

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

APPLICATIONS OF MEWBOURNE OIL  
COMPANY FOR COMPILSORY POOLING,  
LEA COUNTY, NEW MEXICO.

Case Nos. 23365 & 23366

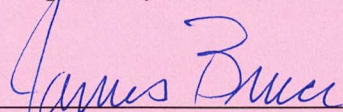
NOTICE OF FILING ADDITIONAL EXHIBITS

Mewbourne Oil Company ("Mewbourne") submits for filing the following:

1. Exhibit 10, a letter agreement between Chisholm Energy and Mewbourne.
2. The Self-Affirmed Statement of Nick Stowers, an engineer for Mewbourne.
3. Exhibit 12, an additional cross-section.

This notice is being submitted to all parties of record.

Respectfully submitted,



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James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043  
*jamesbruc@aol.com*

Attorney for Mewbourne Oil Company

**MEWBOURNE OIL COMPANY**

500 WEST TEXAS AVENUE, SUITE 1020  
MIDLAND, TEXAS 79701-4279

TELEPHONE (432) 682-3715

December 1, 2020

Via E-mail

Chisholm Energy Operating, LLC  
Chisholm Energy Holdings, LLC  
801 Cherry Street, Suite 1200-Unit 20  
Fort Worth, Texas 76102  
Attn: Mr. Beau Sullivan

Re: Letter Agreement  
North Wilson Deep State Unit Expansion  
Lea County, New Mexico

Mr. Sullivan:

This letter shall evidence the mutual understanding, acknowledgment and agreement between Mewbourne Oil Company ("Mewbourne") and Chisholm Energy Operating, LLC and Chisholm Energy Holdings, LLC ("Chisholm") of the following regarding the Expansion of the North Wilson Deep State Unit in Lea County, New Mexico:

- 1) Mewbourne agrees to remove the following two tracts included in the proposed North Wilson Deep State Unit expansion:

TRACT 31:  
Township 21 South, Range 35 East, N.M.P.M., Lea County, New Mexico  
Section 18: E2


TRACT 56:  
Township 22 South, Range 35 East, N.M.P.M., Lea County, New Mexico  
Section 4: All

- 2) Chisholm agrees and commits to participating in the proposed expansion of the North Wilson Deep State Unit once those abovementioned tracts have been removed from the lands included in the proposed expansion.

Please sign and return one copy of this Letter Agreement to the undersigned to signify your agreement as aforesaid.

Sincerely,

MEWBOURNE OIL COMPANY

  
Corey Mitchell  
Attorney-in-Fact

CHISHOLM ENERGY OPERATING, LLC  
CHISHOLM ENERGY HOLDINGS, LLC

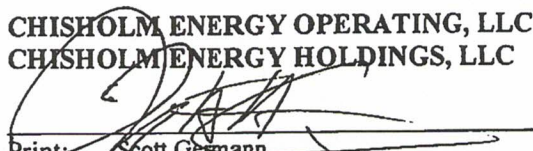
  
Print: Scott Germann  
Title: Chief Executive Officer  
Date: 12/2/2020

EXHIBIT 10



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

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

**Case No. 23365**

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

**Case No. 23366**

**SELF-AFFIRMED STATEMENT OF NICK STOWERS**

Nick Stowers deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am a petroleum engineer for Mewbourne Oil Company ("Mewbourne"), and I am familiar with the engineering matters involved in these cases.
3. I have not previously been qualified by the Division as an expert petroleum engineer. My educational and employment background is as follows:
  - B.S. in Petroleum Engineering from the University of Oklahoma – Graduated May 2016
  - Mewbourne Oil Company Reservoir Engineer, Oklahoma City: May 2016 – May 2018
  - Mewbourne Oil Company Operations Engineer, Perryton Texas: May 2018 – August 2020
  - Mewbourne Oil Company Reservoir Engineer, Midland Texas: August 2020 – present
4. I have prepared the exhibits for this hearing marked as Exhibits 11-A and 11-B.
5. Exhibit 11-A is a gun barrel diagram of Mewbourne’s Inland and Dolly Varden wells. It shows well spacing relative to offset wells in the same formation. It also shows well name, twelve-month cumulative oil production per lateral foot, fluid and proppant intensity per lateral foot, and first production dates. This exhibit highlights the similarity in twelve-month cumulative oil production between the Inland B2NK and Inland B2PI wells despite an increase in offset well spacing and a proppant intensity of 2500 pounds per foot. This shows that there are other factors such as offset timing, length of wellbore being offset, and geology that can impact well performance.
6. Exhibit 11-B is a map of area Second Bone Spring horizontals completed with greater than 1900 pounds per lateral foot proppant intensity. Below the map is a plot of twelve-

EXHIBIT 11

month cumulative oil production per lateral foot versus completion proppant intensity. This exhibit was prepared to show there is no discernable correlation in the data between cumulative oil production per foot and proppant intensity when comparing 2000 pounds per foot to 2500 pounds per foot.

7. As to surface use, Mewbourne has multiple surface use agreements with Merchant Livestock, the surface owner, so there are no surface-related issues. In addition, Mewbourne has surface facilities in the immediate area, including the North Wilson Deep Unit battery in 17-21S-35E and the Castaway/La Trucha Battery in 6-21S-35E.

8. First Bone Spring wells in this area have high H<sub>2</sub>S levels. We are working with a third party to increase sour gas takeaway capacity. We have been working on this issue for a couple years, and it should be in place next year. As a result, Mewbourne thinks it is prudent to not immediately drill First Bone Spring wells until this situation is resolved.

9. Mewbourne has drilled and currently operates 1600+ wells in New Mexico. It is a capable, prudent operator, and it has always been a low cost operator. It has a good handle on well costs in this area, and its AFEs are fair and reasonable.

10. One thing that Mewbourne has in its AFEs is a line item for emissions and related equipment. The OCD requires a 98% gas capture rate by 2026, and Mewbourne's 2022 rate is 99.86%. Earthstone, by comparison, has an 85% capture rate. In comparing the various AFEs, the cost differences are minor. In addition, an AFE is only an estimate, and Mewbourne tries to drill at or below the AFE cost.

I understand that this Self-Affirmed Statement will be used as written testimony in these cases. I affirm that my testimony in paragraphs 1 through 11 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: 9/19/2023

  
Nick Stowers

### Inland/Dolly Varden Gun Barrel Diagram

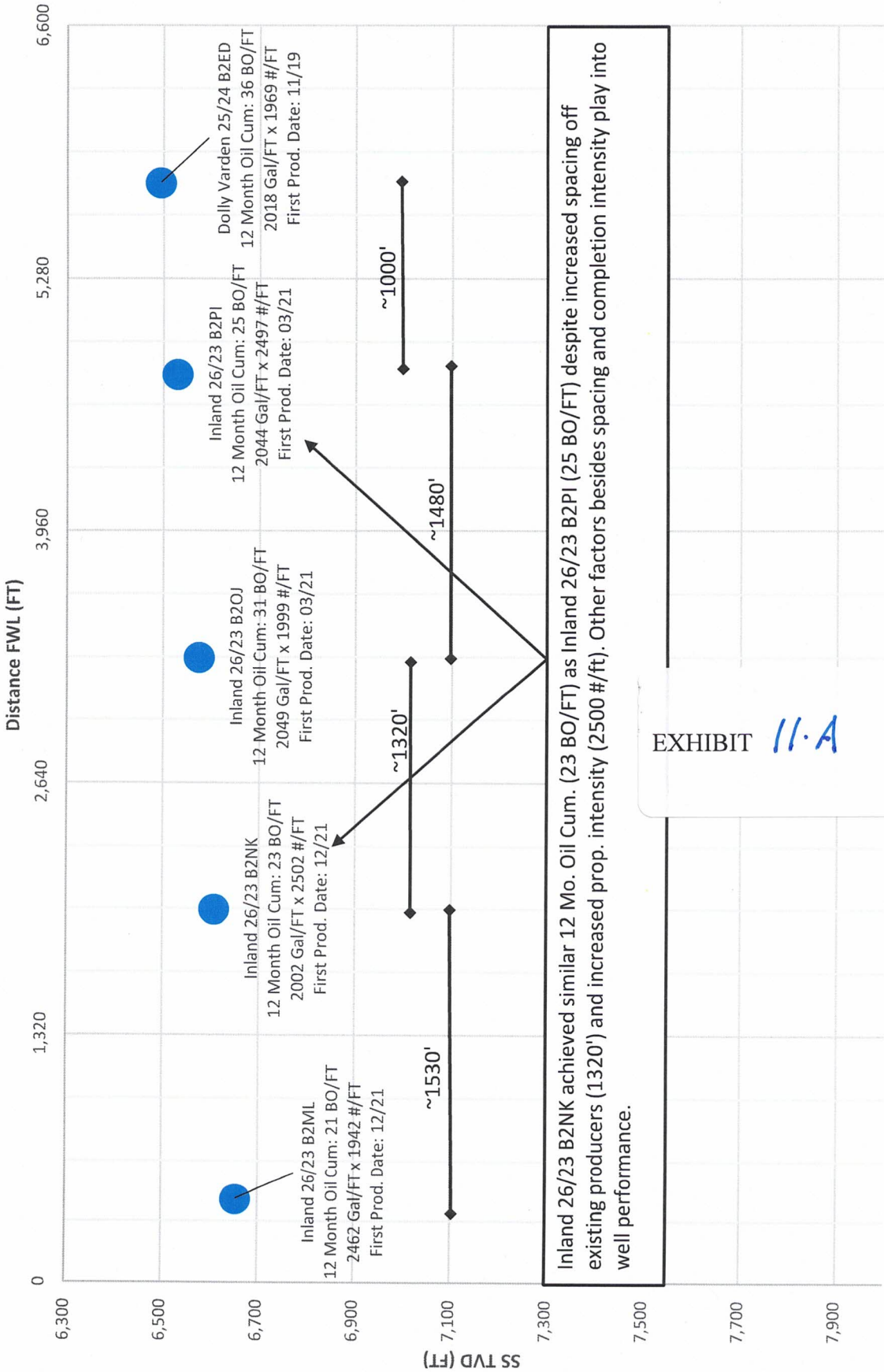
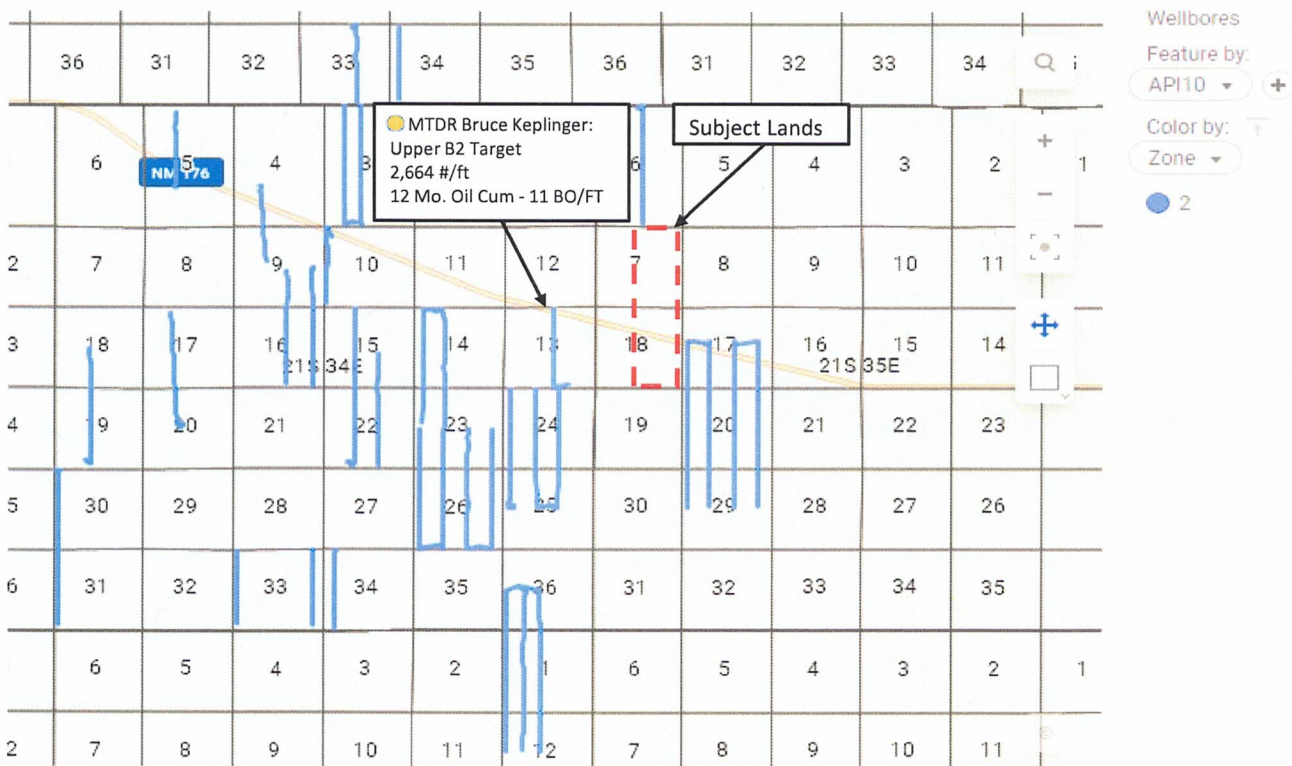


EXHIBIT 11-A



### Area 2nd Bone Spring Sand Horizontals completed with > 1,900 #/ft



Area 2nd Sand Horizontals 12 Mo Oil Cum/FT vs Sand/FT

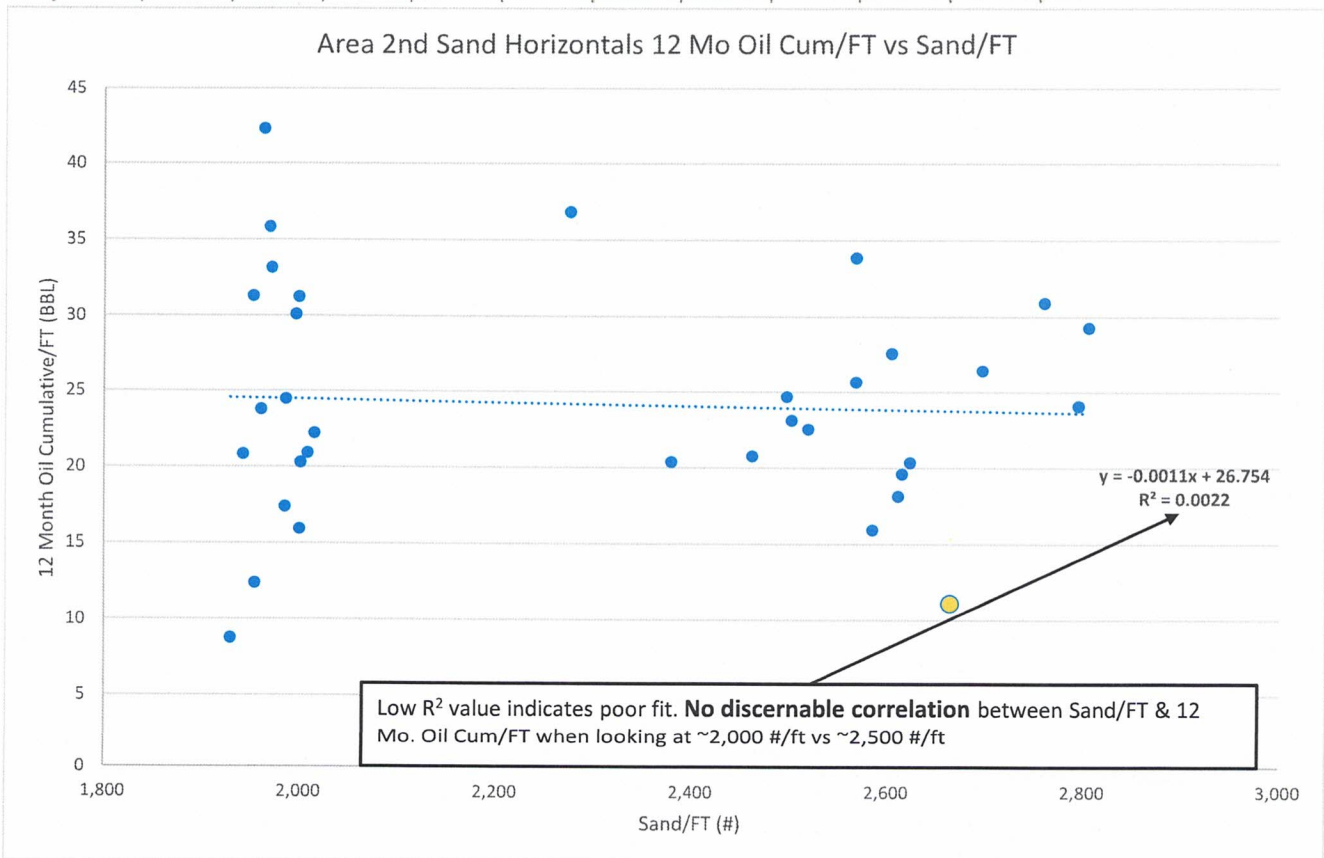


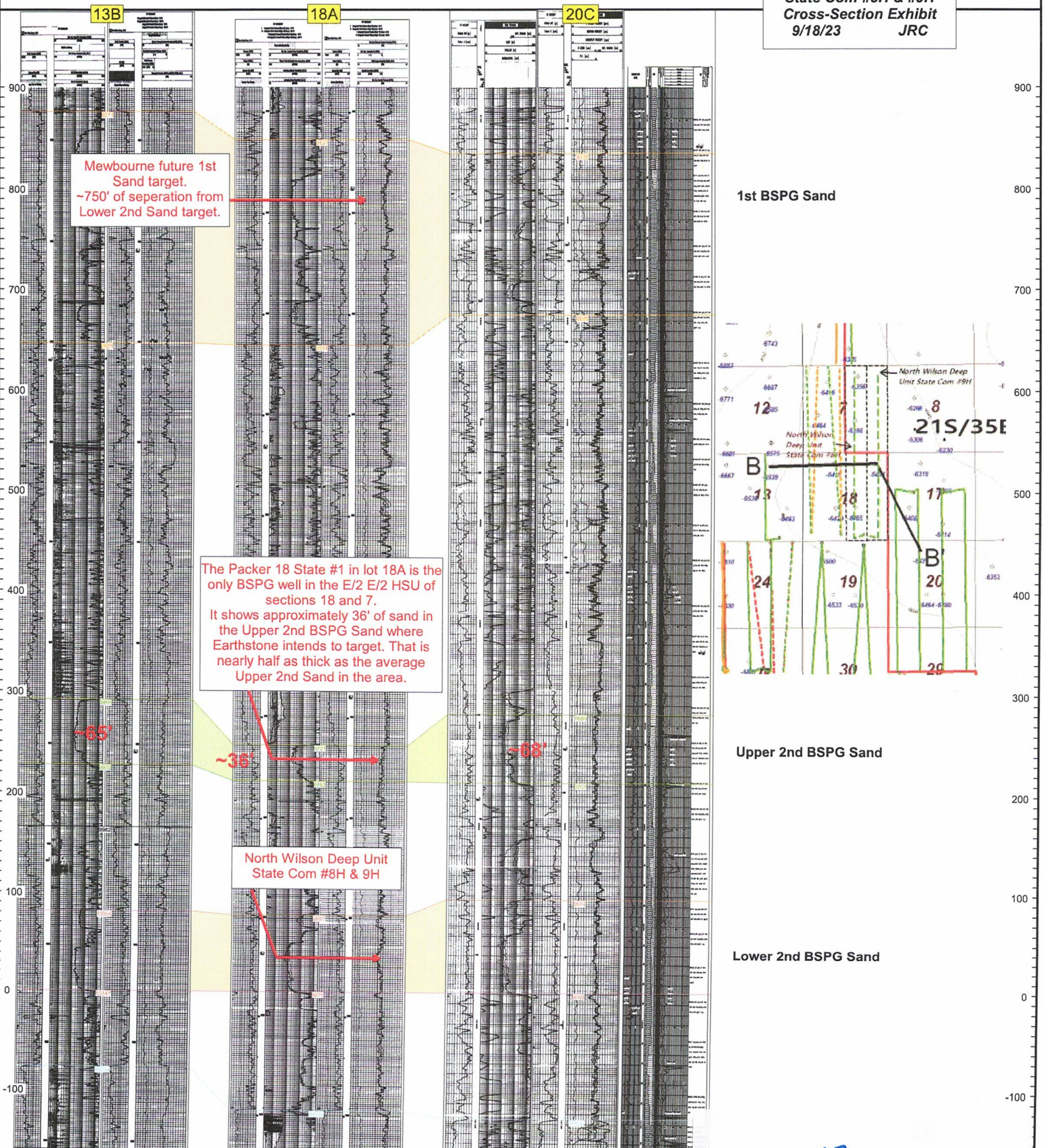
EXHIBIT 11-B



B

B'

**North Wilson Deep Unit  
State Com #8H & #9H  
Cross-Section Exhibit  
9/18/23 JRC**



EXHIBIT

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