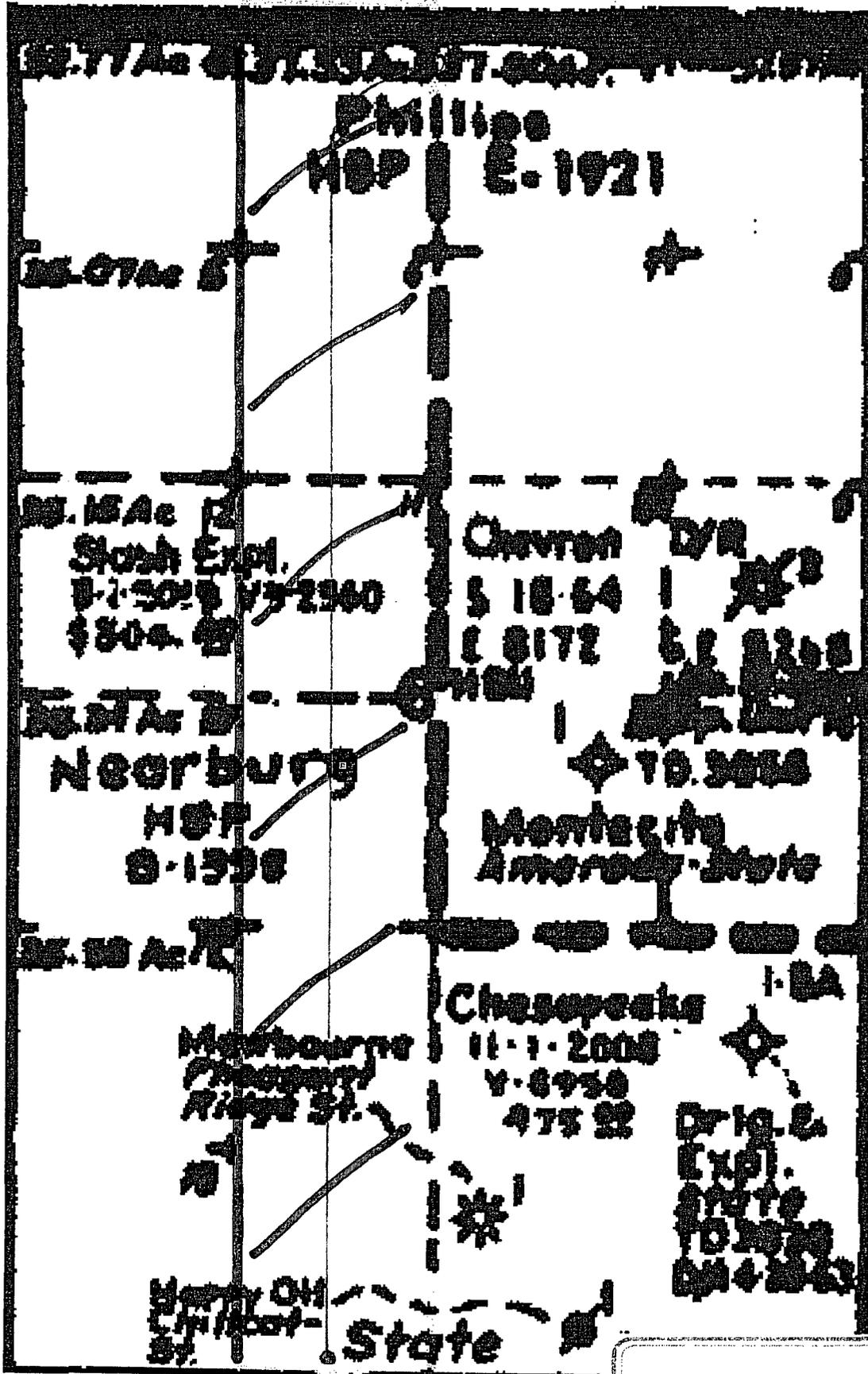
My Commission Expires: 8-28-22



Notary Public



La Trucha le BICV STATE COM # 14
(Section 6-T21s-R35E, Lea Co. NM)



ATTACHMENT *A*

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-0161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

HOBBS OGD

AUG 14 2018

AMENDED REPORT

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-45090		2 Pool Code 97704		3 Pool Name WILSON NORTH; BONE SPRING	
4 Property Code 322240		5 Property Name LA TRUCHA 6 B1CV STATE COM			6 Well Number 1H
7 OGRID NO. 14744		8 Operator Name MEWBOURNE OIL COMPANY			9 Elevation 3658'

10 Surface Location

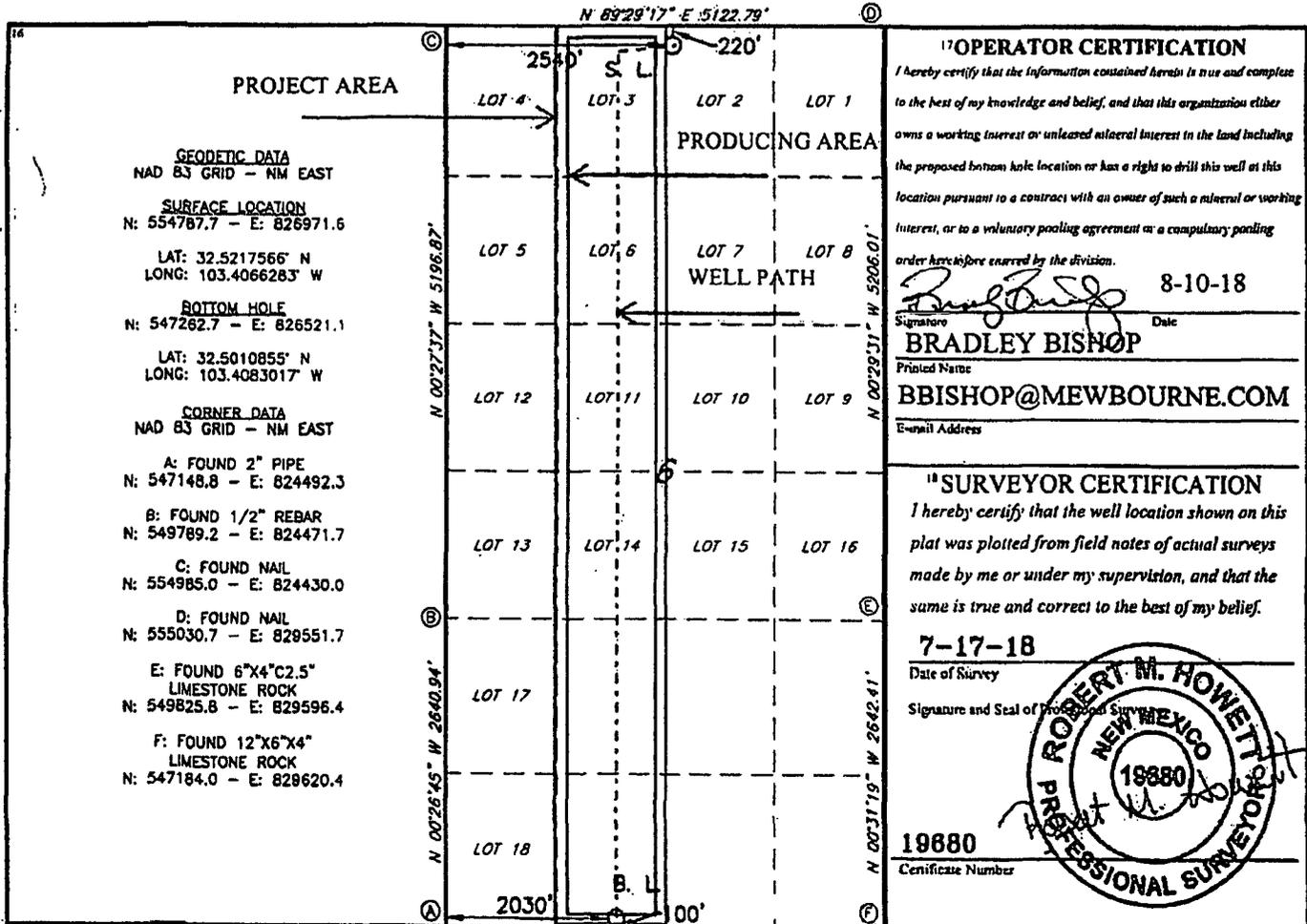
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
2 B	6	21S	35E	2	220	NORTH	2540	WEST	LEA

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
7 N	6	21S	35E	N	100	SOUTH	2030	WEST	LEA

12 Dedicated Acres 2.37.53	13 Joint or Infill	14 Consolidation Code	15 Order No.
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No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



TRACT OWNERSHIP
La Trucha 6 B1CV State Com #1H
Lots 3, 6, 11, 14 and E/2SW/4 (E/2W/2)
Township 21 South, Range 35 East
Lea County, New Mexico

Lots 3, 6, 11, 14 and E/2SW/4 (E/2W/2):
Bone Spring formation:

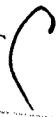
	<u>% Leasehold Interest</u>
Mewbourne Oil Company 500 West Texas, Ste. 1020 Midland, Texas 79701	67.292324%
ConocoPhillips Company 600 N. Dairy Ashford Rd. Houston, Texas 77079	32.556941%
Timothy R. MacDonald 3017 Avenue O Galveston, Texas	0.028263%
Maverick Oil & Gas Corporation 1001 W. Wall Street Midland, Texas 79701	0.009421%
*Heirs and Devisees of Joe R. Wright, deceased. 710 Dragon Lakeway, Texas 78734	<u>0.113051%</u> 100.000000%
* Total interest being pooled: 0.113051%	

ATTACHMENT **B**

Summary of Communications
La Trucha 6 B1CV State Com #1H

Heirs and Devisees of Joe R. Wright, deceased.

- 1) 9/28/2018: Mailed well proposal letter with AFE via certified mail dated September 28th, 2018. Receipt attached.
- 2) 10/19/2018: Spoke with Mark Nearburg (Decedent of Joe R. Wright) about our well proposal. He believes this interest should have been conveyed to the Wright Family Living Trust which sold its interest. They will be working on probating the interest to cure the title. He is fine with us pooling the interest in the meantime.

ATTACHMENT 

MEWBOURNE OIL COMPANY

500 West Texas, Suite 1020
Midland, Texas 79701
Phone (432) 682-3715
Fax (432) 685-4170

September 28, 2018

Via: Certified Mail

Heirs and Devisees of Joe R. Wright, deceased.
710 Dragon
Lakeway, Texas 78734

Re: Proposed Horizontal Bone Spring Well
La Trucha 6 B1CV State Com #1H
E/2W/2 Section 6, T21S, R35E,
Lea County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 446.51 acre Working Interest Unit ("WIU") covering the W/2 (Lots 3-6, 11-14, 17-18, and the E/2SW/4) of the above captioned section 6 for oil and gas production. The targeted interval for the proposed unit is the Bone Spring formation.

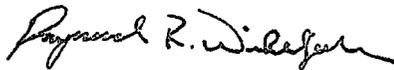
Mewbourne as Operator hereby proposes to drill the captioned well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 9,179 feet subsurface to evaluate the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 16,702 feet. The E/2W/2 (Lots 3, 6, 11, 14 and E/2SW/4) of section 6 will be dedicated to the proration unit of the well.

Regarding the above, enclosed for your further handling is our AFE dated August 2, 2018 for the captioned proposed well. In the event your firm elects to participate in the proposed well, please execute the enclosed AFE and return to me within thirty (30) days. Should you desire to participate in the above well we will furnish you a copy of our proposed Operating Agreement. The Operating Agreement will have COPAS rates of \$8,000/month while drilling, \$800/month for a producing well, and will follow the well proposal shortly.

Should you have any questions regarding the above, please email me at rwinkeljohn@mewbourne.com or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Ray Winkeljohn
Landman



October 6, 2018

Dear Simple Certified:

The following is in response to your request for proof of delivery on your item with the tracking number:
9414 8106 9994 5035 0975 31.

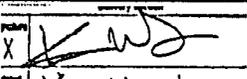
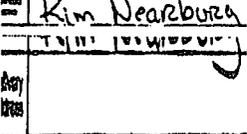
Item Details

Status: Delivered
Status Date / Time: October 5, 2018, 12:52 pm
Location: AUSTIN, TX 78734
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
Return Receipt Electronic
Recipient Name: Heirs and Devisees of Joe R Wright deceased

Shipment Details

Weight: 1.0oz

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

Heirs and Devisees of Joe R. Wright, deceased.
710 Dragon
Lakeway, TX 78734
Reference #: Proposed BS well La Trucha RW
Item ID: Proposed BS well La Trucha

MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE

Well Name: <u>La Trucha 6 B1CV State Com #1H</u>		Prospect: <u>Bone Spring</u>	
Location: <u>SL: 220' FNL & 2540' FWL; BHL: 100' FSL & 2030' FWL</u>		County: <u>Lea</u> ST: <u>NM</u>	
Sec. <u>6</u>	Blk: <u> </u>	Survey: <u> </u>	TWP: <u>21S</u> RNG: <u>35E</u> Prop. TVD: <u>9179</u> TMD: <u>16702</u>

