

**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 A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

Case No. 16314

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 ("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 simply refused to voluntarily commit their interests to the well.
 - (c) A plat outlining the unit being pooled is attached hereto as Attachment A. Mewbourne seeks an order approving a 208.98-acre horizontal spacing unit in the Bone Spring formation comprised of Lots 4, 5, 12, 13, 17, and 18 (the W/2W/2) of oversized Section 6, Township 21 South, Range 35 East, NMPM. Mewbourne further seeks the pooling of all mineral interests in the Bone Spring formation underlying the unit. The unit will be dedicated to the Pheasant Ridge 6 B1DU State Com. Well No. 1H, a horizontal well with a surface location in Unit D and a final take point in Unit U of Section 6.
 - (d) The parties being pooled and their interests are set forth in Attachment B. Their current and correct addresses are also set forth.

EXHIBIT

1

- (e) Attachment C contains a summary of contacts with the interest owners, together with copies of the proposal letters sent to them.
- (f) Mewbourne has made a good faith effort to obtain the voluntary joinder of the working interest owners in the proposed well.
- (g) Mewbourne has the right to pool the overriding royalty owners in the well unit.
- (h) Attachment D is the Authorization for Expenditure for the proposed well. The estimated cost of the well set forth therein is fair and reasonable, and is comparable to the costs of other wells of similar depth and length drilled in this area Lea County.
- (i) 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 Lea 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.
- (j) Mewbourne requests that the maximum cost plus 200% risk charge be assessed against non-consenting working interest owners.
- (k) Mewbourne requests that it be designated operator of the well.
- (l) The attachments to this affidavit were prepared by me or under my supervision, or compiled from company business records.
- (m) The granting of this application is in the interests of conservation and the prevention of waste.

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

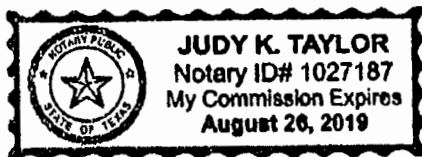
Corey Mitchell, being duly sworn upon his oath, deposes and states that: He is a landman for Mewbourne Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge,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

Corey Mitchell
Corey Mitchell

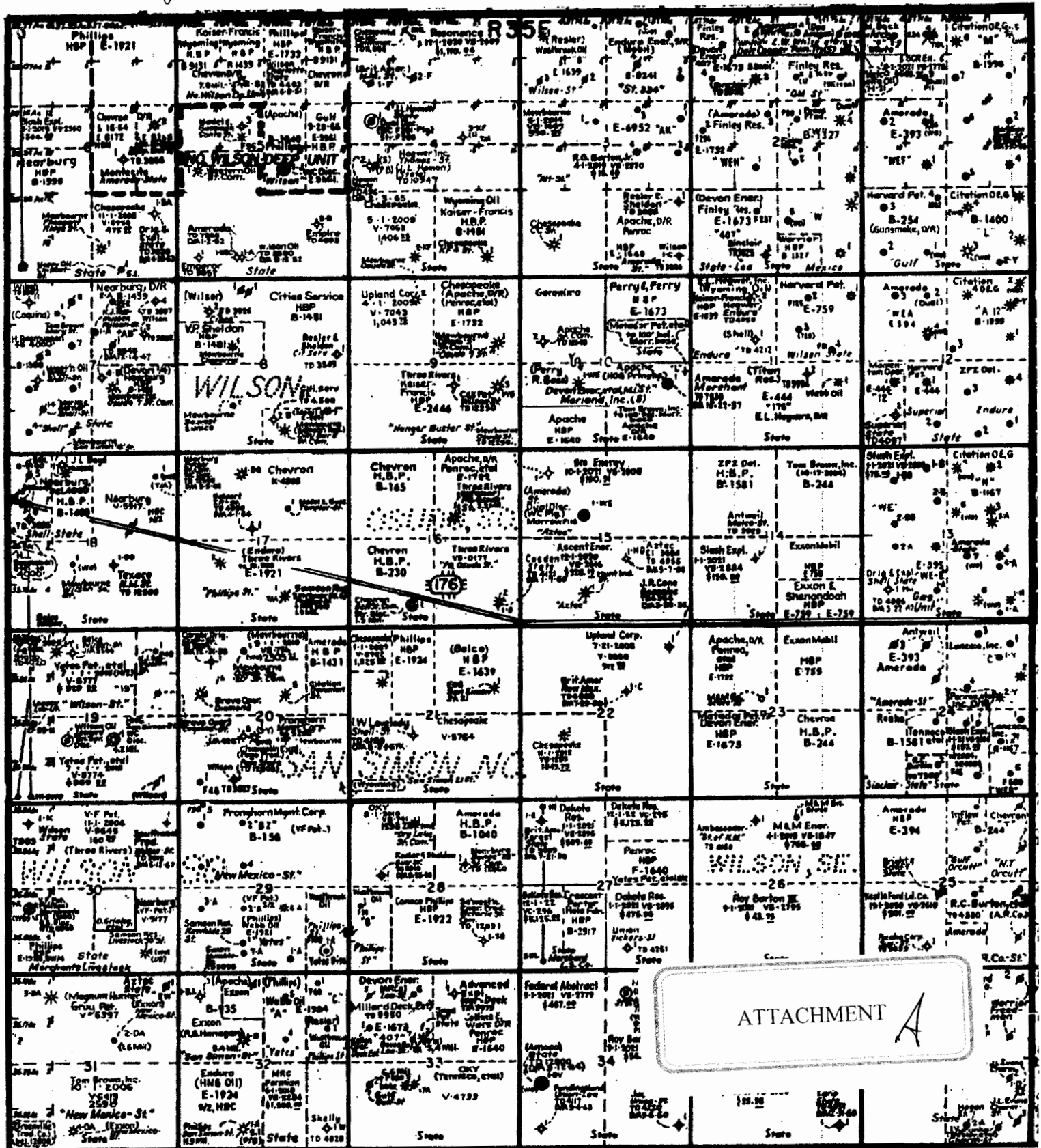
SUBSCRIBED AND SWORN TO before me this 25th day of July, 2018 by Corey Mitchell.

My Commission Expires: 8-26-19

Judy K. Taylor
Notary Public



Pheasant Ridge 6 BIDU state com #14 - Section 6-Tals-R35E, Leaco. NM



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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name					
4 Property Code		5 Property Name PHEASANT RIDGE 6 B1DU STATE COM						6 Well Number 1H	
7 GRID NO.		8 Operator Name MEWBOURNE OIL COMPANY						9 Elevation 3672'	
10 Surface Location									
UL or lot no. 4	Section 6	Township 21S	Range 35E	Lot Idn	Feet from the 220	North/South line NORTH	Feet From the 400	East/West line WEST	County LEA
11 Bottom Hole Location If Different From Surface									
UL or lot no. 18	Section 6	Township 21S	Range 35E	Lot Idn	Feet from the 330	North/South line SOUTH	Feet from the 400	East/West line WEST	County LEA
12 Dedicated Acres		13 Joint or Infill		14 Consolidation Code		15 Order No.			

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.

<p>16</p> <p>GEODETTIC DATA NAD 83 GRID - NM EAST</p> <p>SURFACE LOCATION N: 554768.6 - E: 824831.7</p> <p>LAT: 32.5217551° N LONG: 103.4135710° W</p> <p>BOTTOM HOLE N: 547481.5 - E: 824889.6</p> <p>LAT: 32.5017255° N LONG: 103.4135870° W</p> <p>CORNER DATA NAD 83 GRID - NM EAST</p> <p>A: FOUND 2" PIPE N: 547148.8 - E: 824492.3</p> <p>B: FOUND 1/2" REBAR N: 549789.2 - E: 824471.7</p> <p>C: FOUND NAIL N: 554985.0 - E: 824430.0</p> <p>D: FOUND NAIL N: 555030.7 - E: 829551.7</p> <p>E: FOUND 6"x4"x2.5" LIMESTONE ROCK N: 549825.8 - E: 829596.4</p> <p>F: FOUND 12"x6"x4" LIMESTONE ROCK N: 547184.0 - E: 829620.4</p>		<p>17 OPERATOR CERTIFICATION</p> <p>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 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.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>	
<p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p>4-16-18 Date of Survey</p> <p>Signature and Seal of Professional Surveyor _____</p> <p>19680 Certificate Number</p>		<p>19</p> <p>PROF. ROBERT M. HOWETT NEW MEXICO 19680 PROFESSIONAL SURVEYOR</p>	

RRC-Job No.: LS1804449

TRACT OWNERSHIP
Pheasant Ridge 6 BIDU State Com #1H
Lots 4, 5, 12, 13, 17 & 18 (W/2W/2)
Township 21 South, Range 35 East
Lea County, New Mexico

Lots 4, 5, 12, 13, 17 & 18 (W/2W/2):
Bone Spring formation:

	<u>% Leasehold Interest</u>
Mewbourne Oil Company 500 West Texas, Ste. 1020 Midland, Texas 79701	40.361384%
Timothy R. MacDonald 3017 Avenue O Galveston, Texas	0.073071%
Maverick Oil & Gas Corporation 1001 W. Wall Street Midland, Texas 79701	0.024357%
*ConocoPhillips Company 600 N. Dairy Ashford Rd. Houston, Texas 77079	32.556941%
*Chisholm Energy Operating 801 Cherry Street, Suite 1200-Unit 20 Fort Worth, Texas 76102	<u>26.984247%</u> 100.0000000%
* Total interest being pooled: 59.541188%	

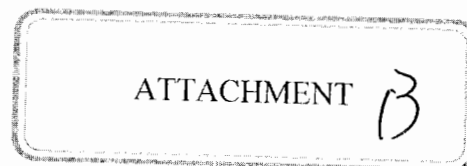


Exhibit A

ConocoPhillips Company
600 North Dairy Ashford
Houston, Texas 77079

Attention: Judy Webb

Chisholm Energy Operating, LLC
Suite 1200 -- Unit 20
801 Cherry Street
Fort Worth, Texas 76102

Attention: Beau Sullivan

Summary of Communications
Pheasant Ridge 6 B1DU State Com #1H

ConocoPhillips Company

- 1) 5/2/2018: Mailed well proposal letter with AFE via certified mail dated May 2, 2018. Receipt attached.
- 2) 5/23/2018: Spoke with Judy Webb at Conoco about our well proposal. She said they are still evaluating it.
- 3) 5/31/2018: Emailed Judy about the well. They are still evaluating.
- 4) 6/11/2018: Emailed Judy inquiring about the well and informed her that the well was coming up on our drilling schedule soon.
- 5) 6/13/2018: Spoke with Judy she informed me that they do not wish to participate at this time.
- 6) 6/14/2018: Spoke with Judy about a potential Farmout/Term Assignment.
- 7) 6/19/2018: Spoke with Judy again about Farmout/Term Assignment which they are evaluating.
- 8) 6/26/2018: Judy informed me that Conoco does not want to Farmout/Term Assign its interest and would execute a mutually agreeable JOA if we would allow them to go non-consent in the initial well.
- 9) 6/26/2018: Emailed Judy to let her know that we had applied for compulsory pooling and that we are still willing to work with them on the JOA.
- 10) 6/27/2018: Received Conoco's proposed JOA changes via email.
- 11) 7/2/2018: Received additional JOA changes from Conoco.
- 12) 7/3/2018: Received several emails from Judy informing me that she is meeting with her legal counsel to approve changes to the JOA. Also, we received several additional JOA changes.
- 13) 7/5/2018: Received several emails from Judy regarding JOA changes.
- 14) 7/6/2018: Received several emails outlining Conoco's JOA changes.
- 15) 7/16/2018: Received several emails from Conoco informing us that they will be sending the JOA for final approval and execution.
- 16) 7/17/2018: Overnighted JOA with Conoco's requested changes to Judy for execution.

Chisholm Energy Operating

- 1) 5/2/2018: Mailed well proposal letter with AFE via certified mail dated May 2, 2018. Receipt attached.
- 2) 5/23/2018: Left message for Scott Herstein with Chisholm inquiring about the status of our well proposal.

ATTACHMENT

C

- 3) 5/24/2018: Received phone call and email from Beau Sullivan with Chisholm asking questions about our proposal.
- 4) 5/30/2018: Emailed Beau answering several of his questions.
- 5) 5/30/2018: Received email from Beau asking if we are open to trades.
- 6) 5/31/2018: Emailed Beau answering his question about a potential trade.
- 7) 6/6/2018: Emailed Beau asking him about the status of the proposal and alerting him that we have an expiring lease coming up.
- 8) 6/13/2018: Left voicemail for Beau asking about their JOA review.
- 9) 6/27/2018: Emailed Beau alerting him that we had applied for compulsory pooling and asking about the status of their review.
- 10) 6/29/2018: Received email from Beau that he would ask for an update.
- 11) 7/17/2018: Received email from Beau asking if they could speak to our technical team.
- 12) 7/17/2018: Emailed Beau back giving him the contact information for our geologist and engineer.
- 13) 7/18/2018: Left voicemail for Beau asking him about the status of their review.

MEWBOURNE OIL COMPANY

500 West Texas, Suite 1020

Midland, Texas 79701

Phone (432) 682-3715

Fax (432) 685-4170

May 2, 2018

Via: Certified Mail

ConocoPhillips Company

P.O. Box 2197

Houston, TX 77252-2197

Attn: Judy Webb

Re: Pheasant Ridge 6 BIDU State Com #1H
220' FNL & 400' FWL (SL)
330' FSL & 400' FWL (BHL)
Section 6, T21S, R35E
Lea County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 446.51 acre Working Interest Unit ("WIU") covering the W/2 (Lots 3-6, 11-14, 17-18, and the E/2SW/4) of the above captioned section 6 for oil and gas production. The targeted interval for the proposed unit is the Bone Spring formation. Apparently ConocoPhillips Company, ("COP") owns a 100.00% interest in Lots 3-6 (145.37 gross acres) of the referenced Section 6. Accordingly, COP would own 32.556942% working interest in the proposed WIU. (145.37 net acres / 446.51 gross acres = 32.556942% interest in the WIU)

Mewbourne as Operator hereby proposes to drill the captioned well 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 9,349 feet subsurface to evaluate the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 16,433 feet. The W/2W/2 (Lots 4, 5, 12, 13, 17, 18) of section 6 will be dedicated to the proration unit of the well.

Regarding the above, enclosed for your further handling is our AFE dated April 23, 2018 for the captioned proposed well. In the event your firm elects to participate in the proposed well, please execute the enclosed AFE and return to me within thirty (30) days. The Operating Agreement will have COPAS rates of \$8,000/month while drilling, \$800/month for a producing well, and will follow the well proposal shortly.

Should you have any questions regarding the above, please email me at rwinkeljohn@mewbourne.com or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Ray Winkeljohn
Landman



Date: May 9, 2018

Simple Certified:

The following is in response to your May 9, 2018 request for delivery information on your Certified Mail™/RRE item number 9414810699945031156522. The delivery record shows that this item was delivered on May 9, 2018 at 8:31 am in HOUSTON, TX 77210. The scanned image of the recipient information is provided below.

Signature of Recipient :

A black and white scanned image of a handwritten signature, appearing to read "Judy Webb", over a series of horizontal lines.

Address of Recipient :

A black and white scanned image of a recipient address, showing a street name and a house number, though the text is mostly obscured by heavy black bars.

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

Judy Webb
ConocoPhillips Company
PO Box 2197
Houston, TX 77252
Reference #: Pheasant Ridge 6 #1H rw
Item ID: Pheasant Ridge 6 1

MEWBOURNE OIL COMPANY

500 West Texas, Suite 1020
Midland, Texas 79701
Phone (432) 682-3715
Fax (432) 685-4170

May 2, 2018

Via: Certified Mail

Chisholm Energy Operating
801 Cherry Street, Suite 1200-Unit 20
Fort Worth, Texas 76102
Attn: Mr. Scott Herstein

Re: Pheasant Ridge 6 BIDU State Com #1H
220' FNL & 400' FWL (SL)
330' FSL & 400' FWL (BHL)
Section 6, T21S, R35E
Lea County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 446.51 acre Working Interest Unit ("WIU") covering the W/2 (Lots 3-6, 11-14, 17-18, and the E/2SW/4) of the above captioned section 6 for oil and gas production. The targeted interval for the proposed unit is the Bone Spring formation. Apparently Chisholm Energy Operating, ("CEO") owns a 99.7500% interest in Lots 13-14 (75.24 gross acres) and a 30.139608% interest in Lots 17, 18, and the E/2SW/4 (150.75 gross acres) of the referenced Section 6. Accordingly, CEO would own 26.984247% working interest in the proposed WIU. (120.487359 net acres / 446.51 gross acres = 26.984247% interest in the WIU)

Mewbourne as Operator hereby proposes to drill the captioned well 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 9,349 feet subsurface to evaluate the Bone Spring Formation. The proposed well will have a measured depth (MD) of approximately 16,433 feet. The W/2W/2 (Lots 4, 5, 12, 13, 17, 18) of section 6 will be dedicated to the proration unit of the well.

Regarding the above, enclosed for your further handling is our AFE dated April 23, 2018 for the captioned proposed well. In the event your firm elects to participate in the proposed well, please execute the enclosed AFE and return to me within thirty (30) days. The Operating Agreement will have COPAS rates of \$8,000/month while drilling, \$800/month for a producing well, and will follow the well proposal shortly.

Should you have any questions regarding the above, please email me at rwinkeljohn@mewbourne.com or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY



Ray Winkeljohn
Landman

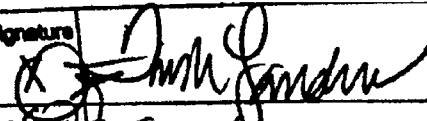


Date: May 4, 2018

Simple Certified:

The following is in response to your May 4, 2018 request for delivery information on your Certified Mail™/RRE item number 9414810699945031156355. The delivery record shows that this item was delivered on May 4, 2018 at 2:45 pm in FORT WORTH, TX 76102. The scanned image of the recipient information is provided below.

Signature of Recipient :

Signature	
Printed Name	Trish Sanders

Address of Recipient :

Delivery Address	801 Cherry St
------------------	---------------

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

Chisholm Energy Operating
801 CHERRY ST UNIT 20 STE 1200
FORT WORTH, TX 76102
Reference #: South Loving 2/11 MR
Item ID: South Loving 2 11

Ray Winkeljohn

From: Webb, Judy (TEAM, Inc.) <Judy.Webb@contractor.conocophillips.com>
Sent: Tuesday, July 17, 2018 11:36 AM
To: Ray Winkeljohn
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H - Red-lined Pheasant Ridge JOA - E-mail 2
Attachments: Conditional Letter of Acceptance to MOC Pheasant Ridge JOA dtd 7-17-18- Final.doc

Hi Ray,

I got your Fed Express package today with the JOA. Your cover letter reflects that you want us to just return 3 sets of signature pages to the JOA. I normally provide Mewbourne with one fully executed JOA and one fully executed Recording Supplement, although in this situation, I will also be providing two originals of our Conditional Letter of Acceptance (copy attached for your convenience). Will that be ample?

Thanks,

Judy N. Webb, CPL
Contract Landman
NM Permian
832-486-3262

From: Ray Winkeljohn <rwinkeljohn@mewbourne.com>
Sent: Tuesday, July 17, 2018 11:21 AM
To: Webb, Judy (TEAM, Inc.) <Judy.Webb@contractor.conocophillips.com>
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H - Red-lined Pheasant Ridge JOA - E-mail 2

Hi Judy,

I have attached the official Exhibit "A" that will be attached to and made a part of our Exhibit "H" that we will record. Let me know if you have any questions.

Thanks,

Ray Winkeljohn
Landman

Mewbourne Oil Company
500 West Texas Ave, Suite 1020
Midland, TX 79701
Phone: (432)-682-3715
Email: rwinkeljohn@mewbourne.com

From: Webb, Judy (TEAM, Inc.) [<mailto:Judy.Webb@contractor.conocophillips.com>]
Sent: Monday, July 16, 2018 5:56 PM

To: Ray Winkeljohn

Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H - Red-lined Pheasant Ridge JOA - E-mail 2

Ray,

It is our usual practice to sign a separate Recording Supplement & Financing Statement in the form of Exhibit "H", so I am anticipating that although COPC's management may be willing to execute the Exhibit "H" (instead) that is attached to the JOA, they will want the official Exhibit "A" that will be attached to and made part of Exhibit "H" included. So, could you please send an Exhibit "A" with a header that reflects that it is attached to and made a part of Exhibit "H", etc.? You can e-mail it.

Thanks,

-Judy

Judy N. Webb, CPL

Contract Landman

NM Permian

832-486-3262

From: Ray Winkeljohn <rwinkeljohn@mewbourne.com>

Sent: Monday, July 16, 2018 1:10 PM

To: Webb, Judy (TEAM, Inc.) <Judy.Webb@contractor.conocophillips.com>

Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H - Red-lined Pheasant Ridge JOA - E-mail 2

Great. It's going in the mail now.

Thanks Judy,

Ray Winkeljohn

Landman

Mewbourne Oil Company

500 West Texas Ave, Suite 1020

Midland, TX 79701

Phone: (432)-682-3715

Email: rwinkeljohn@mewbourne.com

From: Webb, Judy (TEAM, Inc.) [<mailto:Judy.Webb@contractor.conocophillips.com>]

Sent: Monday, July 16, 2018 12:37 PM

To: Ray Winkeljohn

Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H - Red-lined Pheasant Ridge JOA - E-mail 2

Yes:

ConocoPhillips Company

Attn.: Judy Webb, EC3-07-W335

600 N. Dairy Ashford Rd.

Houston, TX 77079

Thanks Ray!

-Judy

From: Ray Winkeljohn <rwinkeljohn@mewbourne.com>

Sent: Monday, July 16, 2018 12:34 PM

To: Webb, Judy (TEAM, Inc.) <Judy.Webb@contractor.conocophillips.com>

Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H - Red-lined Pheasant Ridge JOA - E-mail 2

Judy,

May I send the JOA to the 600 N. Dairy Ashford Rd. address?

Thanks,

Ray Winkeljohn

Landman

Mewbourne Oil Company

500 West Texas Ave, Suite 1020

Midland, TX 79701

Phone: (432)-682-3715

Email: rwinkeljohn@mewbourne.com

From: Ray Winkeljohn

Sent: Monday, July 16, 2018 11:40 AM

To: Webb, Judy (TEAM, Inc.)

Subject: Re: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H - Red-lined Pheasant Ridge JOA - E-mail 2

Judy,

No problem. I will get one in the mail today.

Thanks,

Ray

Get [Outlook for iOS](#)

From: Webb, Judy (TEAM, Inc.) <Judy.Webb@contractor.conocophillips.com>

Sent: Monday, July 16, 2018 11:22:28 AM

To: Ray Winkeljohn

Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H - Red-lined Pheasant Ridge JOA - E-mail 2

Ray,

If you don't mind, would you please send the modified JOA by overnight service to us for our execution? Printed Emailed scans are just not as legible, especially when we have to re-scan it after execution for our internal records.

Thanks,

Judy N. Webb, CPL
Contract Landman
NM Permian
832-486-3262

From: Ray Winkeljohn <rwinkeljohn@mewbourne.com>
Sent: Monday, July 16, 2018 9:59 AM
To: Webb, Judy (TEAM, Inc.) <Judy.Webb@contractor.conocophillips.com>
Cc: Moppert, Edward J <Edward.J.Moppert@conocophillips.com>
Subject: Re: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H - Red-lined Pheasant Ridge JOA - E-mail 2

Good morning Judy,

Sounds great! No I will not be sending a separate Recording Supplement & Financing Statement. We will attach the JOA Exhibit A to the already existing Exhibit H and record it of record. If you could execute and notarize the existing one that would be great.

Thanks for your help,

Ray

Get [Outlook for iOS](#)

From: Webb, Judy (TEAM, Inc.) <Judy.Webb@contractor.conocophillips.com>
Sent: Monday, July 16, 2018 9:52:12 AM
To: Ray Winkeljohn
Cc: Moppert, Edward J
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H - Red-lined Pheasant Ridge JOA - E-mail 2

Hi Ray,

We will proceed with getting the modified JOA executed subject to our two-item Conditional Letter of Acceptance. Will you be sending a separate Recording Supplement & Financing Statement (in the form of Exhibit H) for our execution?

Thanks,

Judy N. Webb, CPL
Contract Landman
NM Permian
832-486-3262

From: Ray Winkeljohn <rwinkeljohn@mewbourne.com>
Sent: Friday, July 13, 2018 3:26 PM
To: Webb, Judy (TEAM, Inc.) <Judy.Webb@contractor.conocophillips.com>

Cc: Moppert, Edward J <Edward.J.Moppert@conocophillips.com>

Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H - Red-lined Pheasant Ridge JOA - E-mail 2

Judy,

I have attached corrected pages above. Please disregard the previous email with the replacement pages.

Thanks,

Ray Winkeljohn

Landman

Mewbourne Oil Company

500 West Texas Ave, Suite 1020

Midland, TX 79701

Phone: (432)-682-3715

Email: rwinkeljohn@mewbourne.com

From: Ray Winkeljohn

Sent: Friday, July 13, 2018 3:12 PM

To: 'Webb, Judy (TEAM, Inc.)'

Cc: 'Moppert, Edward J'

Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H - Red-lined Pheasant Ridge JOA - E-mail 2

Judy,

Hold on something strange happened with page 4. Let me correct that I will resend in a few minutes.

Thanks,

Ray Winkeljohn

Landman

Mewbourne Oil Company

500 West Texas Ave, Suite 1020

Midland, TX 79701

Phone: (432)-682-3715

Email: rwinkeljohn@mewbourne.com

From: Ray Winkeljohn

Sent: Friday, July 13, 2018 3:10 PM

To: 'Webb, Judy (TEAM, Inc.)'

Cc: Moppert, Edward J

Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H - Red-lined Pheasant Ridge JOA - E-mail 2

Hi Judy,

I have made the requested changes and attached the corrected pages above.

Let me know how you would like to proceed.

Thanks,

Ray Winkeljohn
Landman

Mewbourne Oil Company
500 West Texas Ave, Suite 1020
Midland, TX 79701
Phone: (432)-682-3715
Email: rwinkeljohn@mewbourne.com

From: Webb, Judy (TEAM, Inc.) [<mailto:Judy.Webb@contractor.conocophillips.com>]
Sent: Thursday, July 12, 2018 5:28 PM
To: Ray Winkeljohn
Cc: Moppert, Edward J
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H - Red-lined Pheasant Ridge JOA - E-mail 2

Hi Ray,

I just saw a few things that need to be changed:

1. On page 3, line 33, add the word **"and,"** back in at the end of that line
2. On page 4, line 71, insert the word **"by"** between **"determined"** and **"Operator"** (this is a new change – but it doesn't make sense without the word **"by"**)
3. On page 14, line 32, the first word on the line, being **"acreage"**, should not have been struck (this one is my fault – I got carried away with striking **"or leased"** and struck too much)
4. On page 15, lines 68-69, please change the capital **"E"** on **"Except"** to a small **"e"**
5. In Article XVI.B., page 18, line 12: change the word **"much"** to **"such"**
6. In Article XVI.H., page 18, line 49: add an ending parenthesis after the word (the **"leases(s)"** such that it reads: (the **"lease(s)"**)
7. In Article XVI.H., page 18, line 50: add the word **"percent"** following **"twenty-five"**
8. In Exhibit **"H"**, 3.C., page 2, change the word **"the"** to **"this"**, such that it reads: **"...or other financial obligations under this agreement,...."**

Thanks so much for your help. We will look forward to getting a final JOA form for our execution, along with a separate recording supplement for our execution.

Regards,

Judy N. Webb, CPL
Contract Landman
NM Permian
832-486-3262

From: Ray Winkeljohn <rwinkeljohn@mewbourne.com>
Sent: Wednesday, July 11, 2018 4:57 PM
To: Webb, Judy (TEAM, Inc.) <Judy.Webb@contractor.conocophillips.com>
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H - Red-lined Pheasant Ridge JOA - E-mail 2

Hi Judy,

I have attached the Pheasant Ridge Operating Agreement with Conoco's requested changes. Please look it over and let me know if you have any questions.

Thanks and have a great evening,

Ray Winkeljohn

Landman

Mewbourne Oil Company

500 West Texas Ave, Suite 1020

Midland, TX 79701

Phone: (432)-682-3715

Email: rwinkeljohn@mewbourne.com

From: Webb, Judy (TEAM, Inc.) [<mailto:Judy.Webb@contractor.conocophillips.com>]

Sent: Friday, July 06, 2018 3:58 PM

To: Ray Winkeljohn

Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H - Red-lined Pheasant Ridge JOA - E-mail 2

From: Webb, Judy (TEAM, Inc.)

Sent: Friday, July 6, 2018 3:55 PM

To: 'Ray Winkeljohn' <rwinkeljohn@mewbourne.com>

Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H - Red-lined Pheasant Ridge JOA - E-mail 1

Hi Ray,

Per your request, here is the first of several e-mails attaching PDFs (in parts due to the size of the documents) of our marked-up version of the Pheasant Ridge Operating Agreement ("JOA") in color.

As we discussed, I will be sending you our condensed version of our Conditional Letter of Acceptance dated 5-15-18 ("CLA") that just contains the two provisions (#31 and #34) that are unique to ConocoPhillips and Mewbourne, as Mewbourne has agreed to incorporate all of the other changes in a modified JOA to be executed by all parties to the JOA. Upon receipt of the modified JOA, I will review it and let you know if there is anything amiss. Then, we will proceed with getting ConocoPhillips management approval.

Thank you for your patience,

-Judy

Judy N. Webb, CPL

Contract Landman

NM Permian

832-486-3262

From: Ray Winkeljohn <rwinkeljohn@mewbourne.com>

Sent: Friday, July 6, 2018 3:05 PM

To: Webb, Judy (TEAM, Inc.) <Judy.Webb@contractor.conocophillips.com>

Cc: Moppert, Edward J <Edward.J.Moppert@conocophillips.com>

Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Hi Judy,

If these are Conoco's last changes, we will agree to take out the first "proportionately reduced" and amend the voting percentages. We will leave the consenting parties at 51%, Exhibit "C" will go back to 60% and Article VI.D., page 10 we will make it the vote of 2 or more unaffiliated parties.

If Conoco is in agreement we will execute your latest letter agreement and send it back to you for execution.

Thanks,

Ray Winkeljohn

Landman

Mewbourne Oil Company

500 West Texas Ave, Suite 1020

Midland, TX 79701

Phone: (432)-682-3715

Email: rwinkeljohn@mewbourne.com

From: Webb, Judy (TEAM, Inc.) [<mailto:Judy.Webb@contractor.conocophillips.com>]

Sent: Friday, July 06, 2018 1:47 PM

To: Ray Winkeljohn

Cc: Moppert, Edward J

Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Hi Ray,

Our legal counsel would prefer that you delete the first "proportionately reduced" adjective highlighted below to avoid possible confusion since "proportionately reduced" is also amply described in the last sentence. Otherwise, we are okay with the language.

Also, relative to Mewbourne's request to change the voting percentages throughout the JOA from 60% to 51% (based on Chisholm et al's belief that those voting percentages only include non-operators' interest), the consensus of our legal counsel and our JOA consultant is that the operator's interest is included in the voting percentages described in the JOA unless it is specifically stated otherwise (such as in removal of operator or when an operator that was removed votes to succeed itself). Have you had an opportunity yet to discuss this with your legal counsel and the other non-operators?

Thanks,

-Judy

Judy N. Webb, CPL

Contract Landman

NM Permian

832-486-3262

From: Ray Winkeljohn <rwinkeljohn@mewbourne.com>

Sent: Friday, July 6, 2018 8:37 AM

To: Webb, Judy (TEAM, Inc.) <Judy.Webb@contractor.conocophillips.com>
Cc: Moppert, Edward J <Edward.J.Moppert@conocophillips.com>
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Good Morning Judy,

Yes, I apologize there were a few typos in that language. I pulled it from another JOA and did not catch the mistakes when I copied it across. I have corrected them with the language we are authorized to use. Also, we are not sure where Trace came up with the language that he used in the Oxbow JOA. Please look back through this language and let me know what you think.

Overriding Royalty Reservation

Notwithstanding anything contained herein to the contrary, in the event any party hereto contributes to this agreement an interest in an oil and gas lease or leases with a net revenue interest greater than 75% on a 100% basis (the "lease(s)"), then that party shall be deemed to have reserved from the lease(s) a proportionately reduced overriding royalty interest equal to the positive difference between twenty-five (25%) of all of the oil, gas and other liquid and gaseous hydrocarbons produced and saved and the total of all royalties, overriding royalties, production payments and similar burdens of record as of the date of this agreement and attributable to the lease(s). Such overriding royalty interest shall only be due and payable when and if the lease(s) or any portion thereof is included in a spacing unit or project area for a well drilled pursuant to this agreement. The overriding royalty interest so reserved shall be free and clear of all costs of exploring, drilling, and producing such oil, gas and other liquid or gaseous hydrocarbons but shall be subject to a proportionate part of applicable taxes. Such overriding royalty interests shall be proportionately reduced in the proportion that the contributed interest in the lease(s) bears to the full interest in a spacing unit or project area for a well drilled hereunder.

Thanks,

Ray Winkeljohn
Landman

Mewbourne Oil Company
500 West Texas Ave, Suite 1020
Midland, TX 79701
Phone: (432)-682-3715
Email: rwinkeljohn@mewbourne.com

From: Webb, Judy (TEAM, Inc.) [<mailto:Judy.Webb@contractor.conocophillips.com>]
Sent: Thursday, July 05, 2018 5:25 PM
To: Ray Winkeljohn
Cc: Moppert, Edward J
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Ray,

I think something is missing in the highlighted language. Did you mean to say: "all royalties, overriding royalties or other lease burdens attributable to the lease(s) filed of public record as of the effective date of this agreement"? Also, I think the last sentence could be clearer – is "portion" supposed to be "proportion"? I will get with our legal counsel to provide some possible counter language. The language below is different than the language used in the Mewbourne Oxbow JOA.

Thanks,

Judy N. Webb, CPL
Contract Landman
NM Permian
832-486-3262

From: Ray Winkeljohn <rwinkeljohn@mewbourne.com>
Sent: Thursday, July 5, 2018 4:02 PM
To: Webb, Judy (TEAM, Inc.) <Judy.Webb@contractor.conocophillips.com>
Cc: Moppert, Edward J <Edward.J.Moppert@conocophillips.com>
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Judy,

I have included our ORRI language below. Please look over it and let me know if it works for you.

Notwithstanding anything contained herein to the contrary, in the event any party hereto contributes to this agreement an interest in an oil and gas lease or leases with a net revenue interest greater than 75% on a 100% basis (the "lease(s)"), then that party shall be deemed to have reserved from the lease(s) a proportionately reduced overriding royalty interest equal to the positive difference between twenty-five percent (25%) of all of the oil, gas and other liquid and gaseous hydrocarbons produced and saved and the total of all royalties, overriding and attributable to the lease(s). Such overriding royalty interest shall only be due and payable when and if the lease(s) or any portion thereof is included in a spacing unit or project area for a well drilled pursuant to this agreement. The overriding royalty interest so reserved shall be free and clear of all costs of exploring, drilling and producing such oil, gas and other liquid or gaseous hydrocarbons but shall be subject to a proportionate part of applicable taxes. Such overriding royalty interests shall be proportionately reduced in the [REDACTED] that the contributed interest in the lease(s) bears to the full interest in a spacing unit or project area for a well drilled hereunder.

Thanks,

Ray Winkeljohn
Landman

Mewbourne Oil Company
500 West Texas Ave, Suite 1020
Midland, TX 79701
Phone: (432)-682-3715
Email: rwinkeljohn@mewbourne.com

From: Webb, Judy (TEAM, Inc.) [<mailto:Judy.Webb@contractor.conocophillips.com>]
Sent: Thursday, July 05, 2018 1:34 PM
To: Ray Winkeljohn
Cc: Moppert, Edward J
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Ray,

Per our phone conversation this morning, I am attaching for your information page 6 from the AAPL JOA 1989 Horizontal Model Form from Forms on a Disk. It looks like the first sentence on lines 48-50 is slightly different from the

first sentence on Mewbourne's Pheasant Ridge JOA for lines 48-50. I have indicated in pen the additional language that Mewbourne added in its Pheasant Ridge JOA, which we do not oppose. Please let me know what you think.

-Judy
Judy N. Webb, CPL
Contract Landman
NM Permian
832-486-3262

From: Webb, Judy (TEAM, Inc.)
Sent: Tuesday, July 3, 2018 4:36 PM
To: 'Ray Winkeljohn' <rwinkeljohn@mewbourne.com>
Cc: Moppert, Edward J <Edward.J.Moppert@conocophillips.com>
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Ray,

I forgot to mention one other thing. Please take a look at Article V.C., page 4 and VI.B.2(a) on page 6 (lines 48-64). It appears that Mewbourne may have copied and pasted the language in the first instance (although the wording appears to be identical with Forms on a Disk); but in the second instance, the wording has been changed slightly from the wording on Forms on a Disk, although the changes are not indicated. We are not opposed to the changes, but prefer that Forms on a Disk be used with all changes indicated by obvious insertion or strike-out in the future.

Thanks!

Judy N. Webb, CPL
Contract Landman
NM Permian
832-486-3262

From: Webb, Judy (TEAM, Inc.)
Sent: Tuesday, July 3, 2018 4:30 PM
To: 'Ray Winkeljohn' <rwinkeljohn@mewbourne.com>
Cc: Moppert, Edward J <Edward.J.Moppert@conocophillips.com>
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Ray,

After meeting with our legal counsel, we have made a couple of minor revisions to the attached Conditional Letter of Acceptance ("CLA") that are reflected in red font, being revisions to item Nos. 5, 11, 20, 23, 30, 31 & 34.

We are agreeable to your striking of the pref right provision.

We are agreeable to your change of 51% for consenting percentage, except for: (i) Exhibit "C", page 5, I.6.B. AMENDMENTS (we believe that amendment of the COPAS should require more than 51% interest; and we would even prefer that the percentage be higher than 60%); and (ii) Article VI.D., page 10 (see our revised change #11 on the

attached CLA – if we agree to 51% for subsequent operations, we want it to be the vote of 2 or more unaffiliated parties).

Please provide us with your modified JOA incorporating all of the agreed upon changes. If you would like to send us your proposed language for new Article XVI.H. concerning the retention of an override before you send the modified JOA, that might be a good idea.

If you are agreeable to all of our new changes, I will prepare and submit a new Conditional Letter of Acceptance that just lists the two items (#31 and #34) that are unique to ConocoPhillips and Mewbourne.

Thank you, and have a Happy July 4th!

Judy N. Webb, CPL
Contract Landman
NM Permian
832-486-3262

From: Ray Winkeljohn <rwinkeljohn@mewbourne.com>
Sent: Tuesday, July 3, 2018 9:56 AM
To: Webb, Judy (TEAM, Inc.) <Judy.Webb@contractor.conocophillips.com>
Cc: Moppert, Edward J <Edward.J.Moppert@conocophillips.com>
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Judy,

Yes, we wanted to keep everything consistent so we have lowered the percentage from 60% to 51% in the Exhibit "C". Sounds good let me know what you figure out.

Thanks,

Ray Winkeljohn
Landman

Mewbourne Oil Company
500 West Texas Ave, Suite 1020
Midland, TX 79701
Phone: (432)-682-3715
Email: rwinkeljohn@mewbourne.com

From: Webb, Judy (TEAM, Inc.) [<mailto:Judy.Webb@contractor.conocophillips.com>]
Sent: Tuesday, July 03, 2018 9:53 AM
To: Ray Winkeljohn
Cc: Moppert, Edward J
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Hi Ray,

Joey and I are meeting with our legal counsel this afternoon to go over the changes that we listed in our proposed conditional letter of acceptance to the Pheasant Ridge JOA. I've been told that our legal counsel has a few changes she

wants to make. I will also ask for her consent to the new changes: striking of pref right, lowering consenting parties from 60% to 51% and the addition of a provision in Article XVI. to provide for the retention of an ORRI for parties who contribute a lease with an NRI greater than 75%, such ORRI being equal to the difference between 25% and that party's lease burdens. Are you intending to lower the 60% to 51% everywhere that a voting percentage appears in the JOA (including Exhibit "C") or just in certain places?

I will send you an e-mail this afternoon to let you the know the outcome of our meeting, along with any revisions.

Thank you,

Judy N. Webb, CPL
Contract Landman
NM Permian
832-486-3262

From: Ray Winkeljohn <rwinkeljohn@mewbourne.com>
Sent: Tuesday, July 3, 2018 8:57 AM
To: Webb, Judy (TEAM, Inc.) <Judy.Webb@contractor.conocophillips.com>
Cc: Moppert, Edward J <Edward.J.Moppert@conocophillips.com>
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Good morning Judy,

We have finished going through your proposed JOA changes. We are agreeable to all of Conoco's changes and I will begin adding them to the JOA. The other two things that will need added to the Letter Agreement are the striking of the preferential right to purchase and lowering the consenting parties from 60% to 51%. If you will add these two changes to the Letter Agreement and send it back to me, we will execute and forward to you for execution.

Let me know if this works for you.

Thanks,

Ray Winkeljohn
Landman

Mewbourne Oil Company
500 West Texas Ave, Suite 1020
Midland, TX 79701
Phone: (432)-682-3715
Email: rwinkeljohn@mewbourne.com

From: Ray Winkeljohn
Sent: Monday, July 02, 2018 10:33 AM
To: 'Webb, Judy (TEAM, Inc.)'
Cc: Moppert, Edward J
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Judy,

Could catch. I will get that amended. We are still going through your proposed JOA changes but I should have feedback soon.

Thanks,

Ray Winkeljohn
Landman

Mewbourne Oil Company
500 West Texas Ave, Suite 1020
Midland, TX 79701
Phone: (432)-682-3715
Email: rwinkeljohn@mewbourne.com

From: Webb, Judy (TEAM, Inc.) [<mailto:Judy.Webb@contractor.conocophillips.com>]
Sent: Monday, July 02, 2018 10:31 AM
To: Ray Winkeljohn
Cc: Moppert, Edward J
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Ray,

We found one other small item in the proposed Pheasant Ridge JOA that needs to be changed: the header of the Exhibit "E" reflects "Eddy County" and should reflect "Lea County".

Thanks,

-Judy

Judy N. Webb, CPL
Contract Landman
NM Permian
832-486-3262

From: Ray Winkeljohn <rwinkeljohn@mewbourne.com>
Sent: Thursday, June 28, 2018 7:33 AM
To: Webb, Judy (TEAM, Inc.) <Judy.Webb@contractor.conocophillips.com>
Cc: Moppert, Edward J <Edward.J.Moppert@conocophillips.com>
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Judy,

Thank you for sending this over. I will start working through these and get back with you soon.

Have a great day!

Ray Winkeljohn
Landman

Mewbourne Oil Company

500 West Texas Ave, Suite 1020
Midland, TX 79701
Phone: (432)-682-3715
Email: rwinkeljohn@mewbourne.com

From: Webb, Judy (TEAM, Inc.) [<mailto:Judy.Webb@contractor.conocophillips.com>]
Sent: Wednesday, June 27, 2018 5:58 PM
To: Ray Winkeljohn
Cc: Moppert, Edward J
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Ray,

Attached is a draft of our proposed Conditional Letter of Acceptance to Mewbourne on its Pheasant Ