

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**

**APPLICATION OF MEWBOURNE OIL COMPANY  
FOR COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.**

Case No. 22240

**APPLICATION**

Mewbourne Oil Company applies for an order pooling all uncommitted mineral interest owners in the Wolfcamp formation underlying a 640-acre (proximity tract) horizontal spacing unit comprised of the S/2 of Section 1 and the S/2 of Section 2, Township 20 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the S/2 of Section 1 and the S/2 of Section 2, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the Desert Eagle 1/2 W0PM Fed. Com. Well No. 1H to a depth sufficient to test the Wolfcamp formation, with a first take point in the SE/4SE/4 of Section 1 and last take point in the SW/4SW/4 of Section 2. The wellbore will be located 1310 feet from the south line of Sections 1 and 2.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S/2 of Section 1 and the S/2 of Section 2 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfcamp

EXHIBIT ↓

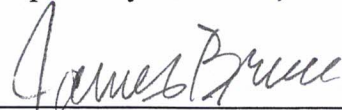
formation underlying the S/2 of Section 1 and the S/2 of Section 2, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interest owners in the Wolfcamp formation underlying the S/2 of Section 1 and the S/2 of Section 2 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interest owners in the Wolfcamp formation underlying the S/2 of Section 1 and the S/2 of Section 2;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling, completing, and equipping the well, and allocating the cost among the well's working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling, completing, and equipping the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Mewbourne Oil Company

***Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.***

Mewbourne Oil Company seeks an order pooling of all mineral interests in the Wolfcamp formation underlying a 640-acre (proximity tract) horizontal spacing unit comprised of the S/2 of Section 1 and the S/2 of Section 2, Township 20 South, Range 28 East, NMPM. The unit will be dedicated to the Desert Eagle 1/2 W0PM Fed. Com. Well No. 1H, with a first take point in the SE/4SE/4 of Section 1 and a last take point in the SW/4SW/4 of Section 2. Also to be considered will be the cost of drilling, completing, and equipping 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, completing, and equipping the well. The unit is located approximately approximately 14 miles north-northeast of Carlsbad, New Mexico.

22240



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

**APPLICATION OF MEWBOURNE OIL COMPANY  
FOR COMPULSORY POOLING, EDDY COUNTY,  
NEW MEXICO.**

**Case No. 22240**

**SELF-AFFIRMED STATEMENT OF TYLER JOLLY**

Tyler Jolly 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 Division Rules, the following information is submitted in support of the compulsory pooling application:
  - (a) The purpose of this application is to force pool working interest owners into the 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 were contacted months ago regarding the proposed well, but have simply failed or refused to voluntarily commit their interests to the well. No one has objected to the application.
  - (c) In Case No. 22240, Mewbourne seeks an order pooling of all mineral interests in the Wolfcamp formation underlying a 640-acre (proximity tract) horizontal spacing unit comprised of the S/2 of Section 1 and the S/2 of Section 2, Township 20 South, Range 28 East, NMPM. The unit will be dedicated to the Desert Eagle 1/2 W0PM Fed. Com. Well No. 1H, with a first take point in the SE/4SE/4 of Section 1 and a last take point in the SW/4SW/4 of Section 2.
  - (d) Attachment A contains a C-102 for the proposed well, and a land plat outlining the unit being pooled, the tracts in the unit, and the interest owners in the well unit.
  - (e) There are no depth severances in the Wolfcamp formation.
  - (f) The current or last known addresses of the parties being pooled were provided to Mewbourne’s attorney for notice purposes. All interest owners were sent a copy of the well proposals, one addressed to working interest owners and one to unleased mineral interest owners. In addition to the proposal letters, marked as Attachment B, Mewbourne had numerous contacts with the largest working interest owners, and responded to contacts from the small, unleased mineral owners.

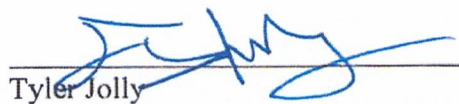
EXHIBIT

7

- (g) In order to locate all interest owners Mewbourne examined the records of Eddy County and the Bureau of Land Management, as well as online tools or databases such as DrillingInfo and in-house online data searches.
- (h) Mewbourne has made a good faith effort to obtain the voluntary joinder of the working interest owners in the proposed well, or to locate the interest owners.
- (i) Mewbourne has the right to pool the overriding royalty owners in the well unit.
- (j) Attachments C contains the Authorizations for Expenditure for the proposed well. The estimated cost of the well is fair and reasonable, and is comparable to the cost of other wells of similar depths and length drilled in this area of Eddy County.
- (k) 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 these types in this area of Eddy County. They are also the rates set forth in the Joint Operating Agreements for the well unit. Mewbourne requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.
- (l) Mewbourne requests that the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.
- (m) Mewbourne requests that it be designated operator of the well.
- (n) The attachments to this affidavit were prepared by me or under my supervision, or compiled from company business records.
- (o) The granting of this application is in the interests of conservation and the prevention of waste.

3. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 2(o) above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: 3/15/22

  
Tyler Jolly



District I  
1625 N French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>Pending</b>		<sup>2</sup> Pool Code <b>98315</b>		<sup>3</sup> Pool Name <b>Burton Flat Upper Wolfcamp East Oil</b>					
<sup>4</sup> Property Code		<sup>5</sup> Property Name <b>DESERT EAGLE 1/2 WOPM FED COM</b>						<sup>6</sup> Well Number <b>1H</b>	
<sup>7</sup> OGRID NO. <b>14744</b>		<sup>8</sup> Operator Name <b>MEWBOURNE OIL COMPANY</b>						<sup>9</sup> Elevation <b>3284'</b>	
<sup>10</sup> Surface Location									
UL or lot no. <b>P</b>	Section <b>1</b>	Township <b>20S</b>	Range <b>28E</b>	Lot Idn	Feet from the <b>1230</b>	North/South line <b>SOUTH</b>	Feet From the <b>205</b>	East/West line <b>EAST</b>	County <b>EDDY</b>
<sup>11</sup> Bottom Hole Location If Different From Surface									
UL or lot no. <b>M</b>	Section <b>2</b>	Township <b>20S</b>	Range <b>28E</b>	Lot Idn	Feet from the <b>400</b>	North/South line <b>SOUTH</b>	Feet from the <b>100</b>	East/West line <b>WEST</b>	County <b>EDDY</b>
<sup>12</sup> Dedicated Acres <b>640</b>		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			

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.

**CORNER DATA**  
NAD 83 GRID - NM EAST

A: FOUND BRASS CAP "1942"  
N: 580433.9 - E: 595824.8

B: FOUND BRASS CAP "1942"  
N: 583084.8 - E: 595826.9

C: FOUND BRASS CAP "1942"  
N: 585701.1 - E: 595828.6

D: FOUND BRASS CAP "1942"  
N: 585717.5 - E: 598482.2

E: FOUND BRASS CAP "1941"  
N: 585733.7 - E: 601140.1

F: FOUND BRASS CAP "1941"  
N: 585750.5 - E: 603795.4

G: FOUND BRASS CAP "1916"  
N: 585767.2 - E: 606452.8

H: FOUND BRASS CAP "1916"  
N: 583112.1 - E: 606467.2

I: FOUND BRASS CAP "1916"  
N: 580470.7 - E: 606464.6

J: FOUND BRASS CAP "1942"  
N: 580461.9 - E: 603798.9

K: FOUND BRASS CAP "1942"  
N: 580454.6 - E: 601133.7

L: FOUND BRASS CAP "1942"  
N: 580444.0 - E: 598479.0

M: FOUND BRASS CAP "1942"  
N: 583106.0 - E: 601136.9

**17 OPERATOR CERTIFICATION**  
*I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including*

ATTACHMENT *A*

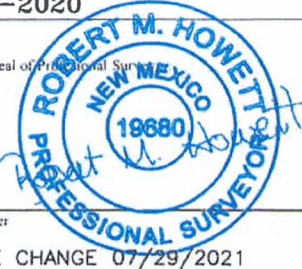
Signature \_\_\_\_\_  
Printed Name \_\_\_\_\_  
E-mail Address \_\_\_\_\_

**18 SURVEYOR CERTIFICATION**  
*I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.*

11-02-2020

Date of Survey

Signature and Seal of Professional Surveyor



19680

Certificate Number

REV: NAME CHANGE 07/29/2021

**16**

S 89°38'48" W 2654.24' (D) S 89°39'00" W 2658.57' (E) S 89°38'20" W 2656.03' (F) S 89°38'20" W 2658.09' (G)

LOT 4 Ac. 39.04	LOT 3 Ac. 39.11	LOT 2 Ac. 39.19	LOT 1 Ac. 39.26	LOT 4 Ac. 39.39	LOT 3 Ac. 39.56	LOT 2 Ac. 39.74	LOT 1 Ac. 39.91
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N 00°04'06" E 2628.33' (M)

N 00°04'11" E 2652.02' (N)

N 00°04'21" E 2642.04' (H)

N 00°02'47" E 2651.52' (B)

N 00°02'14" E 2616.99' (C)

N 00°04'11" E 2652.02' (N)

N 00°04'21" E 2642.04' (H)

N 00°02'47" E 2651.52' (B)

N 00°02'14" E 2616.99' (C)

S 89°46'55" W 2654.84' (L) S 89°46'13" W 2655.40' (K) S 89°50'34" W 2665.81' (J) S 89°48'42" W 2666.42' (I)

100' B.H. 400'

1230'

205'

S.L.

GEODETIC DATA  
NAD 83 GRID - NM EAST

BOTTOM HOLE  
N: 580834.2 - E: 595925.1

GEODETIC DATA  
NAD 83 GRID - NM EAST

SURFACE LOCATION  
N: 581699.7 - E: 606260.9

LAT: 32.5966409° N  
LONG: 104.1560803° W

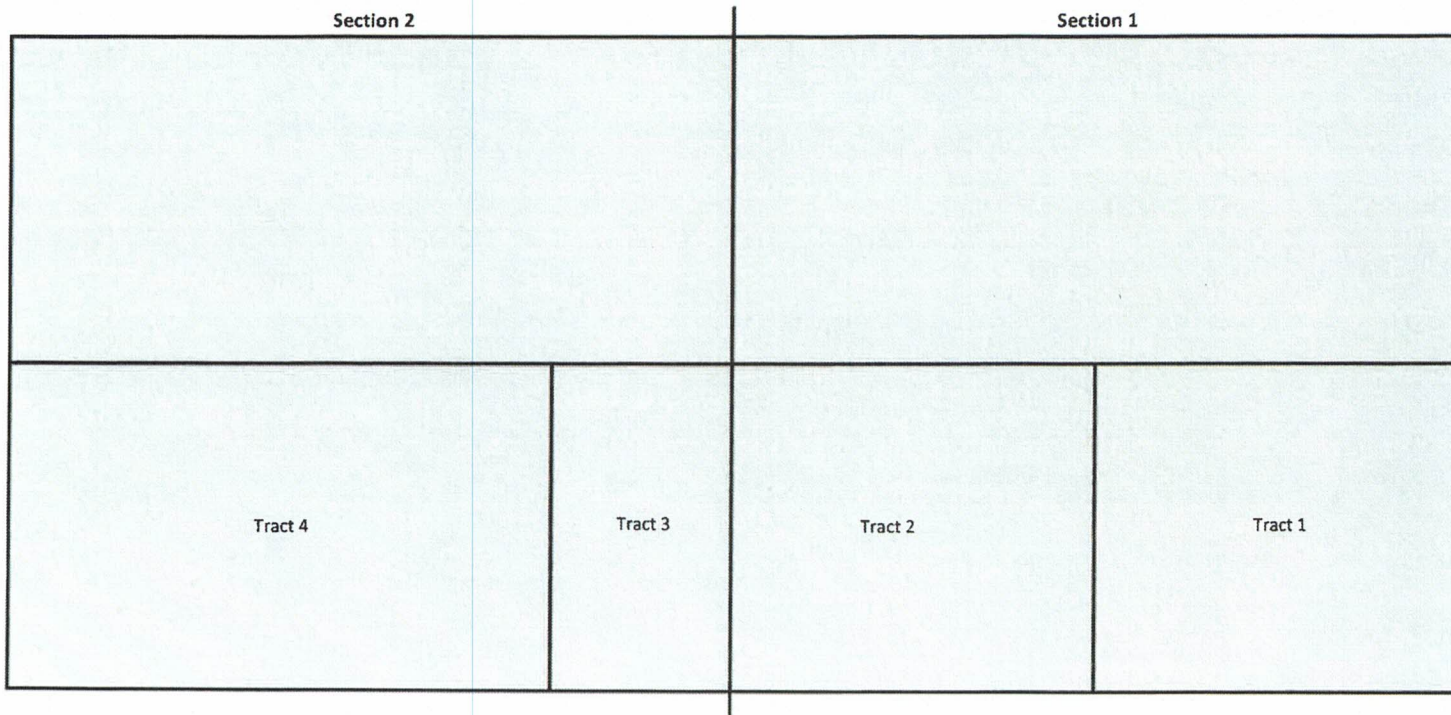
LAT: 32.5989682° N  
LONG: 104.1225132° W

Job No: LS20100621R

**Section Plat**  
**Desert Eagle 1/2 WOPM Fed Com #1H (Proximity Tract Well)**  
**S2 of Section 1 and S2 of Section 2**

T20S-R28E, Eddy County, NM

T20S-R28E, Eddy County, NM



**Tract 1: SE4 of Section 1 - Federal Lease NMNM 26683**

Mewbourne Oil Company (40.916666%)  
 OXY USA WTP Limited Partnership (40.375000%)  
 OXY Y-1 Company (9.333334%)  
 Vladin, LLC (6.250000%)  
 Alpha Energy Partners, LLC (2.125000%)  
 Jo Ann Yates (1.000000%)

**Tract 3: E2SE4 of Section 2 - State of NM Lease K-6598**

Endeavor Energy Resources (50.000000%)  
 OXY USA WTP Limited Partnership (50.000000%)

**Tract 2: SW4 of Section 1 - Federal Lease NMNM 17098**

Challenger Crude, Ltd. (31.250000%)  
 Amtex Petroleum Corporation, Trust 988 (18.750000%)  
 Alpha Energy Partners (18.750000%)  
 Heirs of D. C. Underwood (12.500000%)  
 The Charla Geraldine Williamson Trust (6.250000%)  
 The Estate of J. C. Williamson, deceased (6.250000%)  
 OXY USA WTP Limited Partnership (6.250000%)

**Tract 4: W2SE4 and SW4 of Section 2 - State of NM Lease K-5090**

Endeavor Energy Resources (50.000000%)  
 OXY USA WTP Limited Partnership (50.000000%)

**RECAPITULATION FOR Desert Eagle 1/2 WOPM Fed Com #1H**

Tract Number	Number of Acres Committed	Percentage of Interest in Communitized Area
1	160.00	25.000000%
2	160.00	25.000000%
3	80.00	12.500000%
3	240.00	37.500000%
<b>TOTAL</b>	<b>640.00</b>	<b>100.000000%</b>



## Ownership by Tract Desert Eagle 1/2 WOPM Fed Com #1H

## Tract 1: SE4 of Section 1 - Federal Lease NMNM 26683

Entity/Individual	Interest	Gross Acres
Mewbourne Oil Company	40.916666000%	160
OXY USA WTP Limited Partnership	40.375000000%	160
OXY Y-1 Company	9.333334000%	160
Vladin, LLC	6.250000000%	160
Alpha Energy Partners, LLC	2.125000000%	160
Jo Ann Yates	1.000000000%	160
<b>Total</b>	<b>100.000000000%</b>	<b>160</b>

## Tract 2: SW4 of Section 1 - Federal Lease NMNM 17098

Entity/Individual	Interest	Gross Acres
Challenger Crude, Ltd. A Texas Limited Partnership, the sole General Partner of which is Chal	31.250000%	160
First National Bank, Trustee, Amtex Petroleum Corporation, Trust 988	18.750000%	160
Alpha Energy Partners	18.750000%	160
Heirs of D. C. Underwood (David Clifford Underwood)	12.500000%	160
Eric Chancy Croft & Elizabeth Ann Williamson, Co-Trustees of the Charla Geraldine Williams	6.250000%	160
Lois Geraldine Williamson, Personal Representative of the Estate of J. C. Williamson, deceas	6.250000%	160
OXY USA WTP Limited Partnership	6.250000%	160
<b>Total</b>	<b>100.000000%</b>	<b>160</b>

## Tract 3: E2SE4 of Section 2 - State of NM Lease K-6598

Entity/Individual	Interest	Gross Acres
Endeavor Energy Resources	50.000000000%	80.00
OXY USA WTP Limited Partnership	50.000000000%	80.00
<b>Total</b>	<b>100.000000000%</b>	<b>80.00</b>

## Tract 4: SW4SE4 and S2SW4 of Section 2 - State of NM Lease K-5090

Entity/Individual	Interest	Gross Acres
Endeavor Energy Resources	50.000000000%	240.00
OXY USA WTP Limited Partnership	50.000000000%	240.00
<b>Total</b>	<b>100.000000000%</b>	<b>240.00</b>

## Spacing Unit Ownership

Desert Eagle 1/2 WOPM Fed Com #1H	Percentage
Mewbourne Oil Company, et al.	40.447917%
OXY USA WTP Limited Partnership	36.656250%
Challenger Crude, Ltd. A Texas Limited Partnership, the sole General Partner of which is Challenger Crude	7.812500%
First National Bank, Trustee, Amtex Petroleum Corporation, Trust 988	4.687500%
Heirs of D. C. Underwood (David Clifford Underwood)	3.125000%
OXY Y-1 Company	2.333334%
Eric Chancy Croft & Elizabeth Ann Williamson, Co-Trustees of the Charla Geraldine Williamson Trust	1.562500%
Lois Geraldine Williamson, Personal Representative of the Estate of J. C. Williamson, deceased	1.562500%
Vladin, LLC	1.562500%
Jo Ann Yates	0.250000%
<b>Total</b>	<b>100.000000%</b>

Parties highlighted in Red are being pooled

**MEWBOURNE OIL COMPANY**  
500 West Texas, Suite 1020  
Midland, Texas 79701  
Phone (432) 682-3715

July 19, 2021

Via Certified Mail

OXY USA WTP Limited Partnership  
5 Greenway Plaza  
Suite 110  
Houston, TX 77046-0521

Re: Desert Eagle Working Interest Unit  
Desert Eagle 1/2 B2AD FED COM #1H  
Desert Eagle 1/2 B2HE FED COM #1H  
Desert Eagle 1/2 B2IL FED COM #1H  
Desert Eagle 1/2 B2PM FED COM #1H  
Desert Eagle 1/2 B3AD Fed Com #1H  
Desert Eagle 1/2 B3IL Fed Com #1H  
Desert Eagle 1/2 B3PM Fed Com #1H  
Desert Eagle 1/2 W0AD Fed Com #1H  
Desert Eagle 1/2 W0EH Fed Com #1H  
Desert Eagle 1/2 W0PM Fed Com #1H  
Sections 1 and 2, T20S, R28E  
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("MOC"), as Operator, hereby proposes creating a working interest unit comprising of Section 1 and Section 2, T20S, R28E, Eddy County, New Mexico and drilling the following ten (10) horizontal tests:

- 1) Desert Eagle 1/2 B2AD FED COM #1H – APD in process  
Surface Location: 1380' FNL & 205' FEL (Section 1)  
Bottom Hole Location: 660' FNL & 100' FWL (Section 2)  
Proposed Total Vertical Depth: 7480'  
Proposed Total Measured Depth: 17788'  
Target: 2nd Bone Spring Sand
- 2) Desert Eagle 1/2 B2HE FED COM #1H – APD in process  
Surface Location: 1500' FNL & 205' FEL (Section 1)  
Bottom Hole Location: 1980' FNL & 100' FWL (Section 2)  
Proposed Total Vertical Depth: 7474'  
Proposed Total Measured Depth: 17799'  
Target: 2nd Bone Spring Sand
- 3) Desert Eagle 1/2 B2IL FED COM #1H – APD in process  
Surface Location: 1370' FSL & 205' FEL (Section 1)  
Bottom Hole Location: 1980' FSL & 100' FWL (Section 2)  
Proposed Total Vertical Depth: 7471'  
Proposed Total Measured Depth: 17839'  
Target: 2nd Bone Spring Sand

ATTACHMENT B



- 4) Desert Eagle 1/2 B2PM FED COM #1H – APD in process  
Surface Location: 1250' FSL & 205' FEL (Section 1)  
Bottom Hole Location: 660' FSL & 100' FWL (Section 2)  
Proposed Total Vertical Depth: 7492'  
Proposed Total Measured Depth: 17851'  
Target: 2nd Bone Spring Sand
- 5) Desert Eagle 1/2 B3AD FED COM #1H – APD in process  
Surface Location: 1440' FNL & 205' FEL (Section 1)  
Bottom Hole Location: 1310' FNL & 100' FWL (Section 2)  
Proposed Total Vertical Depth: 8719'  
Proposed Total Measured Depth: 18986'  
Target: 3rd Bone Spring Sand
- 6) Desert Eagle 1/2 B3IL FED COM #1H – APD in process  
Surface Location: 1290' FSL & 205' FEL (Section 1)  
Bottom Hole Location: 2200' FSL & 100' FWL (Section 2)  
Proposed Total Vertical Depth: 8735'  
Proposed Total Measured Depth: 19049'  
Target: 3rd Bone Spring Sand
- 7) Desert Eagle 1/2 B3PM FED COM #1H – APD in process  
Surface Location: 1230' FSL & 205' FEL (Section 1)  
Bottom Hole Location: 400' FSL & 100' FWL (Section 2)  
Proposed Total Vertical Depth: 8755'  
Proposed Total Measured Depth: 19086'  
Target: 3rd Bone Spring Sand
- 8) Desert Eagle 1/2 W0AD FED COM #1H – APD in process  
Surface Location: 1410' FNL & 205' FEL (Section 1)  
Bottom Hole Location: 400' FNL & 100' FWL (Section 2)  
Proposed Total Vertical Depth: 8993'  
Proposed Total Measured Depth: 19274'  
Target: Wolfcamp Sand
- 9) Desert Eagle 1/2 W0EH FED COM #1H – APD in process  
Surface Location: 1470' FNL & 205' FEL (Section 1)  
Bottom Hole Location: 2200' FNL & 100' FWL (Section 2)  
Proposed Total Vertical Depth: 8984'  
Proposed Total Measured Depth: 19288'  
Target: Wolfcamp Sand
- 10) Desert Eagle 1/2 W0PM FED COM #1H – APD in process  
Surface Location: 1260' FSL & 205' FEL (Section 1)  
Bottom Hole Location: 1310' FSL & 100' FWL (Section 2)  
Proposed Total Vertical Depth: 9005'  
Proposed Total Measured Depth: 19282'  
Target: Wolfcamp Sand

**Regarding the wells targeting the 3<sup>rd</sup> Bone Spring Sand and Wolfcamp Sand intervals, enclosed are updated AFEs reflecting current costs.**

The wells are planned to be pad drilled with the first well tentatively planned to spud 1<sup>st</sup> quarter 2022 depending on commodity prices. In the event you elect to participate in the proposed wells, please execute the enclosed AFEs before returning them to the undersigned within thirty (30) days. Our proposed Operating Agreement will follow covering Sections 1 and 2 and listing a non-consent penalty of 300%/100% and COPAS drilling/producing rates of \$8000/month and \$800/month respectively. Please enclose your most current well information requirements with your executed AFEs so that we may supply well data when available.

In lieu of participating, MOC is open to a term assignment or farmout for your interest. Please contact me at (432) 682-3715 or via email at [arodrigues@mewbourne.com](mailto:arodrigues@mewbourne.com) if you have any questions.

Very truly yours,

**MEWBOURNE OIL COMPANY**



Ariana Rodrigues  
Land Department

Enclosures



July 29, 2021

Dear Simple Certified:

The following is in response to your request for proof of delivery on your item with the tracking number: **9414 8368 9784 6185 6569 85.**

Item Details

<b>Status:</b>	Delivered to Agent for Final Delivery
<b>Status Date / Time:</b>	July 29, 2021, 9:44 am
<b>Location:</b>	HOUSTON, TX 77046
<b>Postal Product:</b>	First-Class Mail®
<b>Extra Services:</b>	Certified Mail™ Return Receipt Electronic
<b>Recipient Name:</b>	Oxy USA Inc

Shipment Details

**Weight:** 3.0oz

Recipient Signature

Signature of Recipient: (Authorized Agent)	Covid19 SL4611
Address of Recipient:	5 Greenway 110 Houston 77046

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

Oxy USA Inc. 5 Greenway Plaza, Suite 110 Houston, TX 77046 Reference #: Desert Eagle
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**MEWBOURNE OIL COMPANY**

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

July 19, 2021

Via Certified Mail

Walter Frederick Wigzell, Trustee of the Wigzell 2009 Trust  
1302 S Rusk Street  
Weatherford, TX 76086

Re: Desert Eagle Working Interest Unit  
Desert Eagle 1/2 B2AD FED COM #1H  
Desert Eagle 1/2 B2HE FED COM #1H  
Desert Eagle 1/2 B2IL FED COM #1H  
Desert Eagle 1/2 B2PM FED COM #1H  
Desert Eagle 1/2 B3AD Fed Com #1H  
Desert Eagle 1/2 B3IL Fed Com #1H  
Desert Eagle 1/2 B3PM Fed Com #1H  
Desert Eagle 1/2 W0AD Fed Com #1H  
Desert Eagle 1/2 W0EH Fed Com #1H  
Desert Eagle 1/2 W0PM Fed Com #1H  
Sections 1 and 2, T20S, R28E  
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("MOC"), as Operator, hereby proposes creating a working interest unit comprising of Section 1 and Section 2, T20S, R28E, Eddy County, New Mexico and drilling the following ten (10) horizontal tests:

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Bottom Hole Location: 660' FNL & 100' FWL (Section 2)  
Proposed Total Vertical Depth: 7480'  
Proposed Total Measured Depth: 17788'  
Target: 2nd Bone Spring Sand
- 2) Desert Eagle 1/2 B2HE FED COM #1H – APD in process  
Surface Location: 1500' FNL & 205' FEL (Section 1)  
Bottom Hole Location: 1980' FNL & 100' FWL (Section 2)  
Proposed Total Vertical Depth: 7474'  
Proposed Total Measured Depth: 17799'  
Target: 2nd Bone Spring Sand
- 3) Desert Eagle 1/2 B2IL FED COM #1H – APD in process  
Surface Location: 1370' FSL & 205' FEL (Section 1)  
Bottom Hole Location: 1980' FSL & 100' FWL (Section 2)  
Proposed Total Vertical Depth: 7471'  
Proposed Total Measured Depth: 17839'  
Target: 2nd Bone Spring Sand

- 4) Desert Eagle 1/2 B2PM FED COM #1H – APD in process  
Surface Location: 1250' FSL & 205' FEL (Section 1)  
Bottom Hole Location: 660' FSL & 100' FWL (Section 2)  
Proposed Total Vertical Depth: 7492'  
Proposed Total Measured Depth: 17851'  
Target: 2nd Bone Spring Sand
- 5) Desert Eagle 1/2 B3AD FED COM #1H – APD in process  
Surface Location: 1440' FNL & 205' FEL (Section 1)  
Bottom Hole Location: 1310' FNL & 100' FWL (Section 2)  
Proposed Total Vertical Depth: 8719'  
Proposed Total Measured Depth: 18986'  
Target: 3rd Bone Spring Sand
- 6) Desert Eagle 1/2 B3IL FED COM #1H – APD in process  
Surface Location: 1290' FSL & 205' FEL (Section 1)  
Bottom Hole Location: 2200' FSL & 100' FWL (Section 2)  
Proposed Total Vertical Depth: 8735'  
Proposed Total Measured Depth: 19049'  
Target: 3rd Bone Spring Sand
- 7) Desert Eagle 1/2 B3PM FED COM #1H – APD in process  
Surface Location: 1230' FSL & 205' FEL (Section 1)  
Bottom Hole Location: 400' FSL & 100' FWL (Section 2)  
Proposed Total Vertical Depth: 8755'  
Proposed Total Measured Depth: 19086'  
Target: 3rd Bone Spring Sand
- 8) Desert Eagle 1/2 W0AD FED COM #1H – APD in process  
Surface Location: 1410' FNL & 205' FEL (Section 1)  
Bottom Hole Location: 400' FNL & 100' FWL (Section 2)  
Proposed Total Vertical Depth: 8993'  
Proposed Total Measured Depth: 19274'  
Target: Wolfcamp Sand
- 9) Desert Eagle 1/2 W0EH FED COM #1H – APD in process  
Surface Location: 1470' FNL & 205' FEL (Section 1)  
Bottom Hole Location: 2200' FNL & 100' FWL (Section 2)  
Proposed Total Vertical Depth: 8984'  
Proposed Total Measured Depth: 19288'  
Target: Wolfcamp Sand
- 10) Desert Eagle 1/2 W0PM FED COM #1H – APD in process  
Surface Location: 1260' FSL & 205' FEL (Section 1)  
Bottom Hole Location: 1310' FSL & 100' FWL (Section 2)  
Proposed Total Vertical Depth: 9005'  
Proposed Total Measured Depth: 19282'  
Target: Wolfcamp Sand

Page 3 of 3

The wells are planned to be pad drilled with the first well tentatively planned to spud 1<sup>st</sup> quarter 2022 depending on commodity prices. In the event you elect to participate in the proposed wells, please execute the enclosed AFEs before returning them to the undersigned within thirty (30) days. Our proposed Operating Agreement will follow covering Sections 1 and 2 and listing a non-consent penalty of 300%/100% and COPAS drilling/producing rates of \$8000/month and \$800/month respectively. Please enclose your most current well information requirements with your executed AFEs so that we may supply well data when available.

In lieu of participating, MOC hereby offers \$1,000 per net acre delivering an 80% NRI for a three (3) year term assignment. This offer is subject to confirmation of title, term assignment form, and final management approval.

Please contact me at (432) 682-3715 or via email at [arodrigues@mewbourne.com](mailto:arodrigues@mewbourne.com) if you have any questions.

Very truly yours,

**MEWBOURNE OIL COMPANY**



Ariana Rodrigues  
Land Department

Enclosures





July 28, 2021

Dear Simple Certified:

The following is in response to your request for proof of delivery on your item with the tracking number: **9414 8368 9784 6186 0701 86.**

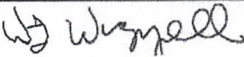
Item Details

**Status:** Delivered, Left with Individual  
**Status Date / Time:** July 28, 2021, 12:39 pm  
**Location:** WEATHERFORD, TX 76086  
**Postal Product:** First-Class Mail®  
**Extra Services:** Certified Mail™  
 Return Receipt Electronic  
**Recipient Name:** Trustee of the Wigzell 2009 Trust

Shipment Details

**Weight:** 2.0oz

Recipient Signature

**Signature of Recipient:** 

**Address of Recipient:** 1302 S RUSK ST  
WEATHERFORD, TX 76086

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

Trustee of the Wigzell 2009 Trust  
 Walter Frederick Wagzell  
 1302 S. Rusk St.  
 Weatherford, TX 76086  
 Reference #: Desert Eagle

**MEWBOURNE OIL COMPANY**  
AUTHORIZATION FOR EXPENDITURE

Well Name: <b>DESERT EAGLE 1/2 WOPM FED COM #1H</b>		Prospect: <b>DESERT EAGLE 1/2</b>	
Location: <b>SL: 1260 FSL &amp; 205 FEL (1); BHL: 1310 FSL &amp; 100 FWL (2)</b>		County: <b>EDDY</b> ST: <b>NM</b>	
Sec. <b>1/2</b>	Blk: <b></b>	Survey: <b></b>	TWP: <b>20S</b> RNG: <b>28E</b> Prop. TVD: <b>9005</b> TMD: <b>19282</b>

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	\$20,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	\$55,000	0180-0205	\$35,000
Location / Restoration		0180-0106	\$200,000	0180-0206	\$60,000
Daywork / Turnkey / Footage Drilling 26 days drlg / 3 days comp @ \$19,500/d		0180-0110	\$541,500	0180-0210	\$62,500
Fuel 1700 gal/day @ \$3.00/gal		0180-0114	\$141,600	0180-0214	\$256,600
Alternate Fuels		0180-0115		0180-0215	
Mud, Chemical & Additives		0180-0120	\$65,000	0180-0220	
Mud - Specialized		0180-0121	\$85,000	0180-0221	
Horizontal Drillout Services				0180-0222	\$200,000
Stimulation Toe Preparation				0180-0223	\$30,000
Cementing		0180-0125	\$85,000	0180-0225	\$35,000
Logging & Wireline Services		0180-0130	\$2,300	0180-0230	\$566,500
Casing / Tubing / Snubbing Service		0180-0134	\$20,000	0180-0234	\$15,000
Mud Logging		0180-0137	\$32,000		
Stimulation 78 Stq 20.2MM gal & 20.2MM lbs				0180-0241	\$1,750,000
Stimulation Rentals & Other				0180-0242	\$200,000
Water & Other		0180-0145	\$35,000	0180-0245	\$385,200
Bits		0180-0148	\$96,100	0180-0248	\$5,000
Inspection & Repair Services		0180-0150	\$50,000	0180-0250	\$5,000
Misc. Air & Pumping Services		0180-0154		0180-0254	\$10,000
Testing & Flowback Services		0180-0158	\$12,000	0180-0258	\$24,000
Completion / Workover Rig				0180-0260	\$10,500
Rig Mobilization		0180-0164	\$150,000		
Transportation		0180-0165	\$30,000	0180-0265	\$20,000
Welding, Construction, & Maint. Services		0180-0168	\$4,000	0180-0268	\$15,000
Contract Services & Supervision		0180-0170	\$105,300	0180-0270	\$54,500
Directional Services Includes vertical control		0180-0175	\$275,100		
Equipment Rental		0180-0180	\$216,800	0180-0280	\$22,400
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$5,000	0180-0285	
Intangible Supplies		0180-0188	\$8,000	0180-0288	\$1,000
Damages		0180-0190	\$15,000	0180-0290	\$1,000
Pipeline Interconnect & ROW Easements		0180-0192		0180-0292	\$5,000
Company Supervision		0180-0195	\$143,600	0180-0295	\$44,550
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Contingencies 5% (TCP) 5% (CC)		0180-0199	\$120,400	0180-0299	\$191,700
<b>TOTAL</b>			<b>\$2,528,700</b>		<b>\$4,025,450</b>

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0") 420' - 13 3/8" 54.5# J-55 ST&C @ \$48.00/ft		0181-0794	\$21,500		
Casing (8.1" - 10.0") 3170' - 9 5/8" 40# HCL80 LT&C @ \$38.00/ft		0181-0795	\$128,700		
Casing (6.1" - 8.0") 9463' - 7" 29# HCP-110 LT&C @ \$28.50/ft		0181-0796	\$288,000		
Casing (4.1" - 6.0") 10618.6736374806' - 4 1/2" 13.5# P-110 BPN @ \$15.50/ft				0181-0797	\$175,800
Tubing 8582' - 3 1/2" 9.2# L-80 IPC @ \$13.90/ft				0181-0798	\$127,400
Drilling Head		0181-0860	\$35,000		
Tubing Head & Upper Section				0181-0870	\$30,000
Horizontal Completion Tools Completion liner hanger				0181-0871	\$50,000
Subsurface Equip. & Artificial Lift Packer				0181-0880	\$25,000
Pumping Unit Systems				0181-0885	
Service Pumps (1/4) TP/CP/circ. pump				0181-0886	\$8,000
Storage Tanks (1/4) 6 - 750 bbl/5 - 750 bbl coated/1 - GB				0181-0890	\$112,000
Emissions Control Equipment (1/4) VRTs/VRU/KOs				0181-0892	\$76,000
Separation / Treating Equipment (1/4) horz. sep./vert. sep./HT				0181-0895	\$74,000
Automation / Metering Equipment				0181-0898	\$38,000
Line Pipe & Valves - Gathering (1/4) 1/2 mile gas & water				0181-0900	\$33,000
Fittings / Valves & Accessories				0181-0906	\$132,000
Cathodic Protection				0181-0908	\$7,500
Electrical Installation				0181-0909	\$69,000
Equipment Installation				0181-0910	\$75,000
Pipeline Construction (1/4) 1/2 mile gas & water				0181-0920	\$40,000
<b>TOTAL</b>			<b>\$473,200</b>		<b>\$1,072,700</b>
<b>SUBTOTAL</b>			<b>\$3,001,900</b>		<b>\$5,098,150</b>
<b>TOTAL WELL COST</b>			<b>\$8,100,050</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: H. Buckley Date: 07/15/2021

Company Approval: \_\_\_\_\_ Date: \_\_\_\_\_

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

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

ATTACHMENT C