

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

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:

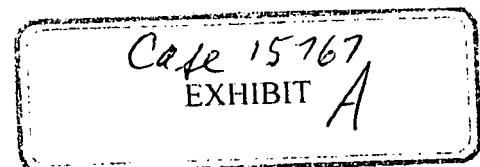
APPLICATION OF MEWBOURNE OIL COMPANY  
FOR A NON-STANDARD GAS SPACING AND  
PRORATION UNIT AND COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO.

Case No. 15,767

VERIFIED STATEMENT OF LEE SCARBOROUGH

Lee Scarborough, being duly sworn upon his oath, deposes and states:

1. I am a landman for Mewbourne Oil Company ("Mewbourne"), and have personal knowledge of the matters stated herein.
2. In this case Mewbourne seeks an order approving a 640-acre non-standard gas spacing and proration unit (project area) in the Wolfcamp formation comprised of the W/2 of Section 25 and the W/2 of Section 36, Township 23 South, Range 26 East, NMPM. Mewbourne further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard unit. The unit will be dedicated to the Ghost rider 25/36 W0DM Fed. Com. Well No. 2H.
3. This case was presented at the July 20, 2017 hearing, and land and geology testimony were presented at that time.
4. At the original hearing, I testified that the parties being pooled were Black Stone Minerals Company, L.P. and its assignee via an unrecorded Term Assignment. Through inadvertence, I neglected to state that Magnum Hunter Production Inc. ("Magnum Hunter") and Texas and New Mexico Exploration, LLC ("TNM") also needed to be pooled.
5. Attached hereto as Exhibit 1 is a listing of the working interest owners in the well unit. Magnum Hunter and TNM own contractual working interests in the NW/4 of Section 25.
6. Attached as Exhibit 2 is the correspondence and correspondence log of contacts with Magnum Hunter. Attached as Exhibit 3 is the correspondence and correspondence log of contacts with TNM.
7. Mewbourne has made a good faith effort to obtain the voluntary joinder of Magnum Hunter and TNM in the Ghost rider 25/36 W0DM Fed. Com. Well No. 2H.



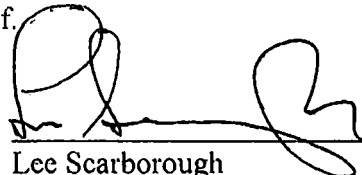
8. Mewbourne requests that Magnum Hunter and TNM be pooled into the well unit for the Ghost Rider 25/36 WODM Fed. Com. Well No. 2H.

9. If either Magnum Hunter or TNM subsequently commits its interest to the proposed well Mewbourne will notify the Division that they are not subject to compulsory pooling.

VERIFICATION


STATE OF TEXAS                    )  
  ) ss.  
COUNTY OF MIDLAND            )

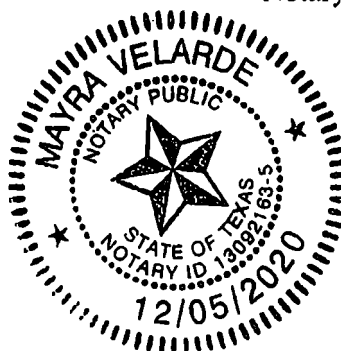
Lee Scarborough, being duly sworn upon his oath, deposes and states that: He is a landman for Mewbourne Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge,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

  
\_\_\_\_\_  
Lee Scarborough

SUBSCRIBED AND SWORN TO before me this 11 day of August, 2017 by Lee Scarborough.

My Commission Expires: 12-05-2020

  
\_\_\_\_\_  
Notary Public



| Description |         |       | WIO                                     | %       | GrAcres   | NetAcres  | % WIU   |
|-------------|---------|-------|---|---------|-----------|-----------|---------|
| TWP/RGE     | Section | Lands |   |         |           |           |         |
| 23S26E      | 25      | NW    | Mewbourne Oil Company                   | 0.83333 | 160.00000 | 133.33331 |         |
|             |         |       | Marathon Oil Permian                    | 0.02344 |           | 3.75000   |         |
|             |         |       | Magnum Hunter Production Inc.**         | 0.05990 |           | 9.58336   | 1.4974  |
|             |         |       | Texas and New Mexico Exploration, LLC** | 0.08333 |           | 13.33333  | 2.08333 |
| 23S26E      | 25      | SW    | Mewbourne Oil Company                   | 0.75000 | 160.00000 | 120.00000 |         |
|             |         |       | Finwing Oil & Gas, LLC                  | 0.08102 |           | 12.96296  |         |
|             |         |       | S.E.S. Resources, LLC                   | 0.08102 |           | 12.96296  |         |
|             |         |       | Tiburon Exploration, LLC                | 0.07500 |           | 12.00000  |         |
|             |         |       | Logic Energy Holdings, LLC              | 0.01296 |           | 2.07408   |         |
| 23S26E      | 36      | NW    | Mewbourne Oil Company                   | 1.00000 | 160.00000 | 160.00000 |         |
| 23S26E      | 36      | NWSW  | Black Stone Minerals Company, L.P.**    | 0.50000 | 40.00000  | 20.00000  | 3.125   |
|             |         |       | Gahr Energy Company                     | 0.50000 |           | 20.00000  |         |
| 23S26E      | 36      | NESW  | Mewbourne Oil Company                   | 1.00000 | 40.00000  | 40.00000  |         |
| 23S26E      | 36      | S2SW  | Mewbourne Oil Company                   | 1.00000 | 80.00000  | 80.00000  |         |
| Totals      |         |       |   |         | 640.00000 | 640.00000 |         |
|             |         |       |   |         |           |           |         |
|             |         |       | ** Pooling - 42.91669 acres (6.70573%)  |         |           |           |         |

EXHIBIT /

**Correspondence Log**  
**Ghostrider 25/36 W0DM Fed Com #2H**

[illegible]

EXHIBIT

2

## Lee Scarborough

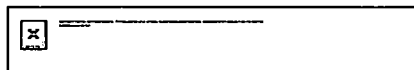
**From:** TrackingUpdates@fedex.com  
**Sent:** Wednesday, June 14, 2017 10:51 AM  
**To:** Lee Scarborough  
**Subject:** FedEx Shipment 779393675621 Delivered

## Your package has been delivered

Tracking # 779393675621

Ship date:  
Tue, 6/13/2017

Lee Scarborough  
Mewbourne Oil Company  
Midland, TX 79701  
US



Delivered

Delivery date:  
Wed, 6/14/2017 10:48  
am

Hayden P. Tresner  
Magnum Hunter Production,  
Inc.  
600 North Marienfeld, Suite 600  
MIDLAND, TX 79701  
US

### Personalized Message

Ghostrider 25/36 W0DM #2H

### Shipment Facts


Our records indicate that the following package has been delivered.

|                            |   |
|----------------------------|---|
| Tracking number:           | <u>779393675621</u>                                       |
| Status:                    | Delivered: 06/14/2017 10:48<br>AM Signed for By: S.GARCIA |
| Reference:                 | Ghostrider 25/36 W0DM #2H                                 |
| Signed for by:             | S.GARCIA  |
| Delivery location:         | MIDLAND, TX   |
| Delivered to:              | Receptionist/Front Desk                                   |
| Service type:              | FedEx Standard Overnight                                  |
| Packaging type:            | FedEx Envelope  |
| Number of pieces:          | 1   |
| Weight:                    | 0.50 lb.  |
| Special handling/Services: | Deliver Weekday   |
| Standard transit:          | 6/14/2017 by 3:00 pm                                      |

*Cimarron  
Magnum Hunter*

**This tracking update has been requested by:**

**Company name:** Mewbourne Oil Company  
**Name:** Lee Scarborough  
**Email:** [akirksey@mewbourne.com](mailto:akirksey@mewbourne.com)

 Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 10:50 AM CDT on 06/14/2017.

All weights are estimated.

To track the latest status of your shipment, click on the tracking number above.

This tracking update has been sent to you by FedEx on behalf of the Requestor [akirksey@mewbourne.com](mailto:akirksey@mewbourne.com). FedEx does not validate the authenticity of the requestor and does not validate, guarantee or warrant the authenticity of the request, the requestor's message, or the accuracy of this tracking update.

Standard transit is the date and time the package is scheduled to be delivered by, based on the selected service, destination and ship date. Limitations and exceptions may apply. Please see the FedEx Service Guide for terms and conditions of service, including the FedEx Money-Back Guarantee, or contact your FedEx Customer Support representative.

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Thank you for your business.

## Lee Scarborough

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**From:** TrackingUpdates@fedex.com  
**Sent:** Tuesday, June 13, 2017 4:13 PM  
**To:** Lee Scarborough  
**Subject:** FedEx Shipment 779393675621 Notification

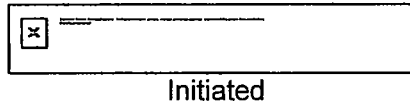
This shipment is scheduled to be sent on  
**06/13/2017.**

See "Preparing for Delivery" for helpful tips

Tracking # 779393675621

Anticipated ship date:  
Tue, 6/13/2017

Lee Scarborough  
Mewbourne Oil Company  
Midland, TX 79701  
US



Scheduled delivery:  
Wed, 6/14/2017 by 3:00  
pm

Hayden P. Tresner  
Magnum Hunter Production,  
Inc.  
600 North Marienfeld, Suite 600  
MIDLAND, TX 79701  
US

### Personalized Message

Ghostrider 25/36 W0DM #2H

### Shipment Facts

|                            |                           |
|----------------------------|---------------------------|
| Tracking number:           | <u>779393675621</u>       |
| Reference:                 | Ghostrider 25/36 W0DM #2H |
| Service type:              | FedEx Standard Overnight  |
| Packaging type:            | FedEx Envelope            |
| Number of pieces:          | 1                         |
| Weight:                    | 0.50 lb.                  |
| Special handling/Services: | Deliver Weekday           |

### Preparing for Delivery


To help ensure successful delivery of your shipment, please review the below.

Won't be in?

You may be able to hold your delivery at a convenient FedEx World Service Center or FedEx Office location for pick up. Track your shipment to determine Hold at FedEx location availability.

**This tracking update has been requested by:**

**Company name:** Mewbourne Oil Company  
**Name:** Lee Scarborough  
**Email:** [akirksey@mewbourne.com](mailto:akirksey@mewbourne.com)

 Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 4:12 PM CDT on 06/13/2017.

All weights are estimated.

The shipment is scheduled for delivery on or before the scheduled delivery displayed above. FedEx does not determine money-back guarantee or delay claim requests based on the scheduled delivery. Please see the FedEx Service Guide for terms and conditions of service, including the FedEx Money-Back Guarantee, or contact your FedEx customer support representative.

To track the latest status of your shipment, click on the tracking number above.

This tracking update has been sent to you by FedEx on behalf of the Requestor [akirksey@mewbourne.com](mailto:akirksey@mewbourne.com). FedEx does not validate the authenticity of the requestor and does not validate, guarantee or warrant the authenticity of the request, the requestor's message, or the accuracy of this tracking update.

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Thank you for your business.



June 13, 2017

Via Overnight Mail

To: Working Interest Owners

Re: Ghost rider 25/36 W0DM Fed Com #2H  
185' FNL, 450' FWL (SL), Section 25  
330' FSL, 450' FWL (BHL), Section 36  
Township 23 South, Range 26 East  
Eddy County, New Mexico

Ladies and Gentlemen:

Enclosed for your review and further handling is Mewbourne Oil Company's revised AFE (working interest percentage revised based off of preliminary title review) along with our Joint Operating Agreement for the proposed Ghost rider 25/36 W0DM Fed Com #2H well. Our spud date is currently set for July 25, 2017. In the event you elect to participate, please execute the enclosed AFE and Joint Operating Agreement as soon as possible.

Should you have any questions regarding this proposal, please email me at [lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com) or call me at (432) 682-3715.

Very truly yours

**MEWBOURNE OIL COMPANY**

Lee M. Scarborough  
Landman

Enclosures

# NEWBOURNE OIL COMPANY

## AUTHORIZATION FOR EXPENDITURE

|  |              |                             |  |
|--|--------------|-----------------------------|--|
| Well Name: <b>Ghostrider 25/36 W0DM Fed Com #2H</b>                                  |              | Prospect: <b>Ghostrider</b> |  |
| Location: <b>SL: 185' FNL &amp; 450' FWL (25); BHL: 330' FSL &amp; 450' FWL (36)</b> |              | County: <b>Eddy</b>         | ST: <b>NM</b>  |
| Sec. <b>25</b>   | Blk: <b></b> | Survey: <b></b>             | TWP: <b>23S</b> RNG: <b>26E</b> Prop. TVD: <b>8793'</b> TMD: <b>18650'</b> |

| INTANGIBLE COSTS 0180  |  | CODE      | TCP         | CODE      | CC          |
|--|--|-----------|-------------|-----------|-------------|
| Regulatory Permits & Surveys   |  | 0180-0100 | \$15,000    | 0180-0200 |             |
| Location / Road / Site / Preparation   |  | 0180-0105 | \$50,000    | 0180-0205 | \$25,000    |
| Location / Restoration   |  | 0180-0106 | \$195,000   | 0180-0206 | \$55,000    |
| Daywork / Turnkey / Footage Drilling 28 days drlg / 4 days comp @ \$18,000/day |  | 0180-0110 | \$536,800   | 0180-0210 | \$76,700    |
| Fuel 1500 gal/day @ 1.90/gal   |  | 0180-0114 | \$91,200    |           |             |
| Mud, Chemical & Additives  |  | 0180-0120 | \$200,000   | 0180-0220 |             |
| Horizontal Drillout Services   |  |           |             | 0180-0222 | \$105,000   |
| Cementing  |  | 0180-0125 | \$80,000    | 0180-0225 | \$30,000    |
| Logging & Wireline Services  |  | 0180-0130 | \$2,000     | 0180-0230 | \$404,000   |
| Casing / Tubing / Snubbing Service   |  | 0180-0134 | \$25,000    | 0180-0234 | \$20,000    |
| Mud Logging  |  | 0180-0137 | \$25,000    |           |             |
| Stimulation 60 stg 24.4 MM gals X 24.4 MM#                                     |  |           |             | 0180-0241 | \$4,400,000 |
| Stimulation Rentals & Other  |  |           |             | 0180-0242 | \$150,000   |
| Water & Other  |  | 0180-0145 | \$40,000    | 0180-0245 | \$820,000   |
| Bits   |  | 0180-0148 | \$81,000    | 0180-0248 | \$4,000     |
| Inspection & Repair Services   |  | 0180-0150 | \$40,000    | 0180-0250 | \$5,000     |
| Misc. Air & Pumping Services   |  | 0180-0154 |             | 0180-0254 | \$10,000    |
| Testing & Flowback Services  |  | 0180-0158 | \$15,000    | 0180-0258 | \$30,000    |
| Completion / Workover Rig 5 days @ \$3500/day                                  |  |           |             | 0180-0260 | \$18,500    |
| Rig Mobilization   |  | 0180-0164 | \$160,000   |           |             |
| Transportation   |  | 0180-0165 | \$25,000    | 0180-0265 | \$12,000    |
| Welding Services   |  | 0180-0168 | \$5,000     | 0180-0268 | \$5,000     |
| Contract Services & Supervision  |  | 0180-0170 |             | 0180-0270 | \$48,000    |
| Directional Services Includes vertical control                                 |  | 0180-0175 | \$218,000   |           |             |
| Equipment Rental   |  | 0180-0180 | \$194,000   | 0180-0280 | \$30,000    |
| Well / Lease Legal   |  | 0180-0184 | \$5,000     | 0180-0284 |             |
| Well / Lease Insurance   |  | 0180-0185 | \$5,700     | 0180-0285 |             |
| Intangible Supplies  |  | 0180-0188 | \$8,000     | 0180-0288 | \$1,000     |
| Damages  |  | 0180-0190 | \$25,000    | 0180-0290 |             |
| ROW & Easements  |  | 0180-0192 |             | 0180-0292 | \$85,000    |
| Pipeline Interconnect  |  |           |             | 0180-0293 |             |
| Company Supervision  |  | 0180-0195 | \$143,000   | 0180-0295 | \$115,000   |
| Overhead Fixed Rate  |  | 0180-0196 | \$10,000    | 0180-0296 | \$20,000    |
| Well Abandonment   |  | 0180-0198 |             | 0180-0298 |             |
| Contingencies 10% (TCP) 5% (CC)  |  | 0180-0199 | \$219,500   | 0180-0299 | \$322,500   |
| TOTAL  |  |           | \$2,414,200 |           | \$6,771,700 |