INTANGIBLE COSTS 0180	CODE	TCP	CODE	CC
Regulatory Permits & Surveys	0180-0100	\$10,000	0180-0200	
Location / Road / Site / Preparation	0180-0105	\$60,000	0180-0205	\$30,000
Location / Restoration	0180-0108	\$200,000	0180-0206	\$30,000
Daywork / Turnkey / Footage Drilling 28 days drlg / 4 days comp @ \$22,000/d	0180-0110	\$658,000	0180-0210	\$94,000
Fuel 1700 gal/day @ 2.70/gal	0180-0114	\$161,900	0180-0214	\$300,000
Mud, Chemical & Additives	0180-0120	\$230,000	0180-0220	
Horizontal Drillout Services			0180-0222	\$200,000
Cementing	0180-0125	\$95,000	0180-0225	\$30,000
Logging & Wireline Services	0180-0130	\$2,000	0180-0230	\$300,000
Casing / Tubing / Snubbing Service	0180-0134	\$25,000	0180-0234	\$80,000
Mud Logging	0180-0137	\$30,000		
Stimulation 38 Stg 14.9 MM gal / 14.9 MM lb			0180-0241	\$2,280,000
Stimulation Rentals & Other			0180-0242	\$175,000
Water & Other	0180-0145	\$50,000	0180-0245	\$475,000
Bits	0180-0148	\$90,000	0180-0248	\$8,000
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			0180-0260	\$10,500
Rig Mobilization	0180-0164	\$150,000		
Transportation	0180-0165	\$20,000	0180-0265	\$20,000
Welding Services	0180-0168	\$5,000	0180-0268	\$15,000
Contract Services & Supervision	0180-0170	\$46,500	0180-0270	\$30,000
Directional Services Includes Vertical Control	0180-0175	\$273,000		
Equipment Rental	0180-0180	\$243,000	0180-0280	\$30,000
Well / Lease Legal	0180-0184	\$5,000	0180-0284	
Well / Lease Insurance	0180-0185	\$5,200	0180-0285	
Intangible Supplies	0180-0188	\$8,000	0180-0288	\$10,000
Damages	0180-0190		0180-0290	
ROW & Easements	0180-0192		0180-0292	\$1,000
Pipeline Interconnect			0180-0293	
Company Supervision	0180-0195	\$148,800	0180-0295	\$96,000
Overhead Fixed Rate	0180-0196	\$10,000	0180-0296	\$20,000
Well Abandonment	0180-0198		0180-0298	
Contingencies 10% (TCP) 10% (CC)	0180-0199	\$258,100	0180-0299	\$428,000
TOTAL		\$2,839,500		\$4,707,500

TANGIBLE COSTS 0181	CODE	TCP	CODE	CC
Casing (19.1" - 30")	0181-0793			
Casing (10.1" - 19.0") 1960' - 13 3/8" 54.5# J-55 ST&C @ \$35.90/ft	0181-0794	\$75,200		
Casing (8.1" - 10.0") 5520' - 9 5/8" 40# N-80 LT&C @ \$27.61/ft	0181-0795	\$162,800		
Casing (6.1" - 8.0") 9460' - 7" 29# P-110 LT&C @ \$27.76/ft	0181-0796	\$280,500		
Casing (4.1" - 6.0") 8000' - 4 1/2" 13.5# P-110 BPN @ \$13.66/ft			0181-0797	\$116,800
Tubing 8710' - 2 7/8" 6.5# L-80 EUE 8rd @ \$5.62/ft			0181-0798	\$52,300
Drilling Head	0181-0860	\$45,000		
Tubing Head & Upper Section			0181-0870	\$50,000
Horizontal Completion Tools Completion Liner Hanger			0181-0871	\$70,000
Sucker Rods			0181-0875	
Subsurface Equipment			0181-0880	
Artificial Lift Systems Gas Lift Valves & Packer			0181-0884	\$25,000
Pumping Unit			0181-0885	
Surface Pumps & Prime Movers 1/2 VRU/SWD Pump/Circ Pump			0181-0886	\$40,000
Tanks - Oil 3 - 750 bbl			0181-0890	\$55,000
Tanks - Water 3 - 750 bbl			0181-0891	\$66,000
Separation / Treating Equipment 30"x10"x1k# 3 ph/36"x15"x1k#Gun bbl/VRT			0181-0895	\$75,000
Heater Treaters, Line Heaters 8'x20'x75# HT			0181-0897	\$25,000
Metering Equipment			0181-0898	\$14,000
Line Pipe & Valves - Gathering 1.3 Mile 4" Gas & 5.25 Miles 4" Water			0181-0900	\$200,000
Fittings / Valves & Accessories			0181-0906	\$60,000
Cathodic Protection			0181-0908	\$8,000
Electrical Installation			0181-0909	\$50,000
Equipment Installation			0181-0910	\$50,000
Pipeline Construction 1.3 Mile 4" Steel & 5.25 Miles 4" Poly			0181-0920	\$170,000
TOTAL		\$583,500		\$1,127,100
SUBTOTAL		\$3,403,000		\$5,834,600
TOTAL WELL COST			\$9,237,600	

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: B. Talley Date: 8/1/2018

Company Approval: [Signature] Date: 8/2/2018

Joint Owner Interest: _____ Amount: _____

Joint Owner Name: _____ Signature: _____