

CASE NO. 24337

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

EXHIBITS – Part I

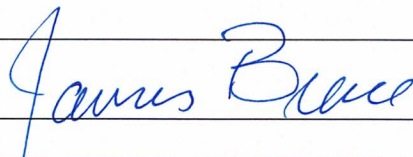
1. Pooling Checklist
2. Landman's Affidavit
 - 2-A: C-102s
 - 2-B: Tract Map and Ownership Lists
 - 2-C: Summary of Communications and Proposal Letter
 - 2-D: AFEs

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 24337	APPLICANT'S RESPONSE
Date: April 4, 2024	
Applicant	Mewbourne Oil Company
Designated Operator & OGRID (affiliation if applicable)	Mewbourne Oil Company/OGRID 14744
Applicant's Counsel:	James Bruce
Case Title:	Application of Mewbourne Oil Company for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	
Well Family	Red Hills West Bone Spring wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring formation, limited to depths from the top of the First Bone Spring Sand to the base of the Bone Spring formation
Pool Name and Pool Code:	Wildcat; Lower Bone Spring/Pool Code 97903
Well Location Setback Rules:	Statewide Rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	640 acres
Building Blocks:	320 acres
Orientation:	South-North
Description: TRS/County	W/2 §15 and W/2 §22, Township 26 South, Range 32 East, NMPM, Lea County
Standard Horizontal Well Spacing Unit (Y/N), if No, describe <u>and is approval of non-standard unit requested in this application?</u>	EXHIBIT 1
Other Situations	
Depth Severance: Y/N. If yes, description	Yes. The depths from the top of the Bone Spring to the top of the First Bone Spring Sand have different ownership than the depths below the top of the First Bone Spring Sand.

Proximity Tracts: If yes, description	Yes. The Red Hills West 22/15 Fed. Com. Well No. 502H and Red Hills West 22/15 Fed. Com. Well No. 573H described below are proximity tract wells.
Proximity Defining Well: if yes, description	
Applicant's Ownership in Each Tract	Exhibit 2-B
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	<p>Red Hills West 22/15 Fed. Com. Well No. 521H API No. 30-025-51120 SHL: 250 FSL & 1430 FWL §22 BHL: 100 FNL & 420 FWL §15 FTP: 100 FSL & 420 FWL §22 LTP: 100 FNL & 420 FWL §15 Second Bone Spring/TVD 10521 feet/MD 20920 feet</p>
Well #2, etc.	<p>Red Hills West 22/15 Fed. Com. Well No. 571H API No. 30-025-Pending SHL: 250 FSL & 1450 FWL §22 BHL: 100 FNL & 460 FWL §15 FTP: 100 FSL & 460 FWL §22 LTP: 100 FNL & 460 FWL §15 Third Bone Spring Shale/TVD 11013 feet/MD 21390 feet</p> <p>Red Hills West 22/15 Fed. Com. Well No. 502H API No. 30-025-Pending SHL: 250 FSL & 1470 FWL §22 BHL: 100 FNL & 1280 FWL §15 FTP: 100 FSL & 1280 FWL §22 LTP: 100 FNL & 1280 FWL §15 Second Bone Spring/TVD 10251 feet/MD 20370 feet</p> <p>Red Hills West 22/15 Fed. Com. Well No. 524H API No. 30-025-50993 SHL: 250 FSL & 1510 FWL §22 BHL: 100 FNL & 2220 FWL §15 FTP: 100 FSL & 2220 FWL §22 LTP: 100 FNL & 2220 FWL §15 Second Bone Spring/TVD 10555 feet/MD 20920 feet</p>

	<p>Red Hills West 22/15 Fed. Com. Well No. 574H API No. 30-025-51121 SHL: 250 FSL & 1530 FWL §22 BHL: 100 FNL & 2260 FWL §15 FTP: 100 FSL & 2260 FWL §22 LTP: 100 FNL & 2260 FWL §15 Third Bone Spring Shale/TVD 11018 feet/MD 21390 feet</p> <p>Red Hills West 22/15 Fed. Com. Well No. 573H API No. 30-025-Pending SHL: 250 FSL & 1490 FWL §22 BHL: 100 FNL & 1360 FWL §15 FTP: 100 FSL & 1360 FWL §22 LTP: 100 FNL & 1360 FWL §15 Third Bone Spring Shale/TVD 11018 feet/MD 21390 feet</p>
Horizontal Well First and Last Take Points	See above
Completion Target (Formation, TVD and MD)	See above
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit 2, page 2
Requested Risk Charge	Cost plus 200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit 5
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit 4
Proof of Published Notice of Hearing (10 days before hearing)	N/A
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit 2-B
Tract List (including lease numbers and owners)	Exhibit 2-B
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	
Pooled Parties (including ownership type)	Exhibit 2-B; Working Interest Owners
Unlocatable Parties to be Pooled	No

Ownership Depth Severance (including percentage above & below)	
Joinder	
Sample Copy of Proposal Letter	Exhibit 2-C
List of Interest Owners (i.e. Exhibit A of JOA)	Exhibit 2-B
Chronology of Contact with Non-Joined Working Interests	Exhibit 2-C
Overhead Rates In Proposal Letter	
Cost Estimate to Drill and Complete	Exhibit 2-D
Cost Estimate to Equip Well	Exhibit 2-D
Cost Estimate for Production Facilities	Exhibit 2-D
Geology	
Summary (including special considerations)	Exhibit 3
Spacing Unit Schematic	Exhibits 2-A, 3-B, and 3-C
Gunbarrel/Lateral Trajectory Schematic	Exhibits 3-B and 3-C
Well Orientation (with rationale)	South-North; Exhibits 3, 3-A, and 3-C
Target Formation	Bone Spring
HSU Cross Section	Exhibits 3-D and 3-E
Depth Severance Discussion	
Forms, Figures and Tables	
C-102	Exhibit 2-A
Tracts	Exhibit 2-B
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits 2-B
General Location Map (including basin)	Exhibit 3-A
Well Bore Location Map	Exhibit 2-A
Structure Contour Map - Subsea Depth	Exhibits 3-B and 3-C
Cross Section Location Map (including wells)	Exhibits 3-B and 3-C
Cross Section (including Landing Zone)	Exhibits 3-D and 3-E
Additional Information	

Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	James Bruce
Signed Name (Attorney or Party Representative):	
Date:	April 2, 2024

**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. 24337

SELF-AFFIRMED STATEMENT OF HUDSON BRUNSON

Hudson Brunson 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. The purpose of this application is to force pool working interest owners into the Bone Spring horizontal spacing unit described below.

3. The interest owners being pooled have been contacted regarding the proposed wells but have simply refused to voluntarily commit their interests to the wells.

4. In this case Mewbourne seeks an order pooling all uncommitted mineral interest owners in the Bone Spring formation, limited to depths from the top of the First Bone Spring Sand to the base of the Bone Spring formation, underlying a proximity tract spacing unit comprised of the W/2 of Section 15 and the W/2 of Section 22, Township 26 South, Range 32 East, N.M.P.M., Lea County, New Mexico. Applicant proposes to drill the following wells to depths sufficient to test the Bone Spring formation:

(a) the Red Hills West 22/15 Fed Com. Well Nos. 521H, 571H, and 502H, with first take points in the SW/4SW/4 of Section 22 and last take points in the NW/4NW/4 of Section 15; and

(b) the Red Hills West 22/15 Fed Com. Well Nos. 524H, 574H and 573H, with first take points in the SE/4SW/4 of Section 22 and last take points in the NE/4NW/4 of Section 15.

5. C-102s for the wells are marked as Exhibit 2-A. Land plats and information on the parties being pooled, and their interests, are set forth in Exhibit 2-B.

6. Exhibit 2-C contains a summary of communications with the uncommitted party, and a copy of the proposal letter sent to the interest owner.

AFEs for the wells are marked Exhibit 2-D. The costs in the AFEs are fair and reasonable for wells of this depth and length in this area of Lea County.

EXHIBIT

2

7. Mewbourne has made a good faith effort to locate or obtain the voluntary joinder of the working interest and mineral owners in the proposed wells.

8. 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 this type in this portion of Lea County. They are also the rates set forth in the Joint Operating Agreement for the well unit. Mewbourne requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

9. Mewbourne requests that the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.

10. Applicant requests that it be designated operator of the wells.

11. The attachments to this affidavit were prepared by me or under my supervision, or compiled from company business records.

12. The granting of this application is in the interests of conservation and the prevention of waste.

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 12 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.

April 2, 2024
Date

/s/ Hudson Brunson/
Hudson Brunson

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

¹ APL Number 30-025-51120		² Pool Code 97903	³ Pool Name <i>Wildcat; Lower Bone Spring Pool</i>
⁴ Property Code	⁵ Property Name RED HILLS WEST 22/15 FED COM		⁶ Well Number 521H
⁷ OGRID NO 14744	⁸ Operator Name MEWBOURNE OIL COMPANY		⁹ Elevation 3137'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
N	22	26S	32E		250	SOUTH	1430	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	15	26S	32E		100	NORTH	420	WEST	LEA

¹² Dedicated Acres 640	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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.

¹⁷ OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete

EXHIBIT 2-A

Signature _____ Date _____
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.

03/09/2021
Date of Survey

Signature and Seal of Professional Surveyor

19680
Certificate Number

REV: NAME & BH CHANGE 02/17/23

Job No.: LS21030204R1

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
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Santa Fe, NM 87505

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Revised August 1, 2011
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District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 97903	³ Pool Name Wildcat; Lower Bone Spring	
⁴ Property Code	⁵ Property Name RED HILLS WEST 22/15 FED COM			⁶ Well Number 571H
⁷ OGRID NO. 19794	⁸ Operator Name MEWBOURNE OIL COMPANY			⁹ Elevation 3136'

¹⁰ Surface Location

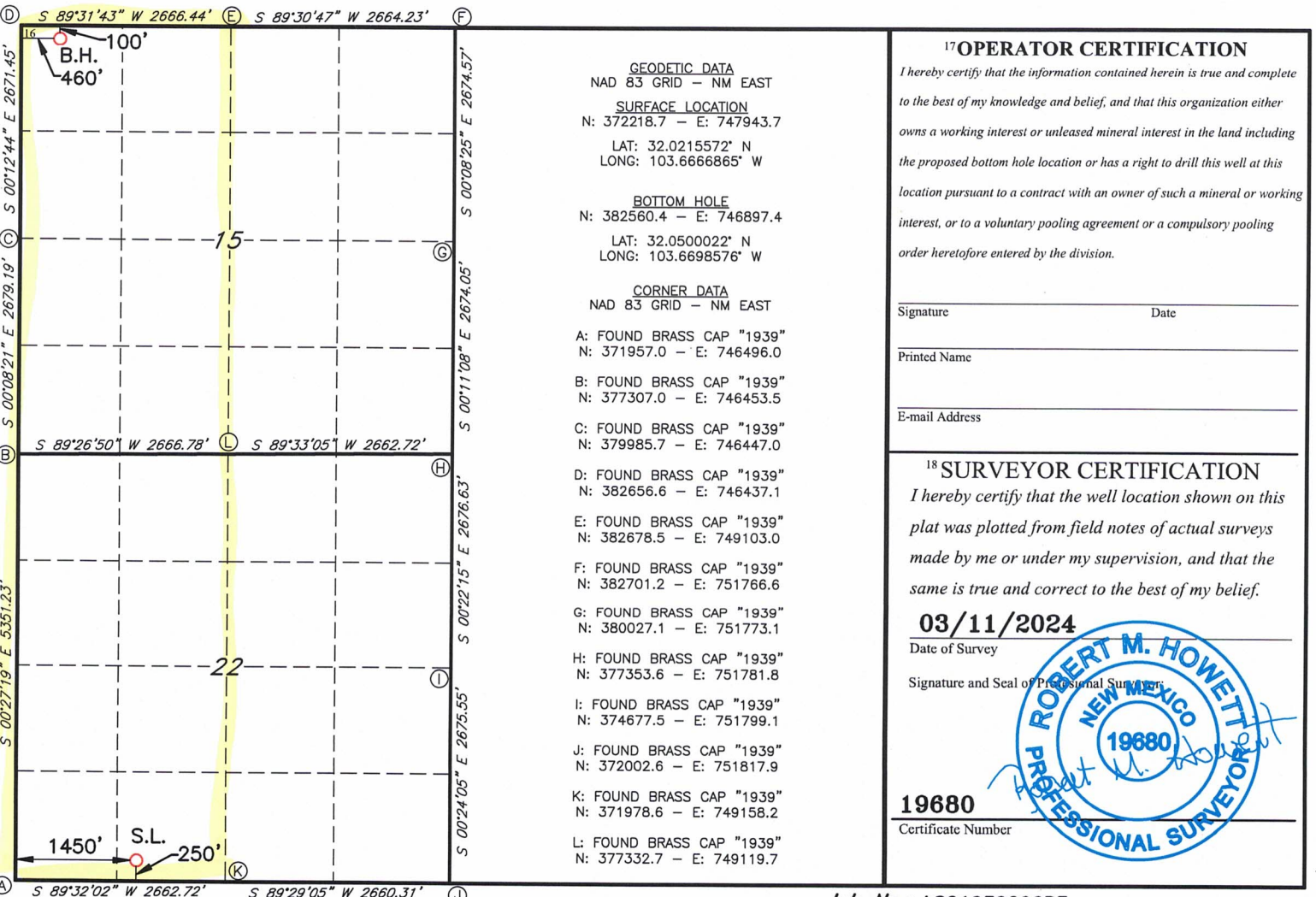
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
N	22	26S	32E		250	SOUTH	1450	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	15	26S	32E		100	NORTH	460	WEST	LEA

¹² Dedicated Acres 640	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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Santa Fe, NM 87505

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 97903	³ Pool Name Wildcat; home Bone Spring
⁴ Property Code	⁵ Property Name RED HILLS WEST 22/15 FED COM	⁶ Well Number 502H
⁷ GRID NO. 14794	⁸ Operator Name MEWBOURNE OIL COMPANY	⁹ Elevation 3136'

¹⁰ Surface Location

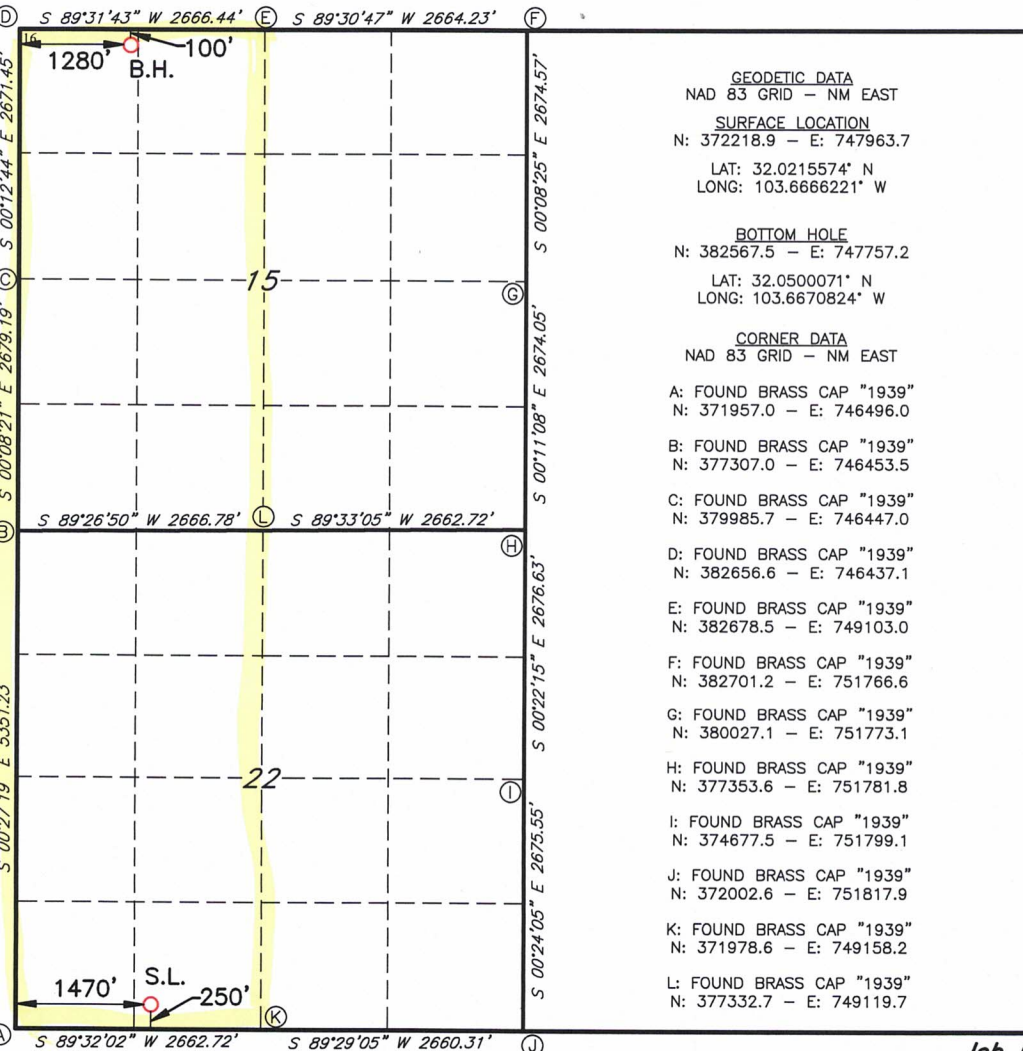
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
N	22	26S	32E		250	SOUTH	1470	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	15	26S	32E		100	NORTH	1280	WEST	LEA

¹² Dedicated Acres 640	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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 the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____
Printed Name _____
E-mail Address _____

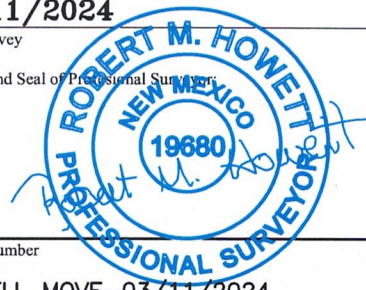
¹⁸ SURVEYOR CERTIFICATION

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.

03/11/2024

Date of Survey

Signature and Seal of Professional Surveyor



19680

Certificate Number

REV: WELL MOVE-03/11/2024

Job No.: LS21030205RF

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
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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

¹ API Number 30.025.50993		² Pool Code 91903		³ Pool Name Wildcat; Laver Bone Spring	
⁴ Property Code		⁵ Property Name RED HILLS WEST 22/15 FED COM			⁶ Well Number 524H
⁷ GRID NO 14744		⁸ Operator Name MEWBOURNE OIL COMPANY			⁹ Elevation 3136'

¹⁰ Surface Location

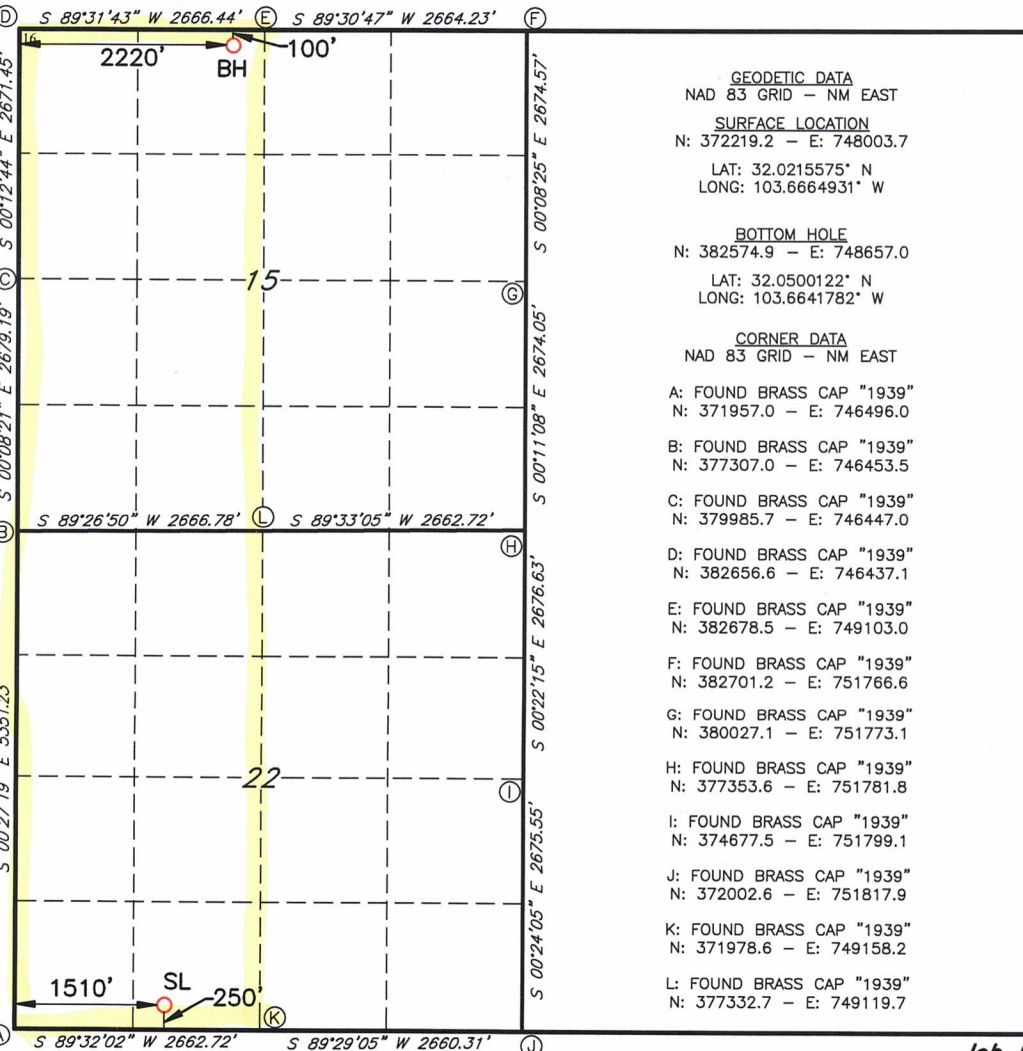
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
N	22	26S	32E		250	SOUTH	1510	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	15	26S	32E		100	NORTH	2220	WEST	LEA

¹² Dedicated Acres 640	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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.



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 the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

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.

03/15/2024

Date of Survey

Signature and Seal of Professional Surveyor



19680

Certificate Number

REV: WELL MOVE-03/11/2024

Job No.: LS21030203RF

District I
1625 N. French Dr., Hobbs, NM 88240
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1220 South St. Francis Dr.
Santa Fe, NM 87505

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District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-51124		² Pool Code 97903		³ Pool Name Wildcat; Lower Bone Spring	
⁴ Property Code		⁵ Property Name RED HILLS WEST 22/15 FED COM			⁶ Well Number 574H
⁷ GRID NO 14744		⁸ Operator Name MEWBOURNE OIL COMPANY			⁹ Elevation 3136'

¹⁰ Surface Location

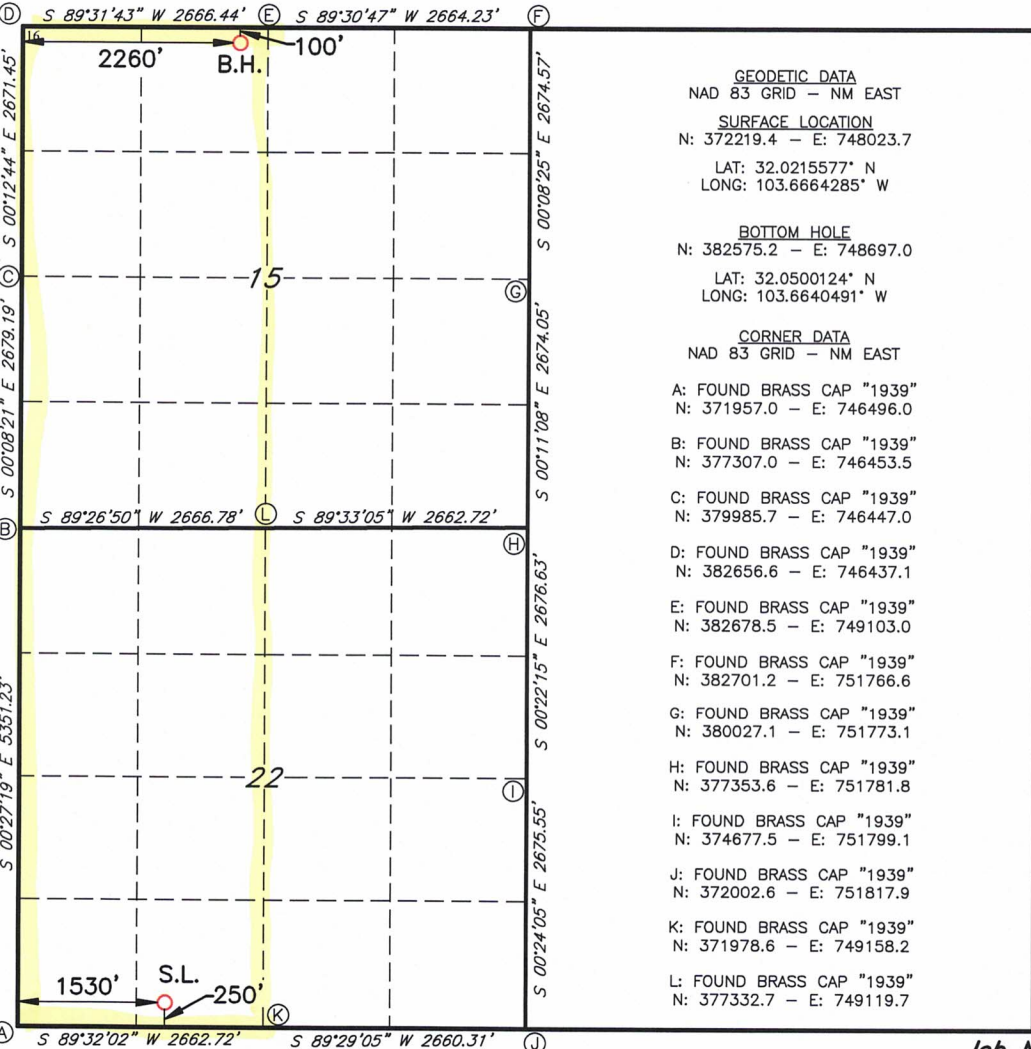
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
N	22	26S	32E		250	SOUTH	1530	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	15	26S	32E		100	NORTH	2260	WEST	LEA

¹² Dedicated Acres 640	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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¹⁷ OPERATOR CERTIFICATION

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Signature _____ Date _____

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.

03/11/2024

Date of Survey _____

Signature and Seal of Professional Surveyor _____



19680

Certificate Number

REV:WELL CHANGE 03/11/24

Job No.: LS21030208RF

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
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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

¹ API Number		² Pool Code 97903		³ Pool Name Wildcat; Lower Bone Spring	
⁴ Property Code		⁵ Property Name RED HILLS WEST 22/15 FED COM			⁶ Well Number 575H
⁷ GRID No. 14744		⁸ Operator Name MEWBOURNE OIL COMPANY			⁹ Elevation 3136'

¹⁰ Surface Location

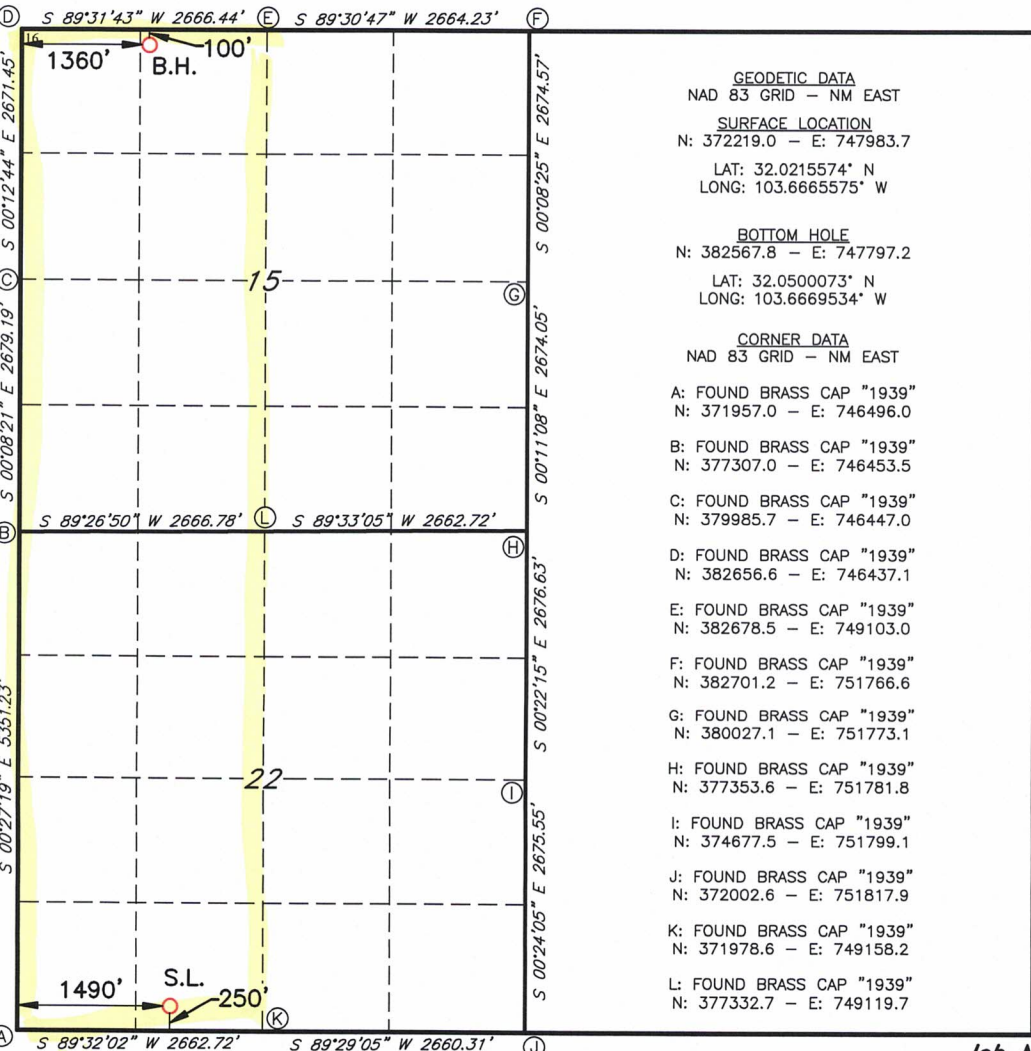
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
N	22	26S	32E		250	SOUTH	1490	WEST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	15	26S	32E		100	NORTH	1360	WEST	LEA

¹² Dedicated Acres 640	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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 the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

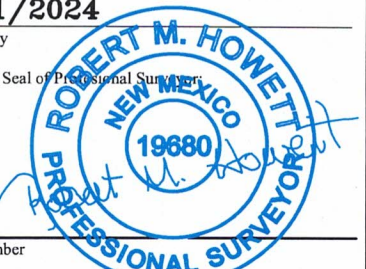
Signature _____ Date _____
Printed Name _____
E-mail Address _____

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.

03/11/2024

Date of Survey _____
Signature and Seal of Professional Surveyor _____



19680

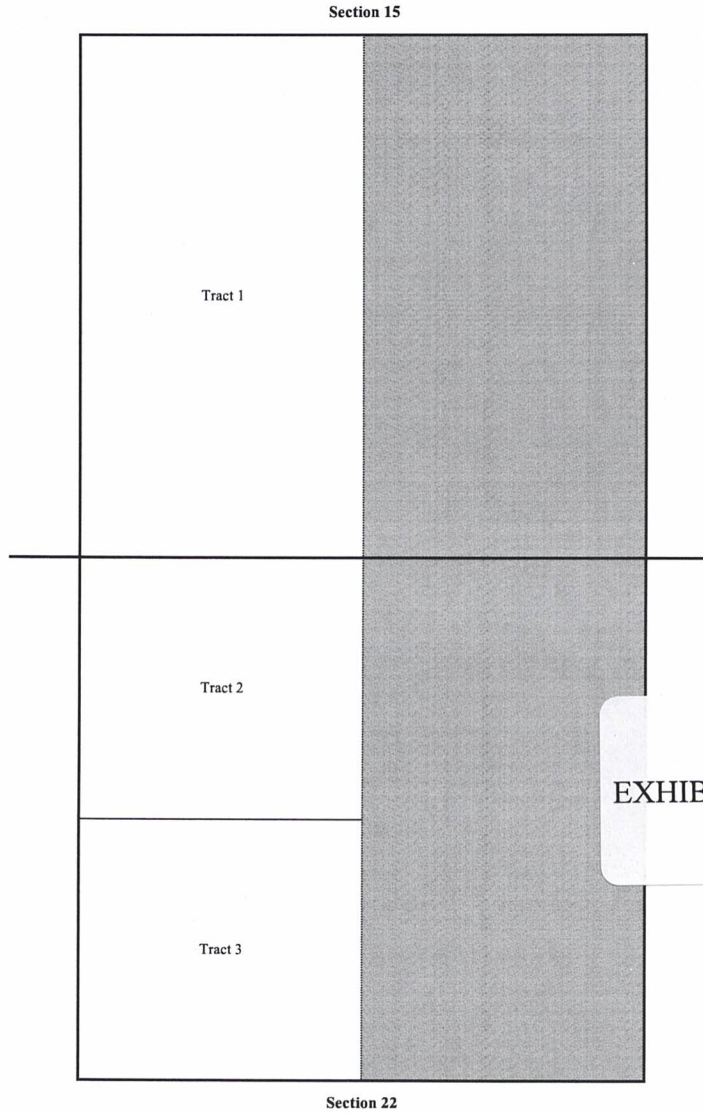
Certificate Number

REV: WELL MOVE- 03/11/24

Job No.: LS21030207RF

Section Plat
Red Hills West 22/15 Fed Com #502H
Red Hills West 22/15 Fed Com #521H
Red Hills West 22/15 Fed Com #524H
Red Hills West 22/15 Fed Com #571H
Red Hills West 22/15 Fed Com #573H
Red Hills West 22/15 Fed Com #574H
W/2 of Section 15 and W/2 of Section 22

T26S-R32E, Lea County, NM



Tract 1: W/2 of Section 15 - Federal Lease NMNM 118722
Mewbourne Oil Company, et al.
Chevron U.S.A. Inc.

Tract 2: NW/4 of Section 22 - Federal Lease NMNM 105562
Mewbourne Oil Company, et al.

Tract 3: SW/4 of Section 22 - Federal Lease NMNM 027507
Mewbourne Oil Company, et al.

RECAPITULATION FOR:

Red Hills West 22/15 Fed Com #502H
 Red Hills West 22/15 Fed Com #521H
 Red Hills West 22/15 Fed Com #524H
 Red Hills West 22/15 Fed Com #571H
 Red Hills West 22/15 Fed Com #573H
 Red Hills West 22/15 Fed Com #574H

Tract Number	Number of Acres Committed	Percentage of Interest in Communitized Area
1	160	50.000000%
2	80	25.000000%
3	80	25.000000%
TOTAL	320	100.000000%

TRACT OWNERSHIP

Red Hills West 22/15 Fed Com #502H
 Red Hills West 22/15 Fed Com #521H
 Red Hills West 22/15 Fed Com #524H
 Red Hills West 22/15 Fed Com #571H
 Red Hills West 22/15 Fed Com #573H
 Red Hills West 22/15 Fed Com #574H
 W/2 of Section 15 & W/2 of Section 22

W/2 of Section 15 & W/2 of Section 22

Owner	% of Leasehold Interest
Mewbourne Oil Company, et al.	77.482143%
*Chevron U.S.A. Inc.	22.517857%
TOTAL	100.000000%
*Total Interest Being Pooled:	22.517857%

OWNERSHIP BY TRACT

W/2 of Section 15

Owner	% of Leasehold Interest
Mewbourne Oil Company, et al.	54.964286%
Chevron U.S.A. Inc.	45.035714%
TOTAL	100.000000%

NW/4 of Section 22

Owner	% of Leasehold Interest
Mewbourne Oil Company, et al.	100.000000%
TOTAL	100.000000%

SW/4 of Section 22

Owner	% of Leasehold Interest
Mewbourne Oil Company, et al.	100.000000%
TOTAL	100.000000%

Summary of Communications

Red Hills West 22/15 Fed Com #502H

Red Hills West 22/15 Fed Com #521H

Red Hills West 22/15 Fed Com #524H

Red Hills West 22/15 Fed Com #571H

Red Hills West 22/15 Fed Com #573H

Red Hills West 22/15 Fed Com #574H

W/2 of Section 15-T26S-R32E, Lea County, NM &

W/2 of Section 22-T26S-R32E, Lea County, NM

Chevron U.S.A. Inc.:

01/22/2024: Mailed Working Interest Unit, Well Proposal and Joint Operating Agreement to above listed party.

01/22/2024: Emailed a scan of the proposal package to employee of above listed company.

01/30/2024: Emailed employee of above listed company.

02/02/2024: Emailed employee of above listed company.

02/20/2024: Emailed employee of above listed company.

02/26/2024: Called and left message for employee of above listed company.

03/18/2024: Phone conversation with employee of above listed company.

03/19/2024: In person discussion with employee of above listed company.

03/20/2024: Emailed employee of above listed company.

03/27/2024: Emailed employee of above listed company.

EXHIBIT 2.c

MEWBOURNE OIL COMPANY

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

TELEPHONE (432) 682-3715

January 22, 2024

Via Certified Mail

Working Interest Owner

Re: RED HILLS WEST 22/15 FED COM #502H
SL: 250' FSL & 1490' FWL (Section 22);
BHL: 100' FNL & 1320' FWL (Section 15)

RED HILLS WEST 22/15 FED COM #521H
SL: 250' FSL & 1430' FWL (Section 22);
BHL: 100' FNL & 420' FWL (Section 15)

RED HILLS WEST 22/15 FED COM #524H
SL: 250' FSL & 1550' FWL (Section 22);
BHL: 100' FNL & 2220' FWL (Section 15)

RED HILLS WEST 22/15 FED COM #571H
SL: 250' FSL & 1460' FWL (Section 22);
BHL: 100' FNL & 460' FWL (Section 15)

RED HILLS WEST 22/15 FED COM #573H
SL: 250' FSL & 1520' FWL (Section 22);
BHL: 100' FNL & 1360' FWL (Section 15)

RED HILLS WEST 22/15 FED COM #574H
SL: 250' FSL & 1580' FWL (Section 22);
BHL: 100' FNL & 2260' FWL (Section 15)

W/2 of Section 22 & W/2 of Section 15, T26S, R32E
Lea County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") proposes to drill the referenced wells under the attached Operating Agreement dated January 1, 2024. In addition to the AFEs, detailed below, enclosed is the referenced Operating Agreement. If you elect to participate in the proposed wells, please sign and return the AFEs and the executed JOA within the time provided by the Operating Agreement. If you do not wish to participate, Mewbourne is interested in discussing a farmout of your interest.

Mewbourne as Operator hereby proposes to drill the captioned RED HILLS WEST 22/15 FED COM #502H well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 10,251 feet subsurface to evaluate the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 20,370 feet. The W/2W/2 of Section 22 and the W/2W/2 of Section 15 will be dedicated to the well as the proration unit.

In addition, Mewbourne as Operator hereby proposes to drill the captioned RED HILLS WEST 22/15 FED COM #521H well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 10,521 feet subsurface to evaluate the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 20,920 feet. The W/2W/2 of Section 22 and the W/2W/2 of Section 15 will be dedicated to the well as the proration unit.

In addition, Mewbourne as Operator hereby proposes to drill the captioned RED HILLS WEST 22/15 FED COM #524H well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 10,555 feet subsurface to evaluate the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 20,920 feet. The E/2W/2 of Section 22 and the E/2W/2 of Section 15 will be dedicated to the well as the proration unit.

In addition, Mewbourne as Operator hereby proposes to drill the captioned RED HILLS WEST 22/15 FED COM #571H well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 11,018 feet subsurface to evaluate the Harkey Formation. The proposed well will have a measured depth (MD) of

approximately 21,390 feet. The W/2W/2 of Section 22 and the W/2W/2 of Section 15 will be dedicated to the well as the proration unit.

In addition, Mewbourne as Operator hereby proposes to drill the captioned RED HILLS WEST 22/15 FED COM #573H well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 11,018 feet subsurface to evaluate the Harkey Formation. The proposed well will have a measured depth (MD) of approximately 21,390 feet. The E/2W/2 of Section 22 and the E/2W/2 of Section 15 will be dedicated to the well as the proration unit.

In addition, Mewbourne as Operator hereby proposes to drill the captioned RED HILLS WEST 22/15 FED COM #574H well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 11,018 feet subsurface to evaluate the Harkey Formation. The proposed well will have a measured depth (MD) of approximately 21,390 feet. The E/2W/2 of Section 22 and the E/2W/2 of Section 15 will be dedicated to the well as the proration unit.

Should you have any questions regarding the above, please email me at hbrunson@mewbourne.com or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY

Hudson Brunson
Landman

MEWBORNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE

Well Name: RED HILLS WEST 22/15 FED COM #521H (B2MD) Prospect: Red Hills West 22
Location: SL: 250 FSL & 1430 FWL; BHL: 100 FNL & 420 FWL(15) County: Lea ST: NM
Sec. 22 BIK: Survey: TWP: 26S RNG: 32E Prop. TVD: 10521 TMD: 20920

Table with columns: CODE, TCP, CODE, CC. Section: INTANGIBLE COSTS 0180. Rows include: Regulatory Permits & Surveys, Location / Road / Site / Preparation, Fuel, Stimulation, etc.

Table with columns: CODE, TCP, CODE, CC. Section: TANGIBLE COSTS 0181. Rows include: Casing (19.1" - 30"), Casing (10.1" - 19.0"), Drilling Head, etc.

EXHIBIT 2-D

TOTAL WELL COST \$8,784,000

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.

Joint owner agrees that item 0180-0245 will be provided by operator, if available, at the specified rate. Operator reserves the right to adjust the rate due to a change in market conditions.

Prepared by: Andy Taylor Date: 11/1/2023
Company Approval: M. Whittaker Date: 11/3/2023

Joint Owner Interest: Amount:
Joint Owner Name: Signature:

MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE

Well Name: RED HILLS WEST 22/15 FED COM #571H (H3MD)		Prospect: Red Hills West 22	
Location: SL: 250 FSL & 1460 FWL; BHL: 100 FNL & 460 FWL(15)		County: Lea ST: NM	
Sec. 22	Blk: 	Survey: 	TWP: 26S RNG: 32E Prop. TVD: 11018 TMD: 21390

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	\$40,000
Daywork / Turnkey / Footage Drilling	23 days drlg / 3 days comp @ \$28000/d	0180-0110	\$687,800	0180-0210	\$89,700
Fuel	1700 gal/day @ \$3.9/gal	0180-0114	\$162,900	0180-0214	\$211,000
Alternate Fuels		0180-0115		0180-0215	\$112,000
Mud, Chemical & Additives		0180-0120	\$40,000	0180-0220	
Mud - Specialized		0180-0121	\$230,000	0180-0221	
Horizontal Drillout Services				0180-0222	\$200,000
Stimulation Toe Preparation				0180-0223	\$25,000
Cementing		0180-0125	\$175,000	0180-0225	\$60,000
Logging & Wireline Services		0180-0130	\$24,000	0180-0230	\$362,000
Casing / Tubing / Snubbing Services		0180-0134	\$50,000	0180-0234	\$20,000
Mud Logging		0180-0137	\$15,000		
Stimulation	61 Stg 25.3 MM gal / 25.3 MM lb			0180-0241	\$2,802,000
Stimulation Rentals & Other				0180-0242	\$258,000
Water & Other	100% PW f/ SLWMS @ \$0.25/bbl	0180-0145	\$35,000	0180-0245	\$161,000
Bits		0180-0148	\$96,100	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	\$20,000
Completion / Workover Rig				0180-0260	\$10,500
Rig Mobilization		0180-0164	\$154,000		
Transportation		0180-0165	\$30,000	0180-0265	\$25,000
Welding, Construction & Maint. Services		0180-0168	\$4,000	0180-0268	\$16,500
Contract Services & Supervision		0180-0170	\$148,200	0180-0270	\$81,000
Directional Services	Includes Vertical Control	0180-0175	\$380,000		
Equipment Rental		0180-0180	\$158,000	0180-0280	\$25,000
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$5,500	0180-0285	
Intangible Supplies		0180-0188	\$7,000	0180-0288	\$1,000
Damages		0180-0190	\$10,000	0180-0290	\$10,000
Pipeline Interconnect, ROW Easements		0180-0192		0180-0292	\$5,000
Company Supervision		0180-0195	\$93,600	0180-0295	\$46,800
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Contingencies	5% (TCP) 5% (CC)	0180-0199	\$142,900	0180-0299	\$232,600
TOTAL			\$3,001,000		\$4,884,100

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0")	650' - 13 3/8" 54.5# J-55 ST&C @ \$47.92/ft	0181-0794	\$33,300		
Casing (8.1" - 10.0")	4350' - 9 5/8" 40# J-55 LT&C @ \$32.69/ft	0181-0795	\$151,900		
Casing (6.1" - 8.0")	10480' - 7" 29# HPP110 BT&C @ \$38.93/ft	0181-0796	\$435,700		
Casing (4.1" - 6.0")	11110' - 4 1/2" 13.5# HCP-110 CDC-HTQ @ \$21.65/ft			0181-0797	\$256,900
Tubing	10280' - 3 1/2" 9.2# L-80 IPC Tbg @ \$17.4/ft			0181-0798	\$191,000
Drilling Head		0181-0860	\$50,000		
Tubing Head & Upper Section				0181-0870	\$30,000
Horizontal Completion Tools	Completion Liner Hanger			0181-0871	\$75,000
Subsurface Equip. & Artificial Lift				0181-0880	\$25,000
Service Pumps	(1/15) TP/CP/Circ Pump			0181-0886	\$5,000
Storage Tanks	(1/15) 8 OT/6 OT/2 GB			0181-0890	\$35,000
Emissions Control Equipment	(1/15) 3 VRT/VRU/Flare/3 KO/AIR			0181-0892	\$49,000
Separation / Treating Equipment	(1/15) 2 Bulk H Sep/2 Test H Sep/V Sep/2 VHT/HHT			0181-0895	\$52,000
Automation Metering Equipment				0181-0898	\$32,000
Oil/Gas Pipeline-Pipe/Valves&Misc				0181-0900	\$31,000
Water Pipeline-Pipe/Valves & Misc				0181-0901	
On-site Valves/Fittings/Lines&Misc				0181-0906	\$67,000
Wellhead Flowlines - Construction				0181-0907	\$137,000
Cathodic Protection				0181-0908	
Electrical Installation				0181-0909	\$60,000
Equipment Installation				0181-0910	\$41,000
Oil/Gas Pipeline - Construction				0181-0920	\$36,000
Water Pipeline - Construction				0181-0921	
TOTAL			\$670,900		\$1,122,900
SUBTOTAL			\$3,671,900		\$6,007,000

TOTAL WELL COST		\$9,678,900	
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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.

Joint owner agrees that item 0180-0245 will be provided by operator, if available, at the specified rate. Operator reserves the right to adjust the rate due to a change in market conditions.

Prepared by: <u>Ryan McDaniel</u>	Date: <u>11/2/2023</u>
Company Approval: <u><i>M. Whittier</i></u>	Date: <u>11/3/2023</u>

Joint Owner Interest: _____ Amount: _____	Signature: _____
Joint Owner Name: _____	

MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE

Well Name: RED HILLS WEST 22/15 FED COM #502H (B2MD)		Prospect: Red Hills West 22	
Location: SL: 250 FSL & 1490 FWL; BHL: 100 FNL & 1320 FWL(15)		County: Lea ST: NM	
Sec. 22	Blk: 	Survey: 	TWP: 26S RNG: 32E Prop. TVD: 10251 TMD: 20370

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	\$40,000
Daywork / Turnkey / Footage Drilling	23 days drlg / 3 days comp @ \$28000/d	0180-0110	\$687,800	0180-0210	\$89,700
Fuel	1700 gal/day @ \$3.9/gal	0180-0114	\$162,900	0180-0214	\$169,000
Alternate Fuels		0180-0115		0180-0215	\$89,000
Mud, Chemical & Additives		0180-0120	\$30,000	0180-0220	
Mud - Specialized		0180-0121	\$210,000	0180-0221	
Horizontal Drillout Services				0180-0222	\$200,000
Stimulation Toe Preparation				0180-0223	\$25,000
Cementing		0180-0125	\$160,000	0180-0225	\$55,000
Logging & Wireline Services		0180-0130	\$24,000	0180-0230	\$299,000
Casing / Tubing / Snubbing Services		0180-0134	\$40,000	0180-0234	\$20,000
Mud Logging		0180-0137	\$15,000		
Stimulation	51 Stg 20.2 MM gal / 20.2 MM lb			0180-0241	\$2,222,000
Stimulation Rentals & Other				0180-0242	\$218,000
Water & Other	100% PW f/ SLWMS @ \$0.25/bbl	0180-0145	\$35,000	0180-0245	\$129,000
Bits		0180-0148	\$85,400	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	\$20,000
Completion / Workover Rig				0180-0260	\$10,500
Rig Mobilization		0180-0164	\$154,000		
Transportation		0180-0165	\$30,000	0180-0265	\$25,000
Welding, Construction & Maint. Services		0180-0168	\$4,000	0180-0268	\$16,500
Contract Services & Supervision		0180-0170	\$148,200	0180-0270	\$75,000
Directional Services	Includes Vertical Control	0180-0175	\$380,000		
Equipment Rental		0180-0180	\$158,000	0180-0280	\$25,000
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$5,300	0180-0285	
Intangible Supplies		0180-0188	\$7,000	0180-0288	\$1,000
Damages		0180-0190	\$10,000	0180-0290	\$10,000
Pipeline Interconnect, ROW Easements		0180-0192		0180-0292	\$5,000
Company Supervision		0180-0195	\$93,600	0180-0295	\$43,200
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Contingencies	5% (TCP) 5% (CC)	0180-0199	\$139,600	0180-0299	\$192,800
TOTAL			\$2,931,800		\$4,049,700

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0")	650' - 13 3/8" 54.5# J-55 ST&C @ \$47.92/ft	0181-0794	\$33,300		
Casing (8.1" - 10.0")	4350' - 9 5/8" 40# J-55 LT&C @ \$32.69/ft	0181-0795	\$151,900		
Casing (6.1" - 8.0")	10200' - 7" 29# HPP110 BT&C @ \$38.93/ft	0181-0796	\$424,100		
Casing (4.1" - 6.0")	10700' - 4 1/2" 13.5# HCP-110 CDC-HTQ @ \$21.65/ft			0181-0797	\$247,400
Tubing	9700' - 3 1/2" 9.2# L-80 IPC Tbg @ \$17.4/ft			0181-0798	\$180,300
Drilling Head		0181-0860	\$50,000		
Tubing Head & Upper Section				0181-0870	\$30,000
Horizontal Completion Tools	Completion Liner Hanger			0181-0871	\$75,000
Subsurface Equip. & Artificial Lift				0181-0880	\$25,000
Service Pumps	(1/15) TP/CP/Circ Pump			0181-0886	\$5,000
Storage Tanks	(1/15) 8 OT/6 OT/2 GB			0181-0890	\$35,000
Emissions Control Equipment	(1/15) 3 VRT/VRU/Flare/3 KO/AIR			0181-0892	\$49,000
Separation / Treating Equipment	(1/15) 2 Bulk H Sep/2 Test H Sep/V Sep/2 VHT/HHT			0181-0895	\$52,000
Automation Metering Equipment				0181-0898	\$32,000
Oil/Gas Pipeline-Pipe/Valves&Misc				0181-0900	\$31,000
Water Pipeline-Pipe/Valves & Misc				0181-0901	
On-site Valves/Fittings/Lines&Misc				0181-0906	\$67,000
Wellhead Flowlines - Construction				0181-0907	\$137,000
Cathodic Protection				0181-0908	
Electrical Installation				0181-0909	\$60,000
Equipment Installation				0181-0910	\$41,000
Oil/Gas Pipeline - Construction				0181-0920	\$36,000
Water Pipeline - Construction				0181-0921	
TOTAL			\$659,300		\$1,102,700
SUBTOTAL			\$3,591,100		\$5,152,400

TOTAL WELL COST		\$8,743,500	
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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.

Joint owner agrees that item 0180-0245 will be provided by operator, if available, at the specified rate. Operator reserves the right to adjust the rate due to a change in market conditions.

Prepared by: <u>Andy Taylor</u>	Date: <u>11/1/2023</u>
Company Approval: <u><i>M. White</i></u>	Date: <u>11/3/2023</u>

Joint Owner Interest: _____ Amount: _____	Signature: _____
Joint Owner Name: _____	

MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE

Well Name: RED HILLS WEST 22/15 FED COM #524H (B2NC)		Prospect: Red Hills West 22	
Location: SL: 250 FSL & 1550 FWL; BHL: 100 FNL & 2220 FWL(15)		County: Lea ST: NM	
Sec. 22	Blk: 	Survey: 	TWP: 26S RNG: 32E Prop. TVD: 10555 TMD: 20920

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	\$40,000
Daywork / Turnkey / Footage Drilling	23 days drlg / 3 days comp @ \$28000/d	0180-0110	\$687,800	0180-0210	\$89,700
Fuel	1700 gal/day @ \$3.9/gal	0180-0114	\$162,900	0180-0214	\$169,000
Alternate Fuels		0180-0115		0180-0215	\$89,000
Mud, Chemical & Additives		0180-0120	\$30,000	0180-0220	
Mud - Specialized		0180-0121	\$210,000	0180-0221	
Horizontal Drillout Services				0180-0222	\$200,000
Stimulation Toe Preparation				0180-0223	\$25,000
Cementing		0180-0125	\$160,000	0180-0225	\$55,000
Logging & Wireline Services		0180-0130	\$24,000	0180-0230	\$299,000
Casing / Tubing / Snubbing Services		0180-0134	\$40,000	0180-0234	\$20,000
Mud Logging		0180-0137	\$15,000		
Stimulation	51 Stg 20.2 MM gal / 20.2 MM lb			0180-0241	\$2,222,000
Stimulation Rentals & Other				0180-0242	\$218,000
Water & Other	100% PW f/ SLWMS @ \$0.25/bbl	0180-0145	\$35,000	0180-0245	\$129,000
Bits		0180-0148	\$85,400	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	\$20,000
Completion / Workover Rig				0180-0260	\$10,500
Rig Mobilization		0180-0164	\$154,000		
Transportation		0180-0165	\$30,000	0180-0265	\$25,000
Welding, Construction & Maint. Services		0180-0168	\$4,000	0180-0268	\$16,500
Contract Services & Supervision		0180-0170	\$148,200	0180-0270	\$75,000
Directional Services	Includes Vertical Control	0180-0175	\$380,000		
Equipment Rental		0180-0180	\$158,000	0180-0280	\$25,000
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$5,400	0180-0285	
Intangible Supplies		0180-0188	\$7,000	0180-0288	\$1,000
Damages		0180-0190	\$10,000	0180-0290	\$10,000
Pipeline Interconnect, ROW Easements		0180-0192		0180-0292	\$5,000
Company Supervision		0180-0195	\$93,600	0180-0295	\$43,200
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Contingencies	5% (TCP) 5% (CC)	0180-0199	\$139,600	0180-0299	\$192,800
TOTAL			\$2,931,900		\$4,049,700

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0")	650' - 13 3/8" 54.5# J-55 ST&C @ \$47.92/ft	0181-0794	\$33,300		
Casing (8.1" - 10.0")	4350' - 9 5/8" 40# J-55 LT&C @ \$32.69/ft	0181-0795	\$151,900		
Casing (6.1" - 8.0")	10900' - 7" 29# HPP110 BT&C @ \$38.93/ft	0181-0796	\$453,200		
Casing (4.1" - 6.0")	10950' - 4 1/2" 13.5# HCP-110 CDC-HTQ @ \$21.65/ft			0181-0797	\$253,200
Tubing	10000' - 3 1/2" 9.2# L-80 IPC Tbg @ \$17.4/ft			0181-0798	\$185,800
Drilling Head		0181-0860	\$50,000		
Tubing Head & Upper Section				0181-0870	\$30,000
Horizontal Completion Tools	Completion Liner Hanger			0181-0871	\$75,000
Subsurface Equip. & Artificial Lift				0181-0880	\$25,000
Service Pumps	(1/15) TP/CP/Circ Pump			0181-0886	\$5,000
Storage Tanks	(1/15) 8 OT/6 OT/2 GB			0181-0890	\$35,000
Emissions Control Equipment	(1/15) 3 VRT/VRU/Flare/3 KO/AIR			0181-0892	\$49,000
Separation / Treating Equipment	(1/15) 2 Bulk H Sep/2 Test H Sep/4 Sep/2 VHT/HHT			0181-0895	\$52,000
Automation Metering Equipment				0181-0898	\$32,000
Oil/Gas Pipeline-Pipe/Valves&Misc				0181-0900	\$31,000
Water Pipeline-Pipe/Valves & Misc				0181-0901	
On-site Valves/Fittings/Lines&Misc				0181-0906	\$67,000
Wellhead Flowlines - Construction				0181-0907	\$137,000
Cathodic Protection				0181-0908	
Electrical Installation				0181-0909	\$60,000
Equipment Installation				0181-0910	\$41,000
Oil/Gas Pipeline - Construction				0181-0920	\$36,000
Water Pipeline - Construction				0181-0921	
TOTAL			\$688,400		\$1,114,000
SUBTOTAL			\$3,620,300		\$5,163,700
TOTAL WELL COST			\$8,784,000		

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.

Joint owner agrees that item 0180-0245 will be provided by operator, if available, at the specified rate. Operator reserves the right to adjust the rate due to a change in market conditions.

Prepared by: <u>Andy Taylor</u>	Date: <u>11/1/2023</u>
Company Approval: <u><i>M. Whitton</i></u>	Date: <u>11/3/2023</u>
Joint Owner Interest: _____ Amount: _____	Signature: _____

MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE

Well Name: RED HILLS WEST 22/15 FED COM #574H (H3NC)		Prospect: Red Hills West 22	
Location: SL: 250 FSL & 1580 FWL; BHL: 100 FNL & 2260 FWL(15)		County: Lea ST: NM	
Sec. 22	Blk: 	Survey: 	TWP: 26S RNG: 32E Prop. TVD: 11018 TMD: 21390

INTANGIBLE COSTS 0180				
	CODE	TCP	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	\$40,000
Daywork / Turnkey / Footage Drilling	23 days drlg / 3 days comp @ \$28000/d	\$687,800	0180-0210	\$89,700
Fuel	1700 gal/day @ \$3.9/gal	\$162,900	0180-0214	\$211,000
Alternate Fuels	0180-0115		0180-0215	\$112,000
Mud, Chemical & Additives	0180-0120	\$40,000	0180-0220	
Mud - Specialized	0180-0121	\$230,000	0180-0221	
Horizontal Drillout Services			0180-0222	\$200,000
Stimulation Toe Preparation			0180-0223	\$25,000
Cementing	0180-0125	\$175,000	0180-0225	\$60,000
Logging & Wireline Services	0180-0130	\$24,000	0180-0230	\$362,000
Casing / Tubing / Snubbing Services	0180-0134	\$50,000	0180-0234	\$20,000
Mud Logging	0180-0137	\$15,000		
Stimulation	61 Stg 25.3 MM gal / 25.3 MM lb		0180-0241	\$2,802,000
Stimulation Rentals & Other			0180-0242	\$258,000
Water & Other	100% PW f/ SLWMS @ \$0.25/bbl	\$35,000	0180-0245	\$161,000
Bits	0180-0148	\$96,100	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	\$20,000
Completion / Workover Rig			0180-0260	\$10,500
Rig Mobilization	0180-0164	\$154,000		
Transportation	0180-0165	\$30,000	0180-0265	\$25,000
Welding, Construction & Maint. Services	0180-0168	\$4,000	0180-0268	\$16,500
Contract Services & Supervision	0180-0170	\$148,200	0180-0270	\$81,000
Directional Services	Includes Vertical Control	\$380,000		
Equipment Rental	0180-0180	\$158,000	0180-0280	\$25,000
Well / Lease Legal	0180-0184	\$5,000	0180-0284	
Well / Lease Insurance	0180-0185	\$5,500	0180-0285	
Intangible Supplies	0180-0188	\$7,000	0180-0288	\$1,000
Damages	0180-0190	\$10,000	0180-0290	\$10,000
Pipeline Interconnect, ROW Easements	0180-0192		0180-0292	\$5,000
Company Supervision	0180-0195	\$93,600	0180-0295	\$46,800
Overhead Fixed Rate	0180-0196	\$10,000	0180-0296	\$20,000
Contingencies	5% (TCP) 5% (CC)	\$142,900	0180-0299	\$232,600
TOTAL		\$3,001,000		\$4,884,100

TANGIBLE COSTS 0181				
Casing (19.1" - 30")	0181-0793			
Casing (10.1" - 19.0")	650' - 13 3/8" 54.5# J-55 ST&C @ \$47.92/ft	0181-0794	\$33,300	
Casing (8.1" - 10.0")	4350' - 9 5/8" 40# J-55 LT&C @ \$32.69/ft	0181-0795	\$151,900	
Casing (6.1" - 8.0")	10480' - 7" 29# HPP110 BT&C @ \$38.93/ft	0181-0796	\$435,700	
Casing (4.1" - 6.0")	11110' - 4 1/2" 13.5# HCP-110 CDC-HTQ @ \$21.65/ft		0181-0797	\$256,900
Tubing	10280' - 3 1/2" 9.2# L-80 IPC Tbg @ \$17.4/ft		0181-0798	\$191,000
Drilling Head	0181-0860	\$50,000		
Tubing Head & Upper Section			0181-0870	\$30,000
Horizontal Completion Tools	Completion Liner Hanger		0181-0871	\$75,000
Subsurface Equip. & Artificial Lift			0181-0880	\$25,000
Service Pumps	(1/15) TP/CP/Circ Pump		0181-0886	\$5,000
Storage Tanks	(1/15) 8 OT/6 OT/2 GB		0181-0890	\$35,000
Emissions Control Equipment	(1/15) 3 VRT/VRU/Flare/3 KO/AIR		0181-0892	\$49,000
Separation / Treating Equipment	(1/15) 2 Bulk H Sep/2 Test H Sep/V Sep/2 VHT/HHT		0181-0895	\$52,000
Automation Metering Equipment			0181-0898	\$32,000
Oil/Gas Pipeline-Pipe/Valves&Misc			0181-0900	\$31,000
Water Pipeline-Pipe/Valves & Misc			0181-0901	
On-site Valves/Fittings/Lines&Misc			0181-0906	\$67,000
Wellhead Flowlines - Construction			0181-0907	\$137,000
Cathodic Protection			0181-0908	
Electrical Installation			0181-0909	\$60,000
Equipment Installation			0181-0910	\$41,000
Oil/Gas Pipeline - Construction			0181-0920	\$36,000
Water Pipeline - Construction			0181-0921	
TOTAL		\$670,900		\$1,122,900
SUBTOTAL		\$3,671,900		\$6,007,000

TOTAL WELL COST		\$9,678,900
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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.

Joint owner agrees that item 0180-0245 will be provided by operator, if available, at the specified rate. Operator reserves the right to adjust the rate due to a change in market conditions.

Prepared by: <u>Ryan McDaniel</u>	Date: <u>11/2/2023</u>
Company Approval: <u>M. Whitton</u>	Date: <u>11/3/2023</u>

Joint Owner Interest: _____ Amount: _____	Signature: _____
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AUTHORIZATION FOR EXPENDITURE

Well Name: **RED HILLS WEST 22/15 FED COM #573H (H3NC)** Prospect: **Red Hills West 22**
 Location: **SL: 250 FSL & 1520 FWL; BHL: 100 FNL & 1360 FWL(15)** County: **Lea** ST: **NM**
 Sec. **22** Blk: Survey: TWP: **26S** RNG: **32E** Prop. TVD: **11018** TMD: **21390**

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	\$40,000
Daywork / Turnkey / Footage Drilling	23 days drlg / 3 days comp @ \$28000/d	0180-0110	\$687,800	0180-0210	\$89,700
Fuel	1700 gal/day @ \$3.9/gal	0180-0114	\$162,900	0180-0214	\$211,000
Alternate Fuels		0180-0115		0180-0215	\$112,000
Mud, Chemical & Additives		0180-0120	\$40,000	0180-0220	
Mud - Specialized		0180-0121	\$230,000	0180-0221	
Horizontal Drillout Services				0180-0222	\$200,000
Stimulation Toe Preparation				0180-0223	\$25,000
Cementing		0180-0125	\$175,000	0180-0225	\$60,000
Logging & Wireline Services		0180-0130	\$24,000	0180-0230	\$362,000
Casing / Tubing / Snubbing Services		0180-0134	\$50,000	0180-0234	\$20,000
Mud Logging		0180-0137	\$15,000		
Stimulation	61 Stg 25.3 MM gal / 25.3 MM lb			0180-0241	\$2,802,000
Stimulation Rentals & Other				0180-0242	\$258,000
Water & Other	100% PW fl SLWMS @ \$0.25/bbl	0180-0145	\$35,000	0180-0245	\$161,000
Bits		0180-0148	\$96,100	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	\$20,000
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Welding, Construction & Maint. Services		0180-0168	\$4,000	0180-0268	\$16,500
Contract Services & Supervision		0180-0170	\$148,200	0180-0270	\$81,000
Directional Services	Includes Vertical Control	0180-0175	\$380,000		
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Well / Lease Insurance		0180-0185	\$5,500	0180-0285	
Intangible Supplies		0180-0188	\$7,000	0180-0288	\$1,000
Damages		0180-0190	\$10,000	0180-0290	\$10,000
Pipeline Interconnect, ROW Easements		0180-0192		0180-0292	\$5,000
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Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Contingencies	5% (TCP) 5% (CC)	0180-0199	\$142,900	0180-0299	\$232,600
TOTAL			\$3,001,000		\$4,884,100

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
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Service Pumps	(1/15) TP/CP/Circ Pump			0181-0886	\$5,000
Storage Tanks	(1/15) 8 OT/6 OT/2 GB			0181-0890	\$35,000
Emissions Control Equipment	(1/15) 3 VRT/VRU/Flare/3 KO/AIR			0181-0892	\$49,000
Separation / Treating Equipment	(1/15) 2 Bulk H Sep/2 Test H Sep/4 VHT/HHT			0181-0895	\$52,000
Automation Metering Equipment				0181-0898	\$32,000
Oil/Gas Pipeline-Pipe/Valves&Misc				0181-0900	\$31,000
Water Pipeline-Pipe/Valves & Misc				0181-0901	
On-site Valves/Fittings/Lines&Misc				0181-0906	\$67,000
Wellhead Flowlines - Construction				0181-0907	\$137,000
Cathodic Protection				0181-0908	
Electrical Installation				0181-0909	\$60,000
Equipment Installation				0181-0910	\$41,000
Oil/Gas Pipeline - Construction				0181-0920	\$36,000
Water Pipeline - Construction				0181-0921	
TOTAL			\$670,900		\$1,122,900
SUBTOTAL			\$3,671,900		\$6,007,000

TOTAL WELL COST		\$9,678,900	
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Extra Expense Insurance

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Joint owner agrees that item 0180-0245 will be provided by operator, if available, at the specified rate. Operator reserves the right to adjust the rate due to a change in market conditions.

Prepared by: Ryan McDaniel Date: 11/2/2023
 Company Approval: *M. White* Date: 11/3/2023

Joint Owner Interest: _____ Amount: _____
 Joint Owner Name: _____ Signature: _____