

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

CASE NO. 14359

**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. 14,359

VERIFIED STATEMENT OF D. PAUL HADEN

D. Paul Haden, 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 have been contacted regarding the proposed well and have simply not decided whether to join in the well, or lease 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 Yeso formation underlying the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 10, Township 20 South, Range 25 East, N.M.P.M., Eddy County, New Mexico. The unit will be dedicated to the Long Draw "10" D Well No. 1, to be drilled at an orthodox location in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 10. The well will be an oil well.

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

Milton F. Kent	2.1000	%
10820 SW 74 Court		
Miami, Florida 33156		

Stringer Family Interests, LP	0.43750	%
Elizabeth S. Ferguson Blanek	0.43750	%
Elizabeth S. Ferguson	0.43750	%
c/o Stringer Oil and Gas Company		
P.O. Box 3037		
San Angelo, Texas 76902		

Oil Conservation Division
Case No. _____
Exhibit No. 1

(d) A copy of the proposal letter sent to the uncommitted working interest owners is attached hereto as Exhibit B. In addition, several phone calls have been made to the interest owners.

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

(f) 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.

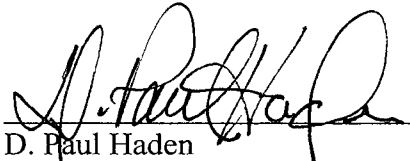
(g) Overhead charges of \$4000/month for a drilling well, and \$400/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Applicant also requests that the order contain a provision adjusting the rates pursuant to the COPAS accounting procedure.

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

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

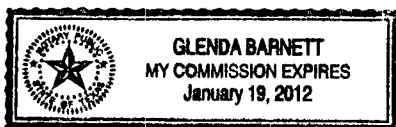
D. Paul Haden, being duly sworn upon his oath, deposes and states that: He is a landman for Mewbourne Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge,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


D. Paul Haden

SUBSCRIBED AND SWORN TO before me this 14th day of August, 2009 by D. Paul Haden.

My Commission Expires: 1-19-2012


Notary Public



MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

June 8, 2009

Via Certified Mail- Return Receipt No. 0737

Estate of Milton F. Kent
c/o S.R. Bengston
10820 SW 74 Court
Miami, Florida 33156

Re: Long Draw "10" D No. 1
810' FNL & 790' FWL
Section 10, T20S, R25E
Eddy County, New Mexico

Ladies and Gentlemen:

Under the terms of the governing Operating Agreement, Mewbourne Oil Company as Operator hereby proposes to drill the captioned well at the referenced location to a depth sufficient to evaluate the Yeso formation, estimated total depth being 3,500 feet beneath the surface. The NW/4NW/4 of the captioned Section 10 will be dedicated to the well. Enclosed for your further handling is our AFE dated June 4, 2009.

Regarding the above, please have the enclosed AFE signed and returned to me within 30 days of receipt of same pursuant to the terms of the Operating Agreement.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

EXHIBIT

B

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

June 8, 2009

Via Certified Mail-Return Receipt No. 0638

Stringer Family Interests
Elizabeth S. Ferguson Blanek
Elizabeth S. Ferguson
c/o Stringer Oil and Gas Company
P.O. Box 3037
San Angelo, Texas 76902

Re: Long Draw "10" D No. 1
810' FNL & 790' FWL
Section 10, T20S, R25E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company as Operator hereby proposes to drill the captioned well at the referenced location to a depth sufficient to evaluate the Yeso formation, estimated total depth being 3,500 feet beneath the surface. The NW/4NW/4 of the captioned Section 10 will be dedicated to the well. Enclosed for your further handling is a copy of our AFE dated June 4, 2009 regarding the proposed well.

In the event you elect to participate in the proposed well as to your 0.43750% interest, please sign and return the enclosed AFE to me at your very earliest convenience. Upon my receipt of same, I'll forward you our Operating Agreement for execution.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Long Draw "10" D #1

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:

Stringer Family Interest
Elizabeth S. Ferguson Blanck
Elizabeth S. Ferguson
c/o Stringer Oil and Gas Company
P.O. Box 3037
San Angelo, Texas 76902

JUN 12 2009

2. Article Number

(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *J.F. Stringer Jr.*

☒ Agent

☐ Addressee

B. Received by (Printed Name)

J.F. Stringer Jr.

