

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

**CASE NO: 14346**

**EXHIBIT**

**1**

**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. 14,346**

**VERIFIED STATEMENT OF COREY MITCHELL**

Corey Mitchell, being duly sworn upon his oath, deposes and states:

1. I am a landman for Mewbourne Oil Company, and have personal knowledge of the matters stated herein.

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

(a) No opposition is expected because the working interest owners being pooled are unlocatable, or have been contacted regarding the proposed well and have simply not decided whether to join in the well or farm out their interests.

(b) A plat outlining the spacing unit being pooled is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the underlying the S½ of Section 29, Township 19 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, to form a standard 320 acre gas spacing and proration unit for any formations and/or pools developed on 320 acre spacing within that vertical extent, including the Undesignated Boyd-Strawn Gas Pool, Undesignated Boyd-Morrow Gas Pool, and Undesignated Four Mile Draw-Morrow Gas Pool.

The units are to be dedicated to the Wyatt Draw "29" State Com. Well No. 1, to be drilled at an orthodox location in the SE¼SE¼ of Section 29.

(c) The parties being pooled, their working interests in the well unit, and their last known addresses, are as follows:

Paul Willis Priebe  
30564 Kerry Lane  
Wickliffe, OH 44092

0.204613%

Oil Conservation Division  
Case No.             
Exhibit No.   1

Estate of Martha E. Priebe, Deceased and her unknown Heirs or Devisees Address Unknown	0.223214%
Estate of Franklin A. Priebe, Deceased and his unknown Heirs or Devisees Address Unknown	0.204613%
Estate of Earl Raymond Priebe, Deceased and his unknown Heirs or Devisees Address Unknown	0.204613%
Gary Reeves Davis Address Unknown	0.148810%
Evelyn Priebe Davis Address Unknown	0.074405%
Harold Priebe Address Unknown	0.074405%

(d) A copy of the proposal letter sent to the uncommitted working interest owners is attached hereto as Exhibit B.

(e) In an attempt to find the mineral interest owners, Mewbourne Oil Company examined the Eddy County records, telephone directories and records in the counties of the last known residences of the out-of-state owners, and internet directories.

(f) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against any non-consenting working interest owner.

(g) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit C. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Eddy County.

(h) Overhead charges of \$7000/month for a drilling well, and \$700/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Applicant also requests that the order contain a provision adjusting the rates pursuant to the COPAS accounting procedure.

(i) Applicant requests that it be designated operator of the well.

VERIFICATION

STATE OF NEW MEXICO            )  
  ) ss.  
COUNTY OF SANTA FE            )

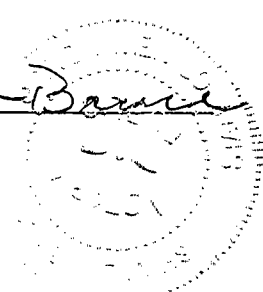
Corey Mitchell, being duly sworn upon his oath, deposes and states that: He is a landman for Mewbourne Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge,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

Corey Mitchell  
Corey Mitchell

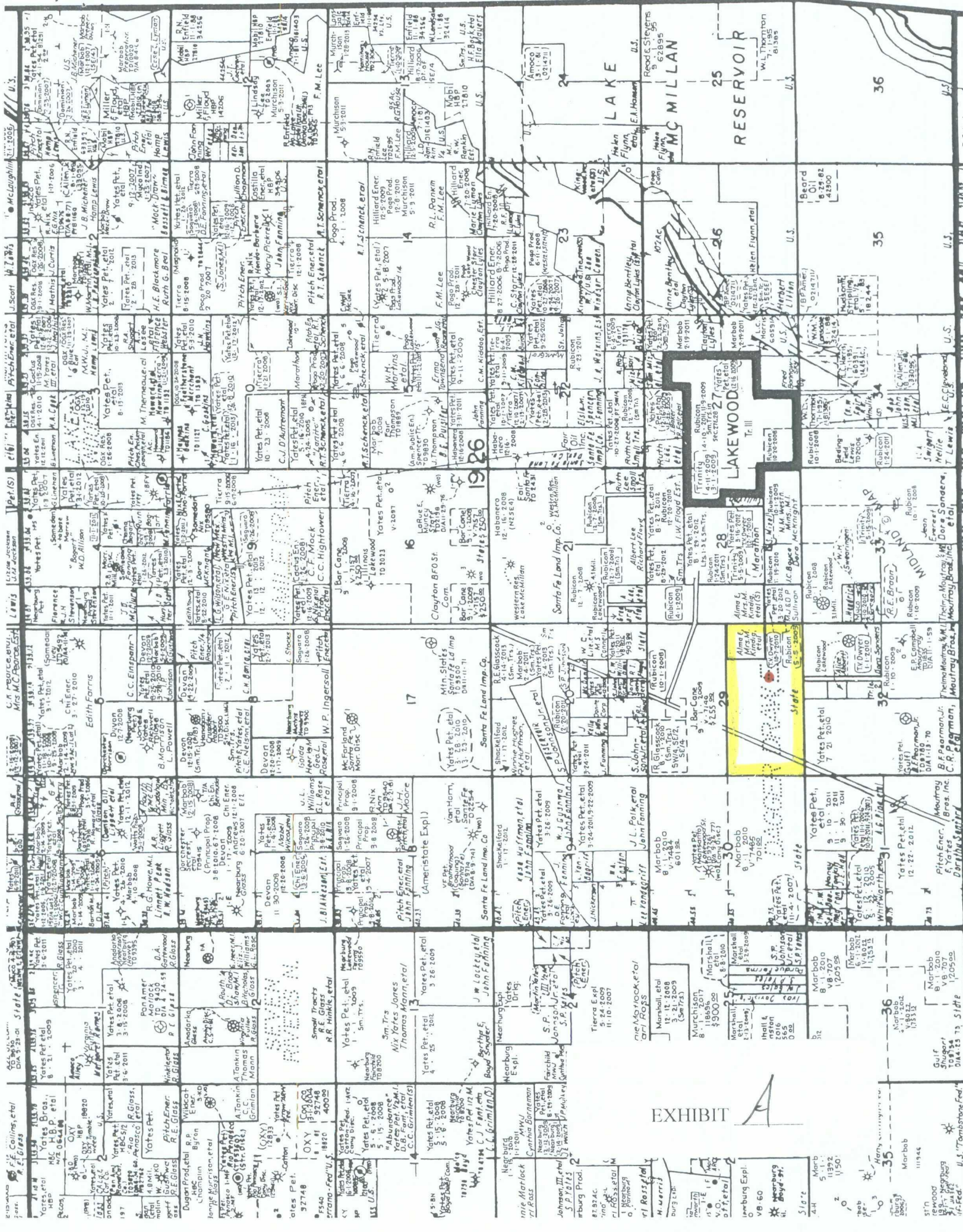
SUBSCRIBED AND SWORN TO before me this 21st day of July, 2009 by Corey Mitchell.

My Commission Expires: 3/14/13

Sharon Bruce  
Notary Public







EXHIBIT

Pago Prod.

D. Schutz

U.S.

U.S.

U.S.

U.S.

U.S.

U.S.

U.S.

U.S.



**Summary of Communications**  
**Wyatt Draw "29" State Com No. 1**

**Paul Willis Priebe**

- 1) Mailed well proposal letter with AFE via certified mail dated 6-3-2009. Offered to acquire a six (6) month Oil and Gas Lease in the event he elected not to participate.
- 2) Received green card signed by Paul Priebe.
- 3) Talked with Paul Priebe 6-3-2009 to verify address and see if he had any information regarding the other interest owners. He gave some information, but said he would go through his files and call back.
- 4) Paul Priebe called 6-8-2009 to discuss the well proposal. He said he would send a letter that better represented his questions (never sent a letter).
- 5) Talked with Paul Priebe 6-11-2009 and went over the well proposal again. He said he would talk with his son, Dennis Priebe, and have him contact us.
- 6) Paul Priebe called 6-15-2009 and stated he would like to lease his interest to us.
- 7) Mailed offer letter dated 6-15-2009 along with an Oil and Gas Lease to Paul Priebe.
- 8) Talked with Paul Priebe 6-24-2009 to explain the Oil and Gas Lease. He said he would like for us to talk to his son, Dennis. Talked with Dennis Priebe 6-24-2009 about the Oil and Gas Lease and he stated he wanted production defined.
- 9) Talked with Dennis Priebe 6-25-2009 to see if the revisions made to the lease were acceptable. He said he didn't have time to deal with this right now to send the amended lease to his father, Paul. Talked with Paul Priebe 6-25-2009 explaining the revisions made to the lease.
- 10) Mailed amended offer letter dated 6-25-2009 along with an amended Oil and Gas Lease to Paul Priebe.
- 11) Called Paul Priebe 7-9-2009. No answer on house phone and out of service range on his cell phone.
- 12) Called Paul Priebe 7-10-2009. No answer, left message inquiring about receipt of the amended Oil and Gas Lease.
- 13) Talked with Paul Priebe 7-13-2009 about where we stood with our offer. He said he would have a meeting with his son the next morning, 7-14-2009, and get back with us (never heard back).
- 14) Paul Priebe called 7-17-2009 and he said he was interested in leasing, but he wanted \$300 an acre. I told him I would get back with him.
- 15) Called Paul Priebe 7-17-2009 and told him we could not do \$300 an acre for a 6 month lease. He said he would get back with me on Monday, July 20, 2009.

**Estate of Martha E. Priebe, deceased**  
**and her unknown Heirs or Devisees**

- 1) Unable to locate.

**Estate of Franklin A. Priebe, deceased**  
**and his unknown Heirs or Devisees**

- 1) Unable to locate.

EXHIBIT

B

Estate of Earl Raymond Priebe, deceased  
and his unknown Heirs or Devisees

- 1) Unable to locate.

Gary Reeves Davis

- 1) Unable to locate.

Evelyn Priebe Davis

- 1) Unable to locate.

Harold Priebe

- 1) Unable to locate.

*Must Draw*

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

**Paul Willis Priebe  
30564 Kerry Lane  
Wickliffe, OH 44092**

2. Article Number  
(Transfer from service label)

7005 2570 0001 0978 0607

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

*X Paul Willis Priebe*

☐ Agent  
☐ Addressee

B. Received by (Printed Name)

*P. Priebe*

C. Date of Delivery

*6/18*

D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes



# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

June 3, 2009

Via Certified Mail-Return Receipt No. 0607

Paul Willis Priebe  
30564 Kerry Lane  
Wickliffe, OH 44092

Re: Wyatt Draw "29" State Com #1  
660' FSL & 860' FEL  
Section 29, T19S, R26E  
Eddy County, New Mexico

Dear Mr. Priebe:

Mewbourne Oil Company as Operator hereby proposes to drill the captioned well at the referenced location to a depth sufficient to adequately evaluate the Morrow formation, estimated total depth being 9,850 feet beneath the surface. The S/2 of the captioned Section 29 will be dedicated to the well.

Regarding the above, enclosed for your further handling are two copies of our AFE dated May 29, 2009 for the captioned well. In the event you elect to participate in the captioned proposed well, please sign one copy and return it to me within thirty (30) days. Upon our receipt of same, I will forward you our Operating Agreement covering the S/2 of the Section 29.

In the event that you elect not to participate in the captioned well as to your respective mineral interest, Mewbourne offers to purchase an Oil and Gas Lease from you covering your 11/672 mineral interest on the basis of no bonus for a six (6) month paid-up Oil and Gas Lease providing a 1/5 royalty interest. This offer is available for your acceptance for a period ending July 1, 2009.

Should you have any questions regarding the above, please call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Brent Braden  
Landman

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

June 15, 2009

Paul W. Priebe  
30564 Kerry Lane  
Wickliffe, OH 44092

Re: MOC's Wyatt Draw "29" Prospect  
NE/4SE/4 Section 29, T19S, R26E  
Eddy County, New Mexico

Dear Mr. Priebe:

Per our conversation, I have enclosed for your further handling an Oil and Gas Lease covering your undivided 11/672 mineral interest (.654762 net mineral acres) in the NE/4SE/4 of the captioned Section 29 prepared for your signature. Also enclosed is a copy of the Oil and Gas Lease for your keeping.

Regarding the above, please sign the enclosed Oil and Gas Lease in the presence of a Notary Public and return same in the enclosed postage paid envelope provided for your convenience.

Should you have any questions regarding the above, please call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Brent Braden  
Land Department

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

June 25, 2009

Paul W. Priebe  
30564 Kerry Lane  
Wickliffe, OH 44092

Re: MOC's Wyatt Draw "29" Prospect  
NE/4SE/4 Section 29 T19S, R26E  
Eddy County, New Mexico

Dear Mr. Priebe:

Per our conversation, I have enclosed for your further handling an Oil and Gas Lease covering your undivided 11/672 mineral interest (.65476 net mineral acres) in the NE/4SE/4 of the captioned Section 29 prepared for your signature. Also enclosed is a copy of the Oil and Gas Lease for your keeping.

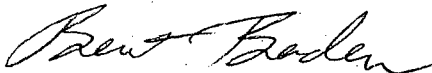
I have amended paragraph 2 to include "in paying quantities" to further define production. I have also deleted the last sentence of paragraph 7 which provided for personal usage of gas from the lease.

Regarding the above, please sign the enclosed Oil and Gas Lease in the presence of a Notary Public and return same in the enclosed postage paid envelope provided for your convenience.

Should you have any questions regarding the above, please call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Brent Braden  
Land Department

## Paul Willis Priebe Conversations

Brent – 6/3/09

– Called Paul W. Priebe, verified address. He stated that:

Martha E. Priebe: deceased

Franklin A. Priebe: deceased but had two children named Ruby and Ralph, whereabouts unknown

Earl R. Priebe: deceased

Gary Reeves Davis: unknown whereabouts, maybe a cousin

Evelyn Priebe Davis: possibly living somewhere in California but otherwise unknown, child of August Priebe

Harold Priebe: also a child of August Priebe, whereabouts unknown

Paul Priebe agreed to call me back with any information he found in regards to last known whereabouts of said individuals.

Paul Willis Priebe – Home (440) 944-1751 Cell: (216) 965-7440

Brent – 6/8/09

- Paul Priebe called here. He asked a few questions about the AFE and who had what interest. He stated he would send us a letter for clearer communication (no letter ever received)

Brent – 6/11/09

- Called Paul Priebe and clarified his options in regards to the prospect. He seemed to understand more thoroughly but said his son may be in contact with us. (Dennis Priebe, Attorney)

Brent – 6/15/09

- Paul Priebe called here. He stated that he was ready to lease. I clarified his proportionate share of the royalties and I told him I would get the lease in the mail.

Brent – 6/24/09

- Called Paul Priebe. Talked to him about the lease, he said he would have to talk to his son about it. I then got contacts for his son. I called his son (Dennis Priebe) and he wants a definition of production in the lease. (We added “production in paying quantities”)

Brent – 6/25/09

- Called Dennis Priebe and he said he didn't have time to deal with us. We could re-draft the lease and send it back to Paul Priebe for acceptance.

-Spoke to Paul Priebe who said he would talk to his son again but said he would probably not sign the lease. I told him I would send him an amended copy for review.

Brent – 7/9/09

-Called Paul Priebe on house phone: no answer

-Called his cell phone number that he provided. He answered and said something about “driving” and the call was lost.

Brent – 7/10/09

-Called Paul Priebe, no answer. I left a message requesting verification of receipt of amended Oil and Gas Lease.

Corey – 7/13/09

-Talked with Paul Priebe who said he was going to have a meeting with his son, Dennis, in the morning of 7/14/2009 and get back with us on the terms of the Oil and Gas Lease.

Corey – 7/17/09

-Paul Priebe called and said he was interested in leasing but wanted \$300 per acre. I told him I didn't think we could do that, but I would look into it and get back to him.

Corey – 7/17/09

-Called Paul Priebe and told him we couldn't do \$300 an acre. He said he would get back to me on Monday, 7/20/2009.

MEWBOURNE OIL COMPANY  
AUTHORIZATION FOR EXPENDITURE

Prospect: Wyatt Draw Well Name & No: Wyatt Draw 29 State Com #1  
Field: \_\_\_\_\_ Location: 660' FSL & 860' FEL  
Section: 29 Block: \_\_\_\_\_ Survey: \_\_\_\_\_ Township: 19S Range: 26E  
County: Eddy ST: NM Proposed Depth: 9,850'

DESCRIPTION		Cost To Casing Point AFE NO.	Completion Cost AFE NO.
<b>INTANGIBLE COST 180</b>			
300	Permits and Surveys	\$7,000	
301	Location, Roads and Site Preparation	\$175,000	\$1,500
302	Footage or Turnkey Drilling		
303	Day Work 25 days @ \$12,500/day and 2 days Completion + GRT	\$331,300	\$26,500
304	Fuel	\$30,000	\$2,400
305	Completion / Workover Rig		\$10,000
306	Mud and Chemicals	\$35,000	
307	Cementing	\$45,000	\$60,000
308	Logging, Wireline and Coring Services	\$35,000	\$20,000
309	Casing, Tubing & Snubbing Services	\$10,000	\$6,000
310	Mud Logging 16 days @ \$800/day + RU	\$13,800	
311	Testing		
312	Treating		\$150,000
313	Water & Other	\$25,000	
314	Bits 1-17-1/2", 1-12-1/4", 3-7 7/8"	\$45,000	\$1,000
315	Inspection & Repair Services	\$3,500	\$2,500
316	Misc. Air and Pumping Services		\$2,000
320	Rig Mobilization & Transportation	\$75,000	
321	Welding and Construction	\$4,000	
322	Engineering & Contract Supervision	\$2,500	\$2,000
330	Equipment Rental	\$40,000	\$4,000
334	Well / Lease Legal	\$3,000	\$1,000
335	Well / Lease Insurance	\$7,200	
350	Intangible Supplies	\$500	\$500
355	Damages	\$2,000	
360	Pipeline and Electrical ROW and Easements		
367	Pipeline Interconnect		
375	Company Supervision	\$25,000	\$10,000
380	Overhead Fixed Rate	\$8,500	\$2,000
398	Well Abandonment	\$15,000	(\$15,000)
399	Contingencies 10% / 10%	\$93,800	\$28,600
Total Intangibles		\$1,032,100	\$315,000
<b>TANGIBLE COST 181</b>			
797	Conductor Casing (40' of 20" included in 301)		
797	Surface Casing 400' of 13 3/8" 48# H40 STC @ \$29.03/ft	\$11,600	
797	Intermediate Casing 2100' of 8 5/8" 32# J55 LTC @ \$19.03/ft	\$40,000	
797	Intermediate Casing		
797	Production Casing 9850' of 4 1/2" 11.6# P110 LTC @ \$11.00/ft		\$108,500
798	Tubing 9700' of 2 3/8" 4.7# N80 EUE @ \$3.89/ft		\$37,800
860	Drilling Head	\$9,500	
870	Tubing Head & Upper Section		\$11,000
875	Sucker Rods		
880	Packer Pump & Subsurface Equipment		\$10,000
884	Artificial Lift Systems		
885	Pumping Unit		
886	Surface Pumps & Prime Movers		
890	Tanks - Steel		\$12,000
891	Tanks - Other		\$8,000
895	Separation Equipment		\$20,000
896	Gas Treating Equipment		
898	Metering Equipment		\$6,500
900	Line Pipe - Gas Gathering and Transportation		
901	Line Pipe - Production		
906	Miscellaneous Fittings, Valves & Accessories		\$15,000
909	Electrical Installations		
910	Production Equipment Installation		\$10,000
920	Pipeline Construction		
Prepared by: <u>Charles Martin</u> Date Prepared: <u>5/29/2009</u> Total Tangibles		\$61,100	\$238,800
Company Approval: <u>m. whitte</u> Date Approved: <u>5/29/2009</u> SUBTOTAL		\$1,093,200	\$553,800
Joint Owner Interest: _____ Joint Owner Amount: _____ TOTAL WELL COST		\$1,647,000	

Joint Owner: \_\_\_\_\_ Joint Owner Approval: \_\_\_\_\_

Operator has secured Operator's Extra Expense Insurance covering costs of well control, clean up, and redrilling, as estimated in Line Item 335  
Non-operator may elect not to be covered by this Operator's Extra Expense Insurance only by signing below. The undersigned elects not to be covered by Operator's Extra Expense Insurance for their well.

By: \_\_\_\_\_ Name: \_\_\_\_\_