

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 COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

Case No. 16207

VERIFIED STATEMENT OF TYLER JOLLY

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

Tyler Jolly, 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. I have been qualified by the Division as an expert petroleum landman.

2. Pursuant to Division Rules, the following information is submitted in support of the compulsory pooling application:

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

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

(c) A plat outlining the unit being pooled is attached hereto as Attachment A. Mewbourne seeks an order approving a horizontal spacing unit in the Bone Spring formation comprised of the S2NE4 of Section 29 and S2N2 of Section 28, Township 18 South, Range 29 East, NMPM. Mewbourne further seeks the pooling of all mineral interests in the Bone Spring formation underlying the unit. A Form C-102 is part of Attachment A. The unit will be dedicated to the Pavo Frio 29-28 B2GH Fed Com. Well No. 1H, a horizontal well with a first take point 2100’ FNL & 2310’ FEL in Section 29 and a final take point 2100’ FNL & 330’ FEL of Section 28. The well is in the Pamillo East; Bone Spring Pool, whose pool code is 49553.



- (d) There is no depth severance in the Bone Spring formation.
- (e) The parties being pooled and their interests are set forth in Attachment B. Their current and correct addresses are also set forth.

In order to find the unlocatable parties we examined county and governmental records, and also conducted internet searches including county records, internet searches, white pages, etc.

- (f) Attachment C contains a summary of contacts with the locatable interest owners, together with copies of the proposal letters and e-mails with them.
- (g) Mewbourne has made a good faith effort to obtain the voluntary joinder of the working interest owners in the proposed well, or to locate the interest owners.
- (h) Mewbourne has the right to pool the overriding royalty owners in the well unit.
- (i) Attachment D 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 of Eddy County.
- (j) 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 area of Eddy County. They are also the rates set forth in the Joint Operating Agreement for the well unit. Mewbourne requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.
- (k) Mewbourne requests that the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.
- (l) Mewbourne requests that it be designated operator of the well.
- (m) The attachments to this affidavit were prepared by me or under my supervision, or compiled from company business records.
- (n) The granting of this application is in the interests of conservation and the prevention of waste.

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

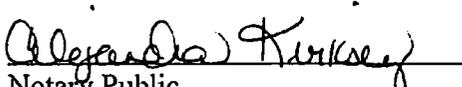
Tyler Jolly, being duly sworn upon his oath, deposes and states that: He is a landman for Mewbourne Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge,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



