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 NW½NW¼ 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 NW½NW¼ 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:

2.1000	_%
0.43750	_%
0.43750	_%
0.43750	%
Oil Conservation Division	
	0.43750 0.43750

Oil Conservation Division
Case No.
Exhibit No.

- (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.

	<u>VERIFICATION</u>
STATE OF TEXAS)

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 _____day of August, 2009 by D. Paul Haden.

My Commission Expires: 1-19-2012

GLENDA BARNETT
MY COMMISSION EXPIRES
January 19, 2012

Notary Public

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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

 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. Article Addressed to: Stringer Family Interest Elizabeth S. Ferguson Blanck Elizabeth S. Ferguson c/o Stringer Oil and Gas Company 	A. Signature X. Agent Addres D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No				
P.O. Box 3037 San Angelo, Texas 76902	3. Service Type Certified Mail Registered Receipt for Merchandise Insured Mail C.O.D.				
JUN 1 2 2009	4. Restricted Delivery? (Extra Fee)				
Article Number (Transfer from service label)	005 2570 LOOD LO978 0638				
PS Form 3811, February 2004 Domestic	Return Receipt 102595-02-M-1540				

MEWBOURNE OIL COMPANY AUTHORIZATION FOR EXPENDITURE

•	AUT	HORIZATION FO	R EXPENDITUR	E	
Prospect:	Long Draw/Quick Draw Yeso		Well Name & No:	Long Draw 10 D #1	
Field:			Location:	810' FNL & 790' F\	~ NL
	10 Block: Survey:			208	
	Eddy			3250	
				Cost To	Completion
		DESCRI	PTION	Casing Point AFE NO.	Cost AFE NO.
<u>, , , , , , , , , , , , , , , , , , , </u>	INTAN	GIBLE COST 180		AFE NO.	AFE NO.
300	Permits and Surveys			\$2,000	\$1,000
301	Location, Roads and Site Preparation	(includes 80' of condu	uctor & cement)	\$95,000	\$1,500
302 303	Footage or Turnkey Drilling Day Work	5 Days @ \$0 500/Day	y + GRT + 1 day Com	650,400	\$10,100
304	Fuel	6 Days @ 500 gal/da		50,400 \$4,800	1 1
305	Completion / Workover Rig		,		\$9,000
306	Mud and Chemicals			\$13,000	
307	Cementing Logging, Wireline and Coring Services			\$7,500	
309	Casing, Tubing & Snubbing Services			\$3,500	\$17,500 \$4,000
310	Mud Logging		-		41,000
311	Testing				
312		ll 300000 gals & 15000	0# 20/40 brown sand		\$150,000
313 314	Water & Other Bits			\$8,000 \$6,000	
315	Inspection & Repair Services			Ψ0,000	
316	Misc. Air and Pumping Services				
320	Rig Mobilization & Transportation			\$30,000	
321 322	Welding and Construction Engineering & Contract Supervision	-		\$3,000 \$5,000	
330	Equipment Rental			\$8,000	
334	Well / Lease Legal			\$3,000	
335	Well / Lease Insurance			\$1,200	
350 355	Intangible Supplies Damages			\$500 \$8,000	
360	Pipeline and Electrical ROW and Easement	ts		\$0,000	\$5,000
367	Pipeline Interconnect				73,000
375	Company Supervision			\$7,000	
380 398	Overhead Fixed Rate Well Abandonment			\$2,500	
399	Contingencies	5% /	5%	\$12,000 \$13,500	
		Total Intangibles		\$283,900	\$226,900
	TANGI	BLE COST 181			
797	Conductor Casing	80' 20" (included in			
797	Surface Casing	800' 8 5/8" 24# J-55	@ \$19.08/ft	\$15,300	
7 <u>97</u> 797	Intermediate Casing Intermediate Casing		· · · · · · · · · · · · · · · · · · ·		
797	Production Casing	3,250' 4 1/2" 10.5#	J55 LTC @ \$8.50/ft		\$27,800
798	Tubing		55 EUE 8rd @ \$3.89/ff		\$12,500
860	Drilling Head	8 5/8" x 4 1/2" Larkin 4-1/2" x 2 3/8" Larkin		\$1,300	
870 875	Tubing Head & Upper Section Sucker Rods	4-1/2 X 2 3/6 Laikiii			\$1,300 \$14,600
880	Packer Pump & Subsurface Equipment				\$9,800
884	Artificial Lift Systems			11	
885 886	Pumping Unit Surface Pumps & Prime Movers		\sim		\$32,000 \$3,000
890	Tanks - Steel	_	(·)		\$3,000
891	Tanks - Other	_ EXI	HIBIT		\$7,500
895	Separation Equipment				
896 898	Gas Treating Equipment Metering Equipment				\$7,500
900	Line Pipe - Gas Gathering and Transportati	on		3	\$7,500
901	Line Pipe - Production	2000' - 3" SDR 7 pc	oly		\$4,000
906	Miscellaneous Fittings, Valves & Accessorie	es			\$1,800
909 910	Electrical Installations Production Equipment Installation				\$20,000 \$21,000
920	Pipeline Construction	· · · · · · · · · · · · · · · · · · ·			\$27,555
Prepared by:	L. Jackson Date Prep	ared: 6/4/2009	Total Tangib	les \$16,600	\$184,800
	proval: PR with Date Appr	oved: 6/4/2009	SUBTOTAL	\$300,500	\$411,700
Joint Owner	· · · · · · · · · · · · · · · · · · ·		TOTAL WEI		2,200
				· · · · · · · · · · · · · · · · · · ·	
Joint Owner:		Joint Owner A	pproval:		
Non-operato	s secured Operator's Extra Expense Insormay elect <u>not</u> to be covered by this Operator's Extra Expense Insurance for the contract of the contr	perator's Extra Expen			
Ву:		Name	:		

Long Draw 10D #1.xls