

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. 20674

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 S/2S/2 of Section 11 and the S/2S/2 of Section 12, Township 19 South, Range 28 East, NMPM. The unit will be dedicated to:

(i) the Bourbon Red 11/12 B3MP State Com #1H, a horizontal well with a first take point in the SW/4 SW/4 of 11 and a final take point in the SE/4 SE/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.



- (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.

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 251978

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-44955	2. Pool Code 96413	3. Pool Name PALMILLO; BONE SPRING, SW
4. Property Code 321393	5. Property Name Bourbon Red 11 B2MP State Com	6. Well No. 001H
7. OGRID No. 14744	8. Operator Name MEWBOURNE OIL CO	9. Elevation 3474

10. Surface Location

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

UL - Lot P	Section 11	Township 19S	Range 28E	Lot Idn P	Feet From 500	N/S Line S	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

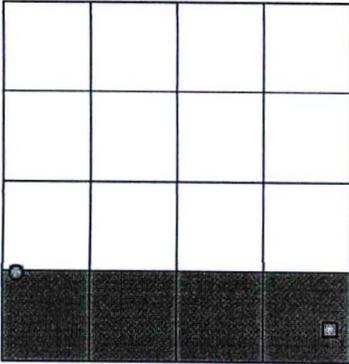
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this 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 B3MP State Com #1H
S/2S/2 of Section 11, S/2S/2 of Section 12
T19S, R28E
Eddy County, New Mexico

Owners

Ownership:

Mewbourne Oil Company, et al.	43.576387%
*EOG Resources, Inc.	16.666667%
*COG Operating LLC	12.500000%
*Devon Energy Production Company, LP	12.326388%
*COG Oil & Gas, LP	8.333333%
* 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 B3MP State Com #1H
S/2S/2 of Section 11, S/2S/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.

COG Operating LLC & COG Oil & Gas, LP:

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.

ATTACHMENT 

MEWBOURNE OIL COMPANY

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

TELEPHONE (432) 682-3715

September 25, 2018

Via Certified Mail

COG Operating LLC
COG Oil & Gas, LP
600 W. Illinois Ave.
Midland, TX 79701
Attn: Scott Tomlinson

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



September 27, 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 5034 9366 88**.

Item Details

Status: Delivered, Left with Individual
Status Date / Time: September 27, 2018, 2:32 pm
Location: MIDLAND, TX 79701
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
Return Receipt Electronic
Recipient Name: Attn Scott Tomlinson

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

Attn: Scott Tomlinson
COG Operating LLC
600 W ILLINOIS AVE
MIDLAND, TX 79701
Reference #: Bourbon WIU MR
Item ID: Bourbon WIU

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: Bourbon Red 11/12 B3MP State Com #1H Prospect: Bone Spring
 Location: SL: 1300' FSL & 205' FWL (11); BHL: 500' FSL & 100' FEL (12) County: Eddy ST: NM
 Sec: 11 Blk: Survey: TWP: 19S RNG: 28E Prop. TVD: 8878 TMD: 18943

INTANGIBLE COSTS 0180			
Regulatory Permits & Surveys	CODE	TCP	CC
Location / Road / Site / Preparation	0180-0100	\$10,000	0180-0200
Location / Restoration	0180-0105	\$65,000	0180-0205
Daywork / Turnkey / Footage Drilling 28 days drfg / 4 days comp @ \$22,000/d	0180-0106	\$200,000	0180-0206
Fuel 1700 gal/day @ 2.70/gal	0180-0110	\$658,000	0180-0210
Mud, Chemical & Additives	0180-0114	\$159,400	0180-0214
Horizontal Drillout Services	0180-0120	\$225,000	0180-0220
Cementing			0180-0222
Logging & Wireline Services	0180-0125	\$100,000	0180-0225
Casing / Tubing / Snubbing Service	0180-0130	\$2,000	0180-0230
Mud Logging	0180-0134	\$25,000	0180-0234
Stimulation 52 Stg 20.4 MM gal / 20.4 MM lb	0180-0137	\$30,000	
Stimulation Rentals & Other			0180-0241
Water & Other			0180-0242
Bits	0180-0145	\$60,000	0180-0245
Inspection & Repair Services	0180-0148	\$81,000	0180-0248
Misc. Air & Pumping Services	0180-0150	\$40,000	0180-0250
Testing & Flowback Services	0180-0154		0180-0254
Completion / Workover Rlg	0180-0158	\$15,000	0180-0258
Rlg Mobilization			0180-0260
Transportation	0180-0164	\$150,000	
Welding Services	0180-0165	\$20,000	0180-0265
Contract Services & Supervision	0180-0168	\$5,000	0180-0268
Directional Services Includes Vertical Control	0180-0170	\$46,500	0180-0270
Equipment Rental	0180-0175	\$273,000	
Well / Lease Legal	0180-0180	\$243,000	0180-0280
Well / Lease Insurance	0180-0184	\$5,000	0180-0284
Intangible Supplies	0180-0185	\$5,800	0180-0285
Damages	0180-0188	\$8,000	0180-0288
ROW & Easements	0180-0190	\$10,000	0180-0290
Pipeline Interconnect	0180-0192		0180-0292
Company Supervision			0180-0293
Overhead Fixed Rate	0180-0195	\$148,800	0180-0295
Well Abandonment	0180-0196	\$10,000	0180-0296
Contingencies 10% (TCP) 10% (CC)	0180-0198		0180-0298
	0180-0199	\$259,600	0180-0299
TOTAL		\$2,855,100	\$6,209,400

TANGIBLE COSTS 0181			
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") 8958' - 7" 26# HCP-110 LT&C @ \$24.15/ft	0181-0796	\$231,100	
Casing (4.1" - 6.0") 10735' - 4 1/2" 13.5# P-110 BPN @ \$13.66/ft			0181-0797
Tubing 8175' - 2 7/8" 6.5# L-80 EUE Brd @ \$5.74/ft			0181-0798
Drilling Head			
Tubing Head & Upper Section	0181-0860	\$40,000	
Horizontal Completion Tools Completion Liner Hanger			0181-0870
Sucker Rods			0181-0871
Subsurface Equipment			0181-0875
Artificial Lift Systems Gas Lift Valves & pkr			0181-0880
Pumping Unit			0181-0884
Surface Pumps & Prime Movers 1/2 VRU/SWD Pump/Circ Pump			0181-0885
Tanks - Oil 3 - 750 bbl			0181-0886
Tanks - Water 3 - 750 bbl			0181-0890
Separation / Treating Equipment 30"x10"x1k# 3 ph/36"x15"x1k#/Gun bbl/VRT			0181-0891
Heater Treaters, Line Heaters 8'x20'x75# HT			0181-0895
Metering Equipment			0181-0897
Line Pipe & Valves - Gathering 1/4 - 1 Mile Steel & 1.5 Mile 4" Poly			0181-0898
Fittings / Valves & Accessories			0181-0900
Cathodic Protection			0181-0906
Electrical Installation			0181-0908
Equipment Installation			0181-0909
Pipeline Construction 1/4 - 1 Mile Steel & 1.5 Mile 4" Poly			0181-0910
			0181-0920
TOTAL		\$386,300	\$799,900
SUBTOTAL		\$3,241,400	\$7,009,300

TOTAL WELL COST \$10,250,700

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