

J. SCOTT HALL
Cell: (505) 670-7362
Email: shall@montand.com
www.montand.com

December 9, 2016

HAND-DELIVERED

Florene Davidson New Mexico Oil Conservation Division 1220 South St. Francis Drive Santa Fe, NM 87505

Re: IN THE MATTER OF THE APPLICATION OF MEWBOURNE OIL COMPANY FOR A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO, OCD CASE NOS. 15600, 15601 and 15602

Dear Ms. Davidson:

Enclosed are 3 originals of a Second Motion for Continuance and Request for Prehearing Conference for filing in each of the above cases.

Thank you.

Very truly yours,

7. Scott Hall

Enclosures

cc (via email, w/enc.): James Bruce (via email, w/encs.)

Luke Mildren, Mewbourne Oil Company

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

APPLICATION OF MEWBOURNE OIL COMPANY FOR A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

CASE NOS. 15600, 15601 and 15602

SECOND MOTION FOR CONTINUANCE AND REQUEST FOR PREHEARING CONFERENCE

Black Mountain Operating LLC, ("Black Mountain"), moves the Division enter its order continuing the December 15, 2016 hearings in the three cases referenced above, until a docket hearing date in February or March of 2017 as can be agreed to by the parties. In support of its motion, Black Mountain states:

Mewbourne Oil Company seeks orders approving of three non-standard oil spacing and proration units and pooling unjoined interests for the drilling of three Bone Spring formation wells in the E½ E½, the W/2 E/2 and the E/2 W/2 of Section 15, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico.

Black Mountain owns certain working interests in the S/2 of Section 15 that would be included in Mewbourne's proposed spacing and proration units. Black Mountain also owns interests in adjoining Section 10, T23S, R34E. It plans to develop its acreage in both sections with three 7,500' laterals which would also include Mewbourne's interests in the N/2 of Section 15. Proposals for Mewbourne's participation in the Black Mountain wells were recently sent. (See Well Proposals, Exhibits 1). It is not presently known whether Mewbourne will agree to participate in the development of Sections 10 and 15 as Black Mountain has proposed. There are also other interest owners in Section 10 who must consider whether to participate in the Black Mountain

wells. If voluntary participation cannot be achieved, compulsory pooling proceedings may become necessary. If such becomes the case, then it is in the interests of administrative economy and efficiency to consolidate all such proceedings for simultaneous hearing.

In order to allow the parties sufficient time to consider Black Mountain's drilling and development proposals and negotiate their participation, Black Mountain requests that the December 15, 2016 hearing be continued.

The undersigned attempted to contact Mewbourne's counsel, Mr. Bruce, to discuss these matters, but believe he may be involved in another hearing. A pre-hearing conference early next week is requested.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: 1. Scan Uall

J. Scott Hall

Post Office Box 2307

Santa Fe, New Mexico 87504-2307

(505) 982-3873

shall@montand.com

Attorneys for Black Mountain Operating LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on the following counsel of record by electronic mail on December 9, 2016:

James Bruce Post Office Box 1056 Santa Fe, NM 87504 jamesbruc@aol.com

1. Jeon Rall



BLACK MOUNTAIN OPERATING, LLC

December 9, 2016

Mewbourne Oil Company Attn: Corey Mitchell 500 West Texas, Suite 1020 Midland, Texas 79701

Re:

Notice of Intent to Drill

Duke Federal 10 #26H E2E2 of Section 15-23S-34E & E2SE4 of Section 10-23S-34E Lea County, New Mexico

To Whom it May Concern:

Black Mountain Operating, LLC ("BMO") hereby delivers this notice describing its intent to drill the Duke Federal 10 #26H well name (the "Well"), as described below.

According to preliminary ownership reports it appears that Mewbourne Oil Company("Mewbourne") owns working interest in and to Section 15. Prior to commencing actual drilling operations the ownership interests will be verified under a drilling title opinion. Should Mewbourne's ownership be verified BMO will provide Mewbourne a copy of BMO's JOA and an opportunity to participate in the Well, in accordance to the rules of New Mexico Oil Conservation Division.

Thank you for your careful time and consideration; we look forward to doing business with you. Respectfully,

Black Mountain Operating, LLC

Luke Mildren

Vice President, Land

500 Main Street, Suite 1220 Fort Worth, Texas 76102. Phone 817-698-9901. email: (uke.mildren@blackmtn.com

BLACK MOUNTAIN OPERATING, LLC AUTHORIZATION FOR EXPENDITURE DRILL & COMPLETE NEW WELL	AFE#: 16007	
ate 12/97/016 mare Duka Federal 13 unisce Location: <u>6EC 10 1-235 R 14E</u> reposed Depth: 18:557 MO	Courty/State Lee NV Well No. 20H	
because Driff & Complete Honzontal Well in 3rd Bone Spring		
Duke Federal 10		
eder's Development Arg 45000000000000000000000000000000000000	A K R. C.	
SEVET I LOCATION I PERMATE		AFE Amounts
CAL / TITLE / BURFACE DAMAGES / EAMAGES DADUGTOR P.PÉ / WATER WELL / CRÍVE P.P.E.	 	\$20 to
ONTRACT DRELING - FOOTAGE & TURNIEY		
CHTRACT DRELING - CATWORK (DRELING, LOGISTIC RU	 	\$7,6 00 \$77.50
CB) DE MCB		\$60 500
ENTAL 100L B EQUIPMENT DWM HOLE RENTAL TOOL B EQUIPMENT		\$175 00 \$45.00
18		8120 SQ
PERIOPECTION & SERVICES		
O MATERIALS & CHEMICALS		82729.000
endral / Flowrack ATER		\$51,00
REW QUARTERS		\$15 acc
PÉCIAL BÉRNICES I DIRECTIONAL DOCINO I WIRELING I PERFORATING		9,275 000 8,50 000
CLL STEM & PRODUCTION TES'S		3
DRING & CORE ANALYSIS UD LOGGING		\$3£ 000
EWENT & CENENT BERVOES		6-52 SO
UG ABANCON E RESTORE ELECONG E HALE NO	· · · · · · · · · · · · · · · · · · ·	\$200 COX
DIMPANY SUPERVISION APERVISION - CONTRACT		7
VERICAS		870,900
ASING CREWS / CONTRACT LABOR ISCELLANDOUS / DTHER DRILLING COSTS		825,000 83,200
ULLING WELL INSURANCE SATINGENCY		8232.734
Name of the College o	20 F 2,7 2 - 12 S 4 200 5 4	\$232,79 \$2,884,70
URIACE CASHO		\$47,300
PERMEDIATE DAS NO ABIND HEAD / TUBING HEAD / CHRISTMAS THEE		3160 20
THER TANGIBLE / CENTRALIZERS / FLOAT SHOES		\$27,50X
ONTINGE NOV	A create and the first state	\$27.00x
URVEY/LOCATION/PERVIES		
ECIAL I TITLE I BURFACE DAMAGES / CAMAGES		U3 50
TARLILATION TREATMENT I FRACTURING I ACEDZING AND CONTROL		\$2 990 to
ONTRACT BAYMORK (CRILING LOGGING RUSSING CARM)		\$30.00
OWN HOLE RENTAL TOOL & EQUIPMENT		
		17,50
URFACE RENTAL TOOL & EGUPHENT ONL TUBINGSHUSBUNG		\$225 pp
urface rental 1001 e egupnent Or turnorenebbng Ite		\$225 000
UPTACE REVITAL TOOL & COLEMENT TOOL TOWNCH WASHINGTON THE STAND TOOLS & REFERENCE THE REPECTION & COLETING THE REPECTION & COLETING		\$225 000 \$150,000 \$2,500 \$4
Utrace reviru 1500 a Egisphent Der Tübencerheibung Tibence 1500 a Betraces Per Babeceton e Coltago de Testing Ud Material a Erichace 5		\$225 000 \$150,000 \$3,000 \$4,000 \$4 \$4,000 \$4,000
UPTACE REVIAL (SOL & EGLIPHENT OR, TUBENCES RESIDENCE RE ARROS TOCKS & SERVINCES PER REPECTION & COATROC SO TESTING UM MATERIALS & CHEMOLAS SENGIAL FROWNSACH ATEN AT		\$225 000 \$150,000 \$3,000 \$4 \$4 \$4 \$40,000 \$350,000
Uttack revial 1501 a (GLEPHENT TO THE TOOLS A STRUCES PARENT TOOLS A STRUCES PARENT TOOLS A CANTING DO TESTING US RATERIAL A CHEWICLS SPORAL FROM BOTH AND AREAS A CHEWICLS SPORAL FROM BOTH AND AREAS A CHEWICLS SPORAL FROM BOTH AND AREAS A CHEWICLS SPORAL FROM BOTH AND BOTH AND BOTH AREAS AND BOTH AREA		\$225,000 \$150,000 \$2,000 \$6 \$6 \$5,000 \$20,000 \$20,000
Ustace revial 1501 a (GLEPHENT DE TIENGERUSSING THE TOOLS A SPRINGES PLE ASPECTION & CONTING OF TESTING UST MATERIALS A CHEROLS SPOOM! PEOWSAGN ATER GOOD OF WHELME PERGENTING DOOM OF THE TIENGER DOOM OF THE TI		\$225,000 \$150,000 \$2,500 \$6 \$6 \$6 \$50,000 \$50,000
URTACE REVIAL TOOL & COLPHENT OR, TUBERCE RESIDENCE RE STRING TOOLS & SPENICES PER INSPECTION & COATING DO TISTING OU MATERIALS & CHEMOLS SPORAL PROVINCE REVIOLATION ORDER ORD		\$225,000 \$150,000 \$4,000 \$4,000 \$40,000 \$20,000 \$150,000 \$150,000 \$150,000
URTACE REVIAL TOOL & COLPHENT DR. TUBERCHUNGHUN FIR SHEWL TOOLS & SERVICES FIR SHEWLTOOLS & CONTING DR. TESTING T		\$225,000 \$150,000 \$2,500 \$2,500 \$40,000 \$20,000 \$20,000 \$150,000 \$
URTACE REVIAL TOOL & COLPRENT DR STR STR STR STR STR STR STR		\$225,000 \$150,000 \$2,500 \$4,500 \$40,000 \$200,000 \$150,000
URTACE REVIAL TOO A COSPAINT OR, THE COSTANGING THE SHAND TOOLS A SERVICES FOR MERCETOON & CONTING OR RESTRUCT OR RESTRUCT OR RESTRUCT SPORAL FERVISION ATTEL REVI OLANTERS EVEN TOOLS SPORAL FERVISION ATTEL REVI OLANTERS EVEN TOOLS SERVICES CONTING OR AND AND AND SERVICES (CONTING OR AND		\$221,000 \$150,000 \$2,500 \$4,500 \$40,000 \$50,00
URTACE REVIAL TOOL & COLPARAT OR, THE CONTROL & COLPARAT PE REPECTION & COLPARA DE TESTRO OF TE		\$225,000 \$150,000 \$2,500 \$2,500 \$30,000 \$200,000 \$156,000 \$156,000 \$15
URTACE REVIAL TOOL & COLPRENT OR, THENCHANDENCE THE SHIPE TOOL & AFFINCES HE REPECTION & COATRO SPITISTING OU MATERIALS & CHEMICALS FROM I PLOYMACK ATEX FROM I PLOYMACK COMMACK OURANT RUBERS COMMACK OURANT RUBERS OURANT RU		\$221,000 \$150,000 \$150,000 \$150,000 \$20,000 \$20,000 \$154,000 \$154,000 \$154,000 \$154,000 \$154,000 \$154,000 \$155,
URTACE REVIAL TOOL & COLPHENT OR, TUBERCHANDENCE THE SHIPE TOOL & AFFINCES HE REPECTION & COATRO SPITISTING OU MATERIALS & CHEMICALS SPORAL PLOYMER REVI DOLLAR ERS SPORAL PLOYMER ATER REVI DOLLAR ERS SPORAL PLOYMER REVI DOLLAR ERS COMMAN FREEDOLLAR DESTRUCTOR OUTMAN FREEDOLLAR DESTRUCTOR COMMAN FREEDOLLAR OUTMAN FREEDOLLAR COMMAN FREEDOLLAR COMMAN FREEDOLLAR OUTMAN FREEDOLLAR COMMAN FREEDOLLAR OUTMAN OUTMAN		\$221,000 \$190,000 \$190,000 \$190,000 \$200,000 \$19
INTRACE REVINAL TOOL & COLPRENT OR THE COUNTY OF THE COLPRENT PERSON TOOLS & SERVICES RE REFECTION & COATRIC OF TESTING O		\$210,000 \$1,000
URTACE REVIAL TOOL ECOSPAENT DE SANGO TOOL E EFFECTE FE BARRECTION & CONTING DE VESTING DE VESTING		\$210,000 \$1,000
INTRACE REVINAL TOOL & COSPANDAT DE SANKO TOOL & & SPRACES PE SAPECTION & CONTRAC ATTEL ENDOMATERAL & CHECKAL & SOCIAL PLOWRACK ATTEL ENDOMATERAL SOCIAL PLOWRACK ATTEL ENDOMATERAL SOCIAL PROPERTIES CONTRACE CONTRA		\$221,000 \$1,000 \$4,000 \$4,000 \$4,000 \$4,000 \$5,000
URTACE REVIAL TOOL ECOSPAENT DE NEWS TOOL E EFFENCES PE BAPECTION E CONTING DE VESTION		\$221,000 \$1,000
URTACE REVIAL TOOL & COLPARATION TO THE STAND CONTROL & COLPARATION TO THE STAND CONTROL & COLPARATION TO TESTING TO TESTING TO TESTING TO THE TING THE THE TING THE THE THE THE THE THE THE TH		\$221,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$2,000 \$2,000 \$2,000 \$3,000
URTACE REVIAL TOOL & COLPANY TO SHOOL SALES AFRACES FE SHEOL TOOL & EFFACES FE SHEOL TOOL & COLTANO DE TESTINO DE REFECTION & COLTANO SHOOL FELLO & SHEUNCLS SHOOL FELLO & SHEUNCLS SHOOL FELLO & SHEUNCLS COL LAE REVI DURACER DE SHEUNCL PERIODER DE SHEUNCL SHEUNCLS COLLAND DE SHEUNCL TESTINO DE SHEUNCL TESTINO SHEUNCL TESTIN		\$221,000 \$19,000 \$1,000 \$1,000 \$1,000 \$1,000 \$2,000 \$1,000
INTRACE REVINAL TOOL & COLPRENT TO SHOW TOOL & & SPENCES FOR SHEET ON & COLPRENT DE SHEET ON & COLPRENT AT THE SHEET ON & COLPRENT REVINDANT END & CHEMICAL SHOWN ON HISLING I PEUT CHATTAN DOWN OF HISLING I PEUT CHATTAN LIMENT & COLPRENT ON & REVINCES CHEMICAL SHEET ON & COLPRENT DE SHEET ON & COLPRENT DE SHEET ON & COLPRENT DESTROY ON & COLPRENT DE		\$221,000 \$1,000 \$4,000 \$4,000 \$5,000 \$5,000 \$1,000
INTRACE REVINAL TOOL & COSTPUENT DE STANCO TOOL & SERVICES PE SAPECTION & CONTRAC ATTER ENDOMATERAL & CHECKAL & ENDOMATERAL & CHECKAL & ENDOMATERAL & CHECKAL & ENDOMATERAL & ENDO		\$221,000 \$1,000
INTRACE REVINAL TOOL & COSPANDAT DE SANKO TOOL & & SPRACES PE SAPECTION & CONTING DE VESTING DE VESTING DE VASTERIAL & CHECKLA. S ENGRAL PERMANDA DE VASTERIAL DE		\$221,000 \$1,000
INTRACE REVINAL TOOL & COSTPUENT DE STANDO TOOL & STANDES PE SAPECTION & CONTRAC SECOND / PROVINCE ATTEL REVINGUARIES DOOR / PERSON ON THE SAPECTION OF PERSON ON THE SAPECTION CONTRACT COMPACT WAS CONTRACT UNDOR COMMACT WAS CONTRACT UNDOR COMPACT ON THE CONTRACT UNDOR COMPACT ON THE CONTRACT UNDOR CONTRACT ON CONTRACT CONTRACT ON CONTRACT		\$221,000 \$1,000
INTRACE REVINAL TOOL & COLFPANT TO STAND TOOL & STANCES FE BRECTION & CONTING FO WINTER OF REPECTION & CONTING FO WINTER OF REPECTION & CONTING OF RETERING ON THE CONTING AND CONTING ON THE CONTING ON T		\$221,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$2,000
URTACE REVIAL TOOL ECOSPHENT OR, THE CONTROLS TE SHEW TOOLS & SERVICES FE REPECTION & CONTROL OF VESTING OF		\$221.000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$2,000 \$2,000 \$1,000
URTACE REVIAL TOOL ECOSPHENT OR, THE CONTROLS TE SHEW TOOLS & SERVICES FE REPECTION & CONTROL OF VESTING ON		\$221,000 \$1,000
URTACE REVIAL TOOL ECOSPHENT OR, THE CONTROLS TE SHEW TOOLS & SERVICES FE REPECTION & CONTROL OF VESTING ON		\$221,000 \$1,000
UPTACE REVIAL TOOL & COLPHENT OR, TUBERCHANDENC TH STRICK TOOLS & SETENCES IFE INSPECTION & COATING DE TISTING OR MATERIALS & CHELECLS SEPCIAL FROM THE COATING REVI DUARTERS ORDINAL FROM THE COATING ELECT & CERECTIFIC SERVICES (CATURE MICHING & CHILAGE MICHING & COATING UPTERSION, CONTINGE LOWER SERVICES COMMANDER OF CONTINGE WESTERS OWNERS TO CONTINGE COMMANDER OF CONTINGE LOWER SERVICES COMMANDER OF CONTINGE COMMANDER OF CONTINGE COMMANDER OF CONTINGE OWNERS TO CONTINGE COMMANDER OF CONTINGE COMMANDER OF CONTINGE OWNERS TO CONTINGE		\$221,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$2,000 \$2,000 \$2,000 \$3,000 \$3,000 \$3,000 \$3,000 \$3,000 \$3,000 \$4,000
URTACE REVIAL TOOL ECGIPHENT DO IL THENCHUSHING TE ARRIVA TOOLE & EFRINCES FE REPECTION & COATHAG DO VISTING DO VISTING US HATCHAUS & CHERCLES ECOMAL PROVINCIA ATTEL REVIGUATION OF THE PROPERTIANO DO MATCHAUS & CHERCLES ECOMAL PROVINCIA ATTEL REVIGUATION OF THE PROPERTIANO DOSANT OF THE PROPERTIANO DOSANT SUPERIORS COMPANY SUPERIORS CO		\$221,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$2,000
INTERES REVIAL TOOL ECOSPHENT DO THOMOSOME STRUCES FE SAFECTION & CONTING DO VISTOR DE VISTOR		\$221,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$2,000
INTRACE REVINAL TOOL & COLFRENT TO SHOW TOOL & & STRUCES FOR BAPECTOOL & COATRO TO SHOW TOOL & & STRUCES FOR BAPECTOOL & COATRO TO VISTAGE OF WATERUA & CHECKEL & EVEN AND TRUMS & EVEN AND TR	Tee Date	\$221.00 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$1,000 \$2,000 \$1,000 \$
URTACE REVIAL TOOL ECGIPHENT DO IL THENCHUSHING TE ARRIVA TOOLE & EFRINCES FE REPECTION & COATHAG DO VISTING DO VISTING US HATCHAUS & CHERCLES ECOMAL PROVINCIA ATTEL REVIGUATION OF THE PROPERTIANO DO MATCHAUS & CHERCLES ECOMAL PROVINCIA ATTEL REVIGUATION OF THE PROPERTIANO DOSANT OF THE PROPERTIANO DOSANT SUPERIORS COMPANY SUPERIORS CO	Tee Date Out Proportionate MARTE OF THE ES	\$221.00 \$1,000 \$



BLACK MOUNTAIN OPERATING, LLC

December 9, 2016

Mewbourne Oil Company Attn: Corey Mitchell 500 West Texas, Suite 1020 Midland, Texas 79701

Re:

Notice of Intent to Drill

Duke Federal 10 #18H W2E2 of Section 15-235-34E & W2SE4 of Section 10-235-34E Lea County, New Mexico

To Whom it May Concern:

Black Mountain Operating, LLC ("BMO") hereby delivers this notice describing its intent to drill the Duke Federal 10 #18H well name (the "Well"), as described below.

Well Type: New Drill Horizontal
Objective Formation: 3rd Bone Spring Sand
Estimated Total Vertical Depth. 11,300'
Estimated total Measured Depth: 18,567'
Surface Hole Location: 2470' FSL, 1840' FEL
Bottom Hole Location: 330' FSL, 1792' FEL
Proposed Project Area: W2 €2 Section 15, W2 SE4 Section 10

According to preliminary ownership reports it appears that Mewbourne Oil Company("Mewbourne") owns working interest in and to Section 15. Prior to commencing actual drilling operations the ownership interests will be verified under a drilling title opinion. Should Mewbourne's ownership be verified BMO will provide Mewbourne a copy of BMO's JOA and an opportunity to participate in the Well, in accordance to the rules of New Mexico Oil Conservation Division.

Thank you for your careful time and consideration; we look forward to doing business with you. Respectfully,

Black Mountain Operating, LLC

Vice President, Land

500 Main Street, Suite 1220 Fort Worth, Texas 76102. Phone 817-698-9901. email: <u>luke.mildren@blackmtn.com</u>

BLACK MOUNTAIN OPERATING, LLC AUTHORIZATION FOR EXPENDITURE		AFE#:	1600
DRILL & COMPLETE NEW WELL 200 129-2215 2010 PAIN FEW PLICE 2010 PAIN	County/State Les San Welling 184		
reposed Depth 18 557 MD			
Deactive Driff & Complete Horizontal West in 3rd Bone Soring		rac stages	
Ouka Federal 10	 		
the section			E Amounta
JRVEY/LOCATION/PERMIS FOAL/TITLE/SURFACE DAMAGES/DAMAGES		-	\$ 150 EX
CNOUCTOR PIPE / WATER WELL / DRIVE PIPE			\$20 00 \$25 00
CHTRACT DRILLING - FCOTAGE & TURINE EY CHTRACT DRILLING - DAYWORK (CR. LLING , LOCGING RU			1
AL		~ -	\$77,50 \$77,50
OB / DE MOS			GE 2.50
ENTAL TOOL & COUPMENT OWN FOLE RENTAL TOOL & EQUIPMENT			\$175,00
78			81215
SHING TOOKS & BETWICES PE INSPECTION & COATING			
P TESTING			1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
LÓ MATERIALS & CHEMICALS			200
SPOSAL I FLOWSACK			3 %. C.3
EN CUARTERS COIAL BERVICES / DIRECTIONAL			\$30.00 \$273.00
OG NO I WIRELINE I PERFORATING			2× 0
TALL STEM & PRODUCTION TESTS ORING & CORE ANALYSIS			
JO LOCGING			\$100 GO
MENT & CENENT SERVICES UC. ABANDON & RESTORE			\$47 S
LUCIONG & HAULING			£26 £2
MPANY SUPERVISION	T		
JERY 2 ON - CONTRACT VERHEAD			570,50
ASING CREWS / CONTRACT LADGE SCELLANGOUS / OTHER DRILLING COSTS			\$75.00
RELING WELL INSURANCE			1
Defractives angitus Defing			\$230.2 \$3,832,73
MYACE CASING TERMEDIATE CASING			\$47.30 \$150.00
a interpretation of the property of the proper			\$21.50
Them tangible / Centralizers / Float Bhoss Dintingency			\$: 1,00 \$27.00
ngthis thilling at our fact out a series of a series of	T		\$297,00
URVEY ILDICATION I PERMITS			
EGAL (TITLE) SURFACE DAMAGES / DAMAGES TRANSATION TREATMENT SERVICES (DAMAGES			\$39.00 \$2 \$90.00
AND CONTROL ONTRACT DAYWORK (DRILLING LOGGING RUNAWAG CASA)			
ÆL			1.xx 00
DWN HOLE RENTAL TOOL & FOURMENT DREACE MENTAL TOOL & EQUIPMENT			87.50 1225.00
OIL TUBING SHUBBING			115730
TB SHING TOOLS & SERVICES		}-	\$3.X
PÉTRISPECTION É CONTRIG DE TESTINO			
IN MATERIALS & CHEMICALS			163,00
SPOSAL/FLOWBACK ATER			\$30 DC
REW QUARTERS			
DOGINO I WIRELINE I PERFORATIVO BRENT & CEMENTING BERVICES			3156,00 845,25
ACK UME			
EUCKING B HALLING PAPANY BUPCHVISION	 		315 DC
PERVISION - CONTRACT VERHEAD			1:760
ASING CREWS / CONTRACT LABOR		+	825 00
OWEACH MELL TESTS SCELLANGOUS (OTHER COSTS / FRUC PLUGS			\$90.00
ELLING WELL INCURANCE			\$72.50
NYTROS MEY English Completion			3420 73 • EA,878,00
COUCT ON CASING			\$254.23
SANT RANTENED HELD CHRETTANE TREE			\$25.57
HER TANGELE / CENTRALDERS / FLOAT EQUIPMENT	<u> </u>		10,50 EX. (C
egible Completion	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		rin n
GUT .			
MPING UNIT / PRIME WOVER / ASSEMBLY LOKER ROOS / POUSH ROOS			
SC FITTMGS & SUPYLIES			\$77 \$2
BUNTACE EQUIPMENT CXERS			\$7,50 \$25,00
ZELTY LABOR COST UNI BATTERY			\$77.5
PARATORE / HEATERS / TREATERS			\$51,00 \$60,00
MARESSOR ETERNO EQUIPMENT I LACT UNIT		$$ Γ	\$1.76
LITY EQUIPMENT			\$1,75
PELINES E CONNECTIONS DEPANY SUPERVISION	 		\$82.50 \$7.50
MINURNEY			\$41,225
and the same of th	1. 1	I	2123.ET
ital Extrated Well Cost			· \$8.250,37
lack Mountain Operaturg, LLC			
coroned By	T.s.	Date	
thorization Requesting From:			_
EASE INDIGATE YOUR APPROVAL AND AUTHORATION FOR TO OPENOTURE AS DETAILED ASOVE BY SIGN NO SELOW AND RE	THE PROPORTIONALE PARTS	CF THE ESTAN	CE_
ANCROPP	STEJSMOOD OF TROOP		
ATÉ.	PARTICIPANTS ESTIMATE:		



BLACK MOUNTAIN OPERATING, LLC

December 9, 2016

Mewbourne Oil Company Attn: Corey Mitchell 500 West Texas, Suite 1020 Midland, Texas 79701

Re:

Notice of Intent to Drill

Duke Federal 10 #10H E2W2 of Section 15-23S-34E & E2SW4 of Section 10-23S-34E Lea County, New Mexico

To Whom it May Concern:

Black Mountain Operating, LLC ("BMO") hereby delivers this notice describing its intent to drill the Duke Federal 10 #10H well name (the "Well"), as described below.

According to preliminary ownership reports it appears that Mewbourne Oil Company("Mewbourne") owns working interest in and to Section 15. Prior to commencing actual drilling operations the ownership interests will be verified under a drilling title opinion. Should Mewbourne's ownership be verified BMO will provide Mewbourne a copy of BMO's JOA and an opportunity to participate in the Well, in accordance to the rules of New Mexico Oil Conservation Division.

Thank you for your careful time and consideration; we look forward to doing business with you. Respectfully,

Black Mountain Operating, LLC

Vice President, Land

500 Main Street, Suite 1220 Fort Worth, Texas 76102. Phone 817-698-9901. email: tuke.mildren@blackmtn.com

BLACK MOUNTAIN OPERATING, LLC AUTHORIZATION FOR EXPENDITURE DRILL & COMPLETE NEW WELL		AFE#: 160
Deter, 12/3/2018 Lease Dube Federal 10 Surface Location SEC 10 T-215 R-545 Proposed Death: 18 587 MD	Carrysine Lee Ly Well No 124	
Proposed Depth: 18 597 640 Objective - Dr 18 Corrollete Harscortal Web in 3rd Bone Sorrig	Formation 7500 lineral 30 vs	* ******
Duke Federal 10		* 2:3-30.1
laders Development AFE	****	2 14 1 1
Disciplini SURVEY / LOCATION / PERM/18		AFE Amoun
EGAL! TITLE ! BUR! ACE CAMAGES! CAMALES		8150 820
O VOICTOR PIPE (WATCR WELL) GRIVE PIPE CONTRACT DOLL NO FOOTAGE & TUR WEY		155.
CONTRACT CRILLING - DAYWORK (ORELING, LOCKING RU-		8718
HOS / CE MOS	-	\$77 :
RENTAL TOOL & EQUIPMENT		\$179
OWN HOLE RENTAL FOOL & EQUIPMENT		\$45,0
SmiNQ TOOLS & SERVICES		1120 1
THE INSPECTION & COATING		17:
NUD MATERIALS & EXEMICALS DISPOSAL / FLOWBACK		\$225 0
NATER		830,0 818,0
MEW QUANTERS PECIAL BERVICES / CIRECTIONAL		850,0
OGGING / WIRELING / PERFORATING		\$275.0 \$50.0
PELL BTEM & PRODUCTION TESTS CORNG & CORE ANALYSIS		
AND LOCCING		830 ô
EMENT & CEMENT SERVCES JUG. ÁBANDÓN & RESTORE		632.5
RUCKING & HAULING	<u> </u>	\$250
OMPANY SUPERVISON UPERVISON - CONTRACT		
VERHEAD		\$ras
AS NG CREWS / CONTRACT LABOR ISCELLANEOUS / OTHER DRILLING COSTS		\$25 D
ROLLING WELL INCOMUNCE CHINGENCY		
Hangilita Critical Comments	 	\$237,2 82,843,7
LRFACE CASING		
ITERVEDIATE CASING		\$47.5 8183.0
ESAT EANTEING 1 CASH DA SUT I CASH DA SA ESCHE TAGLETESCHAFTAS SE SAN TAGENTA		\$27.5 \$12.3
ONTINGENCY		\$27.00
Septilis To Story 1977	<u>. L </u>	1317,6
LRIVEY / LOCATION / PERMITS EGAL / TITLE / BURFACE DAMAGES / DAMAGES		
THERATION THEATMENT / PRACTURING / ACIDZING		\$2 99C CC
AND CONTROL ONTRACT BAYWORK (DRIVEING, LOGGING, RUNNING CASH)		
JA L		3 NO. CC
OWN MOVE RENTAL TOOL & EQUIPMENT URFACE RENTAL TOOL & EQUIPMENT	 	\$7.90 \$7.25,00
OL TUBING/SHUBBING		\$150,00
SYNG TOOLS & SERVICES		53.50
PÉINSPECTION S COATHG OF TESTING		
LIO MATERIALS & CHEMICALS		\$60.00
SPOSAL / FLOWBACK ATER	 	\$50,00 \$200,00
REW QUARTERS 200: NG I WIRC, JUE I PERI ORATING		
EMENT & CEMENTING SERVICES		8° 56 00
LICK LINE RUCKING & HALLENG		
OWPANY SUPERVISION	1	111.00
PERMINON - CONTRACT	- 	8-280
ASING CREAS I CONTRACT LABOR		211,00
OMBACK/WELL TESTS SCELLANSOUS/OTHER COSTS/FRAC PLUCS	<u>t </u>	\$90,00 \$72,90
MILING WELL BIS SPAN IT		
Conglish Conglished A. Co. 100	<u> </u>	\$420,73 \$4,628,66
ICOLOTION CAS NO	 	Ean
BANG ISANG HEAD I TUBING HEAD I CHRISTMAS TREE		\$40 DO
HER TANGELE I CENTRALIZERS I FLOAT EQUIPMENT	<u> </u>	\$33,50 \$8,50
N TRIGENCY registration		\$30 82 \$138,84
904		
AUPING UNIT / PRIME MOVER / ASSEMBLY	<u> </u>	
CKER ROOS / POUSH ROOS SC FTTHICE & BUPPLIES		
BEURFACE ECUPIVENT CHÉRE		\$77,30 \$7,50
CILITY LABOR COST	<u> </u>	\$79.00 \$77,50
NK BATTERY PARATORS (MEATERS / THEATERS	T	1 361,000
AMPRESSOR		\$60,00
TERING EQUIPMENT/ LACT LINET ILITY EQUIPMENT		64 75/
EUNES & CONNECTIONS		\$82,500
MIPANY EUPERVISION		\$7 500
WINGENCY	l	\$453,471
Milingency Cities and States and		
METINGENCY CREATE AND		
Company Control and the property of the second		\$4,261,371
Left Earnered West Cost	Tine C.	1'4
Cities and Ayar Cos. act Mountain Operating, LLC reveal 8g Portraiten Requested from	•	1,6
Bleepas Co. 11 at	D DDCDC BT ON A YE SUBTRICE IS	1'e