

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.**Case No. 22236**APPLICATION**

Mewbourne Oil Company applies for an order pooling all uncommitted mineral interest owners in the Bone Spring formation underlying a 320-acre horizontal spacing unit comprised of the S/2S/2 of Section 1 and the S/2S/2 of Section 2, Township 20 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 S/2S/2 of Section 1 and the S/2S/2 of Section 2, and has the right to drill a well or wells thereon.
2. Applicant proposes to drill the following wells to a depth sufficient to test the Bone Spring formation:
 - (i) the Desert Eagle 1/2 B2PM Fed. Com. Well No. 1H, with a first take point in the SE/4SE/4 of Section 1 and last take point in the SW/4SW/4 of Section 2; and
 - (ii) the Desert Eagle 1/2 B3PM Fed. Com. Well No. 1H, with a first take point in the SE/4SE/4 of Section 1 and last take point in the SW/4SW/4 of Section 2.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the S/2S/2 of Section 1 and the S/2S/2 of Section 2 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 the wells, certain interest owners have failed or refused to join in dedicating their interests.

EXHIBIT 1

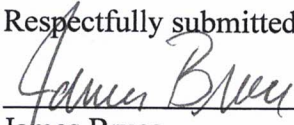
Therefore, applicant seeks an order pooling all mineral interest owners in the Bone Spring formation underlying the S/2S/2 of Section 1 and the S/2S/2 of Section 2, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interest owners in the Bone Spring formation underlying the S/2S/2 of Section 1 and the S/2S/2 of Section 2 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 Bone Spring formation underlying the S/2S/2 of Section 1 and the S/2S/2 of Section 2;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling, completing, and equipping the wells, and allocating the cost 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) 982-2043

Attorney for Mewbourne Oil Company

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.

Mewbourne Oil Company seeks an order pooling of all mineral interest owners in the Bone Spring formation underlying a 320-acre horizontal spacing unit comprised of the S/2S/2 of Section 1 and the S/2S/2 of Section 2, Township 20 South, Range 28 East, NMPM. The unit will be dedicated to (i) the Desert Eagle 1/2 B2PM Fed. Com. Well No. 1H, with a first take point in the SE/4SE/4 of Section 1 and last take point in the SW/4SW/4 of Section 2; and (ii) the Desert Eagle 1/2 B3PM Fed. Com. Well No. 1H, with a first take point in the SE/4SE/4 of Section 1 and last take point in the SW/4SW/4 of Section 2. 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 approximately 14 miles north-northeast of Carlsbad, New Mexico.

22236

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

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

Case No. 22236

SELF-AFFIRMED STATEMENT OF TYLER JOLLY

Tyler Jolly 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 Division Rules, the following information is submitted in support of the compulsory pooling application:

(a) The purpose of these applications is to force pool working interest owners into the 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 were contacted months ago regarding the proposed well, but have simply failed or refused to voluntarily commit their interests to the wells. No one has objected to the applications.

(c) In Case No. 22236, Mewbourne seeks an order pooling of all mineral interest owners in the Bone Spring formation underlying a 320-acre horizontal spacing unit comprised of the S/2S/2 of Section 1 and the S/2S/2 of Section 2, Township 20 South, Range 28 East, NMPM. The unit will be dedicated to (i) the Desert Eagle 1/2 B2PM Fed. Com. Well No. 1H, with a first take point in the SE/4SE/4 of Section 1 and last take point in the SW/4SW/4 of Section 2; and (ii) the Desert Eagle 1/2 B3PM Fed. Com. Well No. 1H, with a first take point in the SE/4SE/4 of Section 1 and last take point in the SW/4SW/4 of Section 2.

(d) Attachment A contains C-102s for the proposed wells, and land plats outlining the unit being pooled, the tracts in the unit, and the interest owners in the well unit.

(e) There are no depth severances in the Bone Spring formation.

(f) The current or last known addresses of the parties being pooled were provided to Mewbourne's attorney for notice purposes. All interest owners were sent a copy of the well proposals, one addressed to working interest owners and one to unleased mineral interest owners. In addition to the proposal letters, marked as Attachment B, Mewbourne

EXHIBIT

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had numerous contacts with the largest working interest owners, and responded to contacts from the small, unleased mineral owners.

(g) In order to locate all interest owners Mewbourne examined the records of Eddy County and the Bureau of Land Management, as well as online tools or databases such as DrillingInfo and in-house online data searches.

(h) 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 interest owners.

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

(j) Attachments C contains the Authorizations for Expenditure for the proposed wells. The estimated cost of each well is fair and reasonable, and is comparable to the cost of other wells of similar depths and length drilled in this area of Eddy County.

(k) 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 these types in this area of Eddy County. They are also the rates set forth in the Joint Operating Agreements for the well units. Mewbourne requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

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

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

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

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

3. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony in paragraphs 1 through 2(o) above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

Date: 3/15/22


Tyler Jolly

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 Pending		² Pool Code 65010		³ Pool Name Winchester; Bone Spring	
⁴ Property Code		⁵ Property Name DESERT EAGLE 1/2 B2PM FED COM			
⁷ OGRID NO. 14744		⁸ Operator Name MEWBOURNE OIL COMPANY			
		⁶ Well Number 1H		⁹ Elevation 3283'	
¹⁰ Surface Location					
UL or lot no. P	Section 1	Township 20S	Range 28E	Lot Idn	Feet from the 1200
				North/South line SOUTH	Feet from the 205
				East/West line EAST	County EDDY
¹¹ Bottom Hole Location If Different From Surface					
UL or lot no. M	Section 2	Township 20S	Range 28E	Lot Idn	Feet from the 660
				North/South line SOUTH	Feet from the 100
				East/West line WEST	County EDDY
¹² Dedicated Acres 320		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.

<p>¹⁶</p> <p>CORNER DATA NAD 83 GRID - NM EAST</p> <p>A: FOUND BRASS CAP "1942" N: 580433.9 - E: 595824.8</p> <p>B: FOUND BRASS CAP "1942" N: 583084.8 - E: 595826.9</p> <p>C: FOUND BRASS CAP "1942" N: 585701.1 - E: 595828.6</p> <p>D: FOUND BRASS CAP "1942" N: 585717.5 - E: 598482.2</p> <p>E: FOUND BRASS CAP "1941" N: 585733.7 - E: 601140.1</p> <p>F: FOUND BRASS CAP "1941" N: 585750.5 - E: 603795.4</p>				<p>G: FOUND BRASS CAP "1916" N: 585767.2 - E: 606452.8</p> <p>H: FOUND BRASS CAP "1916" N: 583112.1 - E: 606467.2</p> <p>I: FOUND BRASS CAP "1916" N: 580470.7 - E: 606464.6</p> <p>J: FOUND BRASS CAP "1942" N: 580461.9 - E: 603798.9</p> <p>K: FOUND BRASS CAP "1942" N: 580454.6 - E: 601133.7</p> <p>L: FOUND BRASS CAP "1942" N: 580444.0 - E: 598479.0</p> <p>M: FOUND BRASS CAP "1942" N: 583106.0 - E: 601136.9</p>				<p>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</p> <p>ing</p> <p>ATTACHMENT A</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>	
<p>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.</p> <p>07/29/2021 Date of Survey</p> <p>Signature and Seal of Professional Surveyor _____</p> <p>19680 Certificate Number</p>				<p>19680 Certificate Number</p>					

Job No: LS21070781

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
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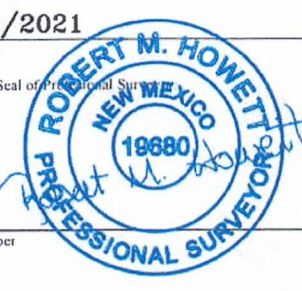
Form C-102
Revised August 1, 2011
Submit one copy to appropriate
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WELL LOCATION AND ACREAGE DEDICATION PLAT

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⁴ Property Code		⁵ Property Name DESERT EAGLE 1/2 B3PM FED COM			
⁷ OGRID NO. 14744		⁸ Operator Name MEWBOURNE OIL COMPANY			
				⁶ Well Number 1H	
				⁹ Elevation 3284'	
¹⁰ Surface Location					
UL or lot no. P	Section 1	Township 20S	Range 28E	Lot Idn	Feet from the 1170
				North/South line SOUTH	Feet from the 205
				East/West line EAST	County EDDY
¹¹ Bottom Hole Location If Different From Surface					
UL or lot no. M	Section 2	Township 20S	Range 28E	Lot Idn	Feet from the 400
				North/South line SOUTH	Feet from the 100
				East/West line WEST	County EDDY
¹² Dedicated Acres 320		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.

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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. 07/29/2021 Date of Survey Signature and Seal of Professional Surveyor _____ 19680 Certificate Number					
Job No: LS21070782					

Section Plat
Desert Eagle 1/2 B2PM Fed Com #1H
S2S2 of Section 1 and S2S2 of Section 2

T20S-R28E, Eddy County, NM

T20S-R28E, Eddy County, NM

Section 2		Section 1	
Tract 4	Tract 3	Tract 2	Tract 1

Tract 1: S2SE4 of Section 1 - Federal Lease NMNM 26683

Mewbourne Oil Company (40.916666%)
 OXY USA WTP Limited Partnership (40.375000%)
 OXY Y-1 Company (9.333334%)
 Vadin, LLC (6.250000%)
 Alpha Energy Partners, LLC (2.125000%)
 Jo Ann Yates (1.000000%)

Tract 3: SE4SE4 of Section 2 - State of NM Lease K-6598

Endeavor Energy Resources (50.000000%)
 OXY USA WTP Limited Partnership (50.000000%)

Tract 2: S2SW4 of Section 1 - Federal Lease NMNM 17098

Challenger Crude, Ltd. (31.250000%)
 Amtex Petroleum Corporation, Trust 988 (18.750000%)
 Alpha Energy Partners (18.750000%)
 Heirs of D. C. Underwood (12.500000%)
 The Charla Geraldine Williamson Trust (6.250000%)
 The Estate of J. C. Williamson, deceased (6.250000%)
 OXY USA WTP Limited Partnership (6.250000%)

Tract 4: SW4SE4 and S2SW4 of Section 2 - State of NM Lease K-5090

Endeavor Energy Resources (50.000000%)
 OXY USA WTP Limited Partnership (50.000000%)

RECAPITULATION FOR Desert Eagle 1/2 B2PM Fed Com #1H

Tract Number	Number of Acres Committeed	Percentage of Interest in Communitized Area
1	80.00	25.000000%
2	80.00	25.000000%
3	40.00	12.500000%
3	120.00	37.500000%
TOTAL	320.00	100.000000%

Ownership by Tract Desert Eagle 1/2 B2PM Fed Com #1H**Tract 1: S2SE4 of Section 1 - Federal Lease NMNM 26683**

Entity/Individual	Interest	Gross Acres
Mewbourne Oil Company	40.916666000%	80
OXY USA WTP Limited Partnership	40.375000000%	80
OXY Y-1 Company	9.333334000%	80
Vladin, LLC	6.250000000%	80
Alpha Energy Partners, LLC	2.125000000%	80
Jo Ann Yates	1.000000000%	80
Total	100.000000000%	80

Tract 2: S2SW4 of Section 1 - Federal Lease NMNM 17098

Entity/Individual	Interest	Gross Acres
Challenger Crude, Ltd. A Texas Limited Partnership, the sole General Partner of wh	31.250000%	80
First National Bank, Trustee, Amtex Petroleum Corporation, Trust 988	18.750000%	80
Alpha Energy Partners	18.750000%	80
Heirs of D. C. Underwood (David Clifford Underwood)	12.500000%	80
Eric Chancy Croft & Elizabeth Ann Williamson, Co-Trustees of the Charla Geraldine	6.250000%	80
Lois Geraldine Williamson, Personal Representative of the Estate of J. C. Williams	6.250000%	80
OXY USA WTP Limited Partnership	6.250000%	80
Total	100.000000%	80

Tract 3: SE4SE4 of Section 2 - State of NM Lease K-6598

Entity/Individual	Interest	Gross Acres
Endeavor Energy Resources	50.000000000%	40.00
OXY USA WTP Limited Partnership	50.000000000%	40.00
Total	100.000000000%	40.00

Tract 4: SW4SE4 and S2SW4 of Section 2 - State of NM Lease K-5090

Entity/Individual	Interest	Gross Acres
Endeavor Energy Resources	50.000000000%	120.00
OXY USA WTP Limited Partnership	50.000000000%	120.00
Total	100.000000000%	120.00

Spacing Unit Ownership

Desert Eagle 1/2 B2PM Fed Com #1H	Percentage
Mewbourne Oil Company, et al	40.447917%
OXY USA WTP Limited Partnership	36.656250%
Challenger Crude, Ltd. A Texas Limited Partnership, the sole General Partner of which is Challenger Crude (8	7.812500%
First National Bank, Trustee, Amtex Petroleum Corporation, Trust 988	4.687500%
Heirs of D. C. Underwood (David Clifford Underwood)	3.125000%
OXY Y-1 Company	2.333334%
Eric Chancy Croft & Elizabeth Ann Williamson, Co-Trustees of the Charla Geraldine Williamson Trust	1.562500%
Lois Geraldine Williamson, Personal Representative of the Estate of J. C. Williamson, deceased	1.562500%
Vladin, LLC	1.562500%
Jo Ann Yates	0.250000%
Total	100.000000%

Parties highlighted in Red are being pooled

Section Plat
Desert Eagle 1/2 B3PM Fed Com #1H
S2S2 of Section 1 and S2S2 of Section 2

T20S-R28E, Eddy County, NM

T20S-R28E, Eddy County, NM

Section 2		Section 1	
Tract 4	Tract 3	Tract 2	Tract 1

Tract 1: S2SE4 of Section 1 - Federal Lease NMNM 26683

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 OXY USA WTP Limited Partnership (40.375000%)
 OXY Y-1 Company (9.333334%)
 Vladin, LLC (6.250000%)
 Alpha Energy Partners, LLC (2.125000%)
 Jo Ann Yates (1.000000%)

Tract 3: SE4SE4 of Section 2 - State of NM Lease K-6598

Endeavor Energy Resources (50.000000%)
 OXY USA WTP Limited Partnership (50.000000%)

Tract 2: S2SW4 of Section 1 - Federal Lease NMNM 17098

Challenger Crude, Ltd. (31.250000%)
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Tract 4: SW4SE4 and S2SW4 of Section 2 - State of NM Lease K-5090

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 OXY USA WTP Limited Partnership (50.000000%)

RECAPITULATION FOR Desert Eagle 1/2 B3PM Fed Com #1H

Tract Number	Number of Acres Committeed	Percentage of Interest in Communitized Area
1	80.00	25.000000%
2	80.00	25.000000%
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3	120.00	37.500000%
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OXY Y-1 Company	9.333334000%	80
Vladin, LLC	6.250000000%	80
Alpha Energy Partners, LLC	2.125000000%	80
Jo Ann Yates	1.000000000%	80
Total	100.000000000%	80

Tract 2: S2SW4 of Section 1 - Federal Lease NMNM 17098

Entity/Individual	Interest	Gross Acres
Challenger Crude, Ltd. A Texas Limited Partnership, the sole General Partner of which is Challenger Cr	31.250000%	80
First National Bank, Trustee, Amtex Petroleum Corporation, Trust 988	18.750000%	80
Alpha Energy Partners	18.750000%	80
Heirs of D. C. Underwood (David Clifford Underwood)	12.500000%	80
Eric Chancy Croft & Elizabeth Ann Williamson, Co-Trustees of the Charla Geraldine Williamson Trust	6.250000%	80
Lois Geraldine Williamson, Personal Representative of the Estate of J. C. Williamson, deceased	6.250000%	80
OXY USA WTP Limited Partnership	6.250000%	80
Total	100.000000%	80

Tract 3: SE4SE4 of Section 2 - State of NM Lease K-6598

Entity/Individual	Interest	Gross Acres
Endeavor Energy Resources	50.000000000%	40.00
OXY USA WTP Limited Partnership	50.000000000%	40.00
Total	100.000000000%	40.00

Tract 4: SW4SE4 and S2SW4 of Section 2 - State of NM Lease K-5090

Entity/Individual	Interest	Gross Acres
Endeavor Energy Resources	50.000000000%	120.00
OXY USA WTP Limited Partnership	50.000000000%	120.00
Total	100.000000000%	120.00

Spacing Unit Ownership

Desert Eagle 1/2 B3PM Fed Com #1H	Percentage
Mewbourne Oil Company, et al.	40.447917%
OXY USA WTP Limited Partnership	36.656250%
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Vladin, LLC	1.562500%
Jo Ann Yates	0.250000%
Total	100.000000%

Parties highlighted in Red are being pooled

MEWBOURNE OIL COMPANY

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

July 19, 2021

Via Certified Mail

OXY USA WTP Limited Partnership
5 Greenway Plaza
Suite 110
Houston, TX 77046-0521

Re: Desert Eagle Working Interest Unit
Desert Eagle 1/2 B2AD FED COM #1H
Desert Eagle 1/2 B2HE FED COM #1H
Desert Eagle 1/2 B2IL FED COM #1H
Desert Eagle 1/2 B2PM FED COM #1H
Desert Eagle 1/2 B3AD Fed Com #1H
Desert Eagle 1/2 B3IL Fed Com #1H
Desert Eagle 1/2 B3PM Fed Com #1H
Desert Eagle 1/2 W0AD Fed Com #1H
Desert Eagle 1/2 W0EH Fed Com #1H
Desert Eagle 1/2 W0PM Fed Com #1H
Sections 1 and 2, T20S, R28E
Eddy County, New Mexico

ATTACHMENT

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Ladies and Gentlemen:

Mewbourne Oil Company ("MOC"), as Operator, hereby proposes creating a working interest unit comprising of Section 1 and Section 2, T20S, R28E, Eddy County, New Mexico and drilling the following ten (10) horizontal tests:

- 1) Desert Eagle 1/2 B2AD FED COM #1H – APD in process
Surface Location: 1380' FNL & 205' FEL (Section 1)
Bottom Hole Location: 660' FNL & 100' FWL (Section 2)
Proposed Total Vertical Depth: 7480'
Proposed Total Measured Depth: 17788'
Target: 2nd Bone Spring Sand
- 2) Desert Eagle 1/2 B2HE FED COM #1H – APD in process
Surface Location: 1500' FNL & 205' FEL (Section 1)
Bottom Hole Location: 1980' FNL & 100' FWL (Section 2)
Proposed Total Vertical Depth: 7474'
Proposed Total Measured Depth: 17799'
Target: 2nd Bone Spring Sand
- 3) Desert Eagle 1/2 B2IL FED COM #1H – APD in process
Surface Location: 1370' FSL & 205' FEL (Section 1)
Bottom Hole Location: 1980' FSL & 100' FWL (Section 2)
Proposed Total Vertical Depth: 7471'
Proposed Total Measured Depth: 17839'
Target: 2nd Bone Spring Sand

- 4) Desert Eagle 1/2 B2PM FED COM #1H – APD in process
Surface Location: 1250' FSL & 205' FEL (Section 1)
Bottom Hole Location: 660' FSL & 100' FWL (Section 2)
Proposed Total Vertical Depth: 7492'
Proposed Total Measured Depth: 17851'
Target: 2nd Bone Spring Sand
- 5) Desert Eagle 1/2 B3AD FED COM #1H – APD in process
Surface Location: 1440' FNL & 205' FEL (Section 1)
Bottom Hole Location: 1310' FNL & 100' FWL (Section 2)
Proposed Total Vertical Depth: 8719'
Proposed Total Measured Depth: 18986'
Target: 3rd Bone Spring Sand
- 6) Desert Eagle 1/2 B3IL FED COM #1H – APD in process
Surface Location: 1290' FSL & 205' FEL (Section 1)
Bottom Hole Location: 2200' FSL & 100' FWL (Section 2)
Proposed Total Vertical Depth: 8735'
Proposed Total Measured Depth: 19049'
Target: 3rd Bone Spring Sand
- 7) Desert Eagle 1/2 B3PM FED COM #1H – APD in process
Surface Location: 1230' FSL & 205' FEL (Section 1)
Bottom Hole Location: 400' FSL & 100' FWL (Section 2)
Proposed Total Vertical Depth: 8755'
Proposed Total Measured Depth: 19086'
Target: 3rd Bone Spring Sand
- 8) Desert Eagle 1/2 W0AD FED COM #1H – APD in process
Surface Location: 1410' FNL & 205' FEL (Section 1)
Bottom Hole Location: 400' FNL & 100' FWL (Section 2)
Proposed Total Vertical Depth: 8993'
Proposed Total Measured Depth: 19274'
Target: Wolfcamp Sand
- 9) Desert Eagle 1/2 W0EH FED COM #1H – APD in process
Surface Location: 1470' FNL & 205' FEL (Section 1)
Bottom Hole Location: 2200' FNL & 100' FWL (Section 2)
Proposed Total Vertical Depth: 8984'
Proposed Total Measured Depth: 19288'
Target: Wolfcamp Sand
- 10) Desert Eagle 1/2 W0PM FED COM #1H – APD in process
Surface Location: 1260' FSL & 205' FEL (Section 1)
Bottom Hole Location: 1310' FSL & 100' FWL (Section 2)
Proposed Total Vertical Depth: 9005'
Proposed Total Measured Depth: 19282'
Target: Wolfcamp Sand

Page 3 of 3

Regarding the wells targeting the 3rd Bone Spring Sand and Wolfcamp Sand intervals, enclosed are updated AFEs reflecting current costs.

The wells are planned to be pad drilled with the first well tentatively planned to spud 1st quarter 2022 depending on commodity prices. In the event you elect to participate in the proposed wells, please execute the enclosed AFEs before returning them to the undersigned within thirty (30) days. Our proposed Operating Agreement will follow covering Sections 1 and 2 and listing a non-consent penalty of 300%/100% and COPAS drilling/producing rates of \$8000/month and \$800/month respectively. Please enclose your most current well information requirements with your executed AFEs so that we may supply well data when available.

In lieu of participating, MOC is open to a term assignment or farmout for your interest. Please contact me at (432) 682-3715 or via email at arodrigues@mewbourne.com if you have any questions.

Very truly yours,

MEWBOURNE OIL COMPANY

A handwritten signature in black ink, appearing to be 'Ariana Rodrigues', written over a circular stamp or seal.

Ariana Rodrigues
Land Department

Enclosures



July 29, 2021

Dear Simple Certified:

The following is in response to your request for proof of delivery on your item with the tracking number:
9414 8368 9784 6185 6569 85.

Item Details

Status:	Delivered to Agent for Final Delivery
Status Date / Time:	July 29, 2021, 9:44 am
Location:	HOUSTON, TX 77046
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic
Recipient Name:	Oxy USA Inc

Shipment Details

Weight:	3.0oz
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Recipient Signature

Signature of Recipient: (Authorized Agent)	Covid19 SL4611
Address of Recipient:	5 Greenway 110 Houston 77046

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

Oxy USA Inc.
5 Greenway Plaza, Suite 110
Houston, TX 77046
Reference #: Desert Eagle

MEWBOURNE OIL COMPANY

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

July 19, 2021

Via Certified Mail

Walter Frederick Wigzell, Trustee of the Wigzell 2009 Trust
1302 S Rusk Street
Weatherford, TX 76086

Re: Desert Eagle Working Interest Unit
Desert Eagle 1/2 B2AD FED COM #1H
Desert Eagle 1/2 B2HE FED COM #1H
Desert Eagle 1/2 B2IL FED COM #1H
Desert Eagle 1/2 B2PM FED COM #1H
Desert Eagle 1/2 B3AD Fed Com #1H
Desert Eagle 1/2 B3IL Fed Com #1H
Desert Eagle 1/2 B3PM Fed Com #1H
Desert Eagle 1/2 W0AD Fed Com #1H
Desert Eagle 1/2 W0EH Fed Com #1H
Desert Eagle 1/2 W0PM Fed Com #1H
Sections 1 and 2, T20S, R28E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("MOC"), as Operator, hereby proposes creating a working interest unit comprising of Section 1 and Section 2, T20S, R28E, Eddy County, New Mexico and drilling the following ten (10) horizontal tests:

- 1) Desert Eagle 1/2 B2AD FED COM #1H – APD in process
Surface Location: 1380' FNL & 205' FEL (Section 1)
Bottom Hole Location: 660' FNL & 100' FWL (Section 2)
Proposed Total Vertical Depth: 7480'
Proposed Total Measured Depth: 17788'
Target: 2nd Bone Spring Sand
- 2) Desert Eagle 1/2 B2HE FED COM #1H – APD in process
Surface Location: 1500' FNL & 205' FEL (Section 1)
Bottom Hole Location: 1980' FNL & 100' FWL (Section 2)
Proposed Total Vertical Depth: 7474'
Proposed Total Measured Depth: 17799'
Target: 2nd Bone Spring Sand
- 3) Desert Eagle 1/2 B2IL FED COM #1H – APD in process
Surface Location: 1370' FSL & 205' FEL (Section 1)
Bottom Hole Location: 1980' FSL & 100' FWL (Section 2)
Proposed Total Vertical Depth: 7471'
Proposed Total Measured Depth: 17839'
Target: 2nd Bone Spring Sand

- 4) Desert Eagle 1/2 B2PM FED COM #1H – APD in process
Surface Location: 1250' FSL & 205' FEL (Section 1)
Bottom Hole Location: 660' FSL & 100' FWL (Section 2)
Proposed Total Vertical Depth: 7492'
Proposed Total Measured Depth: 17851'
Target: 2nd Bone Spring Sand
- 5) Desert Eagle 1/2 B3AD FED COM #1H – APD in process
Surface Location: 1440' FNL & 205' FEL (Section 1)
Bottom Hole Location: 1310' FNL & 100' FWL (Section 2)
Proposed Total Vertical Depth: 8719'
Proposed Total Measured Depth: 18986'
Target: 3rd Bone Spring Sand
- 6) Desert Eagle 1/2 B3IL FED COM #1H – APD in process
Surface Location: 1290' FSL & 205' FEL (Section 1)
Bottom Hole Location: 2200' FSL & 100' FWL (Section 2)
Proposed Total Vertical Depth: 8735'
Proposed Total Measured Depth: 19049'
Target: 3rd Bone Spring Sand
- 7) Desert Eagle 1/2 B3PM FED COM #1H – APD in process
Surface Location: 1230' FSL & 205' FEL (Section 1)
Bottom Hole Location: 400' FSL & 100' FWL (Section 2)
Proposed Total Vertical Depth: 8755'
Proposed Total Measured Depth: 19086'
Target: 3rd Bone Spring Sand
- 8) Desert Eagle 1/2 W0AD FED COM #1H – APD in process
Surface Location: 1410' FNL & 205' FEL (Section 1)
Bottom Hole Location: 400' FNL & 100' FWL (Section 2)
Proposed Total Vertical Depth: 8993'
Proposed Total Measured Depth: 19274'
Target: Wolfcamp Sand
- 9) Desert Eagle 1/2 W0EH FED COM #1H – APD in process
Surface Location: 1470' FNL & 205' FEL (Section 1)
Bottom Hole Location: 2200' FNL & 100' FWL (Section 2)
Proposed Total Vertical Depth: 8984'
Proposed Total Measured Depth: 19288'
Target: Wolfcamp Sand
- 10) Desert Eagle 1/2 W0PM FED COM #1H – APD in process
Surface Location: 1260' FSL & 205' FEL (Section 1)
Bottom Hole Location: 1310' FSL & 100' FWL (Section 2)
Proposed Total Vertical Depth: 9005'
Proposed Total Measured Depth: 19282'
Target: Wolfcamp Sand

Page 3 of 3

The wells are planned to be pad drilled with the first well tentatively planned to spud 1st quarter 2022 depending on commodity prices. In the event you elect to participate in the proposed wells, please execute the enclosed AFEs before returning them to the undersigned within thirty (30) days. Our proposed Operating Agreement will follow covering Sections 1 and 2 and listing a non-consent penalty of 300%/100% and COPAS drilling/producing rates of \$8000/month and \$800/month respectively. Please enclose your most current well information requirements with your executed AFEs so that we may supply well data when available.

In lieu of participating, MOC hereby offers \$1,000 per net acre delivering an 80% NRI for a three (3) year term assignment. This offer is subject to confirmation of title, term assignment form, and final management approval.

Please contact me at (432) 682-3715 or via email at arodrigues@mewbourne.com if you have any questions.

Very truly yours,

MEWBOURNE OIL COMPANY

A handwritten signature in black ink, appearing to be 'Ariana Rodrigues', written over a circular stamp or seal.

Ariana Rodrigues
Land Department

Enclosures



July 28, 2021

Dear Simple Certified:

The following is in response to your request for proof of delivery on your item with the tracking number:
9414 8368 9784 6186 0701 86.

Item Details

Status:	Delivered, Left with Individual
Status Date / Time:	July 28, 2021, 12:39 pm
Location:	WEATHERFORD, TX 76086
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic
Recipient Name:	Trustee of the Wigzell 2009 Trust

Shipment Details

Weight:	2.0oz
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Recipient Signature

Signature of Recipient:

Address of Recipient:

1302 S RUSK ST
WEATHERFORD, TX 76086

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

Trustee of the Wigzell 2009 Trust
Walter Frederick Wagzell
1302 S. Rusk St.
Weatherford, TX 76086
Reference #: Desert Eagle

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: DESERT EAGLE 1/2 B2PM FED COM #1H		Prospect: DESERT EAGLE 1/2	
Location: SL: 1250 FSL & 205 FEL (1); BHL: 660 FSL & 100 FWL (2)		County: EDDY ST: NM	
Sec: 1/2	Blk:	Survey:	TWP: 20S RNG: 28E Prop. TVD: 7492 TMD: 17851

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	\$20,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	\$55,000	0180-0205	\$35,000
Location / Restoration		0180-0106	\$200,000	0180-0206	\$60,000
Daywork / Turnkey / Footage Drilling 26 days drlg / 3 days comp @ \$19,500/d		0180-0110	\$541,500	0180-0210	\$62,500
Fuel 1700 gal/day @ \$3.00/gal		0180-0114	\$141,600	0180-0214	\$256,600
Alternate Fuels		0180-0115		0180-0215	
Mud, Chemical & Additives		0180-0120	\$65,000	0180-0220	
Mud - Specialized		0180-0121	\$85,000	0180-0221	
Horizontal Drillout Services				0180-0222	\$200,000
Stimulation Toe Preparation				0180-0223	\$30,000
Cementing		0180-0125	\$85,000	0180-0225	\$35,000
Logging & Wireline Services		0180-0130	\$2,300	0180-0230	\$355,900
Casing / Tubing / Snubbing Service		0180-0134	\$20,000	0180-0234	\$15,000
Mud Logging		0180-0137	\$32,000		
Stimulation 49 Stg 20.2MM gal & 20.2MM lbs				0180-0241	\$1,750,000
Stimulation Rentals & Other				0180-0242	\$200,000
Water & Other		0180-0145	\$35,000	0180-0245	\$385,200
Bits		0180-0148	\$85,400	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	\$150,000		
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	\$105,300	0180-0270	\$54,500
Directional Services Includes vertical control		0180-0175	\$275,100		
Equipment Rental		0180-0180	\$216,800	0180-0280	\$22,400
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$5,000	0180-0285	
Intangible Supplies		0180-0188	\$8,000	0180-0288	\$1,000
Damages		0180-0190	\$15,000	0180-0290	\$1,000
Pipeline Interconnect & ROW Easements		0180-0192		0180-0292	\$5,000
Company Supervision		0180-0195	\$143,600	0180-0295	\$44,550
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Contingencies 5% (TCP) 5% (CC)		0180-0199	\$119,900	0180-0299	\$181,200
TOTAL			\$2,517,500		\$3,804,350

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0") 420' - 13 3/8" 54.5# J-55 ST&C @ \$48.00/ft		0181-0794	\$21,500		
Casing (8.1" - 10.0") 3170' - 9 5/8" 40# HCL80 LT&C @ \$38.00/ft		0181-0795	\$128,700		
Casing (6.1" - 8.0") 7906' - 7" 29# HCP-110 LT&C @ \$28.50/ft		0181-0796	\$240,600		
Casing (4.1" - 6.0") 10744.68' - 4 1/2" 13.5# P-110 BPN @ \$15.50/ft				0181-0797	\$177,900
Tubing 7172' - 2 7/8" 6.5# L-80 IPC Tbg @ \$13.00/ft				0181-0798	\$99,600
Drilling Head		0181-0860	\$35,000		
Tubing Head & Upper Section				0181-0870	\$30,000
Horizontal Completion Tools Completion liner hanger				0181-0871	\$50,000
Subsurface Equip. & Artificial Lift Packer				0181-0880	\$25,000
Pumping Unit Systems				0181-0885	
Service Pumps (1/4) TP/CP/circ. pump				0181-0886	\$8,000
Storage Tanks (1/4) 6 - 750 bbl/5 - 750 bbl coated/1 - GB				0181-0890	\$112,000
Emissions Control Equipment (1/4) VRTs/VRU/KOs				0181-0892	\$76,000
Separation / Treating Equipment (1/4) horz. sep./vert. sep./HT				0181-0895	\$74,000
Automation / Metering Equipment				0181-0898	\$38,000
Line Pipe & Valves - Gathering (1/4) 1/2 mile gas & water				0181-0900	\$33,000
Fittings / Valves & Accessories				0181-0906	\$132,000
Cathodic Protection				0181-0908	\$7,500
Electrical Installation				0181-0909	\$69,000
Equipment Installation				0181-0910	\$75,000
Pipeline Construction (1/4) 1/2 mile gas & water				0181-0920	\$40,000
TOTAL			\$425,800		\$1,047,000
SUBTOTAL			\$2,943,300		\$4,851,350
TOTAL WELL COST			\$7,794,650		

Extra Expense Insurance:

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

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

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

Prepared by: H. Buckley Date: 07/16/2021

Company Approval: Date:

Joint Owner Interest: Amount:

Joint Owner Name: Signature:

ATTACHMENT C

MEWBORNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: DESERT EAGLE 1/2 B3PM FED COM #1H		Prospect: DESERT EAGLE 1/2	
Location: SL: 1230 FSL & 205 FEL (1); BHL: 400 FSL & 100 FWL (2)		County: EDDY	ST: NM
Sec. 1/2	Blk:	Survey:	TWP: 20S RNG: 28E Prop. TVD: 8755 TMD: 19086

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	\$20,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	\$55,000	0180-0205	\$35,000
Location / Restoration		0180-0106	\$200,000	0180-0206	\$60,000
Daywork / Turnkey / Footage Drilling	26 days drlg / 3 days comp @ \$19,500/d	0180-0110	\$541,500	0180-0210	\$62,500
Fuel	1700 gal/day @ \$3.00/gal	0180-0114	\$141,600	0180-0214	\$256,600
Alternate Fuels		0180-0115		0180-0215	
Mud, Chemical & Additives		0180-0120	\$65,000	0180-0220	
Mud - Specialized		0180-0121	\$85,000	0180-0221	
Horizontal Drillout Services				0180-0222	\$200,000
Stimulation Toe Preparation				0180-0223	\$30,000
Cementing		0180-0125	\$85,000	0180-0225	\$35,000
Logging & Wireline Services		0180-0130	\$2,300	0180-0230	\$566,500
Casing / Tubing / Snubbing Service		0180-0134	\$20,000	0180-0234	\$15,000
Mud Logging		0180-0137	\$32,000		
Stimulation	78 Stg 20.2MM gal & 20.2MM lbs			0180-0241	\$1,750,000
Stimulation Rentals & Other				0180-0242	\$200,000
Water & Other		0180-0145	\$35,000	0180-0245	\$385,200
Bits		0180-0148	\$96,100	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	\$150,000		
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	\$105,300	0180-0270	\$54,500
Directional Services	Includes vertical control	0180-0175	\$275,100		
Equipment Rental		0180-0180	\$216,800	0180-0280	\$22,400
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$5,000	0180-0285	
Intangible Supplies		0180-0188	\$8,000	0180-0288	\$1,000
Damages		0180-0190	\$15,000	0180-0290	\$1,000
Pipeline Interconnect & ROW Easements		0180-0192		0180-0292	\$5,000
Company Supervision		0180-0195	\$143,600	0180-0295	\$44,550
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Contingencies	5% (TCP) 5% (CC)	0180-0199	\$120,400	0180-0299	\$191,700
TOTAL			\$2,528,700		\$4,025,450

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0")	420' - 13 3/8" 54.5# J-55 ST&C @ \$48.00/ft	0181-0794	\$21,500		
Casing (8.1" - 10.0")	3170' - 9 5/8" 40# HCL80 LT&C @ \$38.00/ft	0181-0795	\$128,700		
Casing (6.1" - 8.0")	9103.06' - 7" 29# HCP-110 LT&C @ \$28.50/ft	0181-0796	\$277,100		
Casing (4.1" - 6.0")	10783.32' - 4 1/2" 13.5# P-110 BPN @ \$15.50/ft			0181-0797	\$178,500
Tubing	8349' - 3 1/2" 9.2# L-80 IPC @ \$13.90/ft			0181-0798	\$123,900
Drilling Head		0181-0860	\$35,000		
Tubing Head & Upper Section				0181-0870	\$30,000
Horizontal Completion Tools	Completion liner hanger			0181-0871	\$50,000
Subsurface Equip. & Artificial Lift	Packer			0181-0880	\$25,000
Pumping Unit Systems				0181-0885	
Service Pumps	(1/4) TP/CP/circ. pump			0181-0886	\$8,000
Storage Tanks	(1/4) 6 - 750 bbl/5 - 750 bbl coated/1 - GB			0181-0890	\$112,000
Emissions Control Equipment	(1/4) VRTs/VRU/KOs			0181-0892	\$76,000
Separation / Treating Equipment	(1/4) horz. sep./vert. sep./HT			0181-0895	\$74,000
Automation / Metering Equipment				0181-0898	\$38,000
Line Pipe & Valves - Gathering	(1/4) 1/2 mile gas & water			0181-0900	\$33,000
Fittings / Valves & Accessories				0181-0906	\$132,000
Cathodic Protection				0181-0908	\$7,500
Electrical Installation				0181-0909	\$69,000
Equipment Installation				0181-0910	\$75,000
Pipeline Construction	(1/4) 1/2 mile gas & water			0181-0920	\$40,000
TOTAL			\$462,300		\$1,071,900
SUBTOTAL			\$2,991,000		\$5,097,350
TOTAL WELL COST			\$8,088,350		

Extra Expense Insurance

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

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

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

Prepared by: H. Buckley	Date: 07/15/2021
Company Approval:	Date:
Joint Owner Interest: Amount:	Signature:
Joint Owner Name:	