

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. 20671

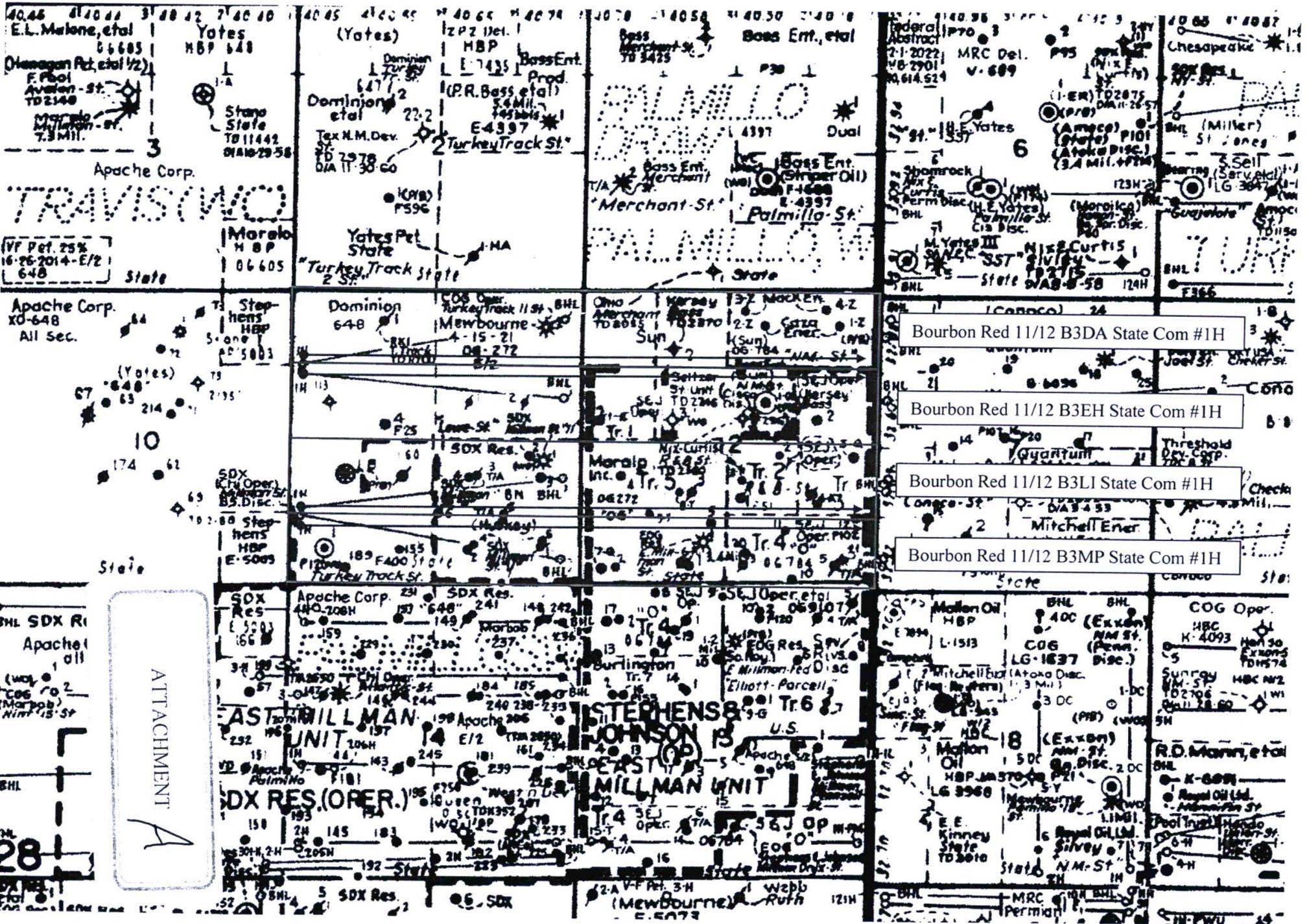
VERIFIED STATEMENT OF MITCH ROBB

Mitch Robb, 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 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 failed or refused to voluntarily commit their interests to the well. Some interest owners may be unlocatable.
 - (c) A plat outlining the unit being pooled is attached hereto as Attachment A. Mewbourne seeks an order pooling all mineral interests in the Bone Spring formation underlying the N/2N/2 of Section 11 and the N/2N/2 of Section 12, Township 19 South, Range 28 East, NMPM. The unit will be dedicated to:
 - (i) the Bourbon Red 11/12 B3DA State Com #1H, a horizontal well with a first take point in the NW/4 NW/4 of 11 and a final take point in the NE/4 NE/4 of Section 12;
 - (d) The parties being pooled and their interests are set forth in Attachment B. Their current and correct addresses, or last known addresses, are also set forth.

EXHIBIT /

- (e) In order to locate the interest owners Mewbourne examined the county records, performed internet searches, checked telephone records, made calls to family members, and searched Accurint and Whitepages.
- (f) Attachment C contains a summary of contacts or attempted contacts with the interest owners, together with copies of the proposal letters sent to the interest owners.
- (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 owners.
- (h) Mewbourne has the right to pool the overriding royalty owners in the well unit.
- (i) Attachment D contains the Authorizations for Expenditure for the proposed wells. The estimated costs of the wells set forth therein are fair and reasonable, and 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 portion 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 wells.
- (m) The attachments to this affidavit were prepared by me, or compiled from Company business records.
- (n) The granting of this application is in the interests of conservation and the prevention of waste.



40.46 41.04 31 40 42 7 40 10
 E.L. Malone, etal
 66605
 Yates
 HBP 648
 (Yates)
 647 2
 22.2
 Tex N.M. Dev.
 26 2978
 DIA 11 30 60
 (KWB)
 P596
 State
 Apache Corp.
 Travis
 V.P. Pet. 25%
 16-26-2014-E/2
 648

40.45 41.04 45 40 64 40 74
 (Yates)
 HBP
 L E 7435
 Prod.
 5.4 Mil.
 745 bits
 E4397
 2 Turkey Track St.
 Yates Pet State
 "Turkey Track State"
 2 St.

40.50 41.05 40 50 40 8
 Boss Ent., etal
 Boss Ent.
 4397
 Dual
 Boss Ent.
 (Merchant St.)
 Boss Ent.
 (Palmilla St.)
 State

40.55 41.06 3 40 5 40 5
 Chesapeake
 MRC Del.
 V-609
 Yates
 (Amoco) P101
 (Atoka Disc.)
 (3.4 Mil. + 770)
 State
 NAB-8-58

40.55 41.06 7 40 5 40 5
 Chesapeake
 Miller
 St. Jones
 Sell
 (Sav. et al.)
 LG-304
 State
 F366

Apache Corp.
 X0-648
 All Sec.
 Stephens
 HBP
 5003
 (Yates)
 67 648 63 214 73 215
 10
 174 61
 SDX
 (KWB)
 (M) 275
 B5 Disc.
 Stephens
 HBP
 E-5003
 State

Dominion
 648
 Turkey Track 11 St. BHL
 Mewbourne
 4-15-21
 08-272
 B72
 SDX Res.
 (M) 275
 B5 Disc.
 Stephens
 HBP
 E-5003
 State

Ohio
 Merchants
 Sun
 2-2
 06-764
 "NAK SA"
 SDX
 (KWB)
 (M) 275
 B5 Disc.
 Stephens
 HBP
 E-5003
 State

Bourbon Red 11/12 B3DA State Com #1H
 Bourbon Red 11/12 B3EH State Com #1H
 Bourbon Red 11/12 B3LI State Com #1H
 Bourbon Red 11/12 B3MP State Com #1H
 State

Threshold
 Dev. Corp.
 700 A St.
 State

BHL SDX Res
 Apache
 all
 ATTACHMENT
 A
 28
 SDX Res.
 State

Apache Corp.
 40.208H
 SDX Res.
 149
 230
 237
 236
 AST MILLMAN
 UNIT
 SDX RES. (OPER.)
 State

STEPHENS &
 JOHNSON
 EAST
 MILLMAN UNIT
 State

Mallon Oil
 HBP
 L-1513
 Mitchell
 (P) 275
 B5 Disc.
 State

COG Oper.
 HBC
 K-4093
 H0130
 Exh093
 T01574
 Sunny
 HBC N12
 402706
 B01128.60
 1W1
 R.D. Mann, etal
 K-609
 Royal Oil Ltd.
 Anderson St.
 Pool Trust
 H0130
 H0130
 H0130
 State

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 Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102

August 1, 2011

Permit 252003

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-44952	2. Pool Code 96413	3. Pool Name PALMILLO; BONE SPRING, SW
4. Property Code 321390	5. Property Name BOURBON RED 11 B2DA STATE COM	6. Well No. 001H
7. OGRID No. 14744	8. Operator Name MEWBOURNE OIL CO	9. Elevation 3490

10. Surface Location

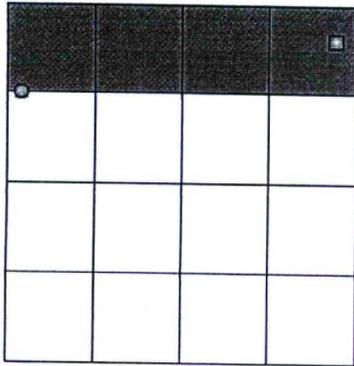
UL - Lot D	Section 11	Township 19S	Range 28E	Lot Idn D	Feet From 1300	N/S Line N	Feet From 205	E/W Line W	County Eddy
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11. Bottom Hole Location If Different From Surface

UL - Lot A	Section 11	Township 19S	Range 28E	Lot Idn A	Feet From 500	N/S Line N	Feet From 330	E/W Line E	County Eddy
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12. Dedicated Acres 160.00	13. Joint or Infill	14. Consolidation Code	15. Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



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(s) 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.

E-Signed By: Monty Whetstone
 Title: Vice President Operations
 Date: 5/10/2018

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.

Surveyed By: Robert Howett
 Date of Survey: 10/20/2016
 Certificate Number: 19680

Tract Ownership
Bourbon Red 11/12 B3DA State Com #1H
N/2N/2 of Section 11, N/2N/2 of Section 12
T19S, R28E
Eddy County, New Mexico

Owners

Ownership:

Mewbourne Oil Company, et al.	43.576388%
*Anadarko Petroleum Corporation	25.000000%
*COG Operating LLC	12.500000%
*Devon Energy Production Company, LP	12.326387%
*EOG Y Resources, Inc.	6.597225%
TOTAL	100.000000%

Total Interest being force pooled: 56.423613%

* Denotes an interest that is being force pooled.

EXHIBIT

B

Summary of Communications
Bourbon Red 11/12 B3DA State Com #1H
N/2N/2 of Section 11, N/2N/2 of Section 12
T19S, R28E
Eddy County, New Mexico

Devon Energy Production Company, LP:

09/25/2018: Mailed a Working Interest Unit and Well Proposal to the above listed party.
10/01/2018: Email correspondence with above listed party regarding Working Interest Unit and Well Proposal.
03/14/2019: Email correspondence with above listed party regarding Working Interest Unit and Well Proposal.
04/04/2019: Email correspondence with above listed party regarding Working Interest Unit and Well Proposal.
04/30/2019: Mailed Joint Operating Agreement to the above listed party.
05/14/2019: Email correspondence with above listed party regarding Working Interest Unit and Well Proposal.
05/28/2019: Email correspondence with above listed party regarding Working Interest Unit and Well Proposal.

Anadarko Petroleum Corporation:

10/01/2018: Spoke with above listed party regarding Term Assignment and our Working Interest Unit.
10/02/2018: Mailed a Working Interest Unit and Well Proposal to the above listed party.
04/29/2019: Email correspondence with above listed party regarding Working Interest Unit and Well Proposal.

COG Operating LLC:

09/25/2018: Mailed a Working Interest Unit and Well Proposal to the above listed party.
01/22-28/2019: Email correspondence with above listed party regarding Working Interest Unit and Well Proposal.
04/30/2019: Mailed Joint Operating Agreement to the above listed party.
07/30/2019: Email correspondence with above listed party regarding Working Interest Unit and Well Proposal.
08/06/2019: Email correspondence with above listed party regarding Working Interest Unit and Well Proposal.

EOG Y Resources, Inc. / EOG Resources, Inc.:

09/25/2018: Mailed a Working Interest Unit and Well Proposal to the above listed party.
10/02/2018: Email correspondence with above listed party regarding Working Interest Unit and Well Proposal.
04/30/2019: Mailed Joint Operating Agreement to the above listed party.
05/28/2019: Email correspondence with above listed party regarding Working Interest Unit and Well Proposal.



MEWBOURNE OIL COMPANY

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

TELEPHONE (432) 682-3715

October 1, 2018

Via Certified Mail

Anadarko Petroleum Corporation
1201 Lake Robbins Drive
The Woodlands, TX 77380
Attn: Bobbie Burkland

Re: Bourbon Red 11/12 B3DA State Com #1H
1300' FNL & 205' FWL (SL) (Section 11)
500' FNL & 100' FEL (BHL) (Section 12)

Bourbon Red 11/12 B3EH State Com #1H
1350' FNL & 205' FWL (SL) (Section 11)
1900' FNL & 100' FEL (BHL) (Section 12)

Bourbon Red 11/12 B3LI State Com #1H
1350' FSL & 205' FWL (SL) (Section 11)
1900' FSL & 100' FEL (BHL) (Section 12)

Bourbon Red 11/12 B3MP State Com #1H
1300' FSL & 205' FWL (SL) (Section 11)
500' FSL & 100' FEL (BHL) (Section 12)

All in Sections 11 & 12, T19S, R28E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 1280.00 acre Working Interest Unit ("WIU") covering All of the captioned Sections 11 & 12 for oil and gas production.

Mewbourne as Operator hereby proposes to drill the captioned Bourbon Red 11/12 B3DA State Com #1H at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 8,722 feet subsurface to evaluate the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 18,825 feet. The N/2N/2 of the captioned Sections 11 & 12 will be dedicated to the well as the proration unit.

In addition, Mewbourne as Operator hereby proposes to drill the captioned Bourbon Red 11/12 B3EH State Com #1H at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 8,832 feet subsurface to evaluate the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 18,950 feet. The S/2N/2 of the captioned Sections 11 & 12 will be dedicated to the well as the proration unit.

In addition, Mewbourne as Operator hereby proposes to drill the captioned Bourbon Red 11/12 B3LI State Com #1H at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 8,748 feet subsurface to evaluate the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 18,835 feet. The N/2S/2 of the captioned Sections 11 & 12 will be dedicated to the well as the proration unit.

Finally, Mewbourne as Operator hereby proposes to drill the captioned Bourbon Red 11/12 B3MP State Com #1H at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 8,878 feet subsurface to evaluate the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 18,943 feet. The S/2S/2 of the captioned Sections 11 & 12 will be dedicated to the well as the proration unit.

Regarding the above, enclosed for your further handling are our AFEs dated August 2, 2018 for the captioned proposed wells. Please sign and return said AFEs at your earliest convenience if you elect to participate in the captioned wells and WIU and return to me within thirty (30) days.

A copy of our Joint Operating Agreement ("JOA") will follow under separate cover letter for your further handling and review in the near future.

Should you have any questions regarding the above, please email me at mrobb@mewbourne.com or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Mitch Robb
Landman



October 6, 2018

Dear Simple Certified:

The following is in response to your request for proof of delivery on your item with the tracking number:
9414 8106 9994 5035 1432 45.

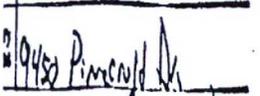
Item Details

Status: Delivered, Individual Picked Up at Postal Facility
Status Date / Time: October 6, 2018, 11:14 am
Location: SPRING, TX 77387
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
Return Receipt Electronic
Recipient Name: Anadarko Petroleum Corporation

Shipment Details

Weight: 2.0oz

Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

Anadarko Petroleum Corporation
Attn: Bobbie Burkland
1201 LAKE ROBBINS DR
THE WOODLANDS, TX 77380
Reference #: Borubon Red WIU MR
Item ID: Borubon Red WIU

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: Bourbon Red 11/12 B3DA State Com #1H Prospect: Bone Spring
 Location: SL: 1300' FNL & 205' FWL (11); BHL: 500' FNL & 100' FEL (12) County: Eddy ST: NM
 Sec. 11 Blk: Survey: TWP: 19S RNG: 28E Prop. TVD: 8722 TMD: 18825

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys					
Location / Road / Site / Preparation		0180-0100	\$10,000	0180-0200	
Location / Restoration		0180-0105	\$65,000	0180-0205	\$25,000
Daywork / Turnkey / Footage Drilling	28 days drlg / 4 days comp @ \$22,000/d	0180-0106	\$200,000	0180-0206	\$30,000
Fuel	1700 gal/day @ 2.70/gal	0180-0110	\$658,000	0180-0210	\$94,000
Mud, Chemical & Additives		0180-0114	\$159,400	0180-0214	\$406,000
Horizontal Drillout Services		0180-0120	\$225,000	0180-0220	
Cementing				0180-0222	\$260,000
Logging & Wireline Services		0180-0125	\$100,000	0180-0225	\$45,000
Casing / Tubing / Snubbing Service		0180-0130	\$2,000	0180-0230	\$409,000
Mud Logging		0180-0134	\$25,000	0180-0234	\$90,000
Stimulation	52 Stg 20.4 MM gal / 20.4 MM lb	0180-0137	\$30,000		
Stimulation Rentals & Other				0180-0241	\$3,100,000
Water & Other				0180-0242	\$275,000
Bits		0180-0145	\$60,000	0180-0245	\$635,000
Inspection & Repair Services		0180-0148	\$81,000	0180-0248	\$8,000
Misc. Air & Pumping Services		0180-0150	\$40,000	0180-0250	\$5,000
Testing & Flowback Services		0180-0154		0180-0254	\$10,000
Completion / Workover Rtg		0180-0158	\$15,000	0180-0258	\$30,000
Rtg Mobilization				0180-0260	\$10,500
Transportation		0180-0164	\$150,000		
Welding Services		0180-0165	\$20,000	0180-0265	\$20,000
Contract Services & Supervision		0180-0168	\$5,000	0180-0268	\$15,000
Directional Services	Includes Vertical Control	0180-0170	\$46,500	0180-0270	\$27,000
Equipment Rental		0180-0175	\$273,000		
Well / Lease Legal		0180-0180	\$243,000	0180-0280	\$30,000
Well / Lease Insurance		0180-0184	\$5,000	0180-0284	
Intangible Supplies		0180-0185	\$5,700	0180-0285	
Damages		0180-0188	\$8,000	0180-0288	\$10,000
ROW & Easements		0180-0190	\$10,000	0180-0290	
Pipeline Interconnect		0180-0192		0180-0292	\$4,000
Company Supervision				0180-0293	
Overhead Fixed Rate		0180-0195	\$148,800	0180-0295	\$86,400
Well Abandonment		0180-0196	\$10,000	0180-0296	\$20,000
Contingencies	10% (TCP) 10% (CC)	0180-0198		0180-0298	
		0180-0199	\$259,500	0180-0299	\$564,500
TOTAL			\$2,854,900		\$6,209,400

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0")	400' - 13 3/8" 54.5# J-55 ST&C @ \$35.90/ft	0181-0794	\$15,400		
Casing (8.1" - 10.0")	2800' - 9 5/8" 40# N-80 LT&C @ \$33.35/ft	0181-0795	\$99,800		
Casing (6.1" - 8.0")	8840' - 7" 26# HCP-110 LT&C @ \$24.15/ft	0181-0796	\$228,100		
Casing (4.1" - 6.0")	10735' - 4 1/2" 13.5# P-110 BPN @ \$13.66/ft			0181-0797	\$156,700
Tubing	8050' - 2 7/8" 6.5# L-80 EUE 8rd @ \$5.74/ft			0181-0798	\$49,400
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	3 - 750 bbl			0181-0890	\$55,000
Tanks - Water	3 - 750 bbl			0181-0891	\$66,000
Separation / Treating Equipment	30"x10"x1k# 3 ph/36"x15"x1k#/Gun bbl/VRT			0181-0895	\$75,000
Heater Treaters, Line Heaters	8'x20'x75# HT			0181-0897	\$25,000
Metering Equipment				0181-0898	\$14,000
Line Pipe & Valves - Gathering	1/4 - 1 Mile Steel & 1.5 Mile 4" Poly			0181-0900	\$20,000
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	1/4 - 1 Mile Steel & 1.5 Mile 4" Poly			0181-0920	\$30,000
TOTAL			\$383,300		\$799,100
SUBTOTAL			\$3,238,200		\$7,008,500

TOTAL WELL COST \$10,246,700

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. Kirkes Date: 8/2/2018

Company Approval: _____ Date: _____

Joint Owner Interest: _____ Amount: _____

Joint Owner Name: _____ Signature: _____

ATTACHMENT **D**