

**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
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.**

Case No. 20252

VERIFIED STATEMENT OF ADRIANA SALGADO

Adriana Salgado, being duly sworn upon his oath, deposes and states:

1. I am an associate landman for Mewbourne Oil Company ("Mewbourne") and have personal knowledge of the matters stated herein. I have worked as an associate landman for almost 2 years.

2. Pursuant to NMAC 19.15.4.12.A(1), the following information is submitted in support of the compulsory pooling application filed herein:

(a) The purpose of this application is to force pool working interest owners into the Bone Spring horizontal spacing unit described below, and in wells to be drilled in the unit.

(b) No opposition is expected because the interest owners being pooled have been contacted regarding the proposed well, but have simply refused to voluntarily commit their interests to the well.

(c) A plat outlining the unit being pooled is attached hereto as Exhibit 1. Mewbourne seeks an order approving a 240.00-acre horizontal spacing unit in the Bone Spring formation comprised of the W2SE of Section 17 and the W2E2 of Section 20, Township 21 South, Range 35 East, NMPM. The unit will be dedicated to the Steelhead 17/20 B2JO State Com #1H, a horizontal well with a first take point location in Unit J of Section 17 and a final take point in Unit O of Section 20. There are no depth severances in the Bone Spring Formation.

(d) The parties being pooled and their interests are set forth in Exhibit 2. Their current and correct addresses are also set forth.

(e) Exhibit 3 contains a summary of contacts with the interest owners, together with copies of the proposal letters sent to them and delivery receipts for each.

 **SCANNED**

EXHIBIT

A

- (f) Mewbourne has made a good faith effort to obtain the voluntary joinder of the working interest owners in the proposed well.
- (g) Mewbourne has the right to pool the overriding royalty owners in the well unit.
- (h) Exhibit 4 is the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depth and length drilled in this area Lea County.
- (i) Mewbourne requests overhead and administrative rates of \$8000/month for a drilling well and \$800/month for a producing well. These rates are fair, and comparable to the rates charged by other operators for wells of this type in this portion of Lea County. Mewbourne requests that these rates be adjusted periodically as provided in the standard COPAS. Accounting Procedure.
- (j) Mewbourne requests that the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.
- (k) Applicant requests that it be designated operator of the well.
- (l) The attachments to this affidavit were prepared by me or under my supervision, or compiled from company business records.
- (m) The granting of this application is in the interests of conservation and the prevention of waste.

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

Adriana Salgado, being duly sworn upon his oath, deposes and states that: She is an associate landman for Mewbourne Oil Company; she is authorized to make this verification on its behalf; she has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of her knowledge, information, and belief.

Adriana Salgado
Adriana Salgado

SUBSCRIBED AND SWORN TO before me this 30th day of January, 2019 by Adriana Salgado.

My Commission Expires: *January 11, 2022*

Alejandra Kirksey
Notary Public

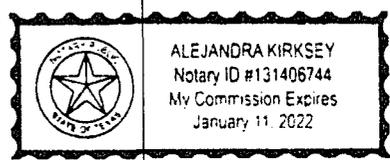
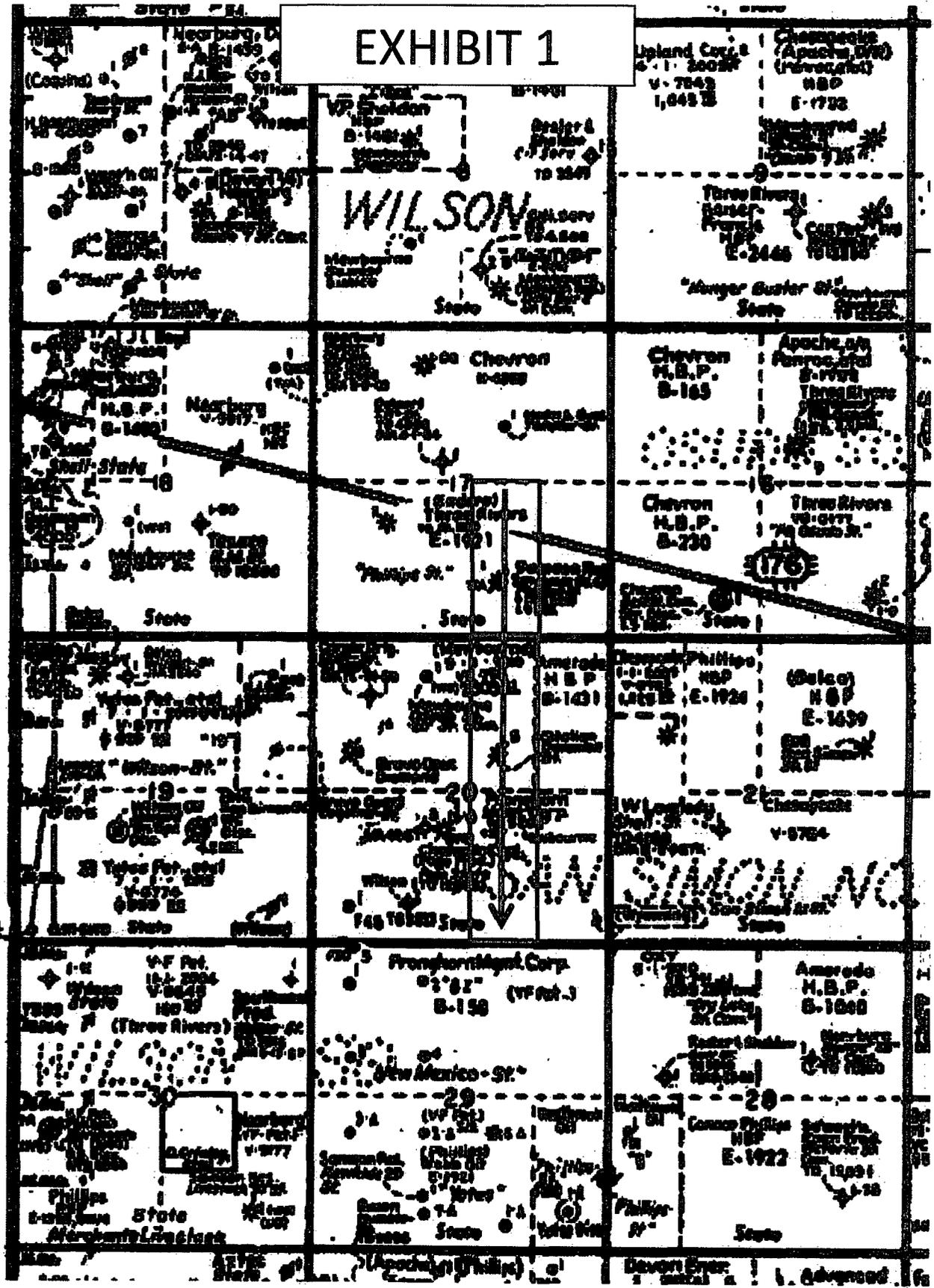


EXHIBIT 1



District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name	
4 Property Code		5 Property Name OSUDO 17/20 B2JO STATE COM			6 Well Number 1H
7 OGRID NO.		8 Operator Name MEWBOURNE OIL COMPANY			9 Elevation 3656'

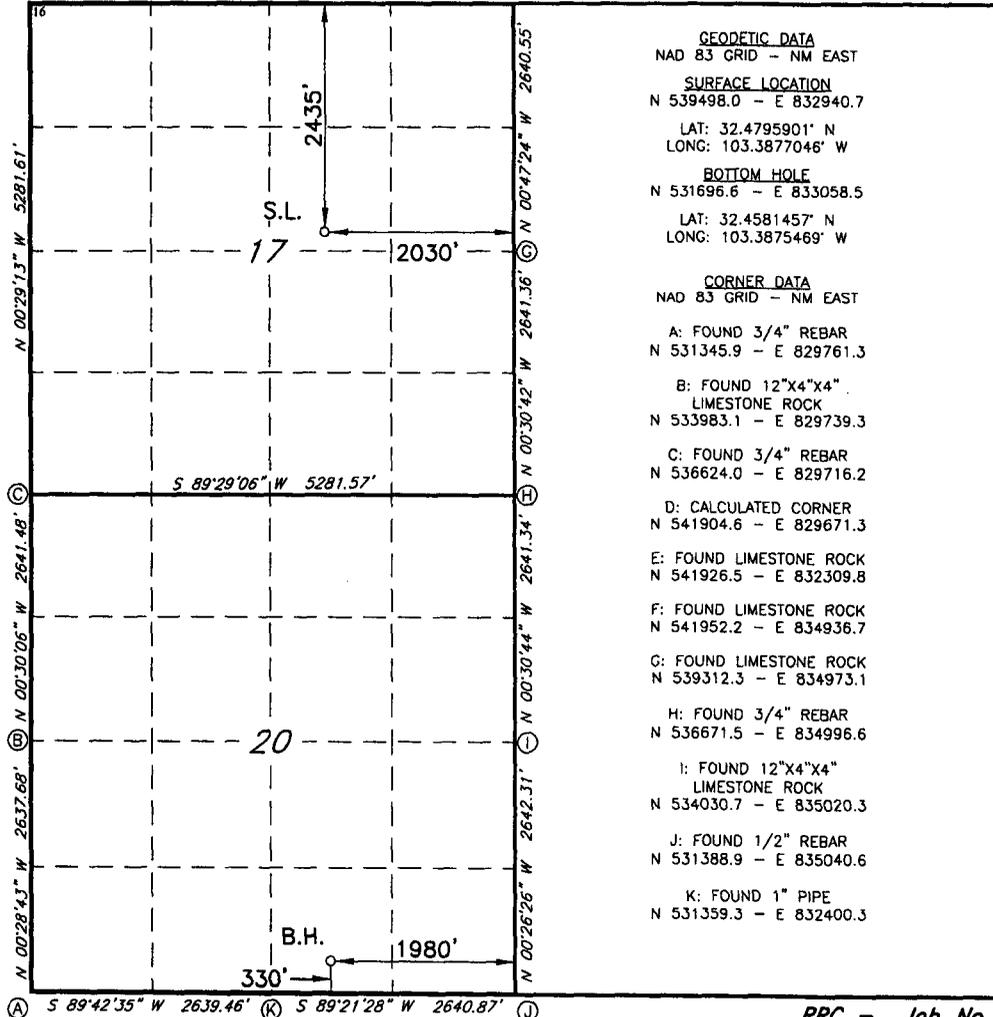
10 Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/West line	County
G	17	21S	35E		2435	NORTH	2030	EAST	LEA

11 Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	20	21S	35E		330	SOUTH	1980	EAST	LEA

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
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No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

⑤ S 89°31'21" W 2639.02' ⑥ S 89°26'30" W 2627.45' ⑦



GEODETIC DATA
NAD 83 GRID - NM EAST
SURFACE LOCATION
N 539498.0 - E 832940.7
LAT: 32.4795901° N
LONG: 103.3877046° W
BOTTOM HOLE
N 531696.6 - E 833058.5
LAT: 32.4581457° N
LONG: 103.3875469° W

CORNER DATA
NAD 83 GRID - NM EAST
A: FOUND 3/4" REBAR
N 531345.9 - E 829761.3
B: FOUND 12"x4"x4"
LIMESTONE ROCK
N 533983.1 - E 829739.3
C: FOUND 3/4" REBAR
N 536624.0 - E 829716.2
D: CALCULATED CORNER
N 541904.6 - E 829671.3
E: FOUND LIMESTONE ROCK
N 541926.5 - E 832309.8
F: FOUND LIMESTONE ROCK
N 541952.2 - E 834936.7
G: FOUND LIMESTONE ROCK
N 539312.3 - E 834973.1
H: FOUND 3/4" REBAR
N 536671.5 - E 834996.6
I: FOUND 12"x4"x4"
LIMESTONE ROCK
N 534030.7 - E 835020.3
J: FOUND 1/2" REBAR
N 531388.9 - E 835040.6
K: FOUND 1" PIPE
N 531359.3 - E 832400.3

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

E-mail Address _____

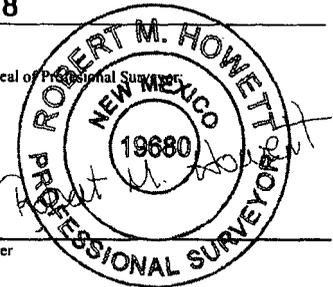
18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

5-5-18

Date of Survey

Signature and Seal of Professional Surveyor



19680
Certificate Number

RRC - Job No.: LS1804577

EXHIBIT 2

TRACT OWNERSHIP
Steelhead 17/20 B2JO State Com #1H
W2SE of Section 17 & W2E2 of Section 20,
Township 21 South, Range 35 East
Lea County, New Mexico

W2SE of Section 17 & W2E2 of Section 20,
Township 21 South, Range 35 East
Bone Spring Formation:

	<u>% Leasehold Interest</u>
Mewbourne Oil Company, et al 500 West Texas, Ste. 1020 Midland, Texas 79701	80.42%
*Chisholm Energy Operating, LLC 801 Cherry Street, Suite 1200-Unit 20 Fort Worth, Texas 76102	8.33%
*Devon Energy Production Company, LP 333 West Sheridan Avenue Oklahoma City, Oklahoma 73102	6.25%
*Freeport-McMoRan Oil & Gas 700 Milam Street, Suite 3100 Houston, Texas 77002	4.67%
*Wilson Oil Company 123 Lakefront Way Rancho Mirage, California 92270	0.33%
Total	100.00000%

***Total interest being pooled: 19.58%**

EXHIBIT 3

Summary of Communications Steelhead 17/20 B2JO State Com #1H

Scott Herstein & Beau Sullivan (Chisholm Energy Operating, LLC)

1. Mailed well proposal letter with AFE via certified mail dated 7/3/2018 to Chisholm Energy Operating, LLC ("Chisholm"). A proposed Operating Agreement dated 7/1/18 was sent via FedEx on 7/11/18.
2. Trish Landers at Chisholm signed a certified mail receipt for the well proposal letter with AFE on 7/10/18 at 4:24 p.m. We have a receipt of delivery from FedEx for the OA showing it was delivered on 7/12/18 at 9:46 a.m.
3. Our geologist, Jordan Carrell, stated he had received a phone call from one of Chisholm's geologists regarding specific drilling questions on 7/24/18.
4. Emailed Scott Herstein 8/20/18 following up regarding Chisholm's elections on the well & OA proposals. I advised him that he 30-day election period had since expired.
5. Emailed Scott Herstein 8/30/18 following up on the previous email and Chisholm's pending elections.
6. Received email dated 8/30/18 from Scott Herstein stating he was going to check with their Land team and give me a status update on the well & OA proposals.
7. Received another email dated 8/30/18 from Scott Herstein stating that their Landman, Beau Sullivan, would now be handling our proposals and he would follow up with us.
8. Emailed Scott Herstein 10/10/18 making him aware that I never heard anything back from Beau Sullivan after his previous email.
9. Received email from Scott Herstein 10/10/18 stating he was going to check with Beau Sullivan about his lack of follow-up. Scott stated he had been out of the office.
10. Received email from Beau Sullivan 10/11/18 stating Chisholm was evaluating our proposals and send me a list of technical drilling questions and confirmation of Chisholm's interest in our proposed unit.
11. Emailed Beau Sullivan 10/16/18 referring him to Jordan Carrell for answers to his technical drilling questions and sent an explanation of how we derived Chisholm's interest in our proposed unit.
12. Received email from Beau Sullivan 10/16/18 asking for an intended spud date for our proposed well.
13. Emailed Beau Sullivan 10/16/18 asking him to contact Travis Cude for the technical questions instead of Jordan Carrell in our office and gave him spud date information.
14. Emailed Beau Sullivan 11/26/18 asking for status updates on Chisholm's pending elections to our proposals.
15. Received email from Beau Sullivan 12/10/18 stating that if Mewbourne Oil Company was to obtain a pooling order covering this unit, Chisholm would elect under that subsequent proposal.

MEWBOURNE OIL COMPANY

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

TELEPHONE (432) 682-3715
FACSIMILE (432) 685-4170

July 3, 2018

Via Certified Mail

Chisholm Energy Operating, LLC
801 Cherry Street, Suite 1200-Unit 20
Fort Worth, Texas 76102
Attn: Mr. Scott Herstein

Re: Osudo 17/20 B2JO State Com #1H Well Proposal
Section 17: W2SE4
Section 20: W2E2
Section 17/20, T21S, R35E, Lea County, New Mexico

Dear Owner:

Mewbourne Oil Company ("Mewbourne") hereby proposes to drill the referenced horizontal Bone Spring well. The Osudo 17/20 B2JO State Com #1H will be at a surface location 2435' FNL & 2030' FEL in Section 17 and a bottom hole location approximately 330' FSL & 1980' FEL in Section 20, T-21-S, R-35-E, Lea County, New Mexico. We anticipate drilling to an approximate true vertical depth of 10,017 feet and an approximate measured depth of 17,472 feet. The estimated cost to casing point for this well is \$3,267,700 and estimated cost of producing well is \$8,812,100. These costs are more fully detailed in the AFE enclosed herewith. If successful, the project area for this well will be comprised of the W2SE4 of Section 17 and the W2E2 of Section 20.

To facilitate the drilling of this well and the development of the S2 of Section 17 and Section 20, Mewbourne proposes forming a working interest unit by signing an Operating Agreement with a Contract Area comprised of the S2 of Section 17 and Section 20. If you wish to form this working interest unit, please advise and I will send an Operating Agreement for your review and execution.

If you do not wish to participate in the well Mewbourne is interested in discussing a Farmout of your interest.

Enclosed are duplicate originals of Mewbourne's AFE for the well. To make your election to participate in the proposed well, properly execute and return the AFE. You will also need to provide your "Well Information" requirements. As a reminder, Mewbourne's AFEs provide all participants the opportunity to opt out of the "Extra Expense Well Control Insurance" that Mewbourne purchases for each well it drills. If you do opt out, you must provide evidence that you have adequate "Well Control Insurance".

Feel free to contact me if you have any questions. I can be reached by phone at (432) 682-3715 or via email at ajimenez@mewbourne.com.

Sincerely,

MEWBOURNE OIL COMPANY



Adriana Jimenez
Associate Landman



Date: July 10, 2018

Simple Certified:

The following is in response to your July 10, 2018 request for delivery information on your Certified Mail™/RRE item number 9414810699945032587622. The delivery record shows that this item was delivered on July 10, 2018 at 4:24 pm in FORT WORTH, TX 76102. The scanned image of the recipient information is provided below.

Signature of Recipient :


Printed Name: Trish Canters

Address of Recipient :

Delivery Address: 801 Cherry Hed

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

Scott Herstein
Chisholm Energy Operating
801 CHERRY ST UNIT 20 STE 1200
FORT WORTH, TX 76102
Reference #: Osudo 17 20 B2JO No1H Well Proposal AJ
Item ID: Osudo 17 20 B2JO No1H Well Proposal



Shipping

Tracking

Printing Services

Locations

Support

Alejandra

772685657320

Delivered
Thursday 7/12/2018 at 9:46 am

DELIVERED

Signature release on file

GET STATUS UPDATES

OBTAIN PROOF OF DELIVERY

FROM

Mewbourne Oil Company
Adriana Jimenez
500 W. Texas, Suite 1020
Midland, TX US 79701
432 682-3715

TO

Chisholm Energy Agent, Inc.
Attn: Mr. Scott Herstein
Suite 1200 - Unit 20
801 Cherry St
FORT WORTH, TX US 76102
817 953-0359

Ask FedEx

Travel History

Shipment Facts

Travel History



7/12/2018 - Thursday

9:46 am

Delivered

Cari Allen & Andy Bennett (Devon Energy Production Company, LP)

1. Mailed well proposal letter with AFE via certified mail dated 7/3/2018 to Devon Energy Production Company, LP ("Devon"). A proposed Operating Agreement dated 7/1/18 was sent via FedEx on 7/11/18.
2. Someone with the first name of Sterling at Devon signed a certified mail receipt for the well proposal letter with AFE on 7/6/18 at 8:19 a.m. We have a receipt of delivery from FedEx for the OA showing it was delivered on 7/12/18 at 9:59 a.m.
3. Received email from Linda Wayland 7/11/18 stating they had received our proposal, and inquired on Devon's WI in that area, and stated that Devon already had a JOA that covered the S2 of Sec 17 and N2 of Sec 20.
4. Emailed Linda Wayland 7/17/18 making her aware that Mewbourne Oil Company operates a well and has title in N2 of Sec 20, and explained how we derived Devon's interest in our proposed unit.
5. Received email from Andy Bennett at Devon 7/24/18 asking for spud date information and title opinion. Their records show Devon with a different acreage amount in the S2 of Sec 17.
6. Emailed Andy Bennett 7/27/18 with spud date information, making him aware that we are still waiting for a final title opinion in our proposed area and requested documentation showing Devon with the acreage amount in the S2 of Sec 17 that they have on record.
7. Emailed Andy Bennett 8/21/18 following up on the previous email.
8. Emailed Andy Bennett 8/30/18 following up the email from 7/27/18.
9. Received email from Andy Bennett 9/4/18 stating there was still no recommendation from his land team on our proposals and he asked if Mewbourne Oil Company would be interested in trading for and/or buying out Devon's interest in the proposed unit.
10. Emailed Andy Bennett 9/4/18 making an offer to purchase Devon's interest in proposed unit.
11. Received email from Andy Bennett 9/5/18 declining the offer that Mewbourne Oil Company made to purchase Devon's interest in proposed unit. He inquired if Mewbourne Oil Company would be interested in a trade.
12. Emailed Andy Bennett 9/5/18 letting him know if Devon had a specific trade in mind, Mewbourne Oil Company would be glad to review it, and made him aware that a counter to our previous offer would also be reviewed if Devon was interested.
13. Emailed Andy Bennett 10/4/18 following up on our initial proposals and previous emails regarding possible trade or counter offers.
14. Received email from Andy Bennett 10/11/18 stating that he had been discussing possible trades with his group. He stated they had not decided anything on our initial proposals but would rather make a trade. He inquired if other WIO had committed to our OA proposal.
15. Emailed Andy Bennett 10/16/18 making him aware that we had been successful in getting other WIO to participate in our OA. I also let him know that Mewbourne Oil Company was not looking to increase its interest in the area we proposed but we would any offer on a specific trade that Devon had in mind.
16. Received email from Andy Bennett 10/23/18 stating that one of Devon's landmen was working on a potential trade with another Mewbourne Oil Company landman and

it my involved Devon's interest in our proposed unit area. He will send me over the trade scenario, and he inquired about spud date.

17. Emailed Andy Bennett 10/25/18 with spud date information he requested.
18. Emailed Andy Bennett 10/29/18 making him aware that we had discussed the trade area and the potential trade Devon has been discussing with Mewbourne Oil Company does not include acreage in our proposed unit area.
19. Received email from Andy Bennett 10/31/18 stating that he does think the trade proposal would include acreage in our proposed unit area, and he is asking Cari Allen to put something together for us. He will check with her and let us know if he is "off base".
20. Received an email from Andy Bennett 1/23/19 asking me for an update on drilling time frame, and if we were planning on force pooling soon. He also stated that he believed Devon and MOC were working on a trade deal including the lands that include the proposed Steelhead well and wanted to know if MOC was interested in the trade.
21. Emailed Andy Bennett 1/23/19 letting him know our drilling plans for the Steelhead well, and I told him that we had already filed a pooling application and he should have received notice. I also confirmed to him once again that the trade deal that MOC and Devon were finalizing did not include the acreage containing the proposed Steelhead well.
22. Received an email from Andy Bennett 1/23/19 asking for confirmation of notice of pooling from our counsel because they had received nothing, and he wanted to know the hearing date.
23. Emailed Andy Bennett 1/23/19 letting him know the hearing date and that I would forward him a delivery notice, from the notice of pooling, tomorrow from our attorney
24. Emailed Andy Bennett 1/25/19 a copy of the delivery receipt for notice of pooling from our counsel.
25. Received an email from Andy Bennet 1/25/19 inquiring on why they had just received notice.
26. Emailed Andy Bennett 1/25/19 stating I was not sure why they just received notice, but I spoke to our counsel who stated he had followed protocol in sending notice 20 days prior to hearing date.
27. Received email from Andy Bennett 1/29/19 asking if the name of the Osudo well we proposed changed to the Steelhead 17/20 B2JO State Com 1H. He confirmed receipt of notice of pooling.
28. Emailed Andy Bennett 1/29/19 confirming that there was a name change from Osudo 17/20 B2JO State Com 1H to Steelhead 17/20 B2JO State Com 1H.

MEWBOURNE OIL COMPANY

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

TELEPHONE (432) 682-3715
FACSIMILE (432) 685-4170

July 3, 2018

Via Certified Mail

Devon Energy Production Company, L.P.
333 West Sheridan Avenue
Oklahoma City, OK 73102
Attn: Mr. Joe Hammond

Re: Osudo 17/20 B2JO State Com #1H Well Proposal
Section 17: W2SE4
Section 20: W2E2
Section 17/20, T21S, R35E, Lea County, New Mexico

Dear Owner:

Mewbourne Oil Company ("Mewbourne") hereby proposes to drill the referenced horizontal Bone Spring well. The Osudo 17/20 B2JO State Com #1H will be at a surface location 2435' FNL & 2030' FEL in Section 17 and a bottom hole location approximately 330' FSL & 1980' FEL in Section 20, T-21-S, R-35-E, Lea County, New Mexico. We anticipate drilling to an approximate true vertical depth of 10,017 feet and an approximate measured depth of 17,472 feet. The estimated cost to casing point for this well is \$3,267,700 and estimated cost of producing well is \$8,812,100. These costs are more fully detailed in the AFE enclosed herewith. If successful, the project area for this well will be comprised of the W2SE4 of Section 17 and the W2E2 of Section 20.

To facilitate the drilling of this well and the development of the S2 of Section 17 and Section 20, Mewbourne proposes forming a working interest unit by signing an Operating Agreement with a Contract Area comprised of the S2 of Section 17 and Section 20. If you wish to form this working interest unit, please advise and I will send an Operating Agreement for your review and execution.

If you do not wish to participate in the well Mewbourne is interested in discussing a Farmout of your interest.

Enclosed are duplicate originals of Mewbourne's AFE for the well. To make your election to participate in the proposed well, properly execute and return the AFE. You will also need to provide your "Well Information" requirements. As a reminder, Mewbourne's AFEs provide all participants the opportunity to opt out of the "Extra Expense Well Control Insurance" that Mewbourne purchases for each well it drills. If you do opt out, you must provide evidence that you have adequate "Well Control Insurance".

Feel free to contact me if you have any questions. I can be reached by phone at (432) 682-3715 or via email at ajimenez@mewbourne.com.

Sincerely,

MEWBOURNE OIL COMPANY



Adriana Jimenez
Associate Landman



Shipping

Tracking

Printing Services

Locations

Support

Alejandra

772685792173

Delivered
Thursday 7/12/2018 at 9:59 am

DELIVERED

Signed for by: F.WELLS

F. Wells

GET STATUS UPDATES

OBTAIN PROOF OF DELIVERY

FROM

Mewbourne Oil Company
Adriana Jimenez
500 W. Texas, Suite 1020
Midland, TX US 79701
432 682-3715

TO

Devon Energy Production Company, LP
Attn: Joe Hammond
333 W Sheridan Ave
OKLAHOMA CITY, OK US 73102
405 552-8102

Ask FedEx

Travel History

Shipment Facts

Travel History





Date: July 6, 2018

Simple Certified:

The following is in response to your July 6, 2018 request for delivery information on your Certified Mail™/RRE item number 9414810699945032587127. The delivery record shows that this item was delivered on July 6, 2018 at 8:19 am in OKLAHOMA CITY, OK 73102. The scanned image of the recipient information is provided below.

Signature of Recipient :



Address of Recipient :



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

Attn: Mr. Joe Hammond
Devon Energy Production Company, L.P.
333 W SHERIDAN AVE
OKLAHOMA CITY, OK 73102
Reference #: Osudo 17 20 B2JO No1H Well Proposal AJ
Item ID: Osudo 17 20 B2JO No1H Well Proposal

J.T. Williamson & Keith MacFarland (Freeport-McMoRan Oil & Gas)

1. Mailed well proposal letter with AFE via certified mail dated 7/3/2018 to Freeport-McMoRan Oil & Gas ("Freeport-McMoRan"). A proposed Operating Agreement dated 7/1/18 was sent FedEx on 7/11/18.
2. Someone with the first name of John at Freeport-McMoRan signed a certified mail receipt for the well proposal letter with AFE on 7/16/18 at 12:26 p.m. We have a receipt of delivery from FedEx for the OA showing it was delivered on 7/12/18 at 10:27 a.m.
3. Received an email from J.T. Williamson 7/18/18 stating they had received our proposals but they did a quick file review and felt that OXY USA Inc ("OXY") had purchased their interest in our project area in 2008 (He provided a copy of the assignment). He stated that he thought the State of New Mexico's forms are incorrect due to them never being approved. He said they continued to work with OXY on this issue.
4. Emailed J.T. Williamson 7/18/18 letting him know that after review of the assignment and his previous email, I do not locate the lands associated with our proposed project area and requested he send me any documentation showing title out of Freeport-McMoRan Oil & Gas from the assignment he sent.
5. Received an email from J.T. Williamson 7/18/18 asking if we could discuss our previous emails over a phone call.
6. Emailed J.T. Williamson 7/18/18 asking if I could call him around 1:30 p.m. this same day.
7. Received an email from J.T. Williamson 7/18/18 letting me know he would call me at 4:00 p.m. that same day since he was going to be busy at 1:30 p.m.
8. Received a phone call from J.T. Williamson 7/18/18 explaining what he had already communicated through email regarding his thoughts that OXY now owned their interest in this area. He was going to double-check some things and get back with me. He couldn't provide an exact lease number containing the interest in question and asked me to see if OXY could shed any light on it for me. I asked if he could give me any contact information for his OXY contact helping him with the state assignments that were not approved.
9. Emailed Lauren Guest 7/19/18 at OXY asking her if she could help shed any light on the assignments of interest that Freeport-McMoRan was claiming OXY now held in our proposed unit area.
10. Received an email from Lauren Guest 7/19/18 stating that OXY had acquired several properties from Freeport-McMoRan, but they didn't show any ownership in Section 17, which is where Freeport-McMoRan was claiming they owned and sold to them.
11. Emailed J. T. Williamson 7/19/18 letting him know that I had spoken to OXY and they didn't show to have any ownership in our proposed unit area. I asked him to please check on their ownership in this area again and get back with me soon.
12. Emailed J. T. Williamson 8/1/18 following up on our previous email.
13. Emailed J. T. Williamson 8/21/18 following up on our previous emails and pending well and OA proposals.
14. Received email from J.T. Williamson 8/21/18 as an automatic reply stating he no longer worked for Freeport-McMoRan Oil & Gas as of 8/15/18. He provided an email (kmcfarla@fmi.com) for Ketih McFarland for any further questions.

Summary of Communications

Steelhead 17/20 B2JO State Com 1H

Page 5 of 6

15. Emailed Keith McFarland 8/21/18 asking for an update on the status of our well and OA proposals and I attached a copy of all email correspondence I had previously had with J.T. Williamson.
16. Emailed Keith McFarland 8/30/18 following up on my previous email to him from 8/21/18.

MEWBOURNE OIL COMPANY

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

TELEPHONE (432) 682-3715
FACSIMILE (432) 685-4170

July 3, 2018

Via Certified Mail

Freeport-McMoRan Oil & Gas
(POGO Producing Company)
700 Milam Street, Suite 3100
Houston, Texas 77002

Re: Osudo 17/20 B2JO State Com #1H Well Proposal
Section 17: W2SE4
Section 20: W2E2
Section 17/20, T21S, R35E, Lea County, New Mexico

Dear Owner:

Mewbourne Oil Company ("Mewbourne") hereby proposes to drill the referenced horizontal Bone Spring well. The Osudo 17/20 B2JO State Com #1H will be at a surface location 2435' FNL & 2030' FEL in Section 17 and a bottom hole location approximately 330' FSL & 1980' FEL in Section 20, T-21-S, R-35-E, Lea County, New Mexico. We anticipate drilling to an approximate true vertical depth of 10,017 feet and an approximate measured depth of 17,472 feet. The estimated cost to casing point for this well is \$3,267,700 and estimated cost of producing well is \$8,812,100. These costs are more fully detailed in the AFE enclosed herewith. If successful, the project area for this well will be comprised of the W2SE4 of Section 17 and the W2E2 of Section 20.

To facilitate the drilling of this well and the development of the S2 of Section 17 and Section 20, Mewbourne proposes forming a working interest unit by signing an Operating Agreement with a Contract Area comprised of the S2 of Section 17 and Section 20. If you wish to form this working interest unit, please advise and I will send an Operating Agreement for your review and execution.

If you do not wish to participate in the well Mewbourne is interested in discussing a Farmout of your interest.

Enclosed are duplicate originals of Mewbourne's AFE for the well. To make your election to participate in the proposed well, properly execute and return the AFE. You will also need to provide your "Well Information" requirements. As a reminder, Mewbourne's AFEs provide all participants the opportunity to opt out of the "Extra Expense Well Control Insurance" that Mewbourne purchases for each well it drills. If you do opt out, you must provide evidence that you have adequate "Well Control Insurance".

Feel free to contact me if you have any questions. I can be reached by phone at (432) 682-3715 or via email at ajimenez@mewbourne.com.

Sincerely,

MEWBOURNE OIL COMPANY



Adriana Jimenez
Associate Landman



Shipping

Tracking

Printing Services

Locations

Support

Alejandra

772685817869

Delivered
Thursday 7/12/2018 at 10:27 am

DELIVERED

Signed for by: J.GATERA

J. GATERA

GET STATUS UPDATES

OBTAIN PROOF OF DELIVERY

FROM

Mewbourne Oil Company
Adriana Jimenez
500 W. Texas, Suite 1020
Midland, TX US 79701
432 682-3715

TO

Freeport-McMoran Oil & Gas
700 Milam Street, Suite 3100
HOUSTON, TX US 77002
602 366-8100

Ask FedEx

Travel History

Shipment Facts

Travel History



7/12/2018 - Thursday

10:27 am

Delivered

https://www.fedex.com/apps/fedextracking/?cntry_code=us&locale=us_en

7/17/2018



Date: July 17, 2018

Simple Certified:

The following is in response to your July 17, 2018 request for delivery information on your Certified Mail™/RRE item number 9414810699945032586397. The delivery record shows that this item was delivered on July 16, 2018 at 12:26 pm in HOUSTON, TX 77002. The scanned image of the recipient information is provided below.

Signature of Recipient :

Delivery Section	
Signature	<i>[Handwritten Signature]</i>
Full name	<i>John Bull</i>

Address of Recipient :

Delivery date	<i>7-16-18</i>
---------------	----------------

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

Freeport- McMoran Oil and Gas
700 MILAM ST STE 3100
HOUSTON, TX 77002
Reference #: Osudo 17 20 B2JO No1H Well Proposal AJ
Item ID: Osudo 17 20 B2JO No1H Well Proposal

F.C. Tug Wilson (Wilson Oil Company)

1. Mailed well proposal letter with AFE via certified mail dated 7/3/18 to Wilson Oil Company ("Wilson"). A proposed Operating Agreement dated 7/1/18 was sent via FedEx on 7/11/18.
2. Walter Quintana at Wilson Oil Company signed a certified mail receipt for the well proposal letter with AFE on 7/16/18 at 4:05 p.m. We have a receipt of delivery from FedEx, signed by M. Morrison, for the OA showing it was delivered on 7/12/18 at 5:15 p.m.
3. I tried contacting the office of Wilson Oil Company on 7/27/18. I left a message on Johanna's voicemail from the phone number I found and confirmed with our land administration department (505-983-7141).
4. I tried calling the office of Wilson Oil Company again on 8/21/18 and once again left a message on Johanna's voicemail.
5. I found another address in Santa Fe for Wilson Oil Company, and I sent a copy of the AFE and OA proposals to that address, both by certified mail (on 8/23/18) and FedEx (on 8/23/18). The FedEx package was returned as refused by recipient on 8/29/18 at 4:30 p.m. and the certified package receipt shows it was delivered and left with an individual, but not signed for, on 10/1/18 at 3:36 p.m.
6. Another Landman at Mewbourne Oil Company told me on 10/25/18 that he had worked with Tug Wilson, who is the great-grandson of Francis Wilson (the original owner of Wilson Oil Company), and he had assisted him with elections on a different prospect in our office. He gave me his contact information.
7. Emailed Tug Wilson 12/3/18 letting him know I had been attempting to contact his great-grandfather regarding our proposals, and I wanted to know if he could help me with this correspondence.
8. Received an email from Tug Wilson 12/3/18 stating that I could mail all correspondence to his address in California because he is the General Partner of Wilson Oil Company. He stated he would be out of the state until 12/7/18 and would reply as soon as possible to our proposals.
9. Emailed Tug Wilson 12/5/18 and let him know I was sending him the proposals via certified mail.
10. Received an email from Tug Wilson 12/5/18 thanking me and telling me he would respond right away to our proposals.
11. I sent the well and OA proposal package to Tug Wilson 12/5/18 via certified mail.
12. Someone (the certified receipt shows Wilson Oil Company) signed for the proposal package on 12/8/18 at 1:50 p.m.
13. Emailed Tug Wilson 12/17/18 following up on the proposals we sent to the updated California address.

MEWBOURNE OIL COMPANY

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

TELEPHONE (432) 682-3715
FACSIMILE (432) 685-4170

July 3, 2018

Via Certified Mail

Wilson Oil Company
P.O. Box 1297
Santa Fe, New Mexico 87501
Attn: Mr. Francis C. Wilson

Re: Osudo 17/20 B2JO State Com #1H Well Proposal
Section 17: W2SE4
Section 20: W2E2
Section 17/20, T21S, R35E, Lea County, New Mexico

Dear Owner:

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Feel free to contact me if you have any questions. I can be reached by phone at (432) 682-3715 or via email at ajimenez@mewbourne.com.

Sincerely,

MEWBOURNE OIL COMPANY



Adriana Jimenez
Associate Landman



Date: July 16, 2018

Simple Certified:

The following is in response to your July 16, 2018 request for delivery information on your Certified Mail™/RRE item number 9414810699945032586342. The delivery record shows that this item was delivered on July 16, 2018 at 4:05 pm in SANTA FE, NM 87501. The scanned image of the recipient information is provided below.

Signature of Recipient :

Walter Quintana
Walter Quintana

Address of Recipient :

PO Box 1297

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

Attn: Mr. Francis C. Wilson
Wilson Oil Company
PO BOX 1297
SANTA FE, NM 87504
Reference #: Osudo 17 20 B2JO No1H Well Proposal AJ
Item ID: Osudo 17 20 B2JO No1H Well Proposal



Shipping

Tracking

Printing Services

Locations

Support

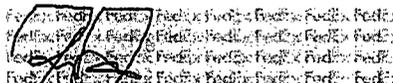
Alejandra

772685877040

Delivered
Thursday 7/12/2018 at 5:15 pm

DELIVERED

Signed for by: M.MORRISON



GET STATUS UPDATES

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FROM

Mewbourne Oil Company
Adriana Jimenez
500 W. Texas, Suite 1020
Midland, TX US 79701
432 682-3715

TO

Wilson Oil Company, Ltd.
Francis C Wilson
204 N GUADALUPE ST
SANTA FE, NM US 87501
505 983-7141

Ask FedEx

Travel History

Shipment Facts

Travel History



COPY

MEWBOURNE OIL COMPANY

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

TELEPHONE (432) 682-3715
FACSIMILE (432) 685-4170

August 22, 2018

Via Overnight Mail

Wilson Oil Company
204 N. Guadalupe St., Ste. C
Santa Fe, New Mexico 87501
Attn: Mr. Francis C. Wilson, III

Re: Osudo 17/20 WIU Proposal
Section 17: S2
Section 20: All
T21S, R35E, Lea County, New Mexico

Dear Owner,

Enclosed for your further handling regarding the captioned prospect and lands is our Operating Agreement dated July 1, 2018, along with an extra set of signature pages. The Operating Agreement is to coincide with the well proposal/AFE I sent by letter dated August 22, 2018.

Regarding the above, please have the AFE, Operating Agreement and extra set of signature pages executed and return only the extra set of signature pages and AFE to me whereby you will retain the Operating Agreement for your file.

Should you have any questions regarding the above, feel free to contact me if you have any questions. I can be reached by phone at (432) 682-3715 or via email at asalgado@mewbourne.com.

Sincerely,

MEWBOURNE OIL COMPANY



Adriana Salgado
Associate Landman