| TANGIBLE COSTS 0181   |  | CODE      | TCP          | CODE      | CC          |
|---|--|-----------|--------------|-----------|-------------|
| Casing (19.1" - 30")  |  | 0181-0793 |              |           |             |
| Casing (10.1" - 19.0") 475' - 13 3/8" 54.5# J-55 ST&C @ \$28.51/ft        |  | 0181-0794 | \$14,500     |           |             |
| Casing (8.1" - 10.0") 1720' - 9 5/8" 40# N-80 LT&C @ \$25.40/ft           |  | 0181-0795 | \$46,600     |           |             |
| Casing (6.1" - 8.0") 8900' - 7" 29# P-110 LT&C @ \$21.21/ft               |  | 0181-0796 | \$201,200    |           |             |
| Casing (4.1" - 6.0") 10355' - 4 1/2" 13.5# P-110 BPN @ \$14.21/ft         |  |           |              | 0181-0797 | \$156,800   |
| Tubing (2" - 4")  |  |           |              | 0181-0798 |             |
| Drilling Head   |  | 0181-0860 | \$30,000     |           |             |
| Tubing Head & Upper Section 10K frac valve & tree                         |  |           |              | 0181-0870 | \$45,000    |
| Horizontal Completion Tools   |  |           |              | 0181-0871 | \$30,000    |
| Sucker Rods   |  |           |              | 0181-0875 |             |
| Subsurface Equipment  |  |           |              | 0181-0880 |             |
| Artificial Lift Systems   |  |           |              | 0181-0884 |             |
| Pumping Unit  |  |           |              | 0181-0885 |             |
| Surface Pumps & Prime Movers VRU and SWD pump                             |  |           |              | 0181-0888 | \$50,000    |
| Tanks - Oil 3 - 750 steel   |  |           |              | 0181-0890 | \$40,000    |
| Tanks - Water 3 - 750 steel coated  |  |           |              | 0181-0891 | \$45,000    |
| Separation / Treating Equipment 36"x15"x1000# 3ph, 30"x10"x1000# 3 ph, GB |  |           |              | 0181-0895 | \$50,000    |
| Heater Treaters, Line Heaters 6"x20"x75#                                  |  |           |              | 0181-0897 | \$15,000    |
| Metering Equipment  |  |           |              | 0181-0898 | \$7,000     |
| Line Pipe & Valves - Gathering 2.5 miles 8" SWD & 1 mile 4 1/2" gas       |  |           |              | 0181-0900 | \$240,000   |
| Fittings / Valves & Accessories   |  |           |              | 0181-0906 | \$60,000    |
| Cathodic Protection   |  |           |              | 0181-0908 | \$6,000     |
| Electrical Installation   |  |           |              | 0181-0909 | \$75,000    |
| Equipment Installation  |  |           |              | 0181-0910 | \$35,000    |
| Pipeline Construction 2.5 miles 8" SWD & 1 mile 4 1/2" gas                |  |           |              | 0181-0920 | \$232,000   |
| TOTAL   |  |           | \$292,300    |           | \$1,086,800 |
| SUBTOTAL  |  |           | \$2,706,500  |           | \$7,858,500 |
| TOTAL WELL COST   |  |           | \$10,565,000 |           |             |

|   |                       |
|---|-----------------------|
| Extra Expense Insurance<br><input type="checkbox"/> I elect to be covered by Operator's Extra Expense Insurance and pay my proportionate share of the premium.<br>Operator has secured Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185.<br><input type="checkbox"/> I elect to purchase my own well control insurance policy.<br>If neither box is checked above, non-operating working interest owner elects to be covered by Operator's well control insurance. |                       |
| Prepared by: <u>R. Terrell</u>  | Date: <u>5/2/2017</u> |
| Company Approval: <u><i>m. white</i></u>  | Date: <u>5/2/2017</u> |
| Joint Owner Interest: <u>1.49740000%</u> Amount: <u>\$158,200.31</u>  | Signature: _____      |
| Joint Owner Name: <u>Magnum Hunter Production Inc.</u>  |                       |



Date: May 9, 2017

Simple Certified:

The following is in response to your May 9, 2017 request for delivery information on your Certified Mail™/RRE item number 9414810699945022891784. The delivery record shows that this item was delivered on May 9, 2017 at 1:26 pm in MIDLAND, TX 79701. The scanned image of the recipient information is provided below.

Signature of Recipient :

A handwritten signature in black ink, appearing to be "S. K. R." or similar, written in a cursive style.

Address of Recipient :

A handwritten address in black ink, appearing to be "400 - 600", written in a cursive style.

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,  
United States Postal Service

Hayden P. Tresner  
Magnum Hunter Production Inc.  
600 N MARIENFELD ST STE 600  
MIDLAND, TX 79701  
Reference #: GhostRider 25/36 W0DM #2H LS  
Item ID: GhostRider 25 36 W0DM No 2H LS

May 5, 2017

Via Certified Mail

Magnum Hunter Production Inc.  
600 North Marienfeld, #600  
Midland, Texas 79701-4405  
Attn: Mr. Hayden P. Tresner

Re: Ghost rider 25/36 W0DM Fed Com #2H  
185' FNL, 450' FWL (SL), Section 25  
330' FSL, 450' FWL (BHL), Section 36  
Township 23 South, Range 26 East  
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company ("Mewbourne"), as Operator, hereby proposes to form a 1,280.00 acre Working Interest Unit ("WIU") covering all of Section 25 and Section 36, Township 23 South, Range 26 East, Eddy County, New Mexico. Our records indicate Magnum Hunter Production Inc. ("Magnum Hunter") owns 19.16667 net acres in the N/2 of Section 25, (19.16667 net acres / 1280 WIU = 1.4974% working interest, all derived from BLM Lease No. NMNM 027994).

In conjunction with formation of the WIU, Mewbourne proposes to drill the Ghost rider 25/36 W0DM Fed Com #2H, Surface Location (SL) and Bottom Hole Location (BHL) referenced above, to a proposed Total Vertical Depth (TVD) of 8,793' and Total Measured Depth (TMD) of 18,650', to test the Wolfcamp formation. The W/2 of Sections 25 and 36 will be dedicated to the well as the gas proration unit.

Enclosed for your review and further handling is Mewbourne's AFE, dated May 2, 2017, for the proposed well. In the event you elect to participate, please execute the enclosed AFE and return to me within thirty (30) days, our Joint Operating Agreement will follow upon receipt. A drilling title opinion has been ordered.

Should you have any questions regarding this proposal, please email me at [lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com) or call me at (432) 682-3715.

Very truly yours,

**MEWBOURNE OIL COMPANY**

Lee M. Scarborough  
Landman

Enclosures

**AUTHORIZATION FOR EXPENDITURE**Revised: 3/09/2017

**Correspondence Log**  
**Ghostrider 25/36 W0DM Fed Com #2H**

[illegible]

EXHIBIT

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## Lee Scarborough

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**From:** Stretcher, Laci <Laci.Stretcher@apachecorp.com>  
**Sent:** Friday, July 21, 2017 11:05 AM  
**To:** Lee Scarborough  
**Subject:** Ghost rider 25/36 Update

Lee,

I hope the hearing went well yesterday for you on the Ghost rider 25/36 well. The team met with management yesterday, and a recommendation on our 2% working interest was made. The team really likes the area, but management would like us to term assign our acreage in the W/2 of unit.

Please send me Mewbourne's best offer for a term assignment of the acreage. We would expect a bonus, potential ORRI in the well, and some well data. The team wants to keep our interest in the E/2 of the section because we understand there's another well planned in March. I'm hopeful we will have better non-op funding at that time and could participate.

Would you be interested in going to lunch next week sometime? I was speaking with Stuart about this well proposal, and he suggested we could all to lunch. Are you free on Tuesday or Wednesday? Please just let me know.

Thank you and have a good weekend,

**LACI LAWRENCE STRETCHER, RPL**  
**LANDMAN**

Permian West Region – New Mexico  
*direct* 432-818-1846 | *mobile* 325-338-7407 | *office* Room Number 3207C

APACHE CORPORATION  
303 Veterans Airpark Lane, Suite 1000  
Midland, TX 79705  
U.S.A.

[ApacheCorp.com](http://ApacheCorp.com) | [LinkedIn](#) | [Facebook](#) | [Twitter](#) | [StockTwits](#) | [YouTube](#)

## Lee Scarborough

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**From:** Stretcher, Laci <Laci.Stretcher@apachecorp.com>  
**Sent:** Thursday, July 06, 2017 2:33 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider 25-36 2H Updates

Good afternoon Lee,

I wanted to provide an update on the Ghost rider well proposal. The team is working hard to provide an answer in the middle of next week. Our geologist is still out for vacation, so we will be waiting on his analysis. If the team needs more time, Apache may file for a continuance on the hearing given the lack of notice. I understand your team is under a deadline too. In the event my team is not interested in participating, perhaps a trade might work for both parties? I'll let you know as soon as I hear from the team next Tuesday and we can go from there.

Thank you,

**LACI LAWRENCE STRETCHER, RPL**  
*direct 432-818-1846 | mobile 325-338-7407*

---

**From:** Lee Scarborough [mailto:lscarborough@mewbourne.com]  
**Sent:** Thursday, June 29, 2017 2:58 PM  
**To:** Stretcher, Laci <Laci.Stretcher@apachecorp.com>  
**Subject:** RE: Ghost rider 25-36 2H Updates

Laci,

Mewbourne has a farmout with a short fuse and no chance to extend. We had to file for compulsory pooling or we'd miss our deadlines. As is our standard practice, we are more than willing to work with Apache, providing any data available to us to aid in your decisions, up to and until we spud the well. Fedex Tracking Notice indicates our well proposal was delivered to your office on June 14, 2017. To answer your question (#1) of a requested deadline for an Apache response, I simply added 30 days to your receipt of our well proposal (7/14/2017).

Lee M. Scarborough  
Landman  
Mewbourne Oil Company  
(432) 682-3715  
[lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com)

---

**From:** Stretcher, Laci [mailto:Laci.Stretcher@apachecorp.com]  
**Sent:** Thursday, June 29, 2017 2:30 PM  
**To:** Lee Scarborough  
**Cc:** Travis Cude  
**Subject:** RE: Ghost rider 25-36 2H Updates

Thanks Lee. I know management is going to have some heartburn over that compulsory pooling date because there was no notice provided in the original well proposal. I'm submitting all paperwork to the team today for their review. Quite a bit of staff is out for the July 4<sup>th</sup> holiday (plus surrounding days), and this will present a problem for an expedited review.



I appreciate your help with the questions below, and I will let you know if any additional questions arise.

Thank you,

**LACI LAWRENCE STRETCHER, RPL**

*direct 432-818-1846 | mobile 325-338-7407 |*

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]

**Sent:** Thursday, June 29, 2017 1:51 PM

**To:** Stretcher, Laci <[Laci.Stretcher@apachecorp.com](mailto:Laci.Stretcher@apachecorp.com)>

**Cc:** Travis Cude <[tcude@mewbourne.com](mailto:tcude@mewbourne.com)>

**Subject:** RE: Ghost rider 25-36 2H Updates

Laci,

See comments below . . .

Regards,

Lee M. Scarborough

Landman

Mewbourne Oil Company

(432) 682-3715

[lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com)

**From:** Stretcher, Laci [<mailto:Laci.Stretcher@apachecorp.com>]

**Sent:** Thursday, June 29, 2017 11:07 AM

**To:** Lee Scarborough

**Subject:** Ghost rider 25-36 2H Updates

Good morning Lee,

I will be helping with the Ghost rider non-op proposal from Mewbourne because Ashley will be leaving soon on maternity leave. She forwarded the proposal and your previous email correspondence, and I reviewed the title documents you submitted. I still need to verify the title, but based on the documents and explanation provided, I prepared the proposal for the team. Please answer the questions below, and I will send to the team:

1. What is the requested deadline for Apache's response? July 14, 2017
2. Does Mewbourne plan on compulsory pooling this acreage? Yes – July 20, 2017 hearing scheduled
3. Can you provide any additional technical information on the formation or well plan? I noticed a permit has not been issued, so I cannot send the APD (and attachments) to the team. WFMP Y Sand, TVD: 8,793', TMD: 18,650'
4. What is our NRI? BLM Lease NM 027994D has a base royalty rate of 12.5%, I do not know what burdens your interest carries
5. What kind of spacing does your team anticipate? Purple Sage – WFMP Gas Pool (98220) – 640 acres – W2 Section 25, W2 Section 36
6. Do you have an engineer contact I can add to our list? If not, do you want all questions to go through you? Travis Cude – 432-682-3715
7. Any other information you can provide would be appreciated in our review process.

Thanks for your help, and we will get to this in a timely manner.

Sincerely,

LACI LAWRENCE STRETCHER, RPL

LANDMAN

Permian West Region – New Mexico

*direct* 432-818-1846 | *mobile* 325-338-7407 | *office* Room Number 3207C

APACHE CORPORATION

303 Veterans Airpark Lane, Suite 1000

Midland, TX 79705

U.S.A.

[ApacheCorp.com](http://ApacheCorp.com) | [LinkedIn](#) | [Facebook](#) | [Twitter](#) | [StockTwits](#) | [YouTube](#)

## Lee Scarborough

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**LACI LAWRENCE STRETCHER, RPL**  
*direct 432-818-1846 | mobile 325-338-7407 |*

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**Cc:** Travis Cude <[tcude@mewbourne.com](mailto:tcude@mewbourne.com)>  
**Subject:** RE: Ghost rider 25-36 2H Updates

Laci,

See comments below . . .

Regards,

Lee M. Scarborough  
Landman  
Mewbourne Oil Company  
(432) 682-3715  
[lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com)

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7. Any other information you can provide would be appreciated in our review process.

Thanks for your help, and we will get to this in a timely manner.

Sincerely,

**LACI LAWRENCE STRETCHER, RPL**  
**LANDMAN**

Permian West Region – New Mexico

*direct* 432-818-1846 | *mobile* 325-338-7407 | *office* Room Number 3207C

APACHE CORPORATION

303 Veterans Airpark Lane, Suite 1000

Midland, TX 79705

U.S.A.

[ApacheCorp.com](http://ApacheCorp.com) | [LinkedIn](#) | [Facebook](#) | [Twitter](#) | [StockTwits](#) | [YouTube](#)

## Lee Scarborough

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1. What is the requested deadline for Apache's response?
2. Does Mewbourne plan on compulsory pooling this acreage?
3. Can you provide any additional technical information on the formation or well plan? I noticed a permit has not been issued, so I cannot send the APD (and attachments) to the team.
4. What is our NRI?
5. What kind of spacing does your team anticipate?
6. Do you have an engineer contact I can add to our list? If not, do you want all questions to go through you?
7. Any other information you can provide would be appreciated in our review process.

Thanks for your help, and we will get to this in a timely manner.

Sincerely,

**LACI LAWRENCE STRETCHER, RPL**

**LANDMAN**

Permian West Region – New Mexico

*direct* 432-818-1846 | *mobile* 325-338-7407 | *office* Room Number 3207C

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[ApacheCorp.com](http://ApacheCorp.com) | [LinkedIn](#) | [Facebook](#) | [Twitter](#) | [StockTwits](#) | [YouTube](#)

## Lee Scarborough

---

**From:** St. Pierre, Ashley <Ashley.StPierre@apachecorp.com>  
**Sent:** Thursday, June 15, 2017 3:46 PM  
**To:** Lee Scarborough  
**Subject:** RE: Ghost rider 25/36 ownership

I actually did find this assignment but our system shows we have 50% of the NE/4 of Section 25 which isn't calculating out to the 2% you guys are saying we have over the proposed unit. I personally think our records are wrong based on past experience. I do not have any title work or anything beyond the assignment and lease form to go off of.

Do you have a title opinion on this section?

**ASHLEY ST. PIERRE, CPL**  
LANDMAN III  
*direct 432-818-1096 | office 3216A*

**From:** Lee Scarborough [<mailto:lscarborough@mewbourne.com>]  
**Sent:** Thursday, June 15, 2017 3:07 PM  
**To:** St. Pierre, Ashley <Ashley.StPierre@apachecorp.com>  
**Subject:** RE: Ghost rider 25/36 ownership

Ashley,

Attached is Assignment and Bill of Sale, effective 4/1/2004, from Mobil Producing Texas & New Mexico Inc. to Texas and New Mexico Exploration LLC, found in Book 568, Page 613, Eddy County records. The Exhibit "A" describes the N/2, Section 25, T23S, R26E, Eddy County, New Mexico which is part of our two section working interest unit proposal.

Please let me know if you need additional information.

Lee M. Scarborough  
Landman  
Mewbourne Oil Company  
(432) 682-3715  
[lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com)

**From:** St. Pierre, Ashley [<mailto:Ashley.StPierre@apachecorp.com>]  
**Sent:** Thursday, June 15, 2017 8:13 AM  
**To:** Lee Scarborough  
**Subject:** Ghost rider 25/36 ownership

Hi Lee,

I got the Ghost rider proposal yesterday and of course, Apache's system does not show any records that match up to what Mewbourne says our working interest is in the unit/sections. Could you send me what you have for our ownership so I can work on routing this to the team?

Thanks for your help

**ASHLEY ST. PIERRE, CPL**

LANDMAN III

Permian Region

*direct* 432-818-1096 | *office* 3216A

APACHE CORPORATION

303 VETERANS AIRPARK LANE SUITE 1000

MIDLAND, TX 79705-4561

U.S.A.

## Lee Scarborough

---

**From:** St. Pierre, Ashley <Ashley.StPierre@apachecorp.com>  
**Sent:** Thursday, June 15, 2017 8:13 AM  
**To:** Lee Scarborough  
**Subject:** Ghost rider 25/36 ownership

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Thanks for your help

**ASHLEY ST. PIERRE, CPL**  
LANDMAN III  
Permian Region  
*direct 432-818-1096 | office 3216A*  
APACHE CORPORATION  
303 VETERANS AIRPARK LANE SUITE 1000  
MIDLAND, TX 79705-4561  
U.S.A.



## Lee Scarborough

**From:** TrackingUpdates@fedex.com  
**Sent:** Wednesday, June 14, 2017 10:51 AM  
**To:** Lee Scarborough  
**Subject:** FedEx Shipment 779393791734 Delivered

Your package has been delivered  
Tracking # 779393791734

Ship date:  
Tue, 6/13/2017

Lee Scarborough

Mewbourne Oil Company  
Midland, TX 79701  
US



Delivered

Richard E. Dollins(c/o Apache  
Corp)  
Texas & New Mexico  
Exploration LLC  
303 Veterans Airpark Lane  
MIDLAND, TX 79705  
US

TVS/UM  
APACHE

**Personalized Message**  
Ghostrider 25/36 W0DM #2H

### Shipment Facts

Our records indicate that the following package has been delivered.


|                            |   |
|----------------------------|---|
| Tracking number:           | <u>779393791734</u>                                       |
| Status:                    | Delivered: 06/14/2017 10:47 AM<br>Signed for By: A.WILLIS |
| Reference:                 | Ghostrider 25/36 W0DM #2H                                 |
| Signed for by:             | A.WILLIS  |
| Delivery location:         | MIDLAND, TX   |
| Delivered to:              | Mailroom  |
| Service type:              | FedEx Standard Overnight                                  |
| Packaging type:            | FedEx Envelope  |
| Number of pieces:          | 1   |
| Weight:                    | 0.50 lb.  |
| Special handling/Services: | Deliver Weekday   |

Standard transit:

6/14/2017 by 4:30 pm

**This tracking update has been requested by:**

**Company name:** Mewbourne Oil Company  
**Name:** Lee Scarborough  
**Email:** [akirksey@mewbourne.com](mailto:akirksey@mewbourne.com)

 Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 10:51 AM CDT on 06/14/2017.

All weights are estimated.

To track the latest status of your shipment, click on the tracking number above.

This tracking update has been sent to you by FedEx on behalf of the Requestor [akirksey@mewbourne.com](mailto:akirksey@mewbourne.com). FedEx does not validate the authenticity of the requestor and does not validate, guarantee or warrant the authenticity of the request, the requestor's message, or the accuracy of this tracking update.

Standard transit is the date and time the package is scheduled to be delivered by, based on the selected service, destination and ship date. Limitations and exceptions may apply. Please see the FedEx Service Guide for terms and conditions of service, including the FedEx Money-Back Guarantee, or contact your FedEx Customer Support representative.

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Thank you for your business.

## Lee Scarborough

---

**From:** TrackingUpdates@fedex.com  
**Sent:** Tuesday, June 13, 2017 4:23 PM  
**To:** Lee Scarborough  
**Subject:** FedEx Shipment 779393791734 Notification

This shipment is scheduled to be sent on  
**06/13/2017.**

See "Preparing for Delivery" for helpful tips

Tracking # 779393791734

Anticipated ship date:  
Tue, 6/13/2017

Lee Scarborough  
Mewbourne Oil Company  
Midland, TX 79701  
US

Scheduled delivery:  
Wed, 6/14/2017 by 4:30  
pm

Richard E. Dollins(c/o Apache  
Corp)  
Texas & New Mexico  
Exploration LLC  
303 Veterans Airpark Lane  
MIDLAND, TX 79705  
US

Initiated

### Personalized Message

Ghostrider 25/36 W0DM #2H

### Shipment Facts

|                            |                           |
|----------------------------|---------------------------|
| Tracking number:           | <u>779393791734</u>       |
| Reference:                 | Ghostrider 25/36 W0DM #2H |
| Service type:              | FedEx Standard Overnight  |
| Packaging type:            | FedEx Envelope            |
| Number of pieces:          | 1                         |
| Weight:                    | 0.50 lb.                  |
| Special handling/Services: | Deliver Weekday           |

### Preparing for Delivery


To help ensure successful delivery of your shipment, please review  
the below.

Won't be in?

You may be able to hold your delivery at a convenient FedEx World Service Center or FedEx Office location for pick up. Track your shipment to determine Hold at FedEx location availability.

**This tracking update has been requested by:**

Company name: Mewbourne Oil Company  
Name: Lee Scarborough  
Email: [akirksey@mewbourne.com](mailto:akirksey@mewbourne.com)

 Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 4:23 PM CDT on 06/13/2017.

All weights are estimated.

The shipment is scheduled for delivery on or before the scheduled delivery displayed above. FedEx does not determine money-back guarantee or delay claim requests based on the scheduled delivery. Please see the FedEx Service Guide for terms and conditions of service, including the FedEx Money-Back Guarantee, or contact your FedEx customer support representative.

To track the latest status of your shipment, click on the tracking number above.

This tracking update has been sent to you by FedEx on behalf of the Requestor [akirksey@mewbourne.com](mailto:akirksey@mewbourne.com). FedEx does not validate the authenticity of the requestor and does not validate, guarantee or warrant the authenticity of the request, the requestor's message, or the accuracy of this tracking update.

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Thank you for your business.

June 13, 2017

Via Overnight Mail

Texas & New Mexico Exploration LLC  
c/o Apache Corporation  
303 Veterans Airpark Lane  
Midland, Texas 79705  
Attn: Mr. Richard E. Dollins

Re: Ghost rider 25/36 W0DM Fed Com #2H  
185' FNL, 450' FWL (SL), Section 25  
330' FSL, 450' FWL (BHL), Section 36  
Township 23 South, Range 26 East  
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company ("Mewbourne"), as Operator, hereby proposes to form a 1,280.00 acre Working Interest Unit ("WIU") covering all of Section 25 and Section 36, Township 23 South, Range 26 East, Eddy County, New Mexico.

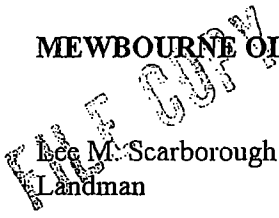
In conjunction with formation of the WIU, Mewbourne proposes to drill the Ghost rider 25/36 W0DM Fed Com #2H, Surface Location (SL) and Bottom Hole Location (BHL) referenced above, to a proposed Total Vertical Depth (TVD) of 8,793' and Total Measured Depth (TMD) of 18,650', to test the Wolfcamp formation. The W/2 of Sections 25 and 36 will be dedicated to the well as the gas proration unit.

Enclosed for your review and further handling is Mewbourne Oil Company's AFE and Joint Operating Agreement for the proposed Ghost rider 25/36 W0DM Fed Com #2H well. Our spud date is currently set for July 25, 2017. In the event you elect to participate, please execute the enclosed AFE and Joint Operating Agreement as soon as possible.

Should you have any questions regarding this proposal, please email me at [lscarborough@mewbourne.com](mailto:lscarborough@mewbourne.com) or call me at (432) 682-3715.

Very truly yours,

**MEWBOURNE OIL COMPANY**

  
Lee M. Scarborough  
Landman

Enclosures

**AUTHORIZATION FOR EXPENDITURE**

Revised: 3/09/2017