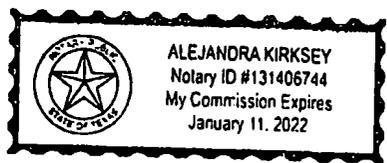
Tyler Jolly

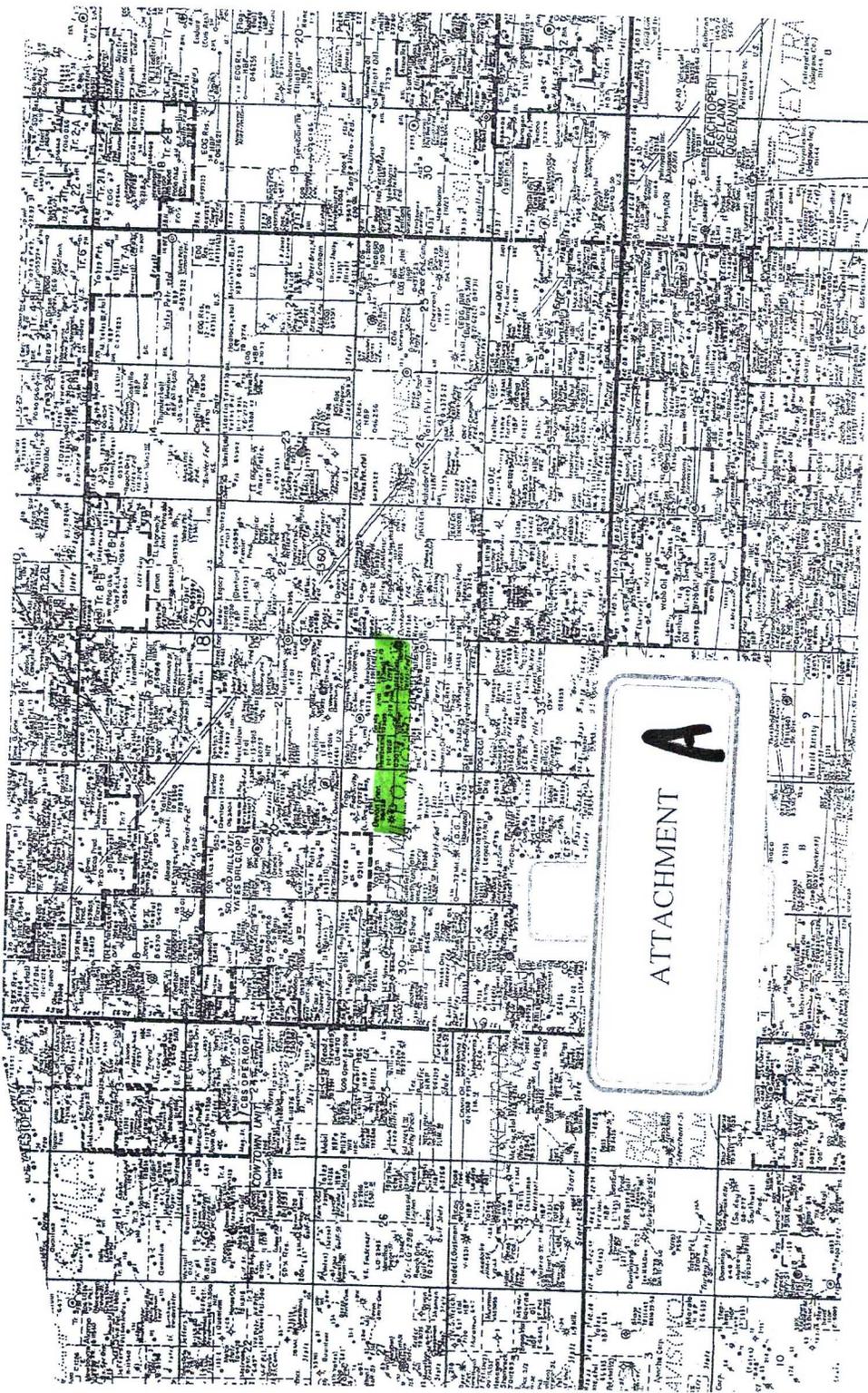
SUBSCRIBED AND SWORN TO before me this 28th day of March, 2019 by Tyler Jolly.

My Commission Expires: January 11, 2022



Notary Public





ATTACHMENT
A

RECEIVED

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) 746-1283 Fax: (575) 746-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1720 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
Santa Fe, NM 87505

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

NOV 06 2018

DISTRICT II-ARTESIA O.C.D.

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-45404	² Pool Code 49553	³ Pool Name PALMILLO EAST BONE SPRING
⁴ Property Code 322845	⁵ Property Name PAVO FRIO 29/28 B2GH FED COM	
⁷ GRID NO. 14744	⁸ Operator Name MEWBOURNE OIL COMPANY	⁶ Well Number 1H
		⁹ Elevation 3481'

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
F	29	18S	29E		2100	NORTH	2500	WEST	EDDY

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
H	28	18S	29E		2100	NORTH	330	EAST	EDDY

¹² Dedicated Acres 240	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.

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 undivided 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 jointing agreement or a compulsory pooling order heretofore entered by the division.

Signature: *Bradley Bishop* Date: 3-22-18
Printed Name: **BRADLEY BISHOP**
E-mail Address: **BBISHOP@MEWBOURNE.COM**

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.

Date of Survey: **02-28-2018**
Signature and Seal of Professional Surveyor: *Robert M. Howett*
Certificate Number: **19680**

CORNER DATA
NAD 83 GRID - NM EAST
A: FOUND BRASS CAP "1916" N 622529.0 - E 611414.5
B: FOUND BRASS CAP "1916" N 625169.6 - E 611406.3
C: FOUND BRASS CAP "1916" N 627808.7 - E 611399.3
D: FOUND BRASS CAP "1916" N 627820.2 - E 614038.0
E: FOUND BRASS CAP "1916" N 627830.9 - E 616680.7
F: FOUND BRASS CAP "1916" N 627839.5 - E 619314.5
G: FOUND BRASS CAP "1916" N 627842.7 - E 621952.4
H: FOUND 1" BAR N 625208.0 - E 621953.5
I: FOUND BRASS CAP "1916" N 622568.7 - E 621969.3
J: FOUND BRASS CAP "1916" N 622549.6 - E 616690.4
K: FOUND BRASS CAP "1916" N 622539.0 - E 614052.2
L: FOUND BRASS CAP "1916" N 625190.5 - E 616682.8

GEODETIC DATA
NAD 83 GRID - NM EAST
SURFACE LOCATION: N 625720.1 - E 613904.2
LAT: 32.7199227° N
LONG: 104.0973761° W
BOTTOM HOLE: N 625742.8 - E 621631.4
LAT: 32.7199354° N
LONG: 104.0722507° W

Job No.: LS1802233

RMP 11-7-18



APD ID: 10400028766

Submission Date: 04/13/2018

Highlighted data reflects the most recent changes

Operator Name: MEWBOURNE OIL COMPANY

Well Name: PAVO FRIO 29/28 B2GH FED COM

Well Number: 1H

Show Final Text

Well Type: OIL WELL

Well Work Type: Drill

Section 1 - Geologic Formations

Formation ID	Formation Name	Elevation	True Vertical Depth	Measured Depth	Lithologies	Mineral Resources	Producing Formation
1	UNKNOWN	3481	27	27		NONE	No
2	TOP SALT	3011	470	470	SALT	NONE	No
3	BOTTOM SALT	2661	820	820	SALT	NONE	No
4	YATES	2491	990	990	SANDSTONE	NATURAL GAS,OIL	No
5	SEVEN RIVERS	2151	1330	1330	DOLOMITE	NATURAL GAS,OIL	No
6	QUEEN	1541	1940	1940	SANDSTONE,DOLOMITE	NATURAL GAS,OIL	No
7	GRAYBURG	1161	2320	2320		NONE	No
8	SAN ANDRES	661	2820	2820	DOLOMITE	NATURAL GAS,OIL	No
9	BONE SPRING LIME	-229	3710	3710	LIMESTONE,SHALE	NATURAL GAS,OIL	No
10	BONE SPRING 1ST	-3129	6610	6610	SANDSTONE	NATURAL GAS,OIL	No
11	BONE SPRING 2ND	-3979	7460	7460	SANDSTONE	NATURAL GAS,OIL	Yes

Section 2 - Blowout Prevention

Pressure Rating (PSI): 3M

Rating Depth: 7858

Equipment: Annular, pipe ram, blind ram

Requesting Variance? YES

Variance request: A variance is requested for the use of a flexible choke line from the BOP to choke manifold. Anchors are not required by the manufacturer. A variance is also requested for the use of a multibowl wellhead. See attached schematics.

Testing Procedure: BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a higher pressure but still tested to the working pressure listed in the table above. If the system is upgraded all the components installed will be functional and tested. Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a Kelly

Summary of Communications
Pavo Frio 29-28 B2GH Fed Com #1H
S2NE4 of Section 29 & S2N2 of Section 28, T18S, R29E, Eddy County, NM

1. October 11, 2018, sent well proposal and AFE via certified mail to Donna Bliven.
2. January 24, 2019, called various phone numbers to try and contact Donna Bliven.

*Appears to be unlocatable.

ATTACHMENT

C

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

(432) 682-3715
FAX (432) 685-4170

October 11, 2018

Via Certified Mail

Donna D. Blivin
608 Green, Unit B
Carlsbad, NM 88220

Re: Pavo Frio 29/28 WIU
E/2 of Section 29 and
All of Section 28,
T18S, 529E
Eddy County, New Mexico

Dear Ms. Blivin:

Mewbourne Oil Company("Mewbourne") as Operator proposes to form a 960.00 acre Working Interest Unit ("WIU") covering the captioned land for horizontal Bone Spring oil and gas production.

In reference to the above, Mewbourne as Operator proposes to drill the Pavo Frio 29/28 B2GH Fed Com #1H Well as the initial well under the captioned proposed WIU. The Pavo Frio 29/28 B2GH Fed. Com #1H Well will be drilled at a surface location 2100' FNL & 2900' FWL of the captioned Section 29 and drilled vertically to a true vertical depth of approximately 7,858 feet beneath the surface and drilled horizontally from a westerly direction to an easterly direction to a terminus point 2100' FNL & 100' FEL of the captioned Section 28 which is the bottom hole location. This well will be dedicated to the S/2NE/4 of Section 29 and the S/2N/2 of Section 28 as its nonstandard oil proportion unit and project area containing 240 acres.

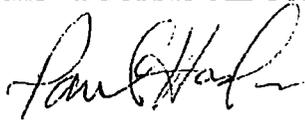
Title examination indicates you own a 0.21205% leasehold interest in the NE/4, E/2NW/4 and NW/4NW/4 of Section 28 (0.59374 net acres) and a 0.19531% leasehold interest in the NE/4SW/4 of Section 28 (0.078124 net acres). Collectively you own 0.671864 net acres in Section 28. Accordingly, you own a 0.069990% unit working interest in the proposed 960 acre WIU.

In reference to the above, Mewbourne invites your participation in the proposed well and WIU. Enclosed for your consideration, in this regard is our AFE dated September 21, 2018 which is an estimated well cost for the referenced well. Should you elect to participate in the proposed well and WIU, please sign and return the enclosed AFE to me at your earliest convenience. Upon receipt of same, I will forward you our Operating Agreement for your execution which will govern the operations in the WIU.

In the event you elect not to participate in the proposed WIU, Mewbourne offers you \$2,500 per net acre for a Term Assignment covering your interest which will provide for a three year primary term providing Mewbourne a 80% net revenue interest, subject to proportionate reduction. This term assignment would provide for 180 day continuous development at the end of the primary term and would be limited to cover rights only in the Bone Spring formation and would exclude any interest you may have in existing wellbones under the captioned land.

Regarding the above, please return the signed AFE in the enclosed postage paid envelope or if you elect to accept our offer for a term assignment as referenced above, please sign and return the copy of this letter to me within fifteen days of your receipt of this letter. Should you have any questions regarding the above, please call me at (432)682-3715 or by e-mail, my e-mail address is phaden@mewbourne.com

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman
DPH/BI

The undersigned accepts the above referenced term assignment offer.

By: _____ Date: _____ SS#: _____
Donna D. Blivin

MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE

Well Name: Pavo Frio 29/28 B2GH Fed Com #1H		Prospect: Bone Spring	
Location: SL: 2100' FNL & 2500' FWL (29); BHL: 2100' FNL & 100' FEL (28)		County: Eddy	ST: NM
Sec: 29,28	BLK: 	Survey: 	TWP: 18S RNG: 29E Prop. TVD: 7858 TMD: 15493

INTANGIBLE COSTS 0180	CODE	TCP	CODE	CC
Regulatory Permits & Surveys	0180-0100	\$20,000	0180-0200	
Location / Road / Site / Preparation	0180-0105	\$65,000	0180-0205	\$25,000
Location / Restoration	0180-0106	\$200,000	0180-0206	\$30,000
Daywork / Turnkey / Footage Drilling 22 days drtg / 3 days comp @ \$22,000/d	0180-0110	\$517,000	0180-0210	\$70,500
Fuel 1700 gal/day @ 2.70/gal	0180-0114	\$125,100	0180-0214	\$295,000
Mud, Chemical & Additives	0180-0120	\$200,000	0180-0220	
Horizontal Drillout Services			0180-0222	\$200,000
Cementing	0180-0125	\$70,000	0180-0225	\$30,000
Logging & Wireline Services	0180-0130	\$2,000	0180-0230	\$315,000
Casing / Tubing / Snubbing Service	0180-0134	\$25,000	0180-0234	\$70,000
Mud Logging	0180-0137	\$30,000		
Stimulation 40 Stg 15.4 MM gal / 15.4 MM lb			0180-0241	\$2,065,000
Stimulation Rentals & Other			0180-0242	\$200,000
Water & Other	0180-0145	\$60,000	0180-0245	\$485,000
Bits	0180-0148	\$90,000	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			0180-0260	\$10,500
Rig Mobilization	0180-0164	\$150,000		
Transportation	0180-0165	\$30,000	0180-0265	\$20,000
Welding Services	0180-0168	\$5,000	0180-0268	\$15,000
Contract Services & Supervision	0180-0170	\$37,500	0180-0270	\$25,500
Directional Services Includes Vertical Control	0180-0175	\$210,000		
Equipment Rental	0180-0180	\$194,400	0180-0280	\$30,000
Well / Lease Legal	0180-0184	\$5,000	0180-0284	
Well / Lease Insurance	0180-0185	\$4,900	0180-0285	
Intangible Supplies	0180-0188	\$8,000	0180-0288	\$10,000
Damages	0180-0190	\$10,000	0180-0290	
ROW & Easements	0180-0192		0180-0292	\$4,000
Pipeline Interconnect			0180-0293	
Company Supervision	0180-0195	\$120,000	0180-0295	\$81,600
Overhead Fixed Rate	0180-0196	\$10,000	0180-0296	\$20,000
Well Abandonment	0180-0198		0180-0298	
Contingencies 2% (TCP) 2% (CC)	0180-0199	\$44,900	0180-0299	\$81,000
TOTAL		\$2,288,800		\$4,132,100

TANGIBLE COSTS 0181	CODE	TCP	CODE	CC
Casing (19.1" - 30")	0181-0793			
Casing (10.1" - 19.0") 300' - 13 3/8" 54.5# J-55 ST&C @ \$42.99/ft	0181-0794	\$13,800		
Casing (8.1" - 10.0") 1325' - 9 5/8" 36# J55 LT&C @ \$25.25/ft	0181-0795	\$35,800		
Casing (6.1" - 8.0") 8000' - 7" 26# HCP-110 LT&C @ \$24.15/ft	0181-0796	\$206,400		
Casing (4.1" - 6.0") 8240' - 4 1/2" 13.5# P-110 BPN @ \$14.94/ft			0181-0797	\$131,500
Tubing 7250' - 2 7/8" 6.5# L-80 EUE 8rd @ \$5.74/ft			0181-0798	\$44,500
Drilling Head	0181-0860	\$40,000		
Tubing Head & Upper Section			0181-0870	\$30,000
Horizontal Completion Tools Completion Liner Hanger			0181-0871	\$75,000
Sucker Rods			0181-0875	
Subsurface Equipment			0181-0880	
Artificial Lift Systems Gas Lift Valves & pkr			0181-0884	\$25,000
Pumping Unit			0181-0885	
Surface Pumps & Prime Movers 1/2 - VRU/SWD Pump/Circ Pump			0181-0886	\$25,000
Tanks - Oil 1/2 - 6 750 bbl			0181-0890	\$57,000
Tanks - Water 1/2 - 5 750 bbl coated			0181-0891	\$57,500
Separation / Treating Equipment 30"x10"x1k# 3 ph/36"x15"x1k#/Gun bbl/VRT			0181-0895	\$65,000
Heater Treaters, Line Heaters 8"x20"x75# HT			0181-0897	\$30,000
Metering Equipment			0181-0898	\$14,000
Line Pipe & Valves - Gathering 1/2 - 3000' Steel (buried) & 6000' 4" Poly			0181-0900	\$27,000
Fittings / Valves & Accessories			0181-0906	\$60,000
Cathodic Protection			0181-0908	\$8,000
Electrical Installation			0181-0909	\$50,000
Equipment Installation			0181-0910	\$35,000
Pipeline Construction 1/2 - 3000' Steel (buried)& 6000' 4" Poly			0181-0920	\$35,000
TOTAL		\$296,000		\$769,500
SUBTOTAL		\$2,584,800		\$4,901,600
TOTAL WELL COST				\$7,486,400

Extra Expense Insurance

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

I elect to purchase my own well control insurance policy.

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

Prepared by: K.Kirkos Date: 9/20/2018

Company Approval: *m. whitte* Date: 9/21/2018

Joint Owner Interest: _____ Amount: _____

Joint Owner Name: _____ Signature: _____

 ATTACHMENT **D**