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

APPLICATION OF MEWBOURNE OIL COMPANY TO POOL ADDITIONAL INTERESTS UNDER ORDER NO. R-22069, LEA COUNTY, NEW MEXICO

CASE NO. 23579 ORDER NO. R-22069

HEARING EXHIBITS

Exhibit A	Self-Affirmed Statement of Brad Dunn
A-1	Application and Proposed Notice of Hearing
A-2	Order No. R-22069
A-3	Plat of Tracts, Tract Ownership, Additional Pooled Parties
A-4	Sample Well Proposal Letter and AFE
A-5	Chronology of Contact
Exhibit B	Self-Affirmed Statement of Dana S. Hardy
B-1	Sample Notice Letter to All Interested Parties
B-2	Chart of Notice to All Interested Parties
B-3	Copies of Certified Mail Receipts and Returns
B-4	Affidavit of Publication for June 13, 2023

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

APPLICATION OF MEWBOURNE OIL COMPANY TO POOL ADDITIONAL INTERESTS UNDER ORDER NO. R-22069, LEA COUNTY, NEW MEXICO

CASE NO. 23579 ORDER NO. R-22069

SELF-AFFIRMED STATEMENT OF BRAD DUNN

- 1. I am a Senior Landman with Mewbourne Oil Company ("Mewbourne"). I am over 18 years of age, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement. I have previously testified before the New Mexico Oil Conservation Division ("Division"), and my credentials as an expert in petroleum land matters were accepted and made a matter of record.
- 2. I am familiar with the land matters involved in this case. Copies of the application and proposed hearing notice are attached as **Exhibit A-1**.
- 3. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit, therefore I do not expect any opposition at hearing.
- 4. On March 9, 2022, the Division entered Order No. R-22069 ("Order") in Case No. 22368, which pooled uncommitted interests in the Bone Spring formation underlying a standard horizontal spacing unit comprised of the W/2 E/2 of Section 11 and the W/2 SE/4 of Section 2, Township 18 South, Range 32 East, Lea County, New Mexico ("Unit"). The Order further dedicated the Unit to the Dragonstone 11/2 B2OJ Fed Com #1 well ("Well") and designated Applicant as operator of the Unit and Well.
 - 5. A copy of the Order is attached as **Exhibit A-2**.

Mewbourne Oil Company Case No. 23579 Exhibit A

- 6. Since the Order was entered, Mewbourne has identified additional uncommitted interests in the Unit that have not been pooled under the terms of the Order.
- 7. **Exhibit A-3** provides a plat of the tracts included in the Unit, identifies the interests in each tract, and identifies the additional uncommitted interests to be pooled under the terms of the Order, which are highlighted in yellow.
- 8. **Exhibit A-4** is a sample well proposal letter and AFE that I sent to the additional parties to be pooled under the terms of the Order.
- 9. In my opinion, Mewbourne made a good-faith effort to reach voluntary joinder as indicated by the chronology of contact described in **Exhibit A-5**.
- 10. Mewbourne requests the additional uncommitted interests be pooled under the terms of the Order.
- 11. In my opinion, the granting of Mewbourne's application would serve the interests of conservation and prevention of waste.
- 12. The attached exhibits were either prepared by me or under my supervision or were compiled from company business records.
- 13. I understand this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony above is true and correct and it made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date next to my signature below.



1/30/2023 Date

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

APPLICATION OF MEWBOURNE OIL COMPANY TO POOL ADDITIONAL INTERESTS UNDER ORDER NO. R-22069, LEA COUNTY, NEW MEXICO.

CASE NO. 23579 ORDER NO. R-22069

APPLICATION

Pursuant to NMSA 1978, § 70-2-17, Mewbourne Oil Company ("Applicant") (OGRID No. 14744) files this application with the Oil Conservation Division ("Division") for the limited purpose of pooling additional uncommitted interests under the terms of Division Order No. R-22069. Applicant states the following in support of its application.

- 1. On March 9, 2022, the Division entered Order No. R-22069 ("Order") in Case No. 22368, which pooled uncommitted interests in the Bone Spring formation underlying a standard horizontal spacing unit comprised of the W/2 E/2 of Section 11 and the W/2 SE/4 of Section 2, Township 18 South, Range 32 East, Lea County, New Mexico ("Unit"). The Order further dedicated the Unit to the Dragonstone 11/2 B2OJ Fed Com #1 well ("Well") and designated Applicant as operator of the Unit and Well.
- 2. Since the Order was entered, Applicant has identified additional interests in the Unit that have not been pooled under the terms of the Order.
- 3. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from the additional interest owners but has been unable to obtain voluntary agreements from the owners.
- 4. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the additional interests should be pooled into the Unit pursuant to the terms of the Order.

Mewbourne Oil Company Case No. 23579 Exhibit A-1 WHEREFORE, Applicant requests this application be set for hearing before an Examiner of the Division on July 6, 2023, and, after notice and hearing, the Division pool the additional uncommitted interests into the Unit pursuant to the terms of Division Order No. R-22069.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy Jaclyn M. McLean Yarithza Peña P.O. Box 2068 Santa Fe, NM 87504-2068

Phone: (505) 982-4554 Facsimile: (505) 982-8623 dhardy@hinklelawfirm.com jmclean@hinklelawfirm.com ypena@hinklelawfirm.com

Counsel for Mewbourne Oil Company

Application of Mewbourne Oil Company to Pool Additional Interests Under Order No. R-22069, Lea County, New Mexico. Applicant seeks an order pooling additional uncommitted interests under the terms of Division Order No. R-22069. Order No. R-22069 ("Order") pooled uncommitted interests in the Bone Spring formation underlying a standard horizontal spacing unit comprised of the W/2 E/2 of Section 11 and the W/2 SE/4 of Section 2, Township 18 South, Range 32 East, Lea County, New Mexico ("Unit"). The Order further dedicated the Unit to the Dragonstone 11/2 B2OJ Fed Com #1 well ("Well") and designated Applicant as operator of the Unit and Well. Since the Order was issued, Applicant has identified additional interests in the Unit that should be pooled under the terms of the Order. The Well is located approximately 25 miles southwest of Carlsbad, New Mexico.

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

IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY MEWBOURNE OIL COMPANY

CASE NO. 22368 **ORDER NO.** R-22069

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on February 17, 2022, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

- 1. Mewbourne Oil Company ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
- 2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
- 3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
- 4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
- 5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

- 6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 7. Operator is the owner of an oil and gas working interest within the Unit.
- 8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
- 9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
- 10. Operator has the right to drill the Well(s) to a common source of supply at the

Mewbourne Oil Company Case No. 23579 Exhibit A-2

- depth(s) and location(s) in the Unit described in Exhibit A.
- 11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
- 12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
- 13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
- 14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

ORDER

- 15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
- 16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
- 17. Operator is designated as operator of the Unit and the Well(s).
- 18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
- 19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
- 20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
- 21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
- 22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
- 23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

CASE NO. 22368 ORDER NO. R-22069

Page **2** of **6**

well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

- 24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
- 25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
- 26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
- 27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
- 28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
- 29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

- of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
- 30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
- 34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

ADMIENNE SANDOVAL DIRECTOR AES/jag

Date: 3/09/2022

Exhibit A

ALL INFORMATION IN THE APPLICATION MUST I	BE SUPPORTED BY SIGNED AFFIDAVITS
Case No.:	22368
Hearing Date:	2/17/2022
Applicant	Mewbourne Oil Company
Designated Operator & OGRID	OGRID # 14744
Applicant's Counsel	Hinkle Shanor LLP
Case Title	Application of Mewbourne Oil Company for Compulsory Pooling, Le
	County, New Mexico
Entries of Appearance/Intervenors	COG Operating LLC; Concho Oil & Gas LLC; MRC permian Company
Well Family	Dragonstone
Formation/Pool	
Formation Name(s) or Vertical Extent	Bone Spring
Primary Product (Oil or Gas)	Oil
Pooling this vertical extent	Bone Spring
Pool Name and Pool Code	Young; Bone Spring-North Pool (63350)
Well Location Setback Rules	Statewide
Spacing Unit Size	240-acre
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	240-acre
Building Blocks	quarter-quarter
Orientation	Standup
Description: TRS/County	W/2E/2 of Section 11 and W/2SE/4 of Section 2, Township 18 South Range 32 East, Lea County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion status (standard or non-standard)	Add wells as needed
Well #1	Dragonstone 11/2 B2OJ Fed Com #1 (API # pending)
	SHL: 405' FNL & 660' FEL (Unit A), Section 14, T18S-R32E
	BHL: 2540' FSL & 1815' FEL (Unit J), Section 2, T18S-R32E
	Completion Target: Bone Spring formation (Approx. 9279' TVD)
Horizontal Well First and Last Take Points	Exhibit A-2
Completion Target (Formation, TVD and MD)	Exhibit A-4
AFE Capex and Operating Costs	
Orilling Supervision/Month \$	8000
Production Supervision/Month \$	800
lustification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit A-1

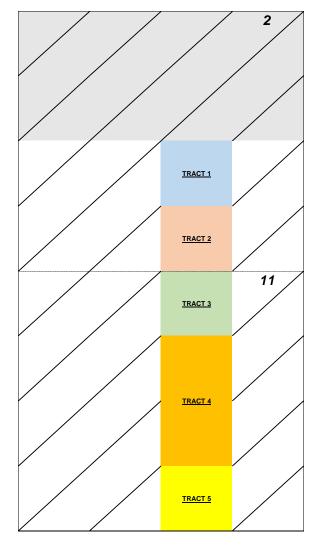
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Ownership Determination	the life of the second
Land Ownership Schematic of Spacing Unit	Exhibit A-3
Tract List (including lease numbers & owners)	Exhibit A-3
Pooled Parties (including ownership type)	Exhibit A-3
Unlocatable Parties to be Pooled	Exhibit A-3
Ownership Depth Severance	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-4
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-3
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1
Gunbarrel/Lateral Trajectory Schematic	N/A
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-3
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-2
Tracts	Exhibit A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-3
General Location Map (including basin)	Exhibit B-1
Well Bore Location Map	Exhibit B-1
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-3
Additional Information	及\$ [30] \$ 13-14 [3] \$ 13-14 [
CERTIFICATION: I hereby certify that the information	
provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana S. Hardy /
Signed Name (Attorney or Party Representative):	Uma a Noval
Date:	2/15/2022
Date:	-, -, -, -, -, -, -, -, -, -, -, -, -, -

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SECTION PLAT

West Half of the East Half (W/2E/2) of Section 11, Township 18 South, Range 32 East
West Half of the Southeast Quarter (W/2SE/4) of Section 2, Township 18 South, Range 32 East
County of Lea, State of New Mexico



<u>Tract 1:</u> NW4SE4 SEC. 2—STATE OF NEW MEXICO LEASE NO. LG-6977

Mewbourne Oil Company, et al

Tract 2: SW4SE4 SEC. 2— STATE OF NEW MEXICO LEASE NO. LG-1784

Mewbourne Oil Company, et al

Rhodes Interests Ltd.

Chel-Trand Holdings, LLC

Mewbourne Oil Company Case No. 23579 Exhibit A-3 <u>Tract 3:</u> NW4NE4 SEC. 11—FEDERAL LEASE NO. NMNM-69371

Mewbourne Oil Company, et al

<u>Tract 4:</u> SW4NE4 & NW4SE4 SEC. 11—FEDERAL LEASE NO. NMNM-126064

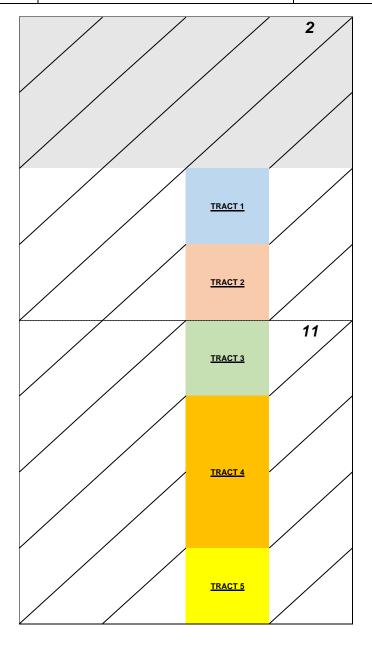
Mewbourne Oil Company, et al

<u>Tract 5:</u> SW4SE4—FEDERAL LEASE NO. NMNM-94191

Mewbourne Oil Company, et al

RECAPITUALTION FOR DRAGONSTONE 11/2 FED COM #526H (B2OJ)

Tract Number	Number of Acres Committed	Percentage of Interest In Communitized Area
1	40.00	16.666667%
2	40.00	16.666667%
3	40.00	16.666667%
4	80.00	33.33333%
5	40.00	16.666666%
TOTAL	240.00	100.00000%



TRACT OWNERSHIP (Additional parties) DRAGONSTONE 11/2 FED COM #526H (B2OJ) Sections 11 (W/2E/2) & 2 (W/2SE/4), T18S, R32E Lea County, New Mexico

Sections 11 (W/2E/2) & 2 (W/2SE/4) Bone Spring formation:

	% Leasehold Interest
Mewbourne Oil Company, et al	99.990477%
500 West Texas, Ste. 1020	
Midland, Texas 79701	
* Rhodes Interests Ltd.	0.005923%
110 W. Louisiana Ave., STE 200	0.00372370
Midland, TX 79701	
ivildiand, 1X 79701	
* Chel-Trand Holdings, LLC	0.003600%
110 W. Louisiana Ave., STE 200	
Midland, TX 79701-3414	
	100,000,000
	100.000000%

^{*} Total interest being pooled: 0.009523%

OWNERSHIP BY TRACT

NW/4SE/4	Section 2	(40 Acres).
11 11 / TOL/ T	SCCHOII 2	1 T U ALI C3/•

Mewbourne Oil Company, et al 500 West Texas, Ste. 1020 Midland, Texas 79701 % Leasehold Interest

100.000000%

100.000000%

SW/4SE/4 Section 2 (40 Acres):

Mewbourne Oil Company, et al 500 West Texas, Ste. 1020 Midland, Texas 79701

% Leasehold Interest

99.942864%

* Rhodes Interests Ltd.

110 W. Louisiana Ave., STE 200

Midland, TX 79701

0.035536%

* Chel-Trand Holdings, LLC 110 W. Louisiana Ave., STE 200

Midland, TX 79701-3414

0.021600%

100.000000%

NW/4NE/4 Section 11 (40 Acres):

Mewbourne Oil Company, et al 500 West Texas, Ste. 1020 Midland, Texas 79701

% Leasehold Interest 100.000000%

100.000000%

SW/4NE/4 & NW/4SE/4 Section 11 (80 Acres):

Mewbourne Oil Company 500 West Texas, Ste. 1020 Midland, Texas 79701 % Leasehold Interest 100.000000%

100.000000%

SW/4SE/4 Section 11 (40 Acres):

Mewbourne Oil Company, et al 500 West Texas, Ste. 1020 Midland, Texas 79701 % Leasehold Interest 100.000000%

100.000000%

*Parties to be pooled are highlighted in yellow.

MEWBOURNE OIL COMPANY

FASKEN CENTER
500 WEST TEXAS, SUITE 1020
MIDLAND, TX 79701

TELEPHONE (432) 682-3715

March 16, 2022

Via Certified Mail

Rhodes Interests Ltd. 110 W. Louisiana Ave., STE 200 Midland, TX 79701 Attn: Permian Land Manager

Re:

- 1. Dragonstone 11/2 B2PI Fed Com #1H AFE, E2E2 Section 11 & E2SE4 Sec. 2, T18S, R32E, Lea County, New Mexico
- 2. Dragonstone 11/2 B2OJ Fed Com #1H AFE, W2E2 Section 11 & W2SE4 Sec. 2, T18S, R32E, Lea County, New Mexico
- 3. Dragonstone 11/2 B2NK Fed Com #1H AFE, E2W2 Section 11 & E2SW4 Sec. 2, T18S, R32E, Lea County, New Mexico
- 4. Dragonstone 11/2 B2ML Fed Com #1H AFE, W2W2 Section 11 & W2SW4 Sec. 2, T18S, R32E, Lea County, New Mexico
- Dragonstone 11/2 Joint Operating Agreement dated August 15, 2021 All of Sec. 11, T18S, R32E S2 of Sec. 2, T18S, R32E Lea County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 960.00 acre Working Interest Unit ("WIU") covering All of the above captioned Section 11 and the S/2 of the above captioned Section 2 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 following horizontal Bone Spring wells:

- 1. Dragonstone 11/2 B2PI Fed Com #1H will have a surface location 405' FNL & 630' FEL of Section 14 and a bottom hole location approximately 2540' FSL & 495' FEL of the above captioned Section 2. We anticipate drilling to an approximate total vertical depth of 9,277' and an approximate total measured depth of 17,274'. The E2E2 of Section 11 & E2SE4 of Sec. 2 will be dedicated to the well as the proration unit.
- 2. Dragonstone 11/2 B2OJ Fed Com #1H will have a surface location 405' FNL & 660' FEL of Section 14 and a bottom hole location approximately 2540' FSL & 1815' FEL of the above captioned Section 2. We anticipate drilling to an approximate total vertical depth of 9,279' and an approximate total measured depth of 17,359'. The W2E2 of Section 11 & W2SE4 of Sec. 2 will be dedicated to the well as the proration unit.

Mewbourne Oil Company Case No. 23579 Exhibit A-4

- 3. Dragonstone 11/2 B2NK Fed Com #1H will have a surface location 300' FSL & 1180' FWL of the above captioned Section 11 and a bottom hole location approximately 2540' FSL & 1815' FWL of the above captioned Section 2. We anticipate drilling to an approximate total vertical depth of 9,117' and an approximate total measured depth of 16,438'. The E2W2 of Section 11 & E2SW4 of Sec. 2 will be dedicated to the well as the proration unit.
- 4. Dragonstone 11/2 B2ML Fed Com #1H will have a surface location 300' FSL & 1150' FWL of the above captioned Section 11 and a bottom hole location approximately 2540' FSL & 495' FWL of the above captioned Section 2. We anticipate drilling to an approximate total vertical depth of 9,102' and an approximate total measured depth of 16,425'. The W2W2 of Section 11 & W2SW4 of Sec. 2 will be dedicated to the well as the proration unit.

Regarding the above, enclosed for your further handling are our AFEs for the captioned proposed wells. In the event your firm elects to participate in the proposed wells, please execute the enclosed AFEs and return them to me within thirty (30) days.

Our proposed Operating Agreement will have COPAS rates of \$8,000/month while drilling, \$800/month for a producing well, and a non-consent penalty of 100%/300%. Should you wish to participate, please email me at bdunn@mewbourne.com and I will promptly email you a copy of the Dragonstone 11/2 Operating Agreement dated August 15, 2021, for your review.

Should you have any questions regarding the above, please email me at <u>bdunn@mewbourne.com</u> or call me at (432) 682-3715. Thank you.

Sincerely,

MEWBOURNE OIL COMPANY

Brad Dunn

Petroleum Landman

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: Dragonstone 11/2 B2OJ Fed Com #1H Prosp	pect:			
Location: SL: 405' FNL & 660' FEL (14); BHL: 2540' FSL & 1815' FEL (2)	unty: Edd	у		ST: NM
Sec. 11&2 Blk: Survey: TWP: 18S	RNG: 3	2E Prop. TVD	9279	TMD: 17359
INTANGIBLE COSTS 0180 Regulatory Permits & Surveys	0180-0100	*20,000	0180-0200	CC
Location / Road / Site / Preparation	0180-0105		0180-0205	\$35,000
Location / Restoration	0180-0106	\$200,000	0180-0206	\$75,000
Daywork / Turnkey / Footage Drilling 24 days drlg / 3 days comp @ \$19500/d	0180-0110		0180-0210	\$62,500
Fuel 1700 gal/day @ \$3.0/gal	0180-0114	\$130,700	0180-0214	\$264,000
Alternate Fuels	0180-0115		0180-0215	
Mud, Chemical & Additives	0180-0120	\$65,000	0180-0220	
Mud - Specialized	0180-0121	\$105,000	0180-0221	
Horizontal Drillout Services			0180-0222	\$150,000
Stimulation Toe Preparation		*	0180-0223	\$25,000
Cementing	0180-0125		0180-0225	\$30,000
Logging & Wireline Services Casing / Tubing / Snubbing Services	0180-0130		0180-0230 0180-0234	\$273,000
Mud Logging	0180-0134 0180-0137	\$30.000		\$12,000
Stimulation 44 Stg 14.5 MM gal / 14.5 MM lb	0100-0137	ψ30,000	0180-0241	\$1,226,700
Stimulation Rentals & Other			0180-0242	\$150,000
Water & Other	0180-0145	\$40,000	0180-0245	\$173,000
Bits	0180-0148		0180-0248	. ,
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		0180-0265	\$20,000
Welding, Construction & Maint. Services	0180-0168		0180-0268	\$15,000
Contract Services & Supervision	0180-0170		0180-0270	\$46,500
Directional Services Includes Vertical Control Equipment Rental	0180-0175 0180-0180	\$283,500 \$101,400	0180-0280	\$12,500
Well / Lease Legal	0180-0184		0180-0284	\$12,500
Well / Lease Insurance	0180-0185		0180-0285	
Intangible Supplies	0180-0188	. ,	0180-0288	\$1,000
Damages	0180-0190		0180-0290	\$10,000
Pipeline Interconnect, ROW Easements	0180-0192		0180-0292	\$5,000
Company Supervision	0180-0195		0180-0295	\$32,400
Overhead Fixed Rate	0180-0196		0180-0296	\$20,000
Contingencies 10% (TCP) 10% (CC)	0180-0199		0180-0299	\$268,800
TOTAL		\$2,498,300		\$2,956,900
TANGIBLE COSTS 0181				
Casing (19.1" – 30")	0181-0793			
Casing (19.1" – 30") Casing (10.1" – 19.0") 1300' - 13 3/8" 54.5# J-55 ST&C @ \$48/ft	0181-0793 0181-0794	\$71,200		
Casing (19.1" – 30") Casing (10.1" – 19.0") 1300' - 13 3/8" 54.5# J-55 ST&C @ \$48/ft Casing (8.1" – 10.0") 4900' - 9 5/8" 40# HCL80 LT&C @ \$29/ft		\$162,100		
Casing (19.1" – 30") Casing (10.1" – 19.0") 1300' - 13 3/8" 54.5# J-55 ST&C @ \$48/ft Casing (8.1" – 10.0") 4900' - 9 5/8" 40# HCL80 LT&C @ \$29/ft Casing (6.1" – 8.0") 9500' - 7" 29# HCP-110 LT&C @ \$28.5/ft	0181-0794			
Casing (19.1" – 30") 1300' - 13 3/8" 54.5# J-55 ST&C @ \$48/ft Casing (10.1" – 19.0") 4900' - 9 5/8" 40# HCL80 LT&C @ \$29/ft Casing (6.1" – 8.0") 9500' - 7" 29# HCP-110 LT&C @ \$28.5/ft Casing (4.1" – 6.0") 8800' - 4 1/2" 13.5# P-110 BPN @ \$15.5/ft	0181-0794 0181-0795	\$162,100	0181-0797	\$155,600
Casing (19.1" - 30") Casing (10.1" - 19.0") 1300' - 13 3/8" 54.5# J-55 ST&C @ \$48/ft Casing (8.1" - 10.0") 4900' - 9 5/8" 40# HCL80 LT&C @ \$29/ft Casing (6.1" - 8.0") 9500' - 7" 29# HCP-110 LT&C @ \$28.5/ft Casing (4.1" - 6.0") 8800' - 4 1/2" 13.5# P-110 BPN @ \$15.5/ft Tubing 8600' - 2 7/8" 6.5# L-80 Tbg @ \$13/ft	0181-0794 0181-0795 0181-0796	\$162,100 \$308,800	0181-0797 0181-0798	\$155,600 \$127,500
Casing (19.1" – 30") Casing (10.1" – 19.0") 1300' - 13 3/8" 54.5# J-55 ST&C @ \$48/ft Casing (8.1" – 10.0") 4900' - 9 5/8" 40# HCL80 LT&C @ \$29/ft Casing (6.1" – 8.0") 9500' - 7" 29# HCP-110 LT&C @ \$28.5/ft Casing (4.1" – 6.0") 8800' - 4 1/2" 13.5# P-110 BPN @ \$15.5/ft Tubing 8600' - 2 7/8" 6.5# L-80 Tbg @ \$13/ft Drilling Head	0181-0794 0181-0795	\$162,100	0181-0797 0181-0798	\$127,500
Casing (19.1" – 30") Casing (10.1" – 19.0") 1300' - 13 3/8" 54.5# J-55 ST&C @ \$48/ft Casing (8.1" – 10.0") 4900' - 9 5/8" 40# HCL80 LT&C @ \$29/ft Casing (6.1" – 8.0") 9500' - 7" 29# HCP-110 LT&C @ \$28.5/ft Casing (4.1" – 6.0") 8800' - 4 1/2" 13.5# P-110 BPN @ \$15.5/ft Tubing 8600' - 2 7/8" 6.5# L-80 Tbg @ \$13/ft Drilling Head Tubing Head & Upper Section	0181-0794 0181-0795 0181-0796	\$162,100 \$308,800	0181-0797 0181-0798 0181-0870	\$127,500 \$30,000
Casing (19.1" – 30") Casing (10.1" – 19.0") 1300' - 13 3/8" 54.5# J-55 ST&C @ \$48/ft Casing (8.1" – 10.0") 4900' - 9 5/8" 40# HCL80 LT&C @ \$29/ft Casing (6.1" – 8.0") 9500' - 7" 29# HCP-110 LT&C @ \$28.5/ft Casing (4.1" – 6.0") 8800' - 4 1/2" 13.5# P-110 BPN @ \$15.5/ft Tubing 8600' - 2 7/8" 6.5# L-80 Tbg @ \$13/ft Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Completion Liner Hanger	0181-0794 0181-0795 0181-0796	\$162,100 \$308,800	0181-0797 0181-0798 0181-0870 0181-0871	\$127,500 \$30,000 \$50,000
Casing (19.1" – 30") Casing (10.1" – 19.0") 1300' - 13 3/8" 54.5# J-55 ST&C @ \$48/ft Casing (8.1" – 10.0") 4900' - 9 5/8" 40# HCL80 LT&C @ \$29/ft Casing (6.1" – 8.0") 9500' - 7" 29# HCP-110 LT&C @ \$28.5/ft Casing (4.1" – 6.0") 8800' - 4 1/2" 13.5# P-110 BPN @ \$15.5/ft Tubing 8600' - 2 7/8" 6.5# L-80 Tbg @ \$13/ft Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Completion Liner Hanger Subsurface Equip. & Artificial Lift	0181-0794 0181-0795 0181-0796	\$162,100 \$308,800	0181-0797 0181-0798 0181-0870 0181-0871 0181-0880	\$127,500 \$30,000
Casing (19.1" – 30") Casing (10.1" – 19.0")	0181-0794 0181-0795 0181-0796	\$162,100 \$308,800	0181-0797 0181-0798 0181-0870 0181-0871 0181-0880 0181-0885	\$127,500 \$30,000 \$50,000 \$25,000
Casing (19.1" – 30") Casing (10.1" – 19.0") 1300' - 13 3/8" 54.5# J-55 ST&C @ \$48/ft Casing (8.1" – 10.0") 4900' - 9 5/8" 40# HCL80 LT&C @ \$29/ft Casing (6.1" – 8.0") 9500' - 7" 29# HCP-110 LT&C @ \$28.5/ft Casing (4.1" – 6.0") 8800' - 4 1/2" 13.5# P-110 BPN @ \$15.5/ft Tubing 8600' - 2 7/8" 6.5# L-80 Tbg @ \$13/ft Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Completion Liner Hanger Subsurface Equip. & Artificial Lift	0181-0794 0181-0795 0181-0796	\$162,100 \$308,800	0181-0797 0181-0798 0181-0870 0181-0871 0181-0880	\$127,500 \$30,000 \$50,000
Casing (19.1" – 30") Casing (10.1" – 19.0")	0181-0794 0181-0795 0181-0796	\$162,100 \$308,800	0181-0797 0181-0798 0181-0870 0181-0871 0181-0880 0181-0885 0181-0886	\$127,500 \$30,000 \$50,000 \$25,000 \$16,000
Casing (19.1" – 30") Casing (10.1" – 19.0")	0181-0794 0181-0795 0181-0796	\$162,100 \$308,800	0181-0797 0181-0798 0181-0870 0181-0871 0181-0880 0181-0885 0181-0886 0181-0890	\$127,500 \$30,000 \$50,000 \$25,000 \$16,000 \$169,300 \$151,900 \$147,500
Casing (19.1" – 30") Casing (10.1" – 19.0")	0181-0794 0181-0795 0181-0796	\$162,100 \$308,800	0181-0797 0181-0798 0181-0870 0181-0871 0181-0880 0181-0885 0181-0886 0181-0890 0181-0892	\$127,500 \$30,000 \$50,000 \$25,000 \$16,000 \$169,300 \$151,900 \$147,500
Casing (19.1" – 30") Casing (10.1" – 19.0")	0181-0794 0181-0795 0181-0796	\$162,100 \$308,800	0181-0797 0181-0798 0181-0870 0181-0871 0181-0880 0181-0885 0181-0890 0181-0892 0181-0895 0181-0898 0181-0990	\$127,500 \$30,000 \$50,000 \$25,000 \$16,000 \$169,300 \$151,900 \$147,500 \$75,000 \$23,800
Casing (19.1" – 30") Casing (10.1" – 19.0")	0181-0794 0181-0795 0181-0796	\$162,100 \$308,800	0181-0797 0181-0798 0181-0870 0181-0871 0181-0880 0181-0885 0181-0890 0181-0892 0181-0895 0181-0898 0181-0900 0181-0900	\$127,500 \$30,000 \$50,000 \$25,000 \$16,000 \$169,300 \$151,900 \$147,500 \$75,000 \$23,800 \$275,000
Casing (19.1" – 30") Casing (10.1" – 19.0")	0181-0794 0181-0795 0181-0796	\$162,100 \$308,800	0181-0797 0181-0798 0181-0870 0181-0871 0181-0880 0181-0885 0181-0890 0181-0892 0181-0895 0181-0990 0181-0990 0181-0900 0181-0900	\$127,500 \$30,000 \$50,000 \$25,000 \$16,000 \$169,300 \$151,900 \$147,500 \$75,000 \$23,800 \$275,000
Casing (19.1" – 30") Casing (10.1" – 19.0")	0181-0794 0181-0795 0181-0796	\$162,100 \$308,800	0181-0797 0181-0798 0181-0870 0181-0871 0181-0880 0181-0885 0181-0886 0181-0890 0181-0895 0181-0990 0181-0900 0181-0900 0181-0908	\$127,500 \$30,000 \$50,000 \$25,000 \$16,000 \$169,300 \$151,900 \$75,000 \$23,800 \$275,000 \$7,500 \$137,500
Casing (19.1" – 30") Casing (10.1" – 19.0") 1300' - 13 3/8" 54.5# J-55 ST&C @ \$48/ft Casing (8.1" – 10.0") 4900' - 9 5/8" 40# HCL80 LT&C @ \$29/ft Casing (6.1" – 8.0") 9500' - 7" 29# HCP-110 LT&C @ \$28.5/ft Casing (4.1" – 6.0") 8800' - 4 1/2" 13.5# P-110 BPN @ \$15.5/ft Tubing 8600' - 2 7/8" 6.5# L-80 Tbg @ \$13/ft Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Completion Liner Hanger Subsurface Equip. & Artificial Lift Pumping Unit Systems Service Pumps (1/2) TP/CP/Circ pump Storage Tanks (1/2) 6 OT/5 WT/GB Emissions Control Equipment (1/2) VRT's/VRU/Flare/KO's Separation / Treating Equipment Line Pipe & Valves - Gathering (1/2) 1 mile gas & water Fittings / Valves & Accessories Cathodic Protection Electrical Installation	0181-0794 0181-0795 0181-0796	\$162,100 \$308,800	0181-0797 0181-0798 0181-0870 0181-0871 0181-0880 0181-0885 0181-0890 0181-0892 0181-0895 0181-0900 0181-0900 0181-0908 0181-0909 0181-0909	\$127,500 \$30,000 \$50,000 \$25,000 \$16,000 \$169,300 \$151,900 \$75,000 \$23,800 \$275,000 \$7,500 \$137,500 \$150,000
Casing (19.1" – 30") Casing (10.1" – 19.0") 1300' - 13 3/8" 54.5# J-55 ST&C @ \$48/ft Casing (8.1" – 10.0") 4900' - 9 5/8" 40# HCL80 LT&C @ \$29/ft Casing (6.1" – 8.0") 9500' - 7" 29# HCP-110 LT&C @ \$28.5/ft Casing (4.1" – 6.0") 8800' - 4 1/2" 13.5# P-110 BPN @ \$15.5/ft Tubing 8600' - 2 7/8" 6.5# L-80 Tbg @ \$13/ft Drilling Head Upper Section Horizontal Completion Tools Completion Liner Hanger Subsurface Equip. & Artificial Lift Pumping Unit Systems Service Pumps (1/2) TP/CP/Circ pump Storage Tanks (1/2) TP/CP/Circ pump Storage Tanks (1/2) WRT's/VRU/Flare/KO's Separation / Treating Equipment (1/2) H sep/V sep/HT Automation Metering Equipment (1/2) 1 mile gas & water Fittings / Valves & Accessories Cathodic Protection Electrical Installation	0181-0794 0181-0795 0181-0796	\$162,100 \$308,800	0181-0797 0181-0798 0181-0870 0181-0871 0181-0880 0181-0885 0181-0886 0181-0890 0181-0895 0181-0990 0181-0900 0181-0900 0181-0908	\$127,500 \$30,000 \$50,000 \$25,000 \$16,000 \$169,300 \$151,900 \$75,000 \$23,800 \$275,000 \$7,500 \$137,500
Casing (19.1" – 30") Casing (10.1" – 19.0") 1300' - 13 3/8" 54.5# J-55 ST&C @ \$48/ft Casing (8.1" – 10.0") 4900' - 9 5/8" 40# HCL80 LT&C @ \$29/ft Casing (6.1" – 8.0") 9500' - 7" 29# HCP-110 LT&C @ \$28.5/ft Casing (4.1" – 6.0") 8800' - 4 1/2" 13.5# P-110 BPN @ \$15.5/ft Tubing 8600' - 2 7/8" 6.5# L-80 Tbg @ \$13/ft Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Completion Liner Hanger Subsurface Equip. & Artificial Lift Pumping Unit Systems Service Pumps (1/2) TP/CP/Circ pump Storage Tanks (1/2) 6 OT/5 WT/GB Emissions Control Equipment (1/2) VRT's/VRU/Flare/KO's Separation / Treating Equipment Line Pipe & Valves - Gathering (1/2) 1 mile gas & water Fittings / Valves & Accessories Cathodic Protection Electrical Installation	0181-0794 0181-0795 0181-0796	\$162,100 \$308,800	0181-0797 0181-0798 0181-0870 0181-0871 0181-0880 0181-0885 0181-0890 0181-0892 0181-0895 0181-0900 0181-0900 0181-0908 0181-0909 0181-0909	\$127,500 \$30,000 \$50,000 \$25,000 \$16,000 \$169,300 \$151,900 \$75,000 \$23,800 \$275,000 \$7,500 \$137,500 \$150,000
Casing (19.1" – 30") Casing (10.1" – 19.0") 1300' - 13 3/8" 54.5# J-55 ST&C @ \$48/ft Casing (8.1" – 10.0") 4900' - 9 5/8" 40# HCL80 LT&C @ \$29/ft Casing (6.1" – 8.0") 9500' - 7" 29# HCP-110 LT&C @ \$28.5/ft Casing (4.1" – 6.0") 8800' - 4 1/2" 13.5# P-110 BPN @ \$15.5/ft Tubing 8600' - 2 7/8" 6.5# L-80 Tbg @ \$13/ft Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Completion Liner Hanger Subsurface Equip. & Artificial Lift Pumping Unit Systems Service Pumps (1/2) TP/CP/Circ pump Storage Tanks (1/2) 6 OT/5 WT/GB Emissions Control Equipment (1/2) VRT's/VRU/Flare/KO's Separation / Treating Equipment Line Pipe & Valves - Gathering (1/2) 1 mile gas & water Fittings / Valves & Accessories Cathodic Protection Electrical Installation	0181-0794 0181-0795 0181-0796	\$162,100 \$308,800	0181-0797 0181-0798 0181-0870 0181-0871 0181-0880 0181-0885 0181-0886 0181-0892 0181-0895 0181-0906 0181-0900 0181-0900 0181-0900 0181-0900 0181-0900	\$127,500 \$30,000 \$50,000 \$25,000 \$16,000 \$169,300 \$151,900 \$75,000 \$23,800 \$275,000 \$7,500 \$137,500 \$150,000
Casing (19.1" – 30") Casing (10.1" – 19.0") 1300' - 13 3/8" 54.5# J-55 ST&C @ \$48/ft Casing (8.1" – 10.0") 4900' - 9 5/8" 40# HCL80 LT&C @ \$29/ft Casing (6.1" – 8.0") 9500' - 7" 29# HCP-110 LT&C @ \$28.5/ft Casing (4.1" – 6.0") 8800' - 4 1/2" 13.5# P-110 BPN @ \$15.5/ft Tubing 8600' - 2 7/8" 6.5# L-80 Tbg @ \$13/ft Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Subsurface Equip. & Artificial Lift Pumping Unit Systems Service Pumps (1/2) TP/CP/Circ pump Storage Tanks (1/2) 6 OT/5 WT/GB Emissions Control Equipment Automation Metering Equipment (1/2) VRT's/VRU/Flare/KO's Separation / Treating Equipment Line Pipe & Valves - Gathering Fittings / Valves & Accessories Cathodic Protection Electrical Installation Equipment Installation Pipeline Construction (1/2) 1 mile gas & water	0181-0794 0181-0795 0181-0796	\$162,100 \$308,800 \$35,000 \$35,000	0181-0797 0181-0798 0181-0870 0181-0880 0181-0885 0181-0896 0181-0895 0181-0895 0181-0900 0181-0900 0181-0900 0181-0900 0181-0900 0181-0900	\$127,500 \$30,000 \$50,000 \$25,000 \$169,300 \$151,900 \$75,000 \$23,800 \$275,000 \$137,500 \$150,000 \$70,000
Casing (19.1" – 30") Casing (10.1" – 19.0") 1300' - 13 3/8" 54.5# J-55 ST&C @ \$48/ft Casing (8.1" – 10.0") 4900' - 9 5/8" 40# HCL80 LT&C @ \$29/ft Casing (6.1" – 8.0") 9500' - 7" 29# HCP-110 LT&C @ \$28.5/ft Casing (4.1" – 6.0") 8800' - 4 1/2" 13.5# P-110 BPN @ \$15.5/ft Tubing 8600' - 2 7/8" 6.5# L-80 Tbg @ \$13/ft Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Completion Liner Hanger Subsurface Equip. & Artificial Lift Pumping Unit Systems Service Pumps (1/2) TP/CP/Circ pump Storage Tanks (1/2) 6 OT/5 WT/GB Emissions Control Equipment (1/2) VRT's/VRU/Flare/KO's Separation / Treating Equipment Automation Metering Equipment Line Pipe & Valves - Gathering (1/2) 1 mile gas & water Fittings / Valves & Accessories Cathodic Protection Equipment Installation Equipment Installation Pipeline Construction (1/2) 1 mile gas & water	0181-0794 0181-0795 0181-0796	\$162,100 \$308,800 \$35,000 \$35,000 \$577,100 \$3,075,400	0181-0797 0181-0798 0181-0870 0181-0871 0181-0880 0181-0885 0181-0890 0181-0892 0181-0895 0181-0900 0181-0900 0181-0900 0181-0900 0181-0900	\$127,500 \$30,000 \$50,000 \$25,000 \$16,000 \$169,300 \$151,900 \$75,000 \$23,800 \$275,000 \$7,500 \$137,500 \$150,000
Casing (19.1" – 30") Casing (10.1" – 19.0")	0181-0794 0181-0795 0181-0796	\$162,100 \$308,800 \$35,000 \$35,000 \$577,100 \$3,075,400	0181-0797 0181-0798 0181-0870 0181-0880 0181-0885 0181-0896 0181-0895 0181-0895 0181-0900 0181-0900 0181-0900 0181-0900 0181-0900 0181-0900	\$127,500 \$30,000 \$50,000 \$25,000 \$169,300 \$151,900 \$75,000 \$23,800 \$275,000 \$137,500 \$150,000 \$70,000
Casing (19.1" – 30") Casing (10.1" – 19.0")	0181-0794 0181-0795 0181-0796 0181-0860	\$162,100 \$308,800 \$35,000 \$35,000 \$35,7100 \$3,075,400 \$7,6	0181-0797 0181-0798 0181-0870 0181-0880 0181-0885 0181-0886 0181-0890 0181-0895 0181-0990 0181-0900 0181-0900 0181-0900 0181-0900 0181-0900 0181-0900 0181-0900 0181-0900	\$127,500 \$30,000 \$50,000 \$25,000 \$169,300 \$151,900 \$75,000 \$23,800 \$275,000 \$137,500 \$150,000 \$70,000
Casing (19.1" – 30") Casing (10.1" – 19.0") 1300' - 13 3/8" 54.5# J-55 ST&C @ \$48/ft Casing (8.1" – 10.0") 4900' - 9 5/8" 40# HCL80 LT&C @ \$29/ft Casing (6.1" – 8.0") 9500' - 7" 29# HCP-110 LT&C @ \$28.5/ft Casing (4.1" – 6.0") 8800' - 4 1/2" 13.5# P-110 BPN @ \$15.5/ft Tubing 8600' - 2 7/8" 6.5# L-80 Tbg @ \$13/ft Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Completion Liner Hanger Subsurface Equip. & Artificial Lift Pumping Unit Systems Service Pumps (1/2) TP/CP/Circ pump Storage Tanks (1/2) 6 OT/5 WT/GB Emissions Control Equipment (1/2) VRT's/VRU/Flare/KO's Separation / Treating Equipment (1/2) H sep/V sep/HT Automation Metering Equipment Line Pipe & Valves - Gathering (1/2) 1 mile gas & water Fittings / Valves & Accessories Cathodic Protection Electrical Installation Equipment Installation Pipelline Construction (1/2) 1 mile gas & water TOTAL SUBTOTAL SUBTOTAL TOTAL WELL COST	0181-0794 0181-0795 0181-0796 0181-0860	\$162,100 \$308,800 \$35,000 \$35,000 \$577,100 \$3,075,400 \$7,6	0181-0797 0181-0798 0181-0870 0181-0871 0181-0880 0181-0885 0181-0890 0181-0895 0181-0896 0181-0900 0181-0900 0181-0900 0181-0900 0181-0900 0181-0900	\$127,500 \$30,000 \$50,000 \$25,000 \$16,000 \$169,300 \$151,900 \$75,000 \$23,800 \$275,000 \$137,500 \$137,500 \$150,000 \$70,000 \$4,568,500
Casing (19.1" – 30") Casing (10.1" – 19.0") 1300' - 13 3/8" 54.5# J-55 ST&C @ \$48/ft Casing (8.1" – 10.0") 4900' - 9 5/8" 40# HCL80 LT&C @ \$29/ft Casing (6.1" – 8.0") 9500' - 7" 29# HCP-110 LT&C @ \$28.5/ft Casing (4.1" – 6.0") 8800' - 4 1/2" 13.5# P-110 BPN @ \$15.5/ft Tubing 8600' - 2 7/8" 6.5# L-80 Tbg @ \$13/ft Drilling Head Tubing Head & Upper Section Horizontal Completion Tools Completion Liner Hanger Subsurface Equip. & Artificial Lift Pumping Unit Systems Service Pumps (1/2) TP/CP/Circ pump Storage Tanks (1/2) 6 OT/5 WT/GB Emissions Control Equipment (1/2) VRT's/VRU/Flare/KO's Separation / Treating Equipment (1/2) H sep/V sep/HT Automation Metering Equipment (1/2) 1 mile gas & water Fittings / Valves & Accessories Cathodic Protection Electrical Installation Equipment Installation Pipeline Construction (1/2) 1 mile gas & water TOTAL SUBTOTAL TOTAL SUBTOTAL Extra Expense Insurance and pay my proport Operator has secured Extra Expense Insurance covering costs of well control, clean up	0181-0794 0181-0795 0181-0796 0181-0860	\$162,100 \$308,800 \$35,000 \$35,000 \$577,100 \$3,075,400 \$7,6	0181-0797 0181-0798 0181-0870 0181-0871 0181-0880 0181-0885 0181-0890 0181-0895 0181-0896 0181-0900 0181-0900 0181-0900 0181-0900 0181-0900 0181-0900	\$127,500 \$30,000 \$50,000 \$25,000 \$16,000 \$169,300 \$151,900 \$75,000 \$23,800 \$275,000 \$137,500 \$137,500 \$150,000 \$70,000 \$4,568,500
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Summary of Communications (Additional Parties) DRAGONSTONE 11/2 FED COM #526H (B2OJ)

Rhodes Interests Ltd.

- 1) 3/16/2022: Well proposal letter with AFEs & JOA are sent via certified mail.
- 2) 4/23/2022: Certified mail returned due to unlocatable/undeliverable address.
- 3) 5/16/2022: Detailed search on the internet for a new address of this company/current contact information. Company unlocatable.
- 4) 10/19/2022: Detailed search on the internet for a new address of this company/current contact information. Company unlocatable.

Chel-Trand Holdings, LLC

- 1) 3/16/2022: Well proposal letter with AFEs & JOA are sent via certified mail.
- 2) 4/18/2022: Certified mail returned due to unlocatable/undeliverable address.
- 3) 5/16/2022: Detailed search on the internet for a new address of this company/current contact information. Company unlocatable.
- 4) 10/19/2022: Detailed search on the internet for a new address of this company/current contact information. Company unlocatable.

Mewbourne Oil Company Case No. 23579 Exhibit A-5

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

APPLICATION OF MEWBOURNE OIL COMPANY TO POOL ADDITIONAL INTERESTS UNDER ORDER NO. R-22069, LEA COUNTY, NEW MEXICO

CASE NO. 23579 ORDER NO. R-22069

SELF-AFFIRMED STATEMENT OF DANA S. HARDY

- 1. I am attorney in fact and authorized representative of Mewbourne Oil Company, the Applicant herein.
- 2. I am familiar with the Notice Letters attached as **Exhibit B-1** and caused the Notice Letters, along with the Application in this case, to be sent to the parties set out in the charts attached as **Exhibit B-2**.
- 3. Exhibit B-2 also provides the date each Notice Letter was sent and the date each return was received.
- 4. Copies of the certified mail green cards and white slips are attached as **Exhibit B-3** as supporting documentation for proof of mailing and the information provided on Exhibit B-2.
- 5. On June 13, 2023, I caused a notice to be published to all interested parties in the Hobbs News-Sun. An Affidavit of Publication from the Legal Clerk of the Hobbs News-Sun, along with a copy of the notice publication, is attached as **Exhibit B-4**.
- 6. I understand this Self-Affirmed Statement will be used as written testimony in the subject cases. I affirm that my testimony above is true and correct and it 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.

/s/ Dana S. Hardy
Dana S. Hardy

June 30, 2023
Date

Mewbourne Oil Company Case No. 23579 Exhibit B



HINKLE SHANOR LLP

P.O. BOX 2068

NTA FE, NEW MEXICO 8750

SANTA FE, NEW MEXICO 87504 505-982-4554 (FAX) 505-982-8623

WRITER: Dana S. Hardy, Partner dhardy@hinklelawfirm.com

June 8, 2023

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO ALL PARTIES ENTITLED TO NOTICE

Re: Case Nos. 23576 & 23579 – Applications of Mewbourne Oil Company to Pool

Additional Interests Under Order Nos. R-22067 and R-22069, Lea County,

New Mexico.

To whom it may concern:

This letter is to advise you that the enclosed applications were filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **July 6**, **2023**, beginning at 8:15 a.m.

Hearings are currently conducted, remotely. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: https://www.emnrd.nm.gov/ocd/hearing-info/. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days in advance of a scheduled hearing, but in no event later than 5:00 p.m. Mountain Time, on the Thursday preceding the scheduled hearing date. The statement must be submitted through the OCD E-Permitting system (https://www.apps.emnrd.nm.gov/ocd/ocdpermitting/) or via e-mail to ocd.hearings@emnrd.nm.gov and should include: the names of the parties and their attorneys, a concise statement of the case, the names of all witnesses the party will call to testify at the hearing, the approximate time the party will need to present its case, and identification of any procedural matters that are to be resolved prior to the hearing.

Please contact Brad Dunn of Mewbourne Oil Company, at (432) 682-3715, if you have any questions.

Sincerely,

/s/ Dana S. Hardy
Dana S. Hardy

Enclosure

PO BOX 10 ROSWELL, NEW MEXICO 88202 (575) 622-6510 FAX (575) 623-9332 7601 JEFFERSON ST NE · SUITE 180 ALBUQUERQUE, NEW MEXICO 87109 505-858-8320 (FAX) 505-858-8321 PO BOX 2068 SANTA FE, NEW MEXICO 87504 (505) 982-4554 FAX (505) 982-8623

Mewbourne Oil Company Case No. 23579 Exhibit B-1

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

APPLICATION OF MEWBOURNE OIL COMPANY TO POOL ADDITIONAL INTERESTS UNDER ORDER NO. R-22067, LEA COUNTY, NEW MEXICO.

CASE NO. 23576 ORDER NO. R-22067

APPLICATION OF MEWBOURNE OIL COMPANY TO POOL ADDITIONAL INTERESTS UNDER ORDER NO. R-22069, LEA COUNTY, NEW MEXICO.

CASE NO. 23579 ORDER NO. R-22069

NOTICE LETTER CHART

PARTY	NOTICE LETTER SENT	RETURN RECEIVED
Chel-Trand Holdings, LLC	06/08/23	Per USPS Tracking (Last
110 W. Louisiana Ave., Ste. 200		Checked 06/28/23):
Midland, TX 79701-3414		0.6/0.6/02
		06/26/23 – Item in transit
Kellie Halabrin	06/09/22	to next facility.
56 Sabinas Ridge Road	06/08/23	Per USPS Tracking (Last Checked 06/28/23):
Boerne, TX 78006		Checked 00/28/23):
Boeine, 1X 78000		06/12/23 – Delivered to
		agent for final delivery.
James L. Harden III	06/08/23	Per USPS Tracking (Last
R-276 SP 44N. 13 th		Checked 06/28/23):
Artesia, NM 88210		,
		06/17/23 – Delivery
		attempted.
KMK Energy, LLC	06/08/23	06/23/23
4506 N. Walbaum Road		
Geary, OK 73040	0.5 (0.0 (0.0	
LDY Corporation	06/08/23	06/26/23
1010 Sunwest Centre		D - t t 1
Roswell, NM 88201	06/08/23	Return to sender.
Nadel and Gussman Captain, LLC 15 East Fifth Street, Ste. 3200	06/08/23	06/15/23
Tulsa, OK 74103		
Rhodes Interests Ltd.	06/08/23	Per USPS Tracking (Last
110 W. Louisiana Ave., Ste. 200	00/00/25	Checked 06/28/23):
Midland, TX 79701		00.20.20).
,		06/27/23 – Item in transit
		to next facility.

Mewbourne Oil Company Case No. 23579 Exhibit B-2

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

APPLICATION OF MEWBOURNE OIL COMPANY TO POOL ADDITIONAL INTERESTS UNDER ORDER NO. R-22067, LEA COUNTY, NEW MEXICO.

CASE NO. 23576 ORDER NO. R-22067

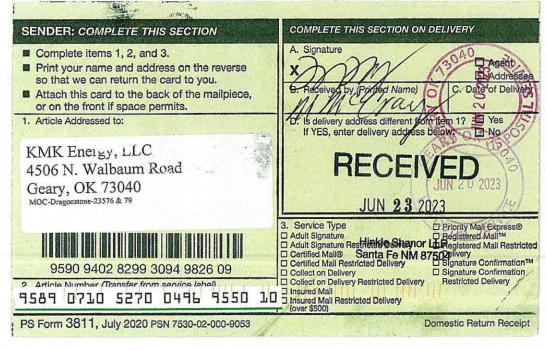
APPLICATION OF MEWBOURNE OIL COMPANY TO POOL ADDITIONAL INTERESTS UNDER ORDER NO. R-22069, LEA COUNTY, NEW MEXICO.

CASE NO. 23579 ORDER NO. R-22069

NOTICE LETTER CHART

Carolyn L. Shogrin, indiv. and as PR	06/08/23	06/16/23
4614 590 th Road		
Hay Springs, NE 69347		
Word B. Wilson Investments LLC	06/08/23	06/22/23
P.O. Box 51790		
Midland, TX 79710		



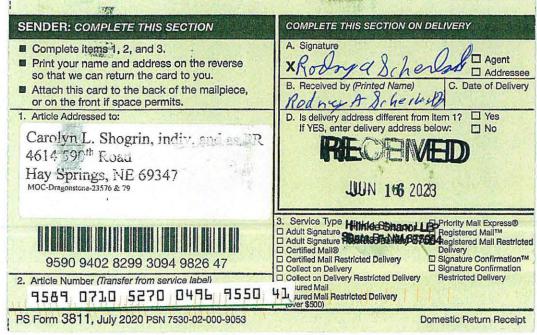


Mewbourne Oil Company Case No. 23579 Exhibit B-3

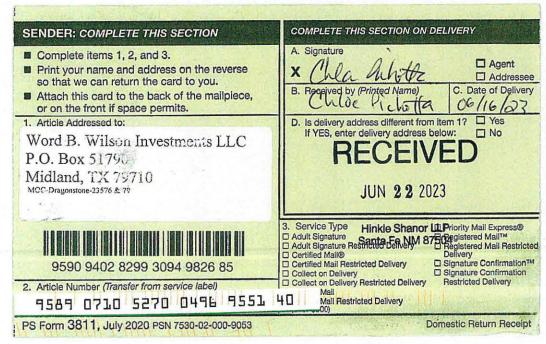














9589 0710 5270 0496 9554 09

HINKLE SHANOR LLP ATTORNEYS AT LAW POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504



JUN 26 2023

Hinkle Shanor LLP Santa Fe NM 87504 LDY Corporation 1010 Sunwest Centre

ANK

Roswell, NM 88201

MOC-Dragonstone-23576 & 79

NIXIE

750 DE 1

0006/15/23

RETURN TO SENDER TEMPTED - NOT KNOWN UNABLE TO FORWARD

*0768-02644-08-42

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Released to Imaging: 6/30/2023 1:59:38 PM

BC: 875.042.06868

FIRST.

0006052409



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Latest Update

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USPS Tracking Plus®

Moving Through Network

In Transit to Next Facility

June 26, 2023

Arrived at USPS Regional Facility

EL PASO TX DISTRIBUTION CENTER June 21, 2023, 1:14 pm

Departed USPS Regional Facility

MIDLAND TX DISTRIBUTION CENTER June 16, 2023, 2:22 am

Arrived at USPS Regional Facility

MIDLAND TX DISTRIBUTION CENTER June 15, 2023, 5:19 pm

Departed USPS Regional Facility

EL PASO TX DISTRIBUTION CENTER June 14, 2023, 11:48 pm

Arrived at USPS Regional Facility

Feedback

EL PASO TX DISTRIBUTION CENTER June 14, 2023, 1:08 pm

Forwarded

MIDLAND, TX June 12, 2023, 11:43 am

Departed USPS Regional Facility

MIDLAND TX DISTRIBUTION CENTER June 11, 2023, 10:13 pm

Arrived at USPS Regional Facility

MIDLAND TX DISTRIBUTION CENTER June 10, 2023, 4:52 pm

Departed USPS Facility

ALBUQUERQUE, NM 87101 June 8, 2023, 11:38 pm

Arrived at USPS Facility

ALBUQUERQUE, NM 87101 June 8, 2023, 9:08 pm

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USPS Tracking Plus®	~
Product Information	~

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Tracking Number:

9589071052700496955058

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Latest Update

Your item has been delivered to an agent for final delivery in BOERNE, TX 78006 on June 12, 2023 at 12:06 pm.

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USPS Tracking Plus®

Delivered to Agent

Delivered to Agent for Final Delivery

BOERNE, TX 78006 June 12, 2023, 12:06 pm

Notice Left (No Authorized Recipient Available)

BOERNE, TX 78006 June 12, 2023, 11:51 am

Departed USPS Regional Facility

SAN ANTONIO TX DISTRIBUTION CENTER June 11, 2023, 10:32 pm

In Transit to Next Facility

June 11, 2023

Arrived at USPS Regional Facility

SAN ANTONIO TX DISTRIBUTION CENTER June 10, 2023, 10:45 am

Departed USPS Facility

Released to Imaging: 6/30/2023 1:59:38 PM

Feedback

ALBUQUERQUE, NM 87101 June 9, 2023, 7:53 am

Arrived at USPS Facility

ALBUQUERQUE, NM 87101 June 8, 2023, 9:24 pm

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FAQs



USPS Tracking®

FAQs >

Remove X

Tracking Number:

9589071052700496955034

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Latest Update

This is a reminder to arrange for redelivery of your item or your item will be returned to sender.

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USPS Tracking Plus®

Delivery Attempt

Reminder to Schedule Redelivery of your item

June 17, 2023

Notice Left (No Authorized Recipient Available)

ARTESIA, NM 88210 June 12, 2023, 9:42 am

Out for Delivery

ARTESIA, NM 88210 June 12, 2023, 6:36 am

Arrived at Post Office

ARTESIA, NM 88210 June 12, 2023, 6:25 am

In Transit to Next Facility

June 11, 2023

Departed USPS Regional Facility

LUBBOCK TX DISTRIBUTION CENTER

Feedback

June 10, 2023, 4:04 pm

Arrived at USPS Regional Facility

LUBBOCK TX DISTRIBUTION CENTER June 10, 2023, 6:58 am

Departed USPS Facility

ALBUQUERQUE, NM 87101 June 8, 2023, 9:21 pm

Arrived at USPS Facility

ALBUQUERQUE, NM 87101 June 8, 2023, 9:12 pm

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In Transit to Next Facility

June 27, 2023

Departed USPS Facility

ALBUQUERQUE, NM 87101 June 25, 2023, 4:41 pm

Arrived at USPS Facility

ALBUQUERQUE, NM 87101 June 25, 2023, 1:10 pm

Arrived at USPS Regional Facility

EL PASO TX DISTRIBUTION CENTER June 21, 2023, 1:14 pm

Departed USPS Regional Facility

MIDLAND TX DISTRIBUTION CENTER June 16, 2023, 2:22 am

Arrived at USPS Regional Facility

Feedback

MIDLAND TX DISTRIBUTION CENTER June 15, 2023, 5:19 pm

Departed USPS Regional Facility

EL PASO TX DISTRIBUTION CENTER June 14, 2023, 11:48 pm

Arrived at USPS Regional Facility

EL PASO TX DISTRIBUTION CENTER June 14, 2023, 1:08 pm

Forwarded

MIDLAND, TX June 12, 2023, 11:43 am

Departed USPS Regional Facility

MIDLAND TX DISTRIBUTION CENTER June 11, 2023, 10:13 pm

Arrived at USPS Regional Facility

MIDLAND TX DISTRIBUTION CENTER June 10, 2023, 4:53 pm

Departed USPS Facility

ALBUQUERQUE, NM 87101 June 8, 2023, 11:37 pm

Arrived at USPS Facility

ALBUQUERQUE, NM 87101 June 8, 2023, 9:12 pm

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Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

> Beginning with the issue dated June 13, 2023 and ending with the issue dated June 13, 2023.

LEGAL NOTICE June 13, 2023

This is to notify all interested parties, including KMK Energy, LLC; LDY Corporation; Nadel and Gussman Capitan, LLC; James L. Harden III; Carolyn L. Shogrin, individually and as personal representative; Kellie Halabrin; Rhodes Interests Ltd.; Chel-Trand Holdings, LLC; Word B. Wilson Investments LLC; and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Mewbourne Oil Company (Case No. 23579). The hearing will be conducted remotely on July 6, 2023, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website for that date https://www.emnrd.nm.gov/ocd/hearing-info/. Applicant applies for an order pooling additional uncommitted interests under the terms of Division Order No. R-22069. Order No. R-22069 ("Order") pooled uncommitted interests in the Bone Spring formation underlying a standard horizontal spacing unit comprised of the W/2 E/2 of Section 11 and the W/2 SE/4 of Section 2, Township 18 South, Range 32 East, Lea County, New Mexico ("Unit"). The Order further dedicated the Unit to the Dragonstone 11/2 B2OJ Fed Com #1 well ("Well") and designated Applicant has identified additional interests in the Unit that should be pooled under the terms of the Order. The Well is located approximately 25 miles southwest of Carlsbad, New Mexico.

Publisher

Sworn and subscribed to before me this 13th day of June 2023.

Business Manager

My commission expires January 29, 2027 (Seal)

STATE OF NEW MEXICO
NOTARY PUBLIC
GUSSIE RUTH BLACK
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This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

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GILBERT HINKLE, SHANOR LLP PO BOX 2068 SANTA FE, NM 87504

Mewbourne Oil Company Case No. 23579 Exhibit B-4