

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF MEWBOURNE OIL COMPANY FOR A
NON-STANDARD SPACING AND PRORATION UNIT AND COMPULSORY POOLING
LEA COUNTY, NEW MEXICO.

CASE NO. 14527

AFFIDAVIT OF COREY MITCHELL

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

I, Corey Mitchell, being first duly sworn on oath, states as follows:

1. My name is Corey Mitchell. I reside in Midland, Texas. I am the Landman employed by Mewbourne Oil Company ("Mewbourne") who is familiar with the status of the lands in the S/2 N/2 of Section 17 Township 19 South, Range 33 East, NMPM, Lea County, New Mexico. I am a Landman with approximately 3 years experience in the Permian Basin. I received my Petroleum Land Management degree from Texas Tech University in 2007.

2. Mewbourne seeks the creation of a non-standard spacing and proration unit comprised of the S/2 N/2 of Section 17, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico which will be a 160-acre horizontal well area and the pooling of all mineral interests in the Bone Spring formation, Tonto-Bone Spring Pool (Pool Code 59475), in this non-standard spacing and proration unit.

3. Mewbourne owns working interest in the each of the oil spacing and proration units in the S/2 N/2 of said Section 17 and proposes to dedicate the pooled unit to its Spyglass "17" Federal Well No. 1H to be drilled from a surface location 2135 feet from the North line and 330 feet from the West line (Unit E) and then in an easterly direction in the Bone Spring formation to a terminus 2135 feet from the North line and 330 feet from the East line (Unit H) of said Section 17. Attachment A is a plat of the subject lands showing the proposed spacing unit and the well location.

4. The proposed spacing unit consists of one Lease [Lease No. NM 077004]. Attachment B lists the nature and percentage of the ownership interests in the subject spacing unit.

5. This application has been instituted solely to pool the interests of working interest owners who do not oppose the application.

6. Mewbourne has made a good faith effort to locate and gain the voluntary participation of all working interest owners in the proposed spacing unit

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 14527 Exhibit No. 1
Submitted by:
MEWBOURNE OIL COMPANY
Hearing Date: August 19, 2010

- A. In an attempt to locate the working interest owners, Mewbourne examined the Lea County records, telephone directories and internet directories.
- B. Notice of this application has been provided to all interest owners subject to pooling unless there whereabouts cannot be determined and notice in these cases has been provided by publication in accordance with Division Rules.
- C. None of these owners has voluntarily committed their interests to the proposed well.
- D. A copy of the well proposal letter and relevant correspondence is included as **Attachment C**.
7. Mewbourne requests that this interest owners be pooled and Mewbourne Oil Company be designated operator of the wells and the spacing unit.
8. Mewbourne proposes overhead charges (combined fixed rates) of \$7,000 per month while drilling and \$700 per month while producing. 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.
9. Mewbourne requests that a 200% risk charge be assessed against any non-consenting interest owner.
10. **Attachment D** is a copy of the authorization for expenditure (AFE) for the well which estimates costs to casing point to be \$2,207,500.00 and a completed cost of \$3,359,800.00.
11. Mewbourne plans to drill the Spyglass "17" Federal Well No. 1H by January 1, 2011.
12. **Attachment E** consists of copies of the letters sent to those interest owners Mewbourne seeks to pool and an affidavit of publication given pursuant to Division rules.
13. Approval of this application will avoid the drilling of unnecessary wells, will prevent waste, will protect correlative rights, and allow Mewbourne and the other interest owners in the S/2 N/2 of Section 17 an opportunity to obtain their just and fair share of the oil and gas under the subject lands.

FURTHER AFFIANT SAYETH NOT.

SUBSCRIBED AND SWORN before me on this 16th day of August, 2010.

Cory Mitchell
Glenda Barnett
Notary Public

My Commission Expires:

