



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

Carlsbad Field Office

620 E. Greene

Carlsbad, New Mexico 88220-6292

www.blm.gov/nm



IN REPLY REFER TO:

NM133038

3105.2 (P0220)

Reference:

Owl Draw 23 DM Fed Com 1H

T. 26 S., R. 27 E.,

Section 23, W2

Eddy County, NM

July 30, 2014

Mewbourne Oil Company

P.O. Box 7698

Tyler, TX 75711

Gentlemen:

Enclosed is an approved copy of Communitization Agreement NM133038 involving Tract 1, 80.00 acres of Federal land in lease NMNM117116, Tract 2, 40 acres in Fee leases, Tract 3, 40 acres in Fee leases, Tract 4, 40 acres in Fee leases, and Tract 5, 120 acres in Fee leases for a 320 acre well spacing unit, whose leases are held by actual production.

The agreement communitizes all rights to all producible hydrocarbons from the Wolfcamp formation beneath the W2 of sec. 23, T.26 S., R. 27 E., NMPM, and is effective August 15, 2013. Approval of this agreement does not warrant or certify that the operator, thereof, and other working interest owners hold legal or equitable title to the leases which are committed hereto.

Copies of this approval letter are being distributed to the appropriate Federal agencies. You are requested to furnish all interested parties with the appropriate evidence of this approval. Any production royalties that are due must be reported and paid according to regulations set up by the Office of Natural Resources Revenue at 1-800-525-9167 or 303-231-3504.

If you have any questions regarding this approval, please contact Edward G. Fernandez, Petroleum Engineer at (575) 234-2220.

Determination - Approval - Certification

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

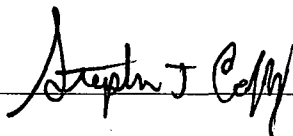
- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.

- B. Approve the attached Communitization Agreement covering the W2 of sec. 23, T. 26 S., R. 27 E., NMPM, as to all producible hydrocarbons from the Wolfcamp formation. This approval will become invalid if the public interest requirements under section 3105.2-3 (e) are not met.

Approval also requires operator to submit copies of sundries or any other documentation regarding activity with this well to the Bureau of Land Management (BLM), Carlsbad Field Office pursuant to Item 9 of the approved Communitization Agreement.

- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved:



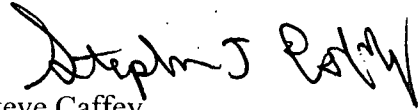
Authorized Officer
Stephen Caffey
Asst. Field Mgr.

Effective: August 15, 2013

Contract No.: Com. Agr. NM133038

Please furnish all interested principals with appropriate evidence of this approval.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Caffey". The signature is written in a cursive style with a large, sweeping initial "S".

Steve Caffey
Assistant Field Manager,
Lands and Minerals

1 Enclosure:

1 - Communitization Agreement

cc:

ONRR, Denver (357B-1, Antoinette Contreras, Stacey Kaiser)

NM Taxation & Revenue Dept. (Revenue Processing Div.)

NMOCD

NM (9200)

NM (P0220-CFO, File Room)



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene
Carlsbad, New Mexico 88220-6292
www.nm.blm.gov



In Reply Refer to
NM133038
3107 (P0220)

Memorandum

To: State Director (9210)

From: Land Law Examiner (P0220)

Subject: First Production, Communitization Agreement NM133038

Date of Completion: 02/18/14
Date of First Production: 02/17/14
Field: Wolfcamp
Operator, Well Name & No, API Number: Mewbourne Oil; Owl Draw 23 DM Fed Com 1H;
3001541448
Surface Location: W2 sec.23, T. 26 S., R. 27 E.
Total Depth: 14,900 MD; 10,091 TVD
Surface Elevation: 3,152 GL
Producing Formation: Wolfcamp (10,293 – 14,847)
Well Capable of Production in Paying Quantities: Yes
Initial Daily Production: Oil 163 BBL; Gas 3,179 MCF; Water 1,818 BBL
Current Status: Producing Gas Well
Remarks: CA NM133038, effective 08/15/2013, communitizes production of all gas and fluid hydrocarbons in the Wolfcamp formation beneath the W2 of sec. 23, T. 26 S, R. 27 E., NMPM, and comprises 80 acres of Federal land in lease NMNM117116, 40 acres of Fee land, tract 2, 40 acres Fee land tract 3, 40 acres Fee land tract 4, and 120 acres of Fee land, tract 5 for a 320 acre well spacing unit, whose leases are held by actual production.

If you have any questions regarding this memorandum, please call Arthur Morrison at ajmorrison@blm.gov.

/S/ Arthur J. Morrison
July 30, 2014

cc:
ONRR
First Production File
LLNM (P0220, File Room)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCOD Artesia

RECEIVED
MAR 31 2014
INMOCD ARTESIA

FORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well: Oil Well Gas Well Dry Other

b. Type of Completion: New Well Work Over Deepen Plug Back Diff. Resrv.,
Other _____

2. Name of Operator
Mewbourne Oil Company

3. Address: PO Box 5270
Hobbs, NM 88241

3a. Phone No. (include area code)
575-393-5905

4. Location of Well (Report location clearly and in accordance with Federal requirements)*
At surface 375' FSL & 990' FWL Sec 14, T26S, R27E
At top prod. interval reported below 384' FNL & 1100' FWL
At total depth 344' FSL & 625' FWL Sec 23, T26S, R27E

5. Lease Serial No.
NM117116 (SL) & Fee (BHL)

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and No.

8. Lease Name and Well No.
Owl Draw 23 DM Fed Com #1H

9. AFI Well No.
30-015-41448

10. Field and Pool, or Exploratory
WC-015 S262728A (Gas)

11. Sec., T., R., M., on Block and Survey or Area Sec 14, T26S, R27E

12. County or Parish
Eddy

13. State
NM

14. Date Spudded
08/26/13

15. Date T.D. Reached
10/19/13

16. Date Completed 02/18/14
 D & A Ready to Prod.

17. Elevations (DF, RKB, RT, GL)*
3152' GL

18. Total Depth: MD 14900'
TVD 10091'

19. Plug Back T.D.: MD 14847'
TVD 10093'

20. Depth Bridge Plug Set: MD NA
TVD NA

21. Type Electric & Other Mechanical Logs Run (Submit copy of each)
CCL / GR & CN

22. Was well cored? No Yes (Submit analysis)
Was DST run? No Yes (Submit report)
Directional Survey? No Yes (Submit copy)

23. Casing and Liner Record (Report all strings set in well)

| Hole Size | Size/Grade | Wt. (#/ft.) | Top (MD) | Bottom (MD) | Stage Cementer Depth | No. of Sks. & Type of Cement | Slurry Vol. (BBL) | Cement Top* | Amount Pulled |
|-----------|-------------|-------------|----------|-------------|----------------------|------------------------------|-------------------|-------------|---------------|
| 17 1/2" | 13 3/8" H40 | 48# | 0 | 417' | | 440 C | 106 | Surface | NA |
| 12 1/4" | 9 5/8" J55 | 36# | 0 | 2127' | | 650 H&C | 216 | Surface | NA |
| 8 3/4" | 7" P110 | 26# | 0 | 10195' | | 1000 H | 316 | Surface | NA |
| 6 1/8" | 4 1/2" P110 | 13.5# | 9957' | 14860' | | Liner | NA | NA | NA |

24. Tubing Record

| Size | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) |
|------|----------------|-------------------|------|----------------|-------------------|------|----------------|-------------------|
| NA | | | | | | | | |

25. Producing Intervals

| Formation | Top | Bottom | Perforated Interval | Size | No. Holes | Perf. Status |
|-------------|-------|--------|---------------------|------|-----------|--------------|
| A) Wolfcamp | 8886' | 14900' | 10293' - 14847' MD | | | Open |
| B) | | | 9974' - 10091' TVD | | | |
| C) | | | | | | |
| D) | | | | | | |

27. Acid, Fracture, Treatment, Cement Squeeze, etc.

| Depth Interval | Amount and Type of Material |
|----------------------|---|
| 10293' - 14847' MD | Frac w/349,832 gals 7 1/2% acid & 4,415,251 gals of Slickwater, carrying 2,630,071# 100 Mesh Sand & |
| 9971' - 10091' (TVD) | 1,571,922# 40/70 White Sand. |

28. Production - Interval A

| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|----------------------|--------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| 02/17 | | 24 | → | 163 | 3179 | 1818 | 51.4 | 0.767 | Flowing |
| Choke Size | Tbg. Press. Flwg. SI | Csg. Press. | 24 Hr. Rate | Oil BBL | Gas MCF | Water BBL | Gas/Oil Ratio | Well Status | |
| 20/84 | SI NA | 3875 | → | 163 | 3179 | 1818 | 19503 | Producing | |

28a. Production - Interval B

| Date First Produced | Test Date | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|----------------------|--------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| | | | → | | | | | | |
| Choke Size | Tbg. Press. Flwg. SI | Csg. Press. | 24 Hr. Rate | Oil BBL | Gas MCF | Water BBL | Gas/Oil Ratio | Well Status | |
| | SI | | → | | | | | | |

ACCEPTED FOR RECORD
MAR 26 2014
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

* (See instructions and spaces for additional data on page 2)

LRD 3/31/14
Accepted for record
NMOC

RECLAMATION
DUE 8-18-14

28b. Production - Interval C

| | | | | | | | | | |
|---------------------|----------------------|--------------|----------------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| Date First Produced | Test Date | Hours Tested | Test Production → | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
| Choke Size | Tbg. Press. Flwg. SI | Csg. Press. | 24 Hr. Rate → | Oil BBL | Gas MCF | Water BBL | Gas/Oil Ratio | Well Status | |

28c. Production - Interval D

| | | | | | | | | | |
|---------------------|----------------------|--------------|----------------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| Date First Produced | Test Date | Hours Tested | Test Production → | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
| Choke Size | Tbg. Press. Flwg. SI | Csg. Press. | 24 Hr. Rate → | Oil BBL | Gas MCF | Water BBL | Gas/Oil Ratio | Well Status | |

29. Disposition of Gas (Sold, used for fuel, vented, etc.)

30. Summary of Porous Zones (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

| Formation | Top | Bottom | Descriptions, Contents, etc. | Name | Top |
|-----------|-----|--------|------------------------------|---------------|-------------|
| | | | | | Meas. Depth |
| | | | | Rustler | 300' |
| | | | | Top of Salt | 417' |
| | | | | Base of Salt | 1976' |
| | | | | Delaware | 2165' |
| | | | | Bell Canyon | 2201' |
| | | | | Cherry Canyon | 3079' |
| | | | | Manzanita Mkr | 3209' |
| | | | | Brushy Canyon | 4254' |
| | | | | Bone Spring | 5786' |
| | | | | Wolfcamp | 8886' |

32. Additional remarks (include plugging procedure):

33. Indicate which items have been attached by placing a check in the appropriate boxes:

- Electrical/Mechanical Logs (1 full set req'd.)
 Geologic Report
 DST Report
 Directional Survey
 Sundry Notice for plugging and cement verification
 Core Analysis
 Other: Comp sundry, Dev Rpt, C104, Gyro, Final C102, pkr port

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)*

Name (please print) Jackie Lathan

Title Hobbs Regulatory

Signature

Jackie Lathan

Date 02/28/14

Title 18 U.S.C Section 1001 and Title 43 U.S.C Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.