C. Date of Delivery

6-11-09

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

7005 2570 0001 0978 0638

MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE

Prospect: Long Draw/Quick Draw Yeso

Well Name & No: Long Draw 10 D #1

Field:

Location: 810' FNL & 790' FWL

Section: 10 Block: Survey:

Township 20S Range: 25E

County: Eddy ST: NM Proposed Depth: 3250'

DESCRIPTION		Cost To Casing Point AFE NO.	Completion Cost AFE NO.
INTANGIBLE COST 180			
300	Permits and Surveys	\$2,000	\$1,000
301	Location, Roads and Site Preparation (includes 80' of conductor & cement)	\$95,000	\$1,500
302	Footage or Turnkey Drilling		
303	Day Work 5 Days @ \$9,500/Day + GRT + 1 day Comp.	\$50,400	\$10,100
304	Fuel 6 Days @ 500 gal/day @ \$1.60/gal	\$4,800	
305	Completion / Workover Rig		\$9,000
306	Mud and Chemicals	\$13,000	
307	Cementing	\$7,500	\$15,000
308	Logging, Wireline and Coring Services		\$17,500
309	Casing, Tubing & Snubbing Services	\$3,500	\$4,000
310	Mud Logging		
311	Testing		
312	Treating 2 stage frac - Total 300000 gals & 150000# 20/40 brown sand		\$150,000
313	Water & Other	\$8,000	
314	Bits	\$6,000	
315	Inspection & Repair Services		
316	Misc. Air and Pumping Services		
320	Rig Mobilization & Transportation	\$30,000	\$2,000
321	Welding and Construction	\$3,000	
322	Engineering & Contract Supervision	\$5,000	
330	Equipment Rental	\$8,000	\$3,000
334	Well / Lease Legal	\$3,000	\$1,000
335	Well / Lease Insurance	\$1,200	
350	Intangible Supplies	\$500	\$500
355	Damages	\$8,000	
360	Pipeline and Electrical ROW and Easements		\$5,000
367	Pipeline Interconnect		
375	Company Supervision	\$7,000	\$6,000
380	Overhead Fixed Rate	\$2,500	\$2,500
398	Well Abandonment	\$12,000	(\$12,000)
399	Contingencies 5% / 5%	\$13,500	\$10,800
Total Intangibles		\$283,900	\$226,900
TANGIBLE COST 181			
797	Conductor Casing 80' 20" (included in location)		
797	Surface Casing 800' 8 5/8" 24# J-55 @ \$19.08/ft	\$15,300	
797	Intermediate Casing		
797	Intermediate Casing		
797	Production Casing 3,250' 4 1/2" 10.5# J55 LTC @ \$8.50/ft		\$27,800
798	Tubing 3200' 2 3/8" 4.7# J-55 EUE 8rd @ \$3.89/ft		\$12,500
860	Drilling Head 8 5/8" x 4 1/2" Larkin	\$1,300	
870	Tubing Head & Upper Section 4-1/2" x 2 3/8" Larkin		\$1,300
875	Sucker Rods		\$14,600
880	Packer Pump & Subsurface Equipment		\$9,800
884	Artificial Lift Systems		
885	Pumping Unit		\$32,000
886	Surface Pumps & Prime Movers		\$3,000
890	Tanks - Steel		\$22,000
891	Tanks - Other		\$7,500
895	Separation Equipment		
896	Gas Treating Equipment		
898	Metering Equipment		\$7,500
900	Line Pipe - Gas Gathering and Transportation		
901	Line Pipe - Production 2000' - 3" SDR 7 poly		\$4,000
906	Miscellaneous Fittings, Valves & Accessories		\$1,800
909	Electrical Installations		\$20,000
910	Production Equipment Installation		\$21,000
920	Pipeline Construction		
Prepared by: L. Jackson Date Prepared: 6/4/2009 Total Tangibles		\$16,600	\$184,800
Company Approval: m. white Date Approved: 6/4/2009 SUBTOTAL		\$300,500	\$411,700
Joint Owner Interest: Joint Owner Amount: TOTAL WELL COST		\$712,200	

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: