

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

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

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

Case Nos. 23365 & 23366

APPLICATIONS OF EARTHSTONE OPERATING,
LLC FOR A SPACING AND PRORATION UNIT
AND COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

Case Nos. 23475 & 23477

MEW2BOURNE OIL COMPANY'S CLOSING STATEMENT

Mew Oil Company ("Mewbourne") submits the following closing argument. It is brief, because almost all matters were discussed in the proposed findings and conclusions.

The Division's rules require as follows:

1. NMAC 19.15.16.15.B(6), regarding horizontal wells, states in part:

No horizontal spacing unit may be designated that lies partly within, and partly outside of, a state exploratory unit, or a federal exploratory unit or participating area if the horizontal spacing unit includes state trust lands, **without the written consent of the commissioner of public lands.**

2. In addition, NMAC 19.15.15.12.E states

Federal or state exploratory units. No provision of 19.15.15 NMAC authorizes a producing well's operation within a federal exploratory unit or state exploratory unit by an operator other than the unit's designated operator except as provided by BLM regulations or state land office rules applicable to the unit.

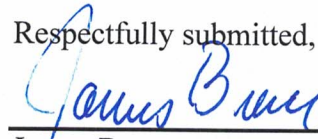
3. Mewbourne has the approval of the Commissioner of Public Lands (the "Commissioner") to drill its wells. Earthstone Operating LLC ("Earthstone") does not have the

Commissioner’s approval to do so, and thus allowing Earthstone to have its pooling applications approved is a futile act.

4. Finally, Earthstone complained that Mewbourne did not notify Timothy R. MacDonald and Maverick Oil & Gas Corporation (“Maverick”) of the hearing. Attached hereto as Exhibit A is Mr. McDonald’s signature to Mewbourne’s JOA, as well as his signed AFE. Thus, he has joined in Mewbourne’s proposed wells.

5. As to Maverick’s interest, Mewbourne’s landman stated that Mewbourne will “carry” that interest. A. Salgado, Tr. at 127. That means that if Maverick does not sign a JOA Mewbourne will pay for Maverick’s share and it will not be subject to a risk charge. Thus, there is no issue as to notice to pooled parties.

Respectfully submitted,



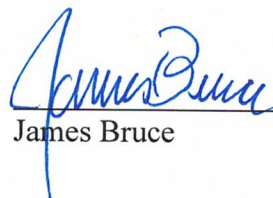
James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
jamesbruc@aol.com

Attorney for Mewbourne Oil Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 24th day of October, 2023 by e-mail:

- Michael Feldewert - mfeldewert@hollandhart.com
- Adam Rankin - agrarkin@hollandhart.com
- Julia Broggi - jbroggi@hollandhart.com
- Paula Vance - pmvance@hollandhart.com
- Matthew Beck - mbeck@peiferlaw.com
- Bake C. Jones - blake.jones@steptoe-johnson.com


James Bruce

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1989 (Horz.)

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EARTHSTONE OPERATING, LLC

By _____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

PENROC OIL CORPORATION

By _____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

JAVELINA PARTNERS

By _____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

ZORRO PARTNERS

By _____

Type or print name

Title _____

Date _____

Tax ID or S.S. No. _____

TIMOTHY R. MACDONALD

By TRM

TIMOTHY R MACDONALD
Type or print name

Title INDIVIDUAL

Date 9/20/23

Tax ID or S.S. No. 312-64-6827

A

EXHIBIT

MEWBOURNE OIL COMPANY AUTHORIZATION FOR EXPENDITURE

Well Name: NORTH WILSON DEEP UNIT COM #8H		Prospect: NORTH WILSON DEEP UNIT	
Location: SL: 205 FSL & 1230 FEL (18); BHL: 100 FNL & 2100 FEL (7)		County: LEA ST: NM	
Sec. 18	BiK: 	Survey: 	TWP: 21S RNG: 35E Prop. TVD: 9896 TMD: 20066

