

**CASE NO. 22160**

**APPLICATION OF MEWBOURNE OIL COMPANY TO RE-OPEN CASE NO. 21770**  
**FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO**

**MEWBOURNE OIL COMPANY'S EXHIBIT LIST**

— PART ONE

- 1-A. Application and Order in Case No. 21770
- 1-B. Application and Proposed Notice in Case No. 22160
- 2-A. Landman's Affidavit in Case No. 21770
- 2-B. Request to Pool Additional Parties
- 3. Geologist's Affidavit
- 4. Notice Affidavit
- 5. Affidavit of Publication
- 6. Pooling Checklist

**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION****APPLICATION OF MEWBOURNE OIL  
COMPANY FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.**Case No. 21770**APPLICATION**

Mewbourne Oil Company applies for an order pooling all mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the W $\frac{1}{2}$  of Section 35 and the W $\frac{1}{2}$  of Section 26, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the W $\frac{1}{2}$  of Section 35 and the W $\frac{1}{2}$  of Section 26, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the following wells on the unit to depths sufficient to test the Wolfcamp formation:
  - (a) The Layla 35/26 W0MD Fee Well No. 1H, with a first take point in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 35 and a last take point in the NW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 26;
  - (b) The Layla 35/26 W0NC Fee Well No. 1H, with a first take point in the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 35 and a last take point in the NE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 26; and
  - (c) The Layla 35/26 W0NC Fee Well No. 2H, with a first take point in the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 35 and a last take point in the NE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 26.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$  of Section 35 and the W $\frac{1}{2}$  of Section 26 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to

EXHIBIT

/ - A



the wells, certain mineral interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying W $\frac{1}{2}$  of Section 35 and the W $\frac{1}{2}$  of Section 26, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interest owners in the Wolfcamp formation underlying the W $\frac{1}{2}$  of Section 35 and the W $\frac{1}{2}$  of Section 26 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interest owners in the Wolfcamp formation underlying the W $\frac{1}{2}$  of Section 35 and the W $\frac{1}{2}$  of Section 26 to form a standard 640 acre spacing and proration unit;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling, completing, and equipping the wells and allocating the cost thereof among the wells' working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling, completing, and equipping the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-204e

Attorney for Mewbourne Oil Company

PROPOSED ADVERTISEMENT

***Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.***  
Mewbourne Oil Company seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the W/2 of Section 35 and the W/2 of Section 26, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. The unit will be dedicated to: (a) The Layla 35/26 W0MD Fee Well No. 1H, with a first take point in the SW/4SW/4 of Section 35 and a last take point in the NW/4NW/4 of Section 26; (b) The Layla 35/26 W0NC Fee Well No. 1H, with a first take point in the SE/4SW/4 of Section 35 and a last take point in the NE/4NW/4 of Section 26; and (c) The Layla 35/26 W0NC Fee Well No. 2H, with a first take point in the SE/4SW/4 of Section 35 and a last take point in the NE/4NW/4 of Section 26. Also to be considered will be the cost of drilling, completing and equipping the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling, completing, and equipping the wells. The unit is located approximately 3-1/2 miles north-northeast of Malaga, New Mexico.



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

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
MEWBOURNE OIL COMPANY**

**CASE NO. 21770  
ORDER NO. R-21723**

**ORDER**

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on May 20, 2021, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

1. Mewbourne Oil Company ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**CONCLUSIONS OF LAW**

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the

depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

### **ORDER**

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown.
21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
22. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the

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well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share

of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.

30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL  
DIRECTOR  
AES/jag

Date: 6/07/2021

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## Exhibit A

<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case:</b>	<b>21770</b>
<b>Date</b>	<b>May 20, 2021</b>
<b>Applicant</b>	Mewbourne Oil Company
<b>Designated Operator &amp; OGRID (affiliation if applicable)</b>	Mewbourne Oil Company/OGRID No. 14744
<b>Applicant's Counsel:</b>	James Bruce
<b>Case Title:</b>	Application of Mewbourne Oil Company for Compulsory Pooling, Eddy County, New Mexico
<b>Entries of Appearance/Intervenors:</b>	
<b>Well Family</b>	Layla Wolfcamp wells
<b>Formation/Pool</b>	
<b>Formation Name(s) or Vertical Extent:</b>	Wolfcamp Formation
<b>Primary Product (Oil or Gas):</b>	Gas
<b>Pooling this vertical extent:</b>	Entire Wolfcamp formation
<b>Pool Name and Pool Code:</b>	Purple Sage; Wolfcamp (Gas)/Pool Code 98220
<b>Well Location Setback Rules:</b>	Purple Sage pool rules and current horizontal well rules
<b>Spacing Unit Size:</b>	Half Section/320 acres
<b>Spacing Unit</b>	
<b>Type (Horizontal/Vertical)</b>	Horizontal
<b>Size (Acres)</b>	640 acres
<b>Building Blocks:</b>	320 acres
<b>Orientation:</b>	East-West
<b>Description: TRS/County</b>	W/2 §35 and W/2 §26-23S-28E, NMPM, Eddy County
<b>Standard Horizontal Well Spacing Unit (Y/N), If No, describe</b>	Yes
<b>Other Situations</b>	
<b>Depth Severance: Y/N. If yes, description</b>	No
<b>Proximity Tracts: If yes, description</b>	No
<b>Proximity Defining Well: if yes, description</b>	EXHIBIT 5
<b>Applicant's Ownership in Each Tract</b>	Exhibit 2B
<b>Well(s)</b>	
<b>Name &amp; API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)</b>	Layla 35/26 W0MD Fee Well No. 1H API No. 30-015-Pending SHL: 225 FSL & 1870 FWL §35 BHL: 330 FNL & 440 FWL §26 FTP: 330 SNL & 440 FWL §35 LTP: 330 FNL & 440 FWL §16 Upper Wolfcamp/TVD 9633 feet/MD 19750 feet

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	<p>Layla 35/26 W0NC Fee Well No. 1H  API No. 30-015-Pending  SHL: 225 FSL &amp; 1900 FWL \$35  BHL: 330 FNL &amp; 1335 FWL \$26  FTP: 330 SNL &amp; 1335 FWL \$35  LTP: 330 FNL &amp; 1335 FWL \$16  Upper Wolfcamp/TVD 9653 feet/MD 19700 feet</p> <p>Layla 35/26 W0NC Fee Well No. 2H  API No. 30-015-Pending  SHL: 225 FSL &amp; 1930 FWL \$35  BHL: 330 FNL &amp; 2200 FWL \$26  FTP: 330 SNL &amp; 2200 FWL \$35  LTP: 330 FNL &amp; 2200 FWL \$16  Upper Wolfcamp/TVD 9673 feet/MD 19725 feet</p>
Horizontal Well First and Last Take Points	See above
Completion Target (Formation, TVD and MD)	See above
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit 2B, page 2
Requested Risk Charge	Cost + 200%/Exhibit 2B, page 2
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit 1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit 4
Proof of Published Notice of Hearing (10 days before hearing)	
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit 2-B
Tract List (including lease numbers and owners)	
Pooled Parties (including ownership type)	Exhibit 2-C
Unlocatable Parties to be Pooled	None
Ownership Depth Severance (including percentage above & below)	None
<b>Joinder</b>	
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

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Cost Estimate for Production Facilities	Exhibit 2-D
<b>Geology</b>	
Summary (including special considerations)	Exhibit 3
Spacing Unit Schematic	Exhibit 3-A
Gunbarrel/Lateral Trajectory Schematic	Exhibit 3-A
Well Orientation (with rationale)	Standup/Exhibit 3
Target Formation	Wolfcamp
HSU Cross Section	Exhibit 3-B
Depth Severance Discussion	Not Applicable
<b>Forms, Figures and Tables</b>	
C-102	Exhibit 2-A
Tracts	Exhibit 2-A
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit 2-B
General Location Map (including basin)	Exhibit 2-A
Well Bore Location Map	Exhibit 2-A
Structure Contour Map - Subsea Depth	Exhibit 3-A
Cross Section Location Map (including wells)	Exhibit 3-B
Cross Section (including Landing Zone)	Exhibit 3-B
<b>Additional Information</b>	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
<b>Printed Name</b> (Attorney or Party Representative):	James Bruce
<b>Signed Name</b> (Attorney or Party Representative):	<i>James Bruce</i>
<b>Date:</b>	May 18, 2021

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**BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION****APPLICATION OF MEWBOURNE OIL  
COMPANY TO RE-OPEN CASE NO. 21770  
FOR COMPULSORY POOLING TO POOL  
ADDITIONAL PARTIES, EDDY COUNTY,  
NEW MEXICO.**Case No. 22160**APPLICATION**

Mewbourne Oil Company applies for an order pooling additional mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the W $\frac{1}{2}$  of Section 35 and the W $\frac{1}{2}$  of Section 26, Township 23 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof, states:

1. Applicant is an interest owner in the W $\frac{1}{2}$  of Section 35 and the W $\frac{1}{2}$  of Section 26, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the following wells on the unit to depths sufficient to test the Wolfcamp formation:
  - (a) The Layla 35/26 W0MD Fee Well No. 1H, with a first take point in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 35 and a last take point in the NW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 26;
  - (b) The Layla 35/26 W0NC Fee Well No. 1H, with a first take point in the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 35 and a last take point in the NE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 26; and
  - (c) The Layla 35/26 W0NC Fee Well No. 2H, with a first take point in the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 35 and a last take point in the NE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 26.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W $\frac{1}{2}$  of Section 35 and the W $\frac{1}{2}$  of Section 26 for the purposes set forth herein.

EXHIBIT

1-B



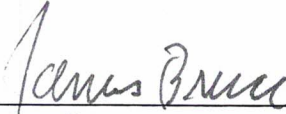
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to the wells, certain mineral interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying W $\frac{1}{2}$  of Section 35 and the W $\frac{1}{2}$  of Section 26, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interest owners in the Wolfcamp formation underlying the W $\frac{1}{2}$  of Section 35 and the W $\frac{1}{2}$  of Section 26 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interest owners in the Wolfcamp formation underlying the W $\frac{1}{2}$  of Section 35 and the W $\frac{1}{2}$  of Section 26 to form a standard 640 acre spacing and proration unit;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling, completing, and equipping the wells and allocating the cost thereof among the wells' working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling, completing, and equipping the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



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James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-204e

Attorney for Mewbourne Oil Company



***Application of Mewbourne Oil Company to re-open Case No. 21770 for compulsory pooling to pool additional parties, Eddy County, New Mexico.*** Mewbourne Oil Company seeks an order pooling all uncommitted mineral interest owners in the Wolfcamp formation underlying a horizontal spacing unit comprised of the W/2 of Section 35 and the W/2 of Section 26, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. The unit will be dedicated to: (a) The Layla 35/26 W0MD Fee Well No. 1H, with a first take point in the SW/4SW/4 of Section 35 and a last take point in the NW/4NW/4 of Section 26; (b) The Layla 35/26 W0NC Fee Well No. 1H, with a first take point in the SE/4SW/4 of Section 35 and a last take point in the NE/4NW/4 of Section 26; and (c) The Layla 35/26 W0NC Fee Well No. 2H, with a first take point in the SE/4SW/4 of Section 35 and a last take point in the NE/4NW/4 of Section 26. Also to be considered will be the cost of drilling, completing and equipping the wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a 200% charge for the risk involved in drilling, completing, and equipping the wells. The unit is located approximately 3-1/2 miles north-northeast of Malaga, New Mexico.

**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. 21770**

**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 Wolfcamp 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 Wolfcamp formation underlying the W/2 of Section 26 and the W/2 of Section 35, Township 23 South, Range 28 East, NMPM. The unit will be dedicated to:

- (i) the Layla 35/26 W0MD Fee #1H, a horizontal well with a first take point in the SW/4SW/4 of 35 and a final take point in the NW/4NW/4 of Section 26;
- (ii) the Layla 35/26 W0NC Fee #1H, a horizontal well with a first take point in the SE/4SW/4 of 35 and a final take point in the NE/4NW/4 of Section 26;
- (iii) the Layla 35/26 W0NC Fee #2H, a horizontal well with a first take point in the SE/4SW/4 of 35 and a final take point in the NE/4NW/4 of Section 26;

EXHIBIT

2-A



- (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.
- (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 Accurant and Whitepages.
- (f) 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.

VERIFICATION

STATE OF TEXAS                    )  
  ) ss.  
COUNTY OF MIDLAND            )

Mitch Robb, being duly sworn upon his oath, deposes and states that: He is a landman for Mewbourne Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.

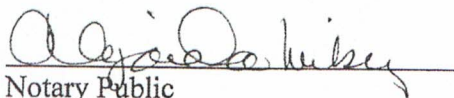
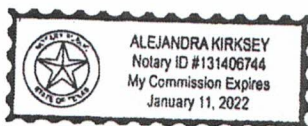


Mitch Robb

SUBSCRIBED AND SWORN TO before me this 31st day of March, 2021 by Mitch Robb.

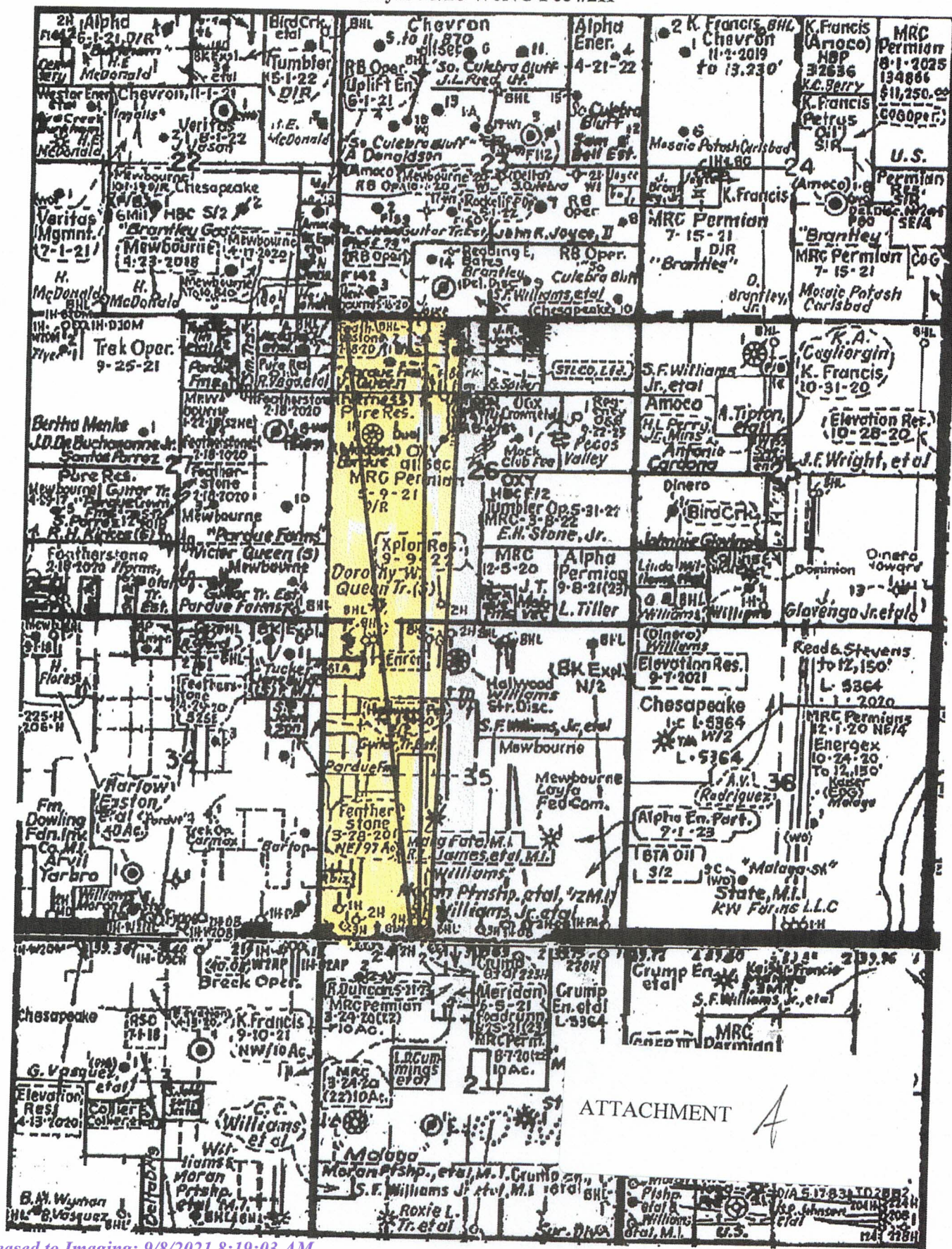
My Commission Expires:

*January 11, 2022*

  
Notary Public



**Layla 35/26 W0NC Fee #2H**





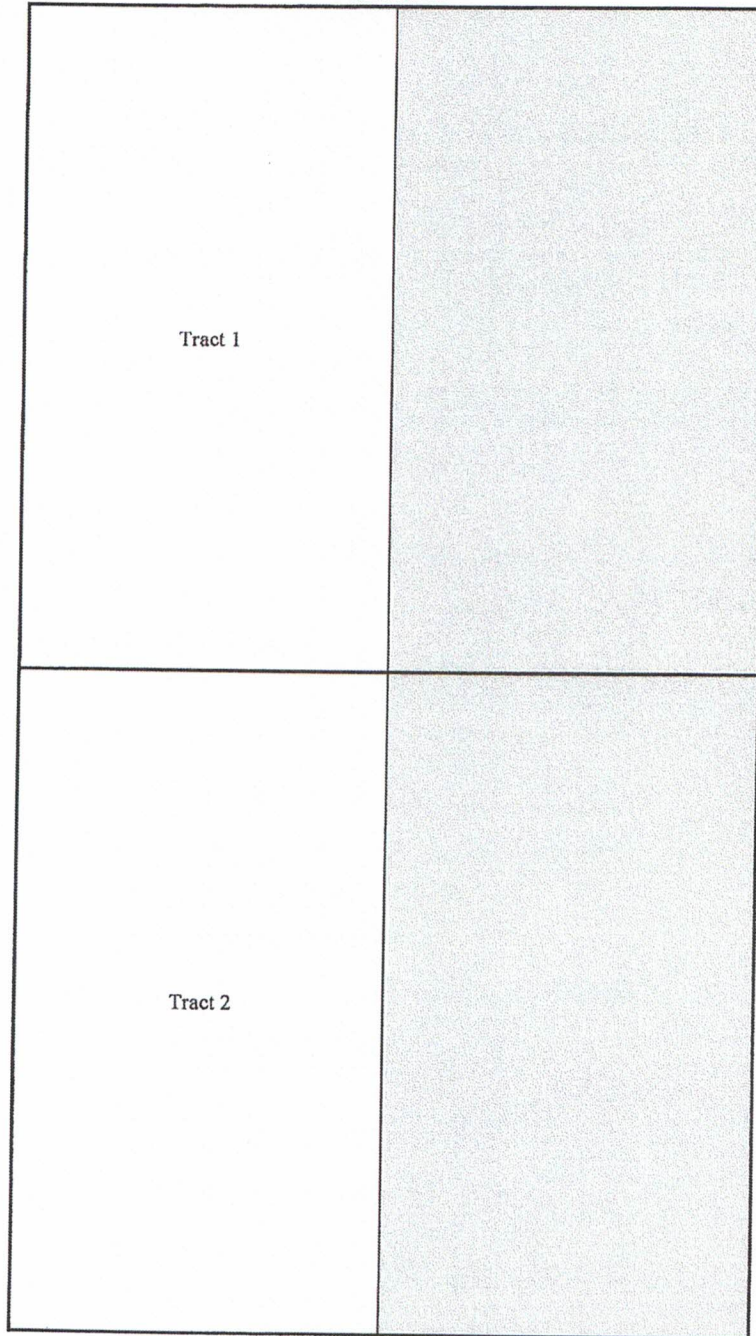
**Section Plat**

Layla 35/26 W0MD Fee #1H

Layla 35/26 W0NC Fee #1H

Layla 35/26 W0NC Fee #2H

W/2 of Sec. 26 &amp; W/2 of Sec. 35-T23S-R28E, Eddy County, NM

**Section 26****Section 35****Tract 1: W/2 of Section 26 - Fee Lands**

BK Exploration Corporation, et al.

Chevron U.S.A. Inc.

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

Mewbourne Oil Company, et al

Chevron U.S.A. Inc.

ATTACHMENT

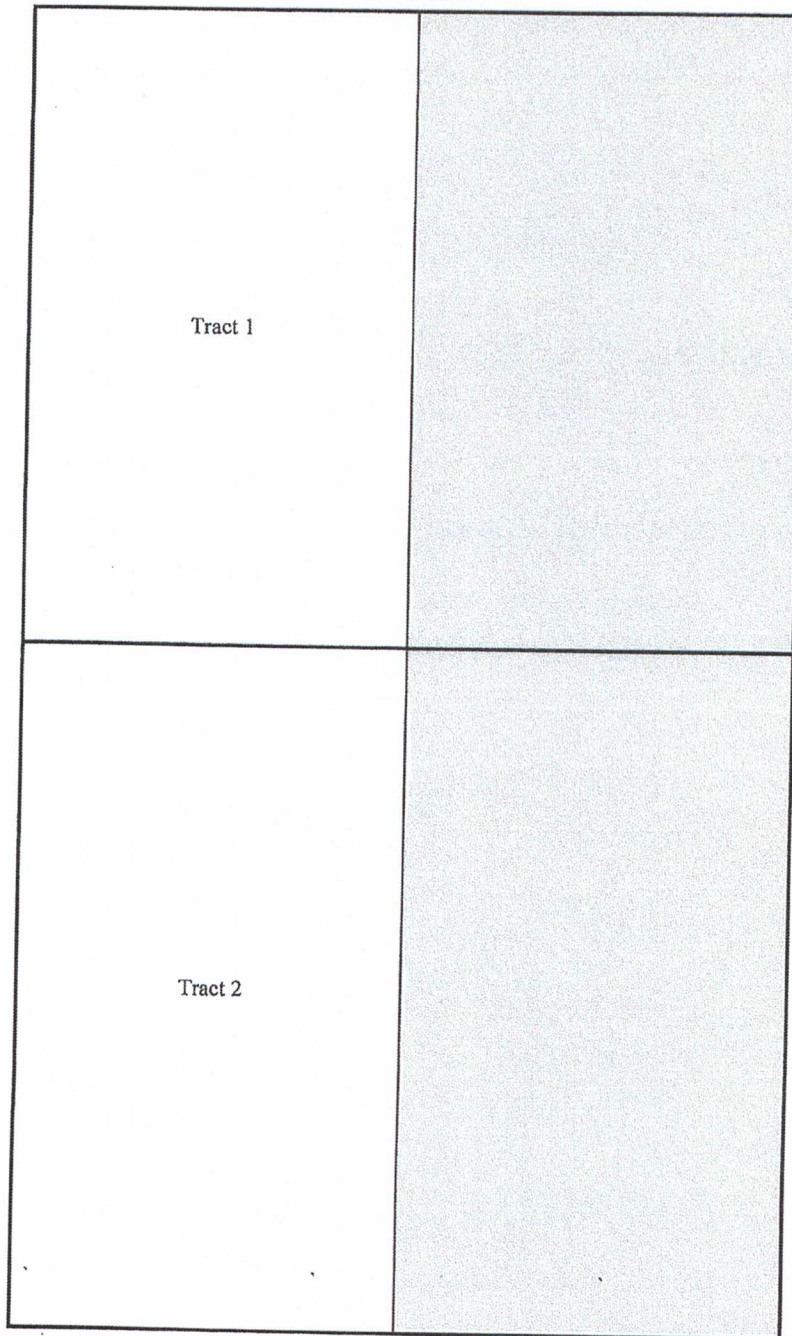
B



RECAPITULATION FOR  
Layla 35/26 W0MD Fee #1H  
Layla 35/26 W0NC Fee #1H  
Layla 35/26 W0NC Fee #2H

Tract Number	Number of Acres Committeed	Percentage of Interst in Communitized Area
1	320	50.000000%
2	320	50.000000%
TOTAL	640	100.000000%

T23S-R28E, Eddy County, NM  
Section 26



Section 35

**TRACT OWNERSHIP**

Layla 35/26 W0MD Fee #1H

Layla 35/26 W0NC Fee #1H

Layla 35/26 W0NC Fee #2H

W/2 of Sec. 26 &amp; W/2 of Sec. 35-T23S-R28E, Eddy County, NM

**W/2 of Section 26 & W/2 of Section 35****Wolfcamp Formation:**

<b>Owner</b>	<b>% of Leasehold Interest</b>
Mewbourne Oil Company, et al.	42.812500%
*Chevron U.S.A. Inc. 6301 Deauville Midland, TX 79706	57.187500%
<b>TOTAL</b>	<b>100.000000%</b>

<b>Total Interest Being Pooled:</b>	<b>57.187500%</b>
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**OWNERSHIP BY TRACT****W/2 of Section 26**

<b>Owner</b>	<b>% of Leasehold Interest</b>
BK Exploration Corporation, et al	17.812500%
Chevron U.S.A. Inc.	82.187500%
<b>TOTAL</b>	<b>100.000000%</b>

**W/2 of Section 35**

<b>Owner</b>	<b>% of Leasehold Interest</b>
Mewbourne Oil Company, et al.	67.812500%
Chevron U.S.A. Inc.	32.187500%
<b>TOTAL</b>	<b>100.000000%</b>

**Summary of Communications**  
**Layla 35/26 W0MD Fee #1H**  
**Layla 35/26 W0NC Fee #1H**  
**Layla 35/26 W0NC Fee #2H**  
**W/2 of Section 26 & W/2 of Section 35**  
**T23S-R28E, Eddy County, NM**

**Chevron U.S.A. Inc. &**  
**Chevron Midcontinent LP:**

01/12/2021: Correspondence with above listed party regarding Working Interest Unit.  
01/15/2021: Correspondence with above listed party regarding Working Interest Unit.  
01/20/2021: Correspondence with above listed party regarding Working Interest Unit.  
02/5/2021: Correspondence with above listed party regarding Working Interest Unit.  
02/19/2021: Correspondence with above listed party regarding Working Interest Unit.  
02/22/2021: Mailed Working Interest Unit and Well Proposal to the above listed party.  
02/26/2021: Correspondence with above listed party regarding Working Interest Unit and Well Proposal.  
3/17/2021: Correspondence with above listed party regarding Working Interest Unit and Well Proposal.

ATTACHMENT 



MEWBOURNE OIL COMPANY

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

TELEPHONE (432) 682-3715

February 22, 2021

Via Certified Mail

Chevron U.S.A. Inc.  
Chevron Midcontinent LP  
6301 Deauville  
Midland, TX 79706  
Attn: Peter Clark

Re: Layla 35/26 W0MD Fee #1H  
SL: 225' FSL & 1870' FWL (Section 35);  
BHL: 330' FNL & 440' FWL (Section 26)

Layla 35/26 W0NC Fee #1H  
SL: 225' FSL & 1900' FWL (Section 35);  
BHL: 330' FNL & 1335' FWL (Section 26)

Layla 35/26 W0NC Fee #2H  
SL: 225' FSL & 1930' FWL (Section 35);  
BHL: 330' FNL & 2200' FWL (Section 26)

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

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 640.00 acre Working Interest Unit ("WIU") covering the W/2 of the captioned Section 35 and the W/2 of the captioned Section 26 for oil and gas production.

Mewbourne as Operator hereby proposes to drill the captioned Layla 35/26 W0MD Fee #1H 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 9,633 feet subsurface to evaluate the Wolfcamp Formation. The proposed well will have a measured depth (MD) of approximately 19,750 feet. The W/2 of the captioned Section 35 and the W/2 of the captioned Section 26 will be dedicated to the well as the proration unit.

In addition, Mewbourne as Operator hereby proposes to drill the captioned Layla 35/26 W0NC Fee #1H 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 9,653 feet subsurface to evaluate the Wolfcamp Formation. The proposed well will have a measured depth (MD) of approximately 19,700 feet. The W/2 of the captioned Section 35 and the W/2 of the captioned Section 26 will be dedicated to the well as the proration unit.

Finally, Mewbourne as Operator hereby proposes to drill the captioned Layla 35/26 W0NC Fee #2H 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 9,673 feet subsurface to evaluate the Wolfcamp Formation. The proposed well will have a measured depth (MD) of approximately 19,725 feet. The W/2 of the captioned Section 35 and the W/2 of the captioned Section 26 will be dedicated to the well as the proration unit.

Regarding the above, enclosed for your further handling are our AFEs dated February 4, 2021 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 will have 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](mailto:mrobb@mewbourne.com) or call me at (432) 682-3715.

Sincerely,

**MEWBOURNE OIL COMPANY**



Mitch Robb  
Landman



## Proof of Acceptance (Electronic)

Date: 3/31/2021

Client Name: Mewbourne Oil Company

Certified with RR(E) item number 9414836897846661332563,  
addressed to Peter Clark

Accepted at USPS Regional Facility-February 23, 2021, 8:03 pm,  
MIDLAND TX DISTRIBUTION CENTER,

The item number, time, date, city, state, and zip code is a true extract of  
information provided by the United States Postal Service to  
SimpleCertifiedMail.com.

Peter Clark  
Chevron U.S. A. Inc.  
6301 Deauville Blvd.  
Midland, TX 79706  
Reference #: Layla 35/26  
Group Name: MIDLAND OFFICE

The above information is for the sole use of SimpleCertifiedMail.com  
clients and represents information provided by the United States Postal  
Service.



## MEWBOURNE OIL COMPANY

## AUTHORIZATION FOR EXPENDITURE

Well Name: LAYLA 35/26 W0NC FEE #1H		Prospect: Layla 35	
Location: SL: 225 FSL & 1900 FWL; BHL: 330 FNL & 1335 FWL (26)		County: Eddy ST: NM	
Sec: 35	Bik:	Survey:	TWP: 23S RNG: 28E Prop. TVD: 9653 TMD: 19700

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	\$8,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	\$50,000	0180-0205	\$35,000
Location / Restoration (1/3 Battery Containment)		0180-0108	\$200,000	0180-0208	\$25,000
Daywork / Turnkey / Footage Drilling 19 days drlg / 3 days comp @ \$18550/d		0180-0110	\$376,400	0180-0210	\$59,400
Fuel 1700 gal/day @ \$1.6/gal		0180-0114	\$55,200	0180-0214	\$328,000
Alternate Fuels		0180-0115		0180-0215	
Mud, Chemical & Additives		0180-0120	\$70,000	0180-0220	
Mud - Specialized		0180-0121	\$110,000	0180-0221	
Horizontal Drillout Services				0180-0222	\$200,000
Stimulation Toe Preparation				0180-0223	\$30,000
Cementing		0180-0125	\$80,000	0180-0225	\$35,000
Logging & Wireline Services		0180-0130	\$2,300	0180-0230	\$452,000
Casing / Tubing / Snubbing Services		0180-0134	\$18,000	0180-0234	\$40,000
Mud Logging		0180-0137	\$20,000		
Stimulation 83 Stg 25.0 MM gal/ 25.0 MM lb				0180-0241	\$1,751,000
Stimulation Rentals & Other				0180-0242	\$200,000
Water & Other		0180-0145	\$35,000	0180-0245	\$506,000
Bits		0180-0148	\$74,800	0180-0248	\$5,000
Inspection & Repair Services		0180-0150	\$50,000	0180-0250	\$5,000
Misc. Air & Pumping Services		0180-0154		0180-0254	\$10,000
Testing & Flowback Services		0180-0158	\$12,000	0180-0258	\$24,000
Completion / Workover Rlg				0180-0260	\$10,500
Rlg Mobilization		0180-0164	\$80,000		
Transportation		0180-0165	\$30,000	0180-0265	\$20,000
Welding, Construction & Maint. Services		0180-0168	\$4,000	0180-0268	\$15,000
Contract Services & Supervision		0180-0170		0180-0270	\$27,000
Directional Services Includes Vertical Control		0180-0175	\$248,000		
Equipment Rental		0180-0180	\$137,800	0180-0280	\$5,000
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$5,100	0180-0285	
Intangible Supplies		0180-0188	\$8,000	0180-0288	\$1,000
Damages		0180-0190	\$50,000	0180-0290	
Pipeline Interconnect, ROW Easements		0180-0192		0180-0292	
Company Supervision		0180-0195	\$240,000	0180-0295	\$144,000
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Contingencies 2% (TCP) 2% (CC)		0180-0199	\$39,600	0180-0299	\$79,000
TOTAL			\$2,019,000		\$4,026,900

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0") 500' - 13 3/8" 54.5# J-55 ST&C @ \$32.16/ft		0181-0794	\$17,200		
Casing (8.1" - 10.0") 2550' - 9 5/8" 40# HCL80 LT&C @ \$25.77/ft		0181-0795	\$70,200		
Casing (6.1" - 8.0") 10000' - 7" 29# HCP-110 LT&C @ \$21.47/ft		0181-0796	\$229,300		
Casing (4.1" - 6.0") 10550' - 4 1/2" 13.5# P-110 BPN @ \$13.75/ft				0181-0797	\$154,900
Tubing 9250' - 2 7/8" 6.6# L-80 Tbg @ \$7.82/ft				0181-0798	\$77,300
Drilling Head		0181-0860	\$35,000		
Tubing Head & Upper Section				0181-0870	\$30,000
Horizontal Completion Tools Completion Liner Hanger				0181-0871	\$45,000
Subsurface Equip. & Artificial Lift Packer				0181-0880	\$10,000
Pumping Unit Systems				0181-0885	
Service Pumps (1/3) TP/CP/Circ Pump				0181-0886	\$10,700
Storage Tanks (1/3) 8 - 750 bbl OT/7 - 750 bbl WT/1 - Gun Bbl				0181-0890	\$114,400
Emissions Control Equipment (1/3) VRTs/VRU/Flare/KOs				0181-0892	\$88,600
Separation / Treating Equipment (1/3) H Sep/V Sep/HT				0181-0895	\$103,400
Automation Metering Equipment				0181-0898	\$50,000
Line Pipe & Valves - Gathering (1/3) 1/4 mile Gas & Water				0181-0900	\$16,700
Fittings / Valves & Accessories				0181-0906	\$250,000
Cathodic Protection				0181-0908	\$5,000
Electrical Installation				0181-0909	\$91,700
Equipment Installation				0181-0910	\$83,400
Pipeline Construction (1/3) 1/4 mile Gas & Water				0181-0920	\$25,000
TOTAL			\$351,700		\$1,166,000
SUBTOTAL			\$2,370,700		\$5,182,900
TOTAL WELL COST			\$7,553,600		

Extra Expense Insurance

☐ I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium. Operator has secured Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185.

☐ I elect to purchase my own well control insurance policy.

If neither box is checked above, non-operating working interest owner elects to be covered by Operator's well control insurance.

Prepared by: Levi Jackson Date: 2/4/2021

Company Approval: *M. Whitte* Date: 2/4/2021

Joint Owner Interest: Amount:

Joint Owner Name: Signature:

ATTACHMENT D



## MEWBORNE OIL COMPANY

## AUTHORIZATION FOR EXPENDITURE

Well Name: LAYLA 35/26 W0NC FEE #2H		Prospect: Layla 35	
Location: SL: 225 FSL & 1930 FWL (35); BHL: 330 FNL & 2200 FWL (26)		County: Eddy ST: NM	
Sec. 35	BLK:	Survey:	TWP: 23S RNG: 28E Prop. TVD: 9673 TMD: 19725

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	\$8,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	\$50,000	0180-0205	\$35,000
Location / Restoration (1/3) Battery Containment		0180-0106	\$200,000	0180-0206	\$25,000
Daywork / Turnkey / Footage Drilling 19 days drlg / 3 days comp @ \$18550/d		0180-0110	\$376,400	0180-0210	\$59,400
Fuel 1700 gal/day @ \$1.6/gal		0180-0114	\$55,200	0180-0214	\$328,000
Alternate Fuels		0180-0115		0180-0215	
Mud, Chemical & Additives		0180-0120	\$70,000	0180-0220	
Mud - Specialized		0180-0121	\$110,000	0180-0221	
Horizontal Drillout Services				0180-0222	\$200,000
Stimulation Toe Preparation				0180-0223	\$30,000
Cementing		0180-0125	\$80,000	0180-0225	\$35,000
Logging & Wireline Services		0180-0130	\$2,300	0180-0230	\$452,000
Casing / Tubing / Snubbing Services		0180-0134	\$18,000	0180-0234	\$40,000
Mud Logging		0180-0137	\$20,000		
Stimulation 83 Slg 25.0 MM gal/ 25.0 MM lb				0180-0241	\$1,751,000
Stimulation Rentals & Other				0180-0242	\$200,000
Water & Other		0180-0145	\$35,000	0180-0245	\$506,000
Bits		0180-0148	\$74,800	0180-0248	\$5,000
Inspection & Repair Services		0180-0150	\$50,000	0180-0250	\$5,000
Misc. Air & Pumping Services		0180-0154		0180-0254	\$10,000
Testing & Flowback Services		0180-0158	\$12,000	0180-0258	\$24,000
Completion / Workover Rig				0180-0260	\$10,500
Rig Mobilization		0180-0164	\$80,000		
Transportation		0180-0165	\$30,000	0180-0265	\$20,000
Welding, Construction & Maint. Services		0180-0168	\$4,000	0180-0268	\$15,000
Contract Services & Supervision		0180-0170		0180-0270	\$27,000
Directional Services Includes Vertical Control		0180-0175	\$248,000		
Equipment Rental		0180-0180	\$137,600	0180-0280	\$5,000
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$5,100	0180-0285	
Intangible Supplies		0180-0188	\$9,000	0180-0288	\$1,000
Damages		0180-0190	\$50,000	0180-0290	
Pipeline Interconnect, ROW Easements		0180-0192		0180-0292	
Company Supervision		0180-0195	\$240,000	0180-0295	\$144,000
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Contingencies 2% (TCP) 2% (CC)		0180-0199	\$39,600	0180-0299	\$79,000
<b>TOTAL</b>			<b>\$2,019,000</b>		<b>\$4,026,900</b>

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0") 500' - 13 3/8" 64.5# J-55 ST&C @ \$32.16/lr		0181-0794	\$17,200		
Casing (8.1" - 10.0") 2550' - 9 5/8" 40# HCL80 LT&C @ \$25.77/lr		0181-0795	\$70,200		
Casing (6.1" - 8.0") 9950' - 7" 29# HCP-110 LT&C @ \$21.47/lr		0181-0796	\$228,200		
Casing (4.1" - 6.0") 10550' - 4 1/2" 13.5# P-110 BPN @ \$13.75/lr				0181-0797	\$154,900
Tubing 9300' - 2 7/8" 6.5# L-80 Tbg @ \$7.82/lr				0181-0798	\$77,700
Drilling Head		0181-0860	\$35,000		
Tubing Head & Upper Section				0181-0870	\$30,000
Horizontal Completion Tools Completion Liner Hanger				0181-0871	\$45,000
Subsurface Equip. & Artificial Lift Packer				0181-0880	\$10,000
Pumping Unit Systems				0181-0885	
Service Pumps (1/3) TP/CP/Circ Pump				0181-0886	\$10,700
Storage Tanks (1/3) 8 - 750 bbl OT/7 - 750 bbl WT/1 - Gun Bbl				0181-0890	\$114,400
Emissions Control Equipment (1/3) VRTs/VRU/Flare/KOs				0181-0892	\$88,500
Separation / Treating Equipment (1/3) H Sep/V Sep/HT				0181-0895	\$103,400
Automation Metering Equipment				0181-0898	\$50,000
Line Pipe & Valves - Gathering (1/3) 1/4 mile Gas & Water				0181-0900	\$16,700
Fittings / Valves & Accessories				0181-0906	\$250,000
Cathodic Protection				0181-0908	\$5,000
Electrical Installation				0181-0909	\$91,700
Equipment Installation				0181-0910	\$83,400
Pipeline Construction (1/3) 1/4 mile Gas & Water				0181-0920	\$25,000
<b>TOTAL</b>			<b>\$360,600</b>		<b>\$1,156,400</b>
<b>SUBTOTAL</b>			<b>\$2,369,600</b>		<b>\$5,183,300</b>
<b>TOTAL WELL COST</b>			<b>\$7,552,900</b>		

Extra Expense Insurance

☐ I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium. Operator has secured Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185.

☐ I elect to purchase my own well control insurance policy.

If neither box is checked above, non-operating working interest owner elects to be covered by Operator's well control insurance.

Prepared by: Levi Jackson Date: 2/4/2021

Company Approval: *m. white* Date: 2/4/2021

Joint Owner Interest: Amount: Signature:

File: LAYLA 35-26 W0NC FEE #2H AFE.xlsx

Revised: 8/11/2020



## MEWBORNE OIL COMPANY

## AUTHORIZATION FOR EXPENDITURE

Well Name: LAYLA 35/26 W0MD FEE #1H		Prospect: Layla 35	
Location: SL: 225 FSL & 1870 FWL; BHL: 330 FNL & 440 FWL (26)		County: Eddy ST: NM	
Sec. 35	Blk:	Survey:	TWP: 23S RNG: 28E Prop. TVD: 9633 TMD: 19750

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	\$8,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	\$50,000	0180-0205	\$35,000
Location / Restoration (1/3) Battery Containment		0180-0106	\$200,000	0180-0206	\$25,000
Daywork / Turnkey / Footage Drilling 19 days drlg / 3 days comp @ \$18550/d		0180-0110	\$376,400	0180-0210	\$59,400
Fuel 1700 gal/day @ \$1.6/gal		0180-0114	\$55,200	0180-0214	\$328,000
Alternate Fuels		0180-0115		0180-0215	
Mud, Chemical & Additives		0180-0120	\$70,000	0180-0220	
Mud - Specialized		0180-0121	\$110,000	0180-0221	
Horizontal Drilling Services				0180-0222	\$200,000
Stimulation Toe Preparation				0180-0223	\$30,000
Cementing		0180-0125	\$80,000	0180-0225	\$35,000
Logging & Wireline Services		0180-0130	\$2,300	0180-0230	\$452,000
Casing / Tubing / Snubbing Services		0180-0134	\$18,000	0180-0234	\$40,000
Mud Logging		0180-0137	\$20,000		
Stimulation 83 Stg 25.0 MM gal/ 25.0 MM lb				0180-0241	\$1,751,000
Stimulation Rentals & Other				0180-0242	\$200,000
Water & Other		0180-0145	\$35,000	0180-0245	\$506,000
Bits		0180-0148	\$74,800	0180-0248	\$5,000
Inspection & Repair Services		0180-0150	\$50,000	0180-0250	\$5,000
Misc. Air & Pumping Services		0180-0154		0180-0254	\$10,000
Testing & Flowback Services		0180-0158	\$12,000	0180-0258	\$24,000
Completion / Workover Rig				0180-0260	\$10,500
Rig Mobilization		0180-0164	\$80,000		
Transportation		0180-0165	\$30,000	0180-0265	\$20,000
Welding, Construction & Maint. Services		0180-0168	\$4,000	0180-0268	\$15,000
Contract Services & Supervision		0180-0170		0180-0270	\$27,000
Directional Services Includes Vertical Control		0180-0175	\$248,000		
Equipment Rental		0180-0180	\$137,600	0180-0280	\$5,000
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$5,100	0180-0285	
Intangible Supplies		0180-0188	\$8,000	0180-0288	\$1,000
Damages		0180-0180	\$50,000	0180-0290	
Pipeline Interconnect, ROW Easements		0180-0192		0180-0292	
Company Supervision		0180-0195	\$240,000	0180-0295	\$144,000
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Contingencies 2% (TCP) 2% (CC)		0180-0199	\$39,600	0180-0299	\$79,000
<b>TOTAL</b>			<b>\$2,019,000</b>		<b>\$4,026,900</b>

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0") 500' - 13 3/8" 54.5# J-55 ST&C @ \$32.16/lb		0181-0794	\$17,200		
Casing (8.1" - 10.0") 2550' - 9 5/8" 40# HCL80 LT&C @ \$25.77/lb		0181-0795	\$70,200		
Casing (6.1" - 8.0") 10000' - 7" 29# HCP-110 LT&C @ \$21.47/lb		0181-0796	\$229,300		
Casing (4.1" - 6.0") 10550' - 4 1/2" 13.5# P-110 BPN @ \$13.75/lb				0181-0797	\$154,900
Tubing 9300' - 2 7/8" 6.5# L-80 Tbg @ \$7.82/lb				0181-0798	\$77,700
Drilling Head		0181-0860	\$35,000		
Tubing Head & Upper Section				0181-0870	\$30,000
Horizontal Completion Tools Completion Liner Hanger				0181-0871	\$45,000
Subsurface Equip. & Artificial Lift Packer				0181-0880	\$10,000
Pumping Unit Systems				0181-0885	
Service Pumps (1/3) TP/CP/Circ Pump				0181-0886	\$10,700
Storage Tanks (1/3) 8 - 750 bbl OT/7 - 750 bbl WT/1 - Gun Bbl				0181-0890	\$114,400
Emissions Control Equipment (1/3) VRTs/VRU/Flare/KOs				0181-0892	\$88,500
Separation / Treating Equipment (1/3) H Sep/V Sep/HT				0181-0895	\$103,400
Automation Metering Equipment				0181-0898	\$50,000
Line Pipe & Valves - Gathering (1/3) 1/4 mile Gas & Water				0181-0900	\$16,700
Fittings / Valves & Accessories				0181-0906	\$250,000
Cathodic Protection				0181-0908	\$5,000
Electrical Installation				0181-0909	\$91,700
Equipment Installation				0181-0910	\$83,400
Pipeline Construction (1/3) 1/4 mile Gas & Water				0181-0920	\$25,000
<b>TOTAL</b>			<b>\$351,700</b>		<b>\$1,156,400</b>
<b>SUBTOTAL</b>			<b>\$2,370,700</b>		<b>\$5,183,300</b>
<b>TOTAL WELL COST</b>			<b>\$7,554,000</b>		

Extra Expense Insurance

☐ I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium. Operator has secured Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185.

☐ I elect to purchase my own well control insurance policy.

If neither box is checked above, non-operating working interest owner elects to be covered by Operator's well control insurance.

Prepared by: Levi Jackson Date: 2/4/2021

Company Approval: *M. White* Date: 2/4/2021

Joint Owner Interest: Amount:

Joint Owner Name: Signature:

File: LAYLA 35-26 W0MD FEE #1H AFE.xlsx

Revised: 8/11/2020



**MEWBOURNE OIL COMPANY**

500 West Texas, Suite 1020  
Midland, Texas 79701  
Phone (432) 682-3715

June 25, 2020

Via Email [jamesbruc@aol.com](mailto:jamesbruc@aol.com)

Mr. James Bruce  
P.O. Box 1056  
Santa Fe, New Mexico 87504

Re: Layla 35/26 W0MD Fee #1H  
SL: 225' FSL & 1870' FWL (Section 35);  
BHL: 330' FNL & 440' FWL (Section 26)

Layla 35/26 W0NC Fee #1H  
SL: 225' FSL & 1900' FWL (Section 35);  
BHL: 330' FNL & 1335' FWL (Section 26)

Layla 35/26 W0NC Fee #2H  
SL: 225' FSL & 1930' FWL (Section 35);  
BHL: 330' FNL & 2200' FWL (Section 26)

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

Dear Jim:

For Mewbourne's behalf, please file an Application for a re-opening of Compulsory Pooling Order R-21723 for the captioned wells.

Regarding the above, Mewbourne proposes to pool the Wolfcamp formation in the W/2 of the captioned Sections 35 & 26. This well will be in the Purple Sage Wolfcamp (Gas) (Pool Code 98220) which has 330' setbacks.

In reference to the above, we would like the case to be heard at the earliest examiner hearing date. Please notify the following unleased mineral interest owners and uncommitted working interest owners of our application:

Dorothy W. Queen Revocable Trust  
763 Orchard Road  
Whitesboro, Texas 76273

EXHIBIT

2-B

Paul D. Queen  
138 Natches Trace  
Coppell, TX 75019

Mary Queen Bryan and  
Dale Bryan  
3665 W 12th St.  
Odessa, TX 79763

Vivian Queen Hamilton and  
Henry Hamilton  
13841 Tangle Aire Pt  
Amarillo, TX 79118

BTA Oil Producers, LLC  
Attn: Permian Land Manager  
104 South Pecos  
Midland, Texas 79701-5021

Merland, Inc.  
1310-2 N. Canal St.  
Carlsbad, NM 88221

Pardue Limited Company  
PO Box 2018  
Carlsbad, NM 88221

Faith Oil Company  
PO Box 2213  
Abilene, TX 79604-2213

Winchester Energy, LLC  
PO Box 13540  
Oklahoma City, OK 73113

1 Timothy 6, LLC  
PO Box 30598  
Edmond, OK 73003-0010

S.J. Mansfield, III and Linda Mansfield  
412 Shadow Bend Dr.  
Richardson, TX 75081



Joanne Brigham and Robert L. Brigham  
1201 Snowden Farm CV  
Collierville, TN 38017-6902

Norma J. Barton Chanley  
407 E Arriba Drive  
Hobbs, NM 88240-3432

Erich Klein and Clydell Klein  
PO BOX 176  
Neches, TX 75779-0176

KMK Energy, LLC  
450 N. Walbaum Road  
Geary, Oklahoma 73040

Lonsdale Resources, LLC  
2626 Cole Avenue, Suite 300  
Dallas, TX 75204

Marathon Oil Permian LLC  
Attn: Permian Land Manager  
5555 San Felipe Street  
Houston, TX 77056-2723

Debora H. Roland  
14564 N, Pecan Ave.  
Gardendale, TX 79758

DDDF Co. Inc.  
Attn: Permian Land Manager  
PO Box 554  
Midland, Texas 79702-0554

BK Exploration Corporation  
Attn: Permian Land Manager  
PO Box 52098  
Tulsa, OK 74152-0098

Boys Club of America  
1275 Peachtree Street NE  
Atlanta, GA 30309-3506  
Attn: Oil and Gas Division

Heirs of C.O. Enderud  
729 West 10th Street  
Newkirk, OK 74647

Heirs of Joe Beeman  
1933 San Mateo NE  
Albuquerque, NM 87110

Juan G. Ruiz  
c/o Mike Padilla  
1225 N. Thorne Avenue  
Fresno, CA 93728

Shannon C. Leonard, Trustee of the Shannon C.  
Leonard Children's Trust  
1018 Sunset Canyon North  
Dripping Springs, TX 78620

The Bishop Whipple Schools  
PO Box 218  
Faribault, MN 55021

Should you have any questions or need any additional information regarding the above, please email me at [mrobb@mewbourne.com](mailto:mrobb@mewbourne.com) or call me at (432) 682-3715.

Sincerely,

**MEWBOURNE OIL COMPANY**



Mitch Robb  
Landman