

CASE NO. 24344

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

EXHIBITS – Part I

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

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 24344	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, Eddy County, New Mexico
Entries of Appearance/Intervenors:	
Well Family	Layla Bone Spring wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Entire Bone Spring formation
Pool Name and Pool Code:	Culebra Bluff; Bone Spring, South Pool/Pool Code 15001
Well Location Setback Rules:	Statewide Rules
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres
Building Blocks:	40 acres
Orientation:	North-South
Description: TRS/County	W/2W/2 §26 and W/2W/2 §35, Township 23 South, Range 28 East, NMPM, Eddy County
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and is approval of non-standard unit requested in this application?</u>	Yes <div style="border: 1px solid black; padding: 10px; width: fit-content; margin: 0 auto;">EXHIBIT</div>
Other Situations	
Depth Severance: Y/N. If yes, description	N
Proximity Tracts: If yes, description	N

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	Layla 26/35 Fee Well No. 401H API No. 30-015-Pending SHL: 340 FSL & 955 FWL §23 BHL: 100 FSL & 660 FWL §35 FTP: 100 FNL & 660 FWL §24 LTP: 100 FSL & 660 FWL §35 First Bone Spring/TVD 7310 feet/MD 18240 feet
Well #2	Layla 26/35 Fee Well No. 521H API No. 30-015-Pending SHL: 340 FSL & 975 FWL §23 BHL: 100 FSL & 660 FWL §35 FTP: 100 FNL & 660 FWL §24 LTP: 100 FSL & 660 FWL §35 Second Bone Spring/TVD 8350 feet/MD 19240 feet
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 7
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit 4
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit 6

Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibits 2-B and 2-C
Tract List (including lease numbers and owners)	Exhibits 2-B and 2-C
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	Yes
Ownership Depth Severance (including percentage above & below)	No Depth Severance
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-C
Cost Estimate to Equip Well	Exhibit 2-C
Cost Estimate for Production Facilities	Exhibit 2-C
Geology	
Summary (including special considerations)	Exhibit 3
Spacing Unit Schematic	Exhibits 2-A and 3-B
Gunbarrel/Lateral Trajectory Schematic	Exhibits 3-B and 3-C
Well Orientation (with rationale)	North-South; Exhibits 3, 3-A, and 3-B
Target Formation	Bone Spring
HSU Cross Section	Exhibits 3-C and 3-D
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit 2-A

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:

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

Case No. 24344

VERIFIED STATEMENT OF MITCH ROBB

Mitch Robb, being duly sworn upon his oath, deposes and states:

1. I am a landman for Mewbourne Oil Company ("Mewbourne") and have personal knowledge of the matters stated herein. I have been qualified by the Division as an expert petroleum landman.

2. Pursuant to NMAC 19.15.4.12.A(1), the following information is submitted in support of the compulsory pooling application filed herein:

(a) The purpose of this application is to force pool working interest owners into the Bone Spring horizontal spacing unit described below, and in wells to be drilled in the unit.

(b) No opposition is expected because the interest owners being pooled have been contacted regarding the proposed well but have failed or refused to voluntarily commit their interests to the well. Some interest owners may be unlocatable.

(c) A plat outlining the unit being pooled is attached hereto as **Attachment A**. Mewbourne seeks an order pooling all mineral interests in the Bone Spring formation underlying the W/2W/2 of Section 26 and the W/2W/2 of Section 35, Township 23 South, Range 28 East, NMPM. The unit will be dedicated to:

(i) the Layla 26/35 Fee #401H, a horizontal well with a first take point in the NW/4NW/4 of 26 and a final take point in the SW/4SW/4 of Section 35;

(ii) the Layla 26/35 Fee #521H, a horizontal well with a first take point in the NW/4NW/4 of 26 and a final take point in the SW/4SW/4 of Section 35;

(d) The parties being pooled and their interests are set forth in **Attachment B**. Their current and correct addresses, or last known addresses, are also set forth.

Ex. 2-A

Ex. 2-B

2

EXHIBIT

(e) In order to locate the interest owners Mewbourne examined the county records, performed internet searches, checked telephone records, made calls to family members, and searched Accurint and Whitepages.

(f) ^{Ex. 2.C} Attachment C contains a summary of contacts or attempted contacts with the interest owners, together with copies of the proposal letters sent to the interest owners.

(g) Mewbourne has made a good faith effort to obtain the voluntary joinder of the working interest owners in the proposed wells, or to locate the owners.

(h) Mewbourne has the right to pool the overriding royalty owners in the well unit.

(i) 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 Eddy 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.

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

(k) Mewbourne requests that it be designated operator of the wells.

(l) The attachments to this affidavit were prepared by me or compiled from Company business records.

(m) The granting of this application is in the interests of conservation and the prevention of waste.

OFFICE OF THE ATTORNEY GENERAL

STATE OF TEXAS

COUNTY OF DALLAS

This is a true and correct copy of the original document as filed with the County Clerk of Dallas, Texas, on this 3rd day of April, 2024. The original document is on file in the County Clerk's Office, and this copy is being provided to you for your information.

County Clerk
Dallas, Texas

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 API Number		2 Pool Code 15001		3 Pool Name Culebra Bluff; Bone Spring, South					
4 Property Code		5 Property Name LAYLA 26/35 FEE			6 Well Number 401H				
7 OPER NO. 14744		8 Operator Name MEWBOURNE OIL COMPANY			9 Elevation 3017'				
10 Surface Location									
UL or lot no. M	Section 23	Township 23S	Range 28E	Lot Idn	Feet from the 340	North/South line SOUTH	Feet from the 955	East/West line WEST	County EDDY
11 Bottom Hole Location If Different From Surface									
UL or lot no. M	Section 35	Township 23S	Range 28E	Lot Idn	Feet from the 100	North/South line SOUTH	Feet from the 660	East/West line WEST	County EDDY
12 Dedicated Acres 3.20		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.

16

GEODETIC DATA
NAD 83 GRID - NM EAST

SURFACE LOCATION
N: 467415.0 - E: 624695.9
LAT: 32.2847099° N
LONG: 104.0635886° W

GEODETIC DATA
NAD 83 GRID - NM EAST

BOTTOM HOLE
N: 456434.8 - E: 624446.6
LAT: 32.2545286° N
LONG: 104.0644841° W

CORNER DATA
NAD 83 GRID - NM EAST

A: FOUND BRASS CAP "1942" N: 456331.9 - E: 623787.8	H: FOUND 2" IRON PIPE N: 472360.3 - E: 628997.4
B: FOUND 1/2" REBAR N: 458974.0 - E: 623762.4	I: FOUND 1/2" REBAR N: 467091.2 - E: 629058.3
C: FOUND 1/2" REBAR N: 461650.7 - E: 623798.9	J: FOUND COTTON SPINDLE N: 464381.0 - E: 629098.4
D: FOUND COTTON SPINDLE N: 467071.8 - E: 623742.7	K: FOUND 1/2" REBAR N: 461670.8 - E: 629138.2
E: FOUND 1/2" REBAR N: 469700.9 - E: 623730.8	L: FOUND BRASS CAP "1942" N: 456356.5 - E: 629085.5
F: FOUND 5/8" REBAR N: 472325.1 - E: 623732.9	M: FOUND BRASS CAP "1942" N: 456343.8 - E: 626436.3
G: FOUND 1/2" REBAR N: 472345.8 - E: 626348.1	

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

EXHIBIT 2.A

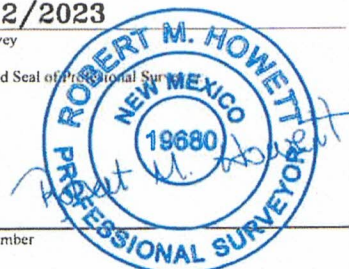
Signature _____ Date _____

Printed Name _____

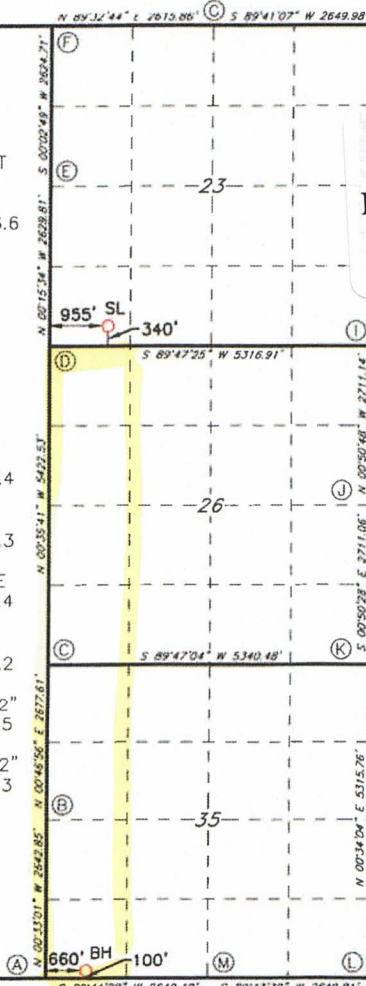
E-mail Address _____

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.

12/12/2023
Date of Survey

Signature and Seal of Professional Surveyor


19680
Certificate Number



JOB No: LS23121110

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
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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 API Number		2 Pool Code 15001		3 Pool Name Culebra Platt; Bone Spring, South					
4 Property Code		5 Property Name LAYLA 26/35 FEE			6 Well Number 521H				
7 GRID NO.		8 Operator Name MEWBOURNE OIL COMPANY			9 Elevation 3017'				
10 Surface Location									
UL or lot no M	Section 23	Township 23S	Range 28E	Lot Idn	Feet from the 340	North/South line SOUTH	Feet From the 975	East/West line WEST	County EDDY
11 Bottom Hole Location If Different From Surface									
UL or lot no M	Section 35	Township 23S	Range 28E	Lot Idn	Feet from the 100	North/South line SOUTH	Feet from the 660	East/West line WEST	County EDDY
12 Dedicated Acres		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.

16

GEODETIC DATA
NAD 83 GRID - NM EAST

SURFACE LOCATION
N: 467415.1 - E: 624715.9
LAT: 32.2847099° N
LONG: 104.0635238° W

CORNER DATA
NAD 83 GRID - NM EAST

A: FOUND BRASS CAP "1942" N: 456331.9 - E: 623787.8	H: FOUND 2" IRON PIPE N: 472360.3 - E: 628997.4
B: FOUND 1/2" REBAR N: 458974.0 - E: 623762.4	I: FOUND 1/2" REBAR N: 467091.2 - E: 629058.3
C: FOUND 1/2" REBAR N: 461650.7 - E: 623798.9	J: FOUND COTTON SPINDLE N: 464381.0 - E: 629098.4
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E: FOUND 1/2" REBAR N: 469700.9 - E: 623730.8	L: FOUND BRASS CAP "1942" N: 456356.5 - E: 629085.5
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G: FOUND 1/2" REBAR N: 472345.8 - E: 626348.1	

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.

12/12/2023
Date of Survey

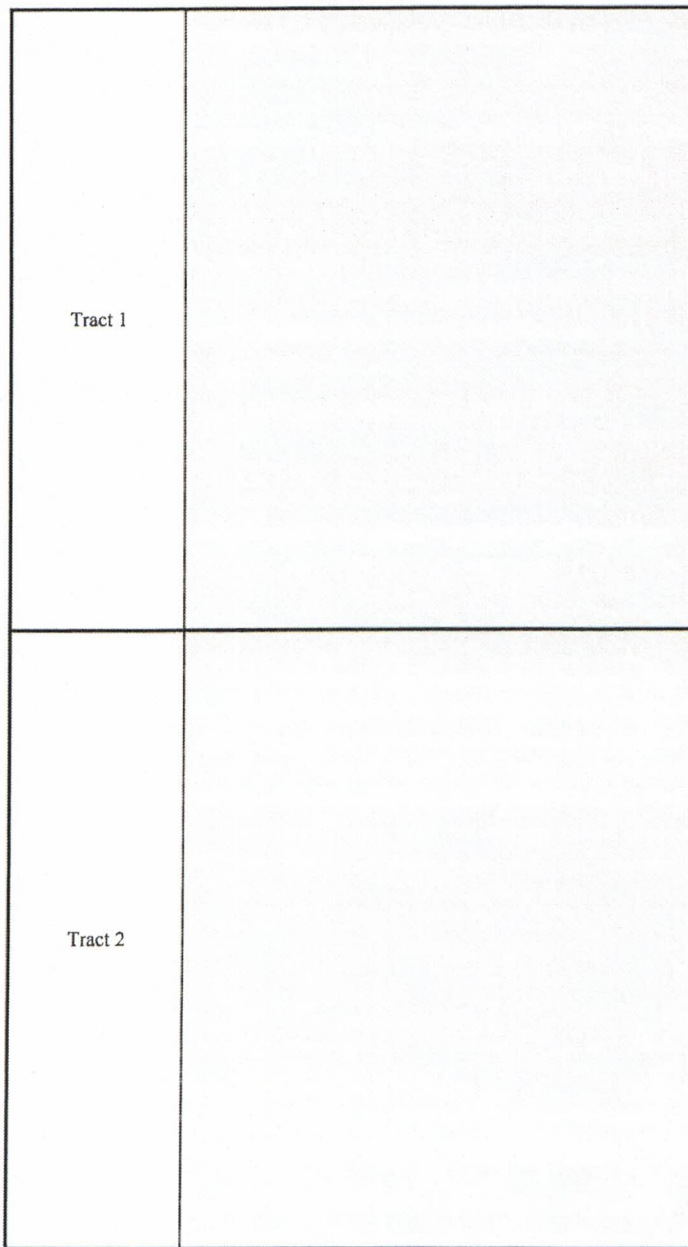
Signature and Seal of Professional Surveyor _____

19680
Certificate Number

JOB No: LS23121112

Section Plat
Layla 26/35 Fee #401H
Layla 26/35 Fee #521H
W/2W/2 of Sec. 26 & W/2W/2 of Sec. 35
T23S-R28E, Eddy County, NM

Section 26



Section 35

Tract 1: W/2W/2 of Section 26 - Fee Lands

Mewbourne Oil Company, et al
The heirs or devisees of Samuel J. Mansfield, Jr. and wife, Anne, Eliza Mansfield
who apparently is Samuel J. Mansfield, III
Erich F. Klein and wife, Clydell Klein
Deborah Roland

Tract 2: W/2W/2 of Section 35 - Fee Lands

Mewbourne Oil Company, et al
Marathon Oil Permian LLC
Bishop Whipple Schools
Heirs of Joe Beeman
Boys Club of America
Juan G. Ruiz
Heirs of C.O. Enderud

EXHIBIT

2.B

RECAPITULATION FOR

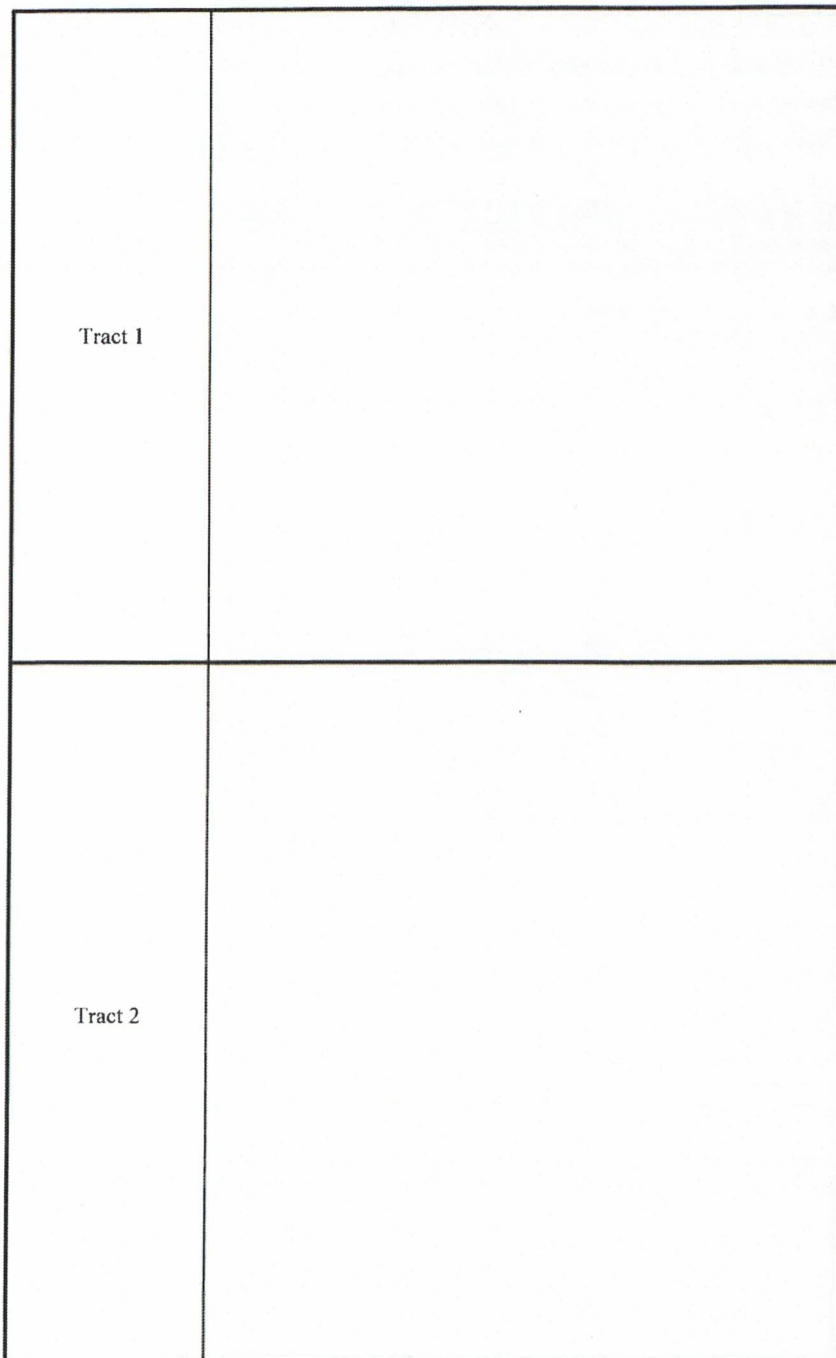
Layla 26/35 Fee #401H

Layla 26/35 Fee #521H

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

T23S-R28E, Eddy County, NM

Section 26



Section 35

TRACT OWNERSHIP

Layla 26/35 Fee #401H

Layla 26/35 Fee #521H

W/2W/2 of Sec. 26 & W/2W/2 of Sec. 35

T23S-R28E, Eddy County, NM

W/2W/2 of Section 26 & W/2W/2 of Section 35**Bone Spring Formation:**

Owner	% of Leasehold Interest
Mewbourne Oil Company, et al.	96.746681%
*Heirs of C.O. Enderud	1.562500%
*Heirs of Joe Beeman	0.787500%
*Erich F. Klein and wife, Clydell Klein	0.273438%
*The heirs or devisees of Samuel J. Mansfield, Jr. and wife, Anne, Eliza Mansfield, is apparently Samuel J. Mansfield, III	0.170898%
*Marathon Oil Permian LLC	0.136718%
*Debora Roland	0.113932%
*Juan G. Ruiz	0.130208%
*Bishop Whipple Schools	0.039063%
*Boys Club of America	0.039063%
TOTAL	100.000000%

Total Interest Being Pooled: 3.253319%

OWNERSHIP BY TRACT**W/2W/2 of Section 26**

Owner	% of Leasehold Interest
Mewbourne Oil Company, et al	98.199870%
The heirs or devisees of Samuel J. Mansfield, Jr. and wife, Anne, Eliza Mansfield, is apparently Samuel J. Mansfield, III	0.341797%
Norma J. Barton Chanley	0.683594%
Erich F. Klein and wife, Clydell Klein	0.546875%
Debora Roland	0.227865%
TOTAL	100.000000%

W/2W/2 of Section 35

Owner	% of Leasehold Interest
Mewbourne Oil Company, et al.	94.609898%
Heirs of C.O. Enderud	3.125000%
Heirs of Joe Beeman	1.575000%
Marathon Oil Permian LLC	0.273435%
Juan G. Ruiz	0.260417%
Bishop Whipple Schools	0.078125%
Boys Club of America	0.078125%
TOTAL	100.000000%

Summary of Communications
Layla 26/35 Fee #401H
Layla 26/35 Fee #521H
W/2W/2 of Section 26 & W/2W/2 of Section 35
T23S-R28E, Eddy County, NM

Marathon Oil Permian LLC

The heirs or devisees of Samuel J. Mansfield, Jr. and wife, Anne, Eliza Mansfield, is apparently Samuel J. Mansfield, III

05/13/2021: Mailed Working Interest Unit and Well Proposal to the above listed party.

09/28/2021: Mailed Proposal to above listed party.

01/02/2024: Mailed Working Interest Unit and Well Proposal to the above listed party.

01/31/2024: Mailed Well Proposal and Well information update to the above listed party.

Heirs of Joe Beeman

Boys Club of America

Heirs of C.O. Enderud

Juan G. Ruiz

Bishop Whipple Schools

06/03/2021: Mailed Working Interest Unit and Well Proposal to the above listed party.

09/28/2021: Mailed Proposal to above listed party.

01/02/2024: Mailed Working Interest Unit and Well Proposal to the above listed party.

01/31/2024: Mailed Well Proposal and Well information update to the above listed party.

Erich F. Klein and wife, Clydell Klein

05/13/2021: Mailed Working Interest Unit and Well Proposal to the above listed party.

09/28/2021: Mailed Proposal to above listed party.

01/02/2024: Mailed Working Interest Unit and Well Proposal to the above listed party.

01/31/2024: Mailed Well Proposal and Well information update to the above listed party.

03/25/2024: Correspondence with above listed party regarding interest in wells.

03/28/2024: Correspondence with above listed party regarding interest in wells.

Debora Roland

05/13/2021: Mailed Working Interest Unit and Well Proposal to the above listed party.

09/28/2021: Mailed Proposal to above listed party.

01/02/2024: Mailed Working Interest Unit and Well Proposal to the above listed party.

01/10/2024: Correspondence with above listed party regarding interest in wells.

01/31/2024: Mailed Well Proposal and Well information update to the above listed party.

EXHIBIT 2.c

MEWBOURNE OIL COMPANY

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

TELEPHONE (432) 682-3715

January 2, 2024

Via Certified Mail

Working Interest Owner

Re: Layla 26 Fee #523H
SL: 340' FSL & 995' FEL (Section 23);
BHL: 100' FSL & 2200' FWL (Section 26)

Layla 26/35 Fee #403H
SL: 340' FSL & 1015' FEL (Section 23);
BHL: 100' FSL & 2200' FWL (Section 35)

Layla 26/35 Fee #401H
SL: 340' FSL & 955' FEL (Section 23);
BHL: 100' FSL & 660' FWL (Section 35)

Layla 26/35 Fee #521H
SL: 340' FSL & 975' FEL (Section 23);
BHL: 100' FSL & 660' FWL (Section 35)

Sections 26 & 35, T23S, R28E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to drill the captioned Layla 26 Fee #523H 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 8,350 feet subsurface to evaluate the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 13,850 feet. The E/2W/2 of the captioned Section 26 will be dedicated to the well as the spacing unit.

In addition, Mewbourne as Operator hereby proposes to drill the captioned Layla 26/35 Fee #403H 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 7,310 feet subsurface to evaluate the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 18,240 feet. The E/2W/2 of the captioned Section 26 and the E/2W/2 of the captioned Section 35 will be dedicated to the well as the spacing unit.

In addition, Mewbourne as Operator hereby proposes to drill the captioned Layla 26/35 Fee #401H 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 7,310 feet subsurface to evaluate the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 18,240 feet. The W/2W/2 of the captioned Section 26 and the W/2W/2 of the captioned Section 35 will be dedicated to the well as the spacing unit.

Finally, Mewbourne as Operator hereby proposes to drill the captioned Layla 26/35 Fee #521H 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 8,350 feet subsurface to evaluate the Bone

Spring Formation. The proposed well will have a measured depth (MD) of approximately 19,240 feet. The W/2W/2 of the captioned Section 26 and the W/2W/2 of the captioned Section 35 will be dedicated to the well as the spacing unit.

Regarding the above, enclosed for your further handling are our AFEs dated December 21, 2023 for the captioned proposed wells. In the event your firm elects to participate in the proposed wells, please execute the enclosed AFEs and return to me within thirty (30) days. Our proposed Operating Agreement has COPAS rates of \$8,000/month while drilling, \$800/month for a producing well and a non-consent penalty of 100%/300%. If you wish to participate, in the above wells, please let me know and I will provide a complete copy of the Operating Agreement for your review.

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

Sincerely,

MEWBOURNE OIL COMPANY

Mitch Robb
Landman

MEWBOURNE OIL COMPANY

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

TELEPHONE (432) 682-3715

January 31, 2024

Via Certified Mail

Working Interest Owner

Re: Layla 26/35 Fee #563H
SL: 340' FSL & 1035' FWL (Section 23);
BHL: 100' FSL & 1850' FWL (Section 35)

Sections 26 & 35, T23S, R28E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to drill the captioned Layla 26/35 Fee #563H 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 8,874 feet subsurface to evaluate the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 19,675 feet. The E/2W/2 of the captioned Section 26 and the E/2W/2 of the captioned Section 35 will be dedicated to the well as the spacing unit.

Regarding the above, enclosed for your further handling is our AFE dated January 30, 2024 for the captioned proposed well. In the event your firm elects to participate in the proposed wells, please execute the enclosed AFEs and return to me within thirty (30) days. Our proposed Operating Agreement has COPAS rates of \$8,000/month while drilling, \$800/month for a producing well and a non-consent penalty of 100%/300%. If you wish to participate, in the above wells, please let me know and I will provide a complete copy of the Operating Agreement for your review.

This captioned well will be drilled alongside the Layla wells proposed by letter dated January 2, 2024 ("previously proposed wells"). Due to the addition of this well, the SL and BHL of the previously proposed wells were adjusted to the following:

New Well Name	Old Well Name	New Surface Location	New Bottomhole Location
LAYLA 26/35 FEE #404H (B1CN)	LAYLA 26/35 FEE #403H (B1CN)	340 FSL & 1015 FWL (23)	100 FSL & 2200 FWL (35)
LAYLA 26/35 FEE #401H (B1DM)	Same	340 FSL & 955 FWL (23)	100 FSL & 660 FWL (35)
LAYLA 26/35 FEE #521H (B2DM)	Same	340 FSL & 975 FWL (23)	100 FSL & 660 FWL (35)
LAYLA 26 FEE #524H (B2CN)	LAYLA 26 FEE #523H (B2CN)	340 FSL & 995 FWL (23)	100 FSL & 2200 FWL (26)

In addition, the previously proposed Layla 26/35 Fee #403H and Layla 26 Fee #523H will be sundry name changed to the Layla 26/35 Fee #404H and Layla 26 Fee #524H respectively.

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

Sincerely,

MEWBOURNE OIL COMPANY

Mitch Robb
Landman

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: **LAYLA 26/35 FEE #401H (B1DM)** Prospect: **Layla 35**
 Location: **SL: 340 FSL & 955 FEL (23); BHL: 100 FSL & 660 FWL (35)** County: **Eddy** ST: **NM**
 Sec. **23** Blk: Survey: TWP: **23S** RNG: **28E** Prop. TVD: **7310** TMD: **18240**

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	\$20,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	\$50,000	0180-0205	\$35,000
Location / Restoration		0180-0106	\$200,000	0180-0206	\$75,000
Daywork / Turnkey / Footage Drilling	17 days drtg / 3 days comp @ \$28000/d	0180-0110	\$508,400	0180-0210	\$89,700
Fuel	1700 gal/day @ \$3.9/gal	0180-0114	\$120,400	0180-0214	\$169,000
Alternate Fuels		0180-0115		0180-0215	\$89,000
Mud, Chemical & Additives		0180-0120	\$40,000	0180-0220	
Mud - Specialized		0180-0121	\$240,000	0180-0221	
Horizontal Drillout Services				0180-0222	\$200,000
Stimulation Toe Preparation				0180-0223	\$25,000
Cementing		0180-0125	\$180,000	0180-0225	\$50,000
Logging & Wireline Services		0180-0130	\$40,000	0180-0230	\$300,000
Casing / Tubing / Snubbing Services		0180-0134	\$45,000	0180-0234	\$16,000
Mud Logging		0180-0137	\$15,000		
Stimulation	51 Stg 20.2 MM gal / 20.2 MM lb			0180-0241	\$2,240,000
Stimulation Rentals & Other				0180-0242	\$222,000
Water & Other	100% PW @ \$0.25/bbl ff CWMS	0180-0145	\$35,000	0180-0245	\$129,000
Bits		0180-0148	\$64,100	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	\$24,000
Completion / Workover Rig				0180-0260	\$10,500
Rig Mobilization		0180-0164	\$150,000		
Transportation		0180-0165	\$30,000	0180-0265	\$75,000
Welding, Construction & Maint. Services		0180-0168	\$4,000	0180-0268	\$16,500
Contract Services & Supervision		0180-0170	\$114,000	0180-0270	\$60,000
Directional Services	Includes Vertical Control	0180-0175	\$266,000		
Equipment Rental		0180-0180	\$125,300	0180-0280	\$100,000
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$4,700	0180-0285	
Intangible Supplies		0180-0188	\$7,000	0180-0288	\$1,000
Damages		0180-0190	\$50,000	0180-0290	\$1,000
Pipeline Interconnect, ROW Easements		0180-0192		0180-0292	\$10,000
Company Supervision		0180-0195	\$72,000	0180-0295	\$32,400
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Contingencies	5% (TCP) 5% (CC)	0180-0199	\$122,900	0180-0299	\$200,300
TOTAL			\$2,580,800		\$4,205,400

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0")	530' - 13 3/8" 54.5# J-55 ST&C @ \$47.92/ft	0181-0794	\$27,100		
Casing (8.1" - 10.0")	2550' - 9 5/8" 40# HCL80 LT&C @ \$40.67/ft	0181-0795	\$110,800		
Casing (6.1" - 8.0")	6800' - 7" 29# HPP110 BT&C @ \$38.93/ft	0181-0796	\$262,700		
Casing (4.1" - 6.0")	11640' - 4 1/2" 13.5# HCP-110 CDC-HTQ @ \$21.65/ft			0181-0797	\$269,100
Tubing	6750' - 3 1/2" 9.2# L-80 IPC Tbg @ \$17.4/ft			0181-0798	\$125,400
Drilling Head		0181-0860	\$50,000		
Tubing Head & Upper Section				0181-0870	\$30,000
Horizontal Completion Tools				0181-0871	
Subsurface Equip. & Artificial Lift				0181-0880	\$40,000
Service Pumps	(1/4) TP/CP/Circ pump			0181-0886	\$9,500
Storage Tanks	(1/4) (6)OT/(5)WT/(1)GB			0181-0890	\$102,000
Emissions Control Equipment	(1/4) (3)VRT/(1)VRU/(1)FLARE/(3)KO/(1)AIR			0181-0892	\$95,000
Separation / Treating Equipment	(1/4) (1)BULK H SEP/(2)TEST H SEP 500#/(1)V SEP 500#/(2)			0181-0895	\$65,000
Automation Metering Equipment				0181-0898	\$62,000
Oil/Gas Pipeline-Pipe/Valves&Misc				0181-0900	\$21,000
Water Pipeline-Pipe/Valves & Misc				0181-0901	\$12,500
On-site Valves/Fittings/Lines&Misc				0181-0906	\$125,000
Wellhead Flowlines - Construction				0181-0907	\$46,000
Cathodic Protection				0181-0908	
Electrical Installation				0181-0909	\$103,000
Equipment Installation				0181-0910	\$100,000
Oil/Gas Pipeline - Construction				0181-0920	\$15,000
Water Pipeline - Construction				0181-0921	\$44,000
TOTAL			\$470,600		\$1,264,500
SUBTOTAL			\$3,051,400		\$5,469,900

TOTAL WELL COST \$8,521,300

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: Ryan McDaniel Date: 12/19/2023
 Company Approval: *M. Whittall* Date: 12/21/2023
 Joint Owner Interest: _____ Amount: _____
 Joint Owner Name: _____ Signature: _____

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: LAYLA 26/35 FEE #521H (B2DM) Prospect: Layla 35
 Location: SL: 340 FSL & 975 FEL (23); BHL: 100 FSL & 660 FWL (35) County: Eddy ST: NM
 Sec. 23 Blk: Survey: TWP: 23S RNG: 28E Prop. TVD: 8350 TMD: 19240

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	\$20,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	\$50,000	0180-0205	\$35,000
Location / Restoration		0180-0106	\$200,000	0180-0206	\$75,000
Daywork / Turnkey / Footage Drilling	16 days drlg / 3 days comp @ \$28000/d	0180-0110	\$478,500	0180-0210	\$89,700
Fuel	1700 gal/day @ \$3.9/gal	0180-0114	\$113,300	0180-0214	\$169,000
Alternate Fuels		0180-0115		0180-0215	\$89,000
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	\$180,000	0180-0225	\$50,000
Logging & Wireline Services		0180-0130	\$40,000	0180-0230	\$300,000
Casing / Tubing / Snubbing Services		0180-0134	\$40,000	0180-0234	\$16,000
Mud Logging		0180-0137	\$15,000		
Stimulation	51 Stg 20.2 MM gal / 20.2 MM lb			0180-0241	\$2,240,000
Stimulation Rentals & Other				0180-0242	\$222,000
Water & Other	100% PW @ \$0.25/bbl f/ CWMS	0180-0145	\$35,000	0180-0245	\$129,000
Bits		0180-0148	\$64,100	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	\$24,000
Completion / Workover Rig				0180-0260	\$10,500
Rig Mobilization		0180-0164	\$150,000		
Transportation		0180-0165	\$30,000	0180-0265	\$75,000
Welding, Construction & Maint. Services		0180-0168	\$4,000	0180-0268	\$16,500
Contract Services & Supervision		0180-0170	\$108,300	0180-0270	\$60,000
Directional Services	Includes Vertical Control	0180-0175	\$247,000		
Equipment Rental		0180-0180	\$119,800	0180-0280	\$100,000
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$5,000	0180-0285	
Intangible Supplies		0180-0188	\$7,000	0180-0288	\$1,000
Damages		0180-0190	\$50,000	0180-0290	\$1,000
Pipeline Interconnect, ROW Easements		0180-0192		0180-0292	\$10,000
Company Supervision		0180-0195	\$68,400	0180-0295	\$32,400
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Contingencies	5% (TCP) 5% (CC)	0180-0199	\$118,600	0180-0299	\$200,300
TOTAL			\$2,491,000		\$4,205,400

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0")	530' - 13 3/8" 54.5# J-55 ST&C @ \$47.92/ft	0181-0794	\$27,100		
Casing (8.1" - 10.0")	2550' - 9 5/8" 40# HCL80 LT&C @ \$40.67/ft	0181-0795	\$110,800		
Casing (6.1" - 8.0")	7800' - 7" 29# HPP110 BT&C @ \$38.93/ft	0181-0796	\$324,300		
Casing (4.1" - 6.0")	11640' - 4 1/2" 13.5# HCP-110 CDC-HTQ @ \$21.65/ft			0181-0797	\$269,100
Tubing	7750' - 3 1/2" 9.2# L-80 IPC Tbg @ \$17.4/ft			0181-0798	\$144,000
Drilling Head		0181-0860	\$50,000		
Tubing Head & Upper Section				0181-0870	\$30,000
Horizontal Completion Tools				0181-0871	
Subsurface Equip. & Artificial Lift				0181-0880	\$40,000
Service Pumps	(1/4) TP/CPI/Circ pump			0181-0886	\$9,500
Storage Tanks	(1/4) (6)OT/(5)WT/(1)GB			0181-0890	\$102,000
Emissions Control Equipment	(1/4) (3)VRT/(1)VRU/(1)FLARE/(3)KO/(1)AIR			0181-0892	\$95,000
Separation / Treating Equipment	(1/4) (1)BULK H SEP/(2)TEST H SEP 500#/(1)V SEP 500#/(2)			0181-0895	\$65,000
Automation Metering Equipment				0181-0898	\$62,000
Oil/Gas Pipeline-Pipe/Valves&Misc				0181-0900	\$21,000
Water Pipeline-Pipe/Valves & Misc				0181-0901	\$12,500
On-site Valves/Fittings/Lines&Misc				0181-0906	\$125,000
Wellhead Flowlines - Construction				0181-0907	\$46,000
Cathodic Protection				0181-0908	
Electrical Installation				0181-0909	\$103,000
Equipment Installation				0181-0910	\$100,000
Oil/Gas Pipeline - Construction				0181-0920	\$15,000
Water Pipeline - Construction				0181-0921	\$44,000
TOTAL			\$512,200		\$1,283,100
SUBTOTAL			\$3,003,200		\$5,488,500

TOTAL WELL COST \$8,491,700

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: Ryan McDaniel Date: 12/19/2023
 Company Approval: *M. Whittall* Date: 12/21/2023

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