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	\$10,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	\$50,000	0180-0205	\$35,000
Location / Restoration		0180-0106	\$200,000	0180-0206	\$112,500
Daywork / Turnkey / Footage Drilling 26 days drig / 3 days comp @ \$29,000/d		0180-0110	\$805,300	0180-0210	\$92,900
Fuel 1700 gal/day @ \$3.90/gal		0180-0114	\$184,100	0180-0214	\$323,200
Alternate Fuels		0180-0115		0180-0215	\$96,300
Mud, Chemical & Additives		0180-0120	\$40,000	0180-0220	
Mud - Specialized		0180-0121	\$200,000	0180-0221	
Horizontal Drillout Services				0180-0222	\$200,000
Stimulation Toe Preparation				0180-0223	\$40,000
Cementing		0180-0125	\$120,000	0180-0225	\$4,500
Logging & Wireline Services		0180-0130	\$2,300	0180-0230	\$364,500
Casing / Tubing / Snubbing Service		0180-0134	\$25,000	0180-0234	\$15,000
Mud Logging		0180-0137	\$35,000		
Stimulation 50 Stg 19.6 MMgal & 19.6 MMlbs				0180-0241	\$2,850,000
Stimulation Rentals & Other				0180-0242	\$278,000
Water & Other		0180-0145	\$35,000	0180-0245	\$448,600
Bits		0180-0148	\$93,700	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	\$120,000		
Transportation		0180-0165	\$30,000	0180-0265	\$74,500
Welding, Construction, & Maint. Services		0180-0168	\$4,000	0180-0268	\$15,000
Contract Services & Supervision		0180-0170	\$83,300	0180-0270	\$57,700
Directional Services Includes vertical control		0180-0175	\$393,000		
Equipment Rental		0180-0180	\$194,600	0180-0280	\$21,600
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$5,100	0180-0285	
Intangible Supplies		0180-0188	\$8,000	0180-0288	\$1,000
Damages		0180-0190	\$30,000	0180-0290	\$10,000
Pipeline Interconnect & ROW Easements		0180-0192		0180-0292	\$5,000
Company Supervision		0180-0195	\$129,600	0180-0295	\$62,400
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Contingencies 5% (TCP) 5% (CC)		0180-0199	\$143,800	0180-0299	\$259,100
TOTAL			\$3,018,800		\$5,441,300

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0") 1875' - 13 3/8" 54.5# J-55 ST&C @ \$76.30/ft		0181-0794	\$152,800		
Casing (8.1" - 10.0") 5675' - 9 5/8" 40# HCL80 LT&C @ \$60.83/ft		0181-0795	\$368,700		
Casing (6.1" - 8.0") 9870' - 7" 29# HPP110 BT&C @ \$59.83/ft		0181-0796	\$630,700		
Casing (4.1" - 6.0") 10500' - 4 1/2" 13.5# HCP-110 CDC-HTQ @ \$33.47/ft				0181-0797	\$375,300
Tubing 9320' - 2 7/8" 6.5# L-80 IPC Tbg @ \$13.60/ft				0181-0798	\$135,400
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 (1/2) TP/CP/circ. pump				0181-0886	\$16,000
Storage Tanks (1/2) 6 - 750 bbl/5 - 750 bbl coated/1 - GB				0181-0890	\$203,000
Emissions Control Equipment (1/2) 2 - VRT/VRU/Flare/3 - KO/AIR				0181-0892	\$137,700
Separation / Treating Equipment (1/2) 2 - Hz. Sep./Vt. Sep/2 - Vt. HT				0181-0895	\$98,700
Automation / Metering Equipment Automation/Fiber/Meters				0181-0898	\$89,300
Oil/Gas Pipeline, Valves, & Misc. Facility gas work & GL injection				0181-0900	\$30,500
Water Pipeline, Valves, & Misc. SWDL pipe/fittings				0181-0906	\$101,200
On-Site Valves, Fittings, Lines Flowline & parts				0181-0908	\$202,600
Cathodic Protection				0181-0909	
Electrical Installation				0181-0910	\$238,100
Equipment Installation				0181-0920	\$137,500
Oil/Gas Pipeline Construction Gas line construction					\$12,500
Water Pipeline Construction SWDL construction					\$79,200
TOTAL			\$1,187,200		\$1,882,800
SUBTOTAL			\$4,206,000		\$7,324,100

TOTAL WELL COST \$11,530,100

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: 11/17/2022

Company Approval: _____ Date: _____

Joint Owner Interest: 0.03125000% Amount: \$3,603.16

Joint Owner Name: Timothy R. MacDonald Signature: [Signature] 9/21/23

MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE

Well Name: NORTH WILSON DEEP UNIT COM #9H		Prospect: NORTH WILSON DEEP UNIT	
Location: SL: 205 FSL & 1200 FEL (18); BHL: 100 FNL & 500 FEL (7)		County: LEA	ST: NM
Sec. 18	Blk: 	Survey: 	TWP: 21S RNG: 35E Prop. TVD: 9831 TMD: 20019

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Regulatory Permits & Surveys		0180-0100	\$10,000	0180-0200	
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On-Site Valves, Fittings, Lines	Flowline & parts			0181-0908	\$202,600
Cathodic Protection				0181-0909	
Electrical Installation				0181-0910	\$238,100
Equipment Installation				0181-0920	\$137,500
Oil/Gas Pipeline Construction	Gas line construction				\$12,500
Water Pipeline Construction	SWDL construction				\$79,200
TOTAL			\$1,165,200		\$1,881,800
SUBTOTAL			\$4,204,000		\$7,323,100
TOTAL WELL COST			\$11,527,100		

Extra Expense Insurance

I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium.
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I elect to purchase my own well control insurance policy.

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Prepared by: H. Buckley Date: 11/17/2022

Company Approval: _____ Date: _____

Joint Owner Interest: 0.03125000% Amount: \$3,602.22

Joint Owner Name: Timothy R. MacDonald Signature: [Signature] 9/21/23