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

APPLICATION OF MEWBOURNE OIL COMPANY TO POOL ADDITIONAL INTEREST OWNERS UNDER THE TERMS OF ORDER NO. R-21293, LEA COUNTY, NEW MEXICO

Case No. 21835 Order No. R-21293

MEWBOURNE OIL COMPANY'S HEARING EXHIBITS

Exhibit A	Self-Affirmed Statement of Brad Dunn
A-1	Application & Proposed Notice of Hearing
A-2	Order No. R-21293
A-3	Order No. R-21293-A
A-4	Plat of Tracts
A-5	Communitization Agreement Letter & AFE
A-6	Summary of Communications
A-7	Hearing Notice Letter and Return Receipts
A-8	Affidavit of Publication

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

APPLICATION OF MEWBOURNE OIL COMPANY TO POOL ADDITIONAL INTEREST OWNERS UNDER THE TERMS OF ORDER NO. R-21293, LEA COUNTY, NEW MEXICO

CASE NO. 21835 ORDER NO. R-21293

SELF-AFFIRMED STATEMENT OF BRAD DUNN

- 1. I am over 18 years of age and am competent to provide this Self-Affirmed Statement. I have personal knowledge of the matters addressed herein.
- 2. I am a landman for Mewbourne Oil Company ("Mewbourne"). I am familiar with Mewbourne's application in this case and with the status of the lands in the subject area. A copy of Mewbourne's application and proposed notice are attached as **Exhibit A-1**.
- 3. I have previously testified before the Division, and my qualifications as an expert in petroleum land matters were accepted.
- 4. None of the parties proposed to be pooled in this case indicated opposition to this matter proceeding by affidavit, therefore I do not expect any opposition at hearing.
- 5. Division Order No. R-21293, entered on April 28, 2020 in Case No. 21157, created a 240-acre, more or less, standard horizontal spacing unit ("HSU") comprised of the E/2E/2 of Section 26 and the E/2SE/4 of Section 23, Township 21 South, Range 34 East in Lea County, New Mexico and designated Mewbourne as the operator of the Unit. Order No. R-21293 further pooled the uncommitted interests in the Bone Spring formation (Grama Ridge; Bone Spring NE Pool, Code 28435) and dedicated the HSU to the Inland 26/23 B2PI State Com #1H well, to be horizontally drilled from a surface location in Unit P in Section 26 to a bottom hole location in

MEWBOURNE OIL COMPANY Case No. 21835

Unit I in Section 23, Township 21 South, Range 34 East. A copy of Order No. R-21293 is attached as **Exhibit A-2**.

- 6. On November 13, 2020, the Division issued Order No. R-21293-A in Case No. 21480 to pool additional interest owners under the terms of Order No. R-21293. A copy of Order No. R-21293-A is attached as **Exhibit A-3**.
- 7. Since the above-described orders were issued, Mewbourne has identified additional interest owners whose interests were not pooled under the terms of Order No. R-21293.
- 8. **Exhibit A-4** provides a plat of the tracts included in the HSU, identifies the interests in each tract included in the HSU, and identifies the additional uncommitted interests to be pooled under the terms of Order No. R-21293. This exhibit also identifies the additional uncommitted interest owners who are unlocatable.
- 9. **Exhibit A-5** contains a sample Communitization Agreement letter and AFE sent to the additional interest owners.
- 10. In my opinion, Mewbourne has made a good-faith effort to reach voluntary joinder of the additional interest owners in the well as indicated by the chronology of contact described in **Exhibit A-6**.
- 11. Notice of Mewbourne's application and the Division hearing was provided to the additional parties more than 20 days prior to the hearing date. The notice letter and associated receipts are attached as **Exhibit A-7**.
- 12. Notice of Mewbourne's application and the Division hearing was published more than ten business days prior to the hearing date. The affidavit of publication is attached as **Exhibit A-8**.

- 13. Mewbourne requests the additional uncommitted interests be pooled under the terms of Order No. R-21293.
- 14. In my opinion, the granting of Mewbourne's application would serve the interests of conservation and the prevention of waste.
- 15. The exhibits attached hereto were either prepared by me or under my supervision or were compiled from company business records.
- 16. 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 15 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.

Mal V_	04/23	202
Brad Dunn	Date	

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

APPLICATION OF MEWBOURNE OIL COMPANY TO POOL ADDITIONAL INTEREST OWNERS UNDER THE TERMS OF ORDER NO. R-21293, LEA COUNTY, NEW MEXICO

Case No. 21835 Order No. R-21293

APPLICATION

Mewbourne Oil Company ("Mewbourne"), by and through the undersigned counsel, files this application with the Oil Conservation Division ("Division") to pool additional interest owners under the terms of Order No. R-21293. In support of its application, Mewbourne states the following.

- 1. Division Order No. R-21293, entered on April 28, 2020 in Case No. 21157, created a 240-acre, more or less, standard horizontal spacing unit comprised of the E/2 E/2 of Section 26 and the E/2 SE/4 of Section 23, Township 21 South, Range 34 East in Lea County, New Mexico ("the Unit") and designated Mewbourne as the operator of the Unit. Order No. R-21293 further pooled the uncommitted interests in the Bone Spring formation (Grama Ridge; Bone Spring NE Pool, Code 28435) and dedicated the Unit to the Inland 26/23 B2PI State Com #1H well, to be horizontally drilled from a surface location in Unit P in Section 26 to a bottom hole location in Unit I in Section 23, Township 21 South, Range 34 East.
- 2. Mewbourne filed an application to pool additional mineral interest owners under the terms of Order No. R-21293 on September 25, 2020, and the Division issued Order No. R-21293-A granting the application on November 13, 2020.

MEWBOURNE OIL COMPANY Case No. 21835

Since the above-described orders were issued, Mewbourne has determined that 3.

there are additional mineral interest owners in the Unit who were not provided notice of the prior

proceedings, and as a result, whose interests were not pooled under the terms of Order No. R-

21293.

The pooling of additional mineral interest owners under the terms of Order No. R-4.

21293 will prevent waste, protect correlative rights, and promote administrative efficiency.

In order to permit Mewbourne to obtain its just and fair share of the oil and gas 5.

underlying the subject lands, the additional interest owners should be pooled in the Unit under the

terms of Order No. R-21293.

In order to provide proper notice to these additional interest owners and to bring 6.

their interests under the terms of Order No. R-21293, Mewbourne requests that this case be set for

hearing on the next available examiner docket.

WHEREFORE, Mewbourne requests that this application be set for hearing before the

Division on May 6, 2021, and after notice and hearing as required by law, the Division issue an

order pooling the additional interest owners under the terms of Order No. R-21293.

Respectfully submitted,

HINKLE SHANOR LLP

<u>/s/ Dana S. Hardy</u>

Dana S. Hardy P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

dhardy@hinklelawfirm.com

Counsel for Mewbourne Oil Company

2

Application of Mewbourne Oil Company to Pool Additional Interest Owners Under the Terms of Order No. R-21293, Lea County, New Mexico. Applicant seeks to pool additional interest owners under the terms of Oil Conservation Division Order No. R-21293, which created a 240-acre, more or less, standard horizontal spacing unit comprised of the E/2 E/2 of Section 26 and the E/2 SE/4 of Section 23, Township 21 South, Range 34 East in Lea County, New Mexico ("the Unit") and designated Mewbourne as the operator of the Unit. Order No. R-21293 further pooled the uncommitted interests in the Bone Spring formation (Grama Ridge; Bone Spring NE Pool, Code 28435) and dedicated the Unit to the Inland 26/23 B2PI State Com #1H well, to be horizontally drilled from a surface location in Unit P in Section 26 to a bottom hole location in Unit I in Section 23, Township 21 South, Range 34 East. The well is located approximately 12.5 miles west of Eunice, 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.	21157	
ORDER NO.	R-21293	

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on April 16, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

- 1. Mewbounre 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.

MEWBOURNE OIL COMPANY Case No. 21835

- 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 an amendment of 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 to 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 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 OCD and 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 OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or 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 OCD and 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 OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or 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 OCD and 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.

Date:

4/28/2020

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

ADRIENNE SANDOVAL DIRECTOR

AES/jag

ECTOR

	ATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS
Case:	21157
Date	April 10, 2020
Applicant	Mewbourne Oil Company
Designated Operator & OGRID	A second
(affiliation if applicable)	Mewbourne Oil Company/OGRID No. 14744
Applicant's Counsel:	Dana Hardy
Case Title:	Application of Mewbourne Oil Company for Compulsory Pooling, Lea County, New Mexico
Entries of Appearance/Intervenors:	None
Well Family	Inland 26/23 B2PI State Com. Well No. 1H
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Entire Bone Spring formation
Pool Name and Pool Code:	GRAMA RIDGE;BONE SPRING, NE/Pool Code 28435
Well Location Setback Rules:	Statewide rules and current horizontal well rules
Spacing Unit Size:	Quarter-quarter sections/40 acres
Spacing Unit	The second secon
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	240 acres
Building Blocks:	40 acres
Orientation:	South-North
Description: TRS/County	E/2E/2 §26 and E/2SE/4 §23-215-34E, NMPM, Lea County
Standard Horizontal Well Spacing Unit Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, lescription	N/A
pplicant's Ownership in Each Tract	Exhibits A-3 and A-5
Vell(s)	00 M (CO 10 M) 10 M (CO 10 M
lame & API (if assigned), surface and	Inland 26/23 B2PI State Com. Well No. 1H
ottom hole location, footages,	API No. 30-025-45283
ompletion target, orientation,	SHL: 205 FSL & 1220 FEL §26
ompletion status (standard or non-	BHL: 2540 FSL & 500 FEL §23
tandard)	Second Bone Spring Sand
	Standup Standard
orizontal Well First and Last Take	FTP: 100' FSL and 500' FEL, Section 26
oints	LTP: 2540' FSL and 500' FEL, Section 23

Completion Target (Formation, TVD and MD)	2 ND Bone Spring Sand/TVD 10364 feet/MD 17978 feet
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8000 – Exhibit A
Production Supervision/Month \$	\$800 – Exhibit A
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	Cost + 200% - Exhibit A
Notice of Hearing	COST 1 20070 - EXHIBIT A
Proposed Notice of Hearing	Exhibit A-9
Proof of Mailed Notice of Hearing (20	Exhibit A-3
days before hearing)	Exhibit A-10
Proof of Published Notice of Hearing (10	LXIIDI A-10
days before hearing)	Exhibit A-11
Ownership Determination	LAMBR A-11
Land Ownership Schematic of the	
Spacing Unit	Exhibit A-3
Tract List (including lease numbers and	EXHIBIC A-S
owners)	Exhibit A-3
Pooled Parties (including ownership	LAMBIL A-3
type)	Exhibit A-5
Unlocatable Parties to be Pooled	Not applicable
Ownership Depth Severance (including	Not applicable
percentage above & below)	None
Joinder	None
Sample Copy of Proposal Letter	Exhibit A-6
List of Interest Owners (i.e. Exhibit A of	CAMBIL A-0
JOA)	Exhibit A-8
Chronology of Contact with Non-Joined	
Working Interests	Exhibit A-7
Overhead Rates In Proposal Letter	Exhibit A-6
Cost Estimate to Drill and Complete	Exhibit A-12
Cost Estimate to Equip Well	Exhibit A-12
Cost Estimate for Production Facilities	Exhibit A-12
Geology	
Summary (including special	
considerations)	Exhibit B
Spacing Unit Schematic	Exhibit 8-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-6
Well Orientation (with rationale)	Exhibit 8
Farget Formation	Exhibit B, Bone Spring
HSU Cross Section	Exhibit B-4
Depth Severance Discussion	Not Applicable
orms, Figures and Tables	
2-102	Exhibit A-2
racts	Exhibit A-3
iummary of Interests, Unit	
Recapitulation (Tracts)	Exhibits A-3, A-4
	Exhibit A-1
	EXTIDIT A-1

Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit 8-4
Additional Information	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Dana Hardy
Signed Name (Attorney or Party Representative):	long d. Howly
Date:	April 10, 2020

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

APPLICATION OF MEWBOURNE OIL COMPANY
TO POOL AN ADDITIONAL WORKING INTEREST
OWNERS UNDER THE TERMS OF ORDER NO. R-21293,
EDDY COUNTY, NEW MEXICO.
CASE NO. 21480
ORDER NO. R-21293-A

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on November 5, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

- 1. On April 28, 2020, OCD issued Order R-21293 to Mewbourne Oil Company ("Operator") to pool the uncommitted oil and gas interests within the specified spacing unit ("Unit").
- 2. Subsequent to the issuance of Order R-21293, Operator discovered previously unidentified interest owners in the Unit.
- 3. Operator provided evidence that it gave notice of the Application and the hearing to the previously unidentified interest owner.
- 4. Operator presented evidence through affidavits in support of the Application.
- 5. 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. The previously unidentified interest owner has not agreed to commit its interest to the Unit.
- 11. The pooling of the previously unidentified uncommitted interest in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.

MEWBOURNE OIL COMPANY Case No. 21835

12. This Order affords to the previously unidentified interest owner the opportunity to produce its just and equitable share of the oil or gas in the pool.

ORDER

- 13. The previously unidentified uncommitted interests in the Unit are hereby pooled in the Unit.
- 14. Order R-21293 shall remain in full force and effect.
- 15. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

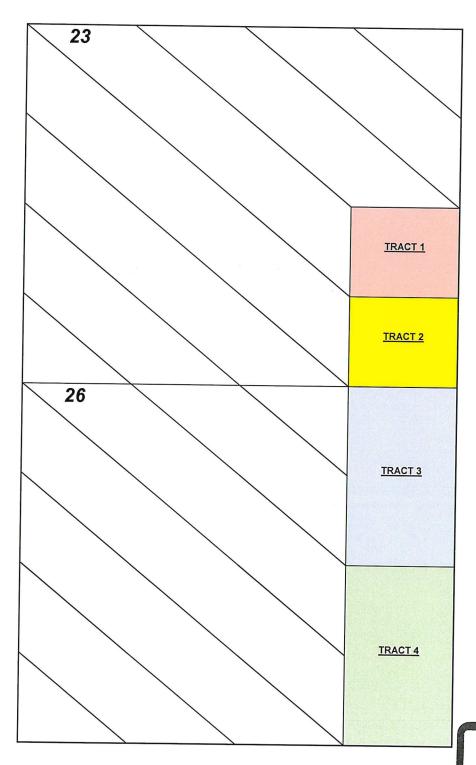
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

ADRIENNE SANDOVAL DIRECTOR AES/kms

Date: ____11/13/2020

EXHIBIT A-4 PLAT OF TRACTS INCLUDED IN HORIZONTAL SPACING UNIT

East Half of the East Half (E/2E/2) of Section 26, Township 21 South, Range 34 East East Half of the Southeast Quarter (E/2SE/4) of Section 23, Township 21 South, Range 34 East County of Lea, State of New



MEWBOURNE OIL COMPANY Case No. 21835

Description of Leases Committed:

E/2E/2 of Section 26 and E/2SE/4 of Section 24; 240.00 acres, more or less.

Tract No. 1

Township 21 South, Range 34 East, N.M.P.M.

Section 23: NE/4SE/4

Lea County, New Mexico, and containing 40 acres, more or less

Lessor:

State of New Mexico

Original Lessee:

Wilson Oil Company

Record Title Owner:

Hal J. Rasmussen Operating, Inc.

Serial No. of Lease:

B-11610

Date of Lease:

November 10, 1944

Description of Lands Committed:

Township 21 South, Range 34 East, N.M.P.M.

Section 23: ONLY INSOFAR as it covers the NE/4SE/4

Lea County, New Mexico

No. of Acres:

40.00

Basic Royalty Rate:

1/8th.

Name and Percent ORRI Owners:

Penny Lamb McIntyre

0.2500000%

Noelle Lamb

0.2500000%

Nancy Lamb

0.2500000%

Sally L. Chumbley, Trustee of the Chumbley

0.2500000% Family Trust

Tumbler Energy Partners, LLC

1.2031250%

Platform Energy III, LLC

1.2031250%

Wilson Oil Company, Ltd.

0.3437500%

Gregory J. Rasmussen

0.6562500%

K & M Permian, LLC

0.0437500%

TOTAL

4.4500000%

Present Lessee and Percent Working Interest Owners:

Mewbourne Oil Company

21.875000%

ZPZ Delaware I LLC Southwest Royalties, Inc.

50.000000% 19.687500%

BTA Oil Producers, LLC

6.250000%

BEXP I, LP

2.187500%

TOTAL

100.000000%

Tract No. 2

Township 21 South, Range 34 East, N.M.P.M.

Section 23: SE/4SE/4

Lea County, New Mexico, and containing 40 acres, more or less

Lessor: State of New Mexico
Original Lessee: Simms Oil Company

Record Title Owners: Four Star Oil and Gas Company and

Atlantic Richfield Company (To be additionally pooled

under Order No. R-21293)

Serial No. of Lease: B-1651

Date of Lease: January 23, 1933

Description of Lands Committed: Township 21 South, Range 34 East, N.M.P.M.

Section 23: ONLY INSOFAR as it covers the SE/4SE/4

Lea County, New Mexico

No. of Acres: 40.00
Basic Royalty Rate: 1/8th.
Name and Percent ORRI Owners: N/A

Present Lessee and Percent Working Interest Owners:

Mewbourne Oil Company

50.000000%

ZPZ Delaware I LLC

<u>50.000000%</u>

TOTAL

100.000000%

Tract No. 3

Township 21 South, Range 34 East, N.M.P.M.

Section 26: E/2NE/4

Lea County, New Mexico, and containing 80 acres, more or less

Lessor:

State of New Mexico

Original Lessee: Record Title Owner:

BTA OIL PRODUCERS, LLC BTA OIL PRODUCERS, LLC

Serial No. of Lease: Date of Lease:

V-5887

Description of Lands Committed:

July 1, 2000 Township 21 South, Range 34 East, N.M.P.M.

Section 26: ONLY INSOFAR as it covers the E/2NE/4

Lea County, New Mexico

No. of Acres:

80.00

Basic Royalty Rate:

1/6th.

Name and Percent ORRI Owners:

BTA Oil Producers, LLC

4.3333333%

Brent D. Hilliard

1.0000000%

CM Royalties, LP

0.6000000%

TOTAL

5.9333333%

Present Lessee and Percent Working Interest Owners:

Mewbourne Oil Company

50.000000%

Siana Oil & Gas Company, LLC**

30.000000%

CM Resources, LLC TOTAL

20.000000% 100.000000%

**Participating under Force-Pooling Order R-21293

Tract No. 4

Township 21 South, Range 34 East, N.M.P.M.

Section 26: E/2SE/4

Lea County, New Mexico, and containing 80 acres, more or less

Lessor:

State of New Mexico

Original Lessee:

The Texas Company

Record Title Owner:

Mewbourne Oil Company

Serial No. of Lease:

B-158

Date of Lease:

August 14, 1931

Description of Lands Committed:

Township 21 South, Range 34 East, N.M.P.M.

Section 26: ONLY INSOFAR as it covers the E/2SE/4

Lea County, New Mexico

No. of Acres:

80.00

Basic Royalty Rate:

1/8th.

Name and Percent ORRI Owners:

The "S" Family Partners, LTD.

4.9125000%

Calmetto, II LTD.

4.9125000%

Randy Hall d/b/a Pogar Petroleum

2.6750000%

TOTAL

12.5000000%

Present Lessee and Percent Working Interest Owners:

e e unero.	
Mewbourne Oil Company	18.169657%
McCombs Energy, LTD	15.806781%
Axis Energy Corporation	15.806781%
Great Western Drilling LTD.	15.806781%
Alpha Energy Partners, LLC	6.000000%
Fall Creek of San Angelo	1.500000%
Patco, Ltd.**	5.500000%
Donald H. Witte**	5.375000%
Broken Bridge Farms**	4.785000%
The Lynn Parsley Maxwell Trust**	3.000000%
The Jan Parsley Sheffield Trust**	3.000000%
Craig Bishop**	2.000000%
Ruth E. Tull**	1.000000%
Barry Hopkins**	1.000000%
Brian McLaughin**	0.750000%
Henry Hwang**	<u>0.500000%</u>
TOTAL	100.000000%

^{**}Force-Pooled by Order R-21293

MEWBOURNE OIL COMPANY

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

TELEPHONE (432) 682-3715

January 13, 2020

Via Email

Four Star Oil & Gas Company Atlantic Richfield Company P.O. Box 2100 Houston, TX 77252-2100 Attn: Taylor Leftwich

Re:

State Communitization Agreement Inland 26/23 B2PI State Com #1H E/2E/2 of Section 26, T21S-R34E E/2SE/4 of Section 23, T21S-R34E Lea County, New Mexico

Ladies and Gentlemen:

Enclosed for your further handling is a State Communitization Agreement dated November 12, 2020 covering the captioned land and 3 sets of extra signature/notary pages of the same for the agreement. The Agreement pools the leases covering the captioned land for Bone Spring production. The Inland 26/23 B2PI State Com #1H well is a horizontal well with the E/2E/2 of the captioned Section 26 and the E/2SE/4 of the captioned Section 23 being dedicated to the well as the proration unit.

Four Star Oil & Gas Company and Atlantic Richfield Company are both listed as the co-record title owners according to the New Mexico State Land Office (NMSLO) regarding lease # B-1651 encompassing the SE4SE4 of Sec. 23, T21S, R34E. To appease the NMSLO in order to have them approve this Communitization Agreement, please have this Communization agreement executed for both companies if possible, and return only the 3 extra sets of signature/notary pages for both companies to me for further handling. Please retain the full copy of the State Communitization Agreement for your file.

Should you have any questions regarding the above, please email me at bdunn@mewbourne.com or call me at (432) 682-3715. The referenced well previously spudded on December 5, 2020, and so your prompt attention to this matter is greatly appreciated.

Sincerely,

MEWBOURNE OIL COMPANY

Brad Dunn

Petroleum Landman

MEWBOURNE OIL COMPANY Case No. 21835

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: INLAND 26/23 B2PI STATE CO	M #1H Pro	spect: OSI	JDO (INLAND	26/23\	en, in the entry of the second
Location: SL: 205 FSL & 1220 FEL (26); BHL: 2540 FSL 8	10	County: Lea	maintain Sanajoro examento o	20123)	ST: NM
Sec. 26 Blk: Survey:	TWP: 21S	125 STATE OF THE PARTY OF THE P	4E Prop. TV	D: 10364	
INTANGIBLE COSTS 0180	3 - 2 - 1 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2	CODE	1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -		MF U14808.
Regulatory Permits & Surveys		0180-0100	TCP \$10.000	CODE 0 0180-0200	CC
Location / Road / Site / Preparation		0180-0105		0180-0200	627.5
Location / Restoration		0180-0106		0180-0205	\$37,5
Daywork / Turnkey / Footage Drilling 25 days drlg / 3 day	/s comp @ \$18550/d	0180-0110	\$495 300	0180-0208	\$40,0
Fuel 1700 gal/day @ \$1.	.3/gal	0180-0114	\$59,000	0180-0210	\$59,4
Alternate Fuels		0180-0115	Ψ55,000	0180-0214	\$162,0
Mud, Chemical & Additives		0180-0120	\$220,000	0180-0210	
Mud - Specialized		0180-0121	7-20,000	0180-0221	
Horizontal Drillout Services				0180-0222	\$150,0
Stimulation Toe Preparation				0180-0223	\$25,0
Cementing		0180-0125	\$100,000		\$25,0
Logging & Wireline Services		0180-0130		0180-0230	\$257,0
Casing / Tubing / Snubbing Services		0180-0134		0180-0234	\$50,0
Mud Logging		0180-0137	\$20,000		Ψ50,0
Stimulation 45 Stg 14.5 MM ga	al / 14.5 MM lb		,,	0180-0241	\$923,0
Stimulation Rentals & Other				0180-0242	\$100,0
Water & Other		0180-0145	\$80,000	0180-0245	\$173,00
Bits		0180-0148		0180-0248	\$8,00
Inspection & Repair Services		0180-0150		0180-0250	\$5,00
Misc. Air & Pumping Services		0180-0154		0180-0254	\$10,00
Testing & Flowback Services		0180-0158	\$15,000		\$30,00
Completion / Workover Rig		1	Ţ,0,000	0180-0256	\$10,50
Rig Mobilization		0180-0164	\$120,000		φ10,50
Transportation		0180-0165		0180-0265	\$25,00
Welding, Construction & Maint. Services		0180-0168		0180-0268	\$25,00
Contract Services & Supervision		0180-0170	Ψ0,000	0180-0270	
Directional Services Includes Vertical Co	ntrol	0180-0175	\$341,000		\$12,00
Equipment Rental		0180-0180		0180-0280	\$20,00
Well / Lease Legal		0180-0184		0180-0284	φ20,00
Well / Lease Insurance		0180-0185		0180-0285	
Intangible Supplies		0180-0188		0180-0288	\$10,00
Damages		0180-0190		0180-0290	Ψ10,00
Pipeline Interconnect, ROW Easements		0180-0192	40,000	0180-0292	\$4,00
Company Supervision		0180-0195	\$268.800	0180-0295	\$86,40
Overhead Fixed Rate		0180-0196		0180-0296	\$20,00
Contingencies 2% (TCP) 2% (CC)		0180-0199		0180-0299	\$45,20
-	TOTAL		\$2,426,500		
TANGIBLE COSTS 0181		T	Ψ2, 420,500		\$2,303,00
Casing (19.1" – 30")					
Casing (10.1" – 19.0") 1800' - 13 3/8" 54.5# J-55 ST&	C @ 522 46/B	0181-0793			
Casing (8.1" – 10.0") 5800' - 9 5/8" 40# HCL80 LT&0	C @ \$32. 16/ft	0181-0794	\$61,800		
Casing (6.1" – 8.0") 10700' - 7" 29# HCP-110 LT&C	S @ \$25.77/IL	0181-0795	\$159,600		
Casing (4.1" – 6.0") 8200' - 4 1/2" 13.5# P-110 BPN	J @ \$11.77#	0181-0796	\$245,400		
Tubing 9850' - 2 7/8" 6.5# EUE tbg @	\$4.54/6			0181-0797	\$102,600
Drilling Head	\$4.54/IL	0404 0000	0.40.000	0181-0798	\$47,800
Tubing Head & Upper Section		0181-0860	\$40,000		
Horizontal Completion Tools Completion Liner Hanger		-		0181-0870	\$30,000
Subsurface Equip. & Artificial Lift		-		0181-0871	\$82,000
Pumping Unit Systems				0181-0880	
Service Pumps				0181-0885	
Storage Tanks (1/2) 6 - 750 bbl OT/5 - 750 bbl	WT/1 - Gun Bbl			0181-0886	\$8,000
Emissions Control Equipment (1/2) VRTs/VRU/Flare/KOs				0181-0890	\$133,000
Separation / Treating Equipment (1/2) 30"x10'x1k# 3 ph/48"x15'x	1k# horiz/Heater Treater	-		0181-0892	\$123,000
Automation Metering Equipment				0181-0895 0181-0898	\$98,000
Line Pipe & Valves - Gathering (1/2) 1/4 mile Steel Gas & Poly	Water			0181-0898	\$63,000
Fittings / Valves & Accessories					\$8,000
Cathodic Protection				0181-0906 0181-0908	\$200,000
Electrical Installation				0181-0908	\$8,000
Equipment Installation				0181-0909	\$125,000
Pipeline Construction (1/2) 1/4 mile Steel Gas & Poly	Water			0181-0910	\$88,000
				0181-0920	\$10,000
	TOTAL				
	TOTAL		\$506,800		\$1,126,400
	SUBTOTAL		\$2,933,300		\$3,429,400
T	OTAL WELL COST		¢0.00	2,700	
xtra Expense Insurance I elect to be covered by Operator's Extra Expense Insurance covering Operator has secured Extra Expense Insurance covering I elect to purchase my own well control insurance pointed by the control insurance	g costs of well control, clean up blicy.	p and redrilling		14 (4.54)	30-0185.
Prepared by: Andy Taylor	Date:	11/12/2020			
Company Approval: The Whattee	Date:	11/16/2020			
Company Approval: Joint Owner Interest: Amount:		11/16/2020			

Summary of Communications

(Additional Parties to be added to Order No. R-21293) Inland 26/23 B2PI State Com #1H

4 Star Oil & Gas Company

- 1) 01/13/2020: Sent B2PI Comm Agreement and Cover letter to Four Star Oil & Gas Company
- 2) 03/02/2020: Emailed Taylor Leftwich at Chevron who represents this interest regarding obtaining a signature for the State Communitization Agreement and how to clear up how the NM State Land Office still shows this lease's record title owner in the name of 4 Star Oil & Gas Company
- 3) 11/12/2020: Emailed Taylor Leftwich at Chevron who represents this interest regarding obtaining a signature for the State Communitization Agreement
- 4) 12/07/2020: Emailed Lisa Hesse (who is listed on the NM State Land Office's website as the contact person for this interest) regarding obtaining a signature for the State Communitization Agreement
- 5) 12/07/2020: Sent B2PI Comm Agreement and Cover letter to Four Star Oil & Gas Company via certified mail to the address listed on the NM State Land Office's website
- 6) 01/13/2021: Email correspondence with Taylor Leftwich regarding obtaining the record title owner's signature (4 Star Oil & Gas Company)
- 7) 02/22/2021: Emailed Taylor Leftwich at Chevron who represents this interest regarding obtaining a signature for the State Communitization Agreement. No response and no signature for this interest on the B2PI State Communitization Agreement has ever been obtained

Atlantic Richfield Company

- 1) 01/13/2020: Sent B2PI Comm Agreement and Cover letter to Atlantic Richfield Company
- 2) 03/02/2020: Emailed Taylor Leftwich at Chevron who represents this interest regarding obtaining a signature for the State Communitization Agreement and how to clear up how the NM State Land Office still shows this lease's record title owner in the name of Atlantic Richfield Company
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- 5) 12/07/2020: Sent B2PI Comm Agreement and Cover letter to Atlantic Richfield Company via certified mail to the address listed on the NM State Land Office's website
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MEWBOURNE OIL COMPANY Case No. 21835



HINKLE SHANOR LLP

ATTORNEYS AT LAW
PO BOX 2068
SANTA FE, NEW MEXICO 87504
505-982-4554 (FAX) 505-982-8623

WRITER:

Dana S. Hardy, Partner dhardy@hinklelawfirm.com

March 16, 2021

VIA CERTIFIED MAIL

Atlantic Richfield Co. P.O. Box 2100 Houston, TX 77252-2100

Re:

Mewbourne Oil Company NMOCD Application

Gentlemen:

Enclosed is a copy of an application that Mewbourne Oil Company ("Mewbourne") has filed with the New Mexico Oil Conservation Division ("the Division"). The application (Case No. 21835) seeks to pool additional interest owners under the terms of Order No. R-21293.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on May 6, 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the Division's Hearings docket for that day: http://www.emnrd.state.nm.us/OCD/hearings.html. You are not required to attend the hearing, but as an owner of an interest that may be affected by the application, you may appear at the hearing and present testimony. If you do not appear at that time and become a party of record, you will be precluded from contesting the matter at a later date.

A party appearing in a Division case is required by the Division's Rules to file a Pre-Hearing Statement, which in this matter must be filed no later than Thursday, April 29, 2021. The Pre-Hearing Statement must be filed with the Division and should include: the name of the party and the party's attorney; a concise statement of the case; the name(s) of the witness(es) the party will call to testify at the hearing; the approximate amount of time the party will need to present the party's case; and an identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to me.

Thank you for your attention to this matter.

Very truly your

Dana S. Hardy

DSH:sm Enclosure







HINKLE SHANOR LLP

ATTORNEYS AT LAW
PO BOX 2068
SANTA FE, NEW MEXICO 87504
505-982-4554 (FAX) 505-982-8623

WRITER:

Dana S. Hardy, Partner dhardy@hinklelawfirm.com

March 16, 2021

VIA CERTIFIED MAIL

Four Star Oil & Gas Co. P.O. Box 2100 Houston, TX 77252-2100

Re:

Mewbourne Oil Company NMOCD Application

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DSH:sm Enclosure

PO BOX 10 PO BOX ROSWELL, NEW MEXICO 88202 ARTESIA, NEW 575-622-6510 575-623 (FAX) 575-623-9332 (FAX) 575-623

PO BOX 1720 ARTESIA. NEW MEXICO 88211 575-622-6510 (FAX) 575-746-6316

PO BOX 2068 SANTA FE, NEW MEXICO 87504 505-982-4554 (FAX) 505-982-8623

7601 JEFFERSON ST NE • SUITE 180 ALBUQUERQUE, NEW MEXICO 87109 505-858-8320 (FAX) 505-858-8321





Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

> Beginning with the issue dated March 19, 2021 and ending with the issue dated March 19, 2021.

Publisher

Sworn and subscribed to before me this 19th day of March 2021.

Business Manager

My commission expires

January 29, 2023

OFFICIAL GEAL **GUSSIE BLACK** Notary Public State of New Mexico My Commission Expires /_

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL NOTICE March 19, 2021

This is to notify all interested parties, including Four Star Oil & Gas Co., Atlantic Richfield, and their successors and assigns, that the New Mexico Oil Conservation Division will conduct a hearing on an application submitted by Mewbourne Oil Company (Case No. 21835). During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on May 6, 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings w e b s i t e f o r t h a t d a t e: website for that date: http://www.emnrd.state.nm.us/OCD/hearings.html. Applicant seeks to pool additional interest owners under the terms of Oil Conservation Division Order under the terms of Oil Conservation Division Order No. R-21293, which created a 240-acre, more or less, standard horizontal spacing unit comprised of the E/2 E/2 of Section 26 and the E/2 SE/4 of Section 23, Township 21 South, Range 34 East in Lea County, New Mexico ("the Unit") and designated Mewbourne as the operator of the Unit. Order No. R-21293 further pooled the uncommitted interests in the Rone Spring formation (Grama Ridge: Bone the Bone Spring formation (Grama Ridge; Bone Spring NE Pool, Code 28435) and dedicated the Unit to the Inland 26/23 B2PI State Com #1H well, to be to the Inland 26/23 B2PI State Com #1H well, to be to the Inland 26/23 B2PI State Com #20 Incation in Italian B. horizontally drilled from a surface location in Unit P in Section 26 to a bottom hole location in Unit I in Section 23, Township 21 South, Range 34 East. The well is located approximately 12.5 miles west of Eunice, New Mexico. #36306

02107475

GILBERT HINKLE, SHANOR LLP PO BOX 2068 SANTA FE, NM 87504

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MEWBOURNE OIL COMPANY Case No. 21835