



Stephanie Garcia Richard
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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COMMISSIONER'S OFFICE

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July 21, 2021

Mewbourne Oil Company
ATTN: Ms. Adriana Jimenez-Salgado
500 W. Texas Ave. #1020
Midland, Texas 79701

Re: Final Approval of Unit Expansion
North Wilson Deep Unit
Lea County, New Mexico

Dear Ms. Jimenez-Salgado,

This office has received your letter dated July 7, 2021 in which Mewbourne Oil Company requested final approval for the expansion of the North Wilson Deep Unit (Contracted), Lea County, New Mexico.

The New Mexico State Land Office has this date granted final approval for the North Wilson Deep Unit Agreement. State Land Office approval is subject to like approval by the New Mexico Oil Conservation Division.

- Your filing fee of \$1800.00 (\$100 per section or partial section thereof) has been received.
- Enclosed are five (5) Certificates of Approval.
- Please note the attached checklist to assist in completing the NM State Land Office requirements for this unit.

As specified in the unit agreement expansion and Option B of your e-mail dated July 7, 2021, Mewbourne has agreed, as of the effective date of the expansion, on the following Option to expand the Unit:

OPTION B

- 1.) SLO will allow the full 11,036.44 acres to be added to the existing 1,105.95 acre unit for a total of 12,142.39 acres.
- 2.) The first 2 wells will be spud by 12/31/2021, or within one year from the effective date of the Unit Agreement.
- 3.) 14 wells will need to be drilled and producing by the end of 5 years, or the unit will contract down to the producing drill blocks.

- 4.) Unit will contract to producing drill blocks after 10 years.
- 5.) The existing Morrow well (North Wilson Deep Unit #002 – API No. 30-025-21718), with a surface location of 1980 feet from the North Line and 1980 feet from the West Line (Lot 6) of Section 5, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico will remain as the initial unit well and will be excluded from the unit when a Bone Spring well in the unit is deemed commercial by the State Land Office. On the date a Bone Spring well is deemed commercial in the unit, the commercial Bone Spring well will become the Initial Bone Spring well in the unit, and the Morrow well will produce on the lease basis only.

If you have any questions or if we may be of further assistance, please contact Units Manager Scott Dawson at 505.827.5791 or sdawson@slo.state.nm.us

Respectfully,

A handwritten signature in blue ink, appearing to read "S. Garcia Richard" followed by a stylized flourish.

Stephanie Garcia Richard
Commissioner of Public Lands

SGR/sd

cc: NMOCD, Attn: Mr. Leonard Lowe
SLORMD, Attn: Ms. Billie Luther
OGMD and Units Reader Files

NEW MEXICO STATE LAND OFFICE

AMENDED CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

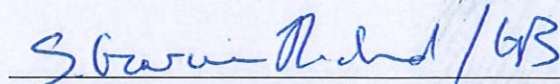
Mewbourne Oil Company
NORTH WILSON DEEP UNIT AGREEMENT
LEA COUNTY, NEW MEXICO

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Unit Agreement for the development and operation of acreage which is described within the referenced Agreement, dated MAY 1, 2020, which said Agreement has been executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes annotated, 1978 Compilation, I the undersigned Commissioner of Public Lands of the State of New Mexico, do hereby consent to and approve the said Agreement, however, such consent and approval being limited and restricted to such lands within the Unit Area, which are effectively committed to the Unit Agreement as of this date, and further, that leases insofar as the lands covered thereby committed to this Unit Agreement shall be and the same are hereby amended to conform with the terms of such Unit Agreement, and said leases shall remain in full force and effect in accordance with the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 21st day of JULY, 2021.



Commissioner of Public Lands
Of the State of New Mexico

**NM State Land Office Post-Approval Checklist
For North Wilson Deep Unit**

- The first two (2) wells in the unit will be spud before 12/31/2021 or within 1 year from the effective date of the Unit Agreement.
- Name all unit wells as “Unit Name Unit” wells.

After 6 months from first production of the initial well, submit to the Land Commissioner

- A “paying quantities” determination request.
- If the well is deemed commercial, submit a Unit Wide Participating Area Application.

Plans of development should include

1. A section that outlines ongoing development and/or maintenance in 2021 (address new drilling, recompletions, workovers, P&As, and any other activities that may impact production);
2. An aerial photo (preferred) or map that illustrates both current and planned infrastructure for the unit: well locations, tank batteries, gathering systems, and any other facilities that may impact the surface of New Mexico State Trust lands;
3. A list of active wells in the unit with their API numbers; and
4. Any additional information that may have relevance to our approval of the Plan of Development.

NOTE: SINCE MEWBOURNE HAS AGREED TO SPUD 2 WELLS BY DECEMBER 31, 2021 OR WITHIN ONE YEAR FROM THE EFFECTIVE DATE OF THE AGREEMENT - NO PLAN OF DEVELOPMENT FOR 2021 IS REQUIRED.

- File subsequent plans of development on a calendar year basis not later than March 1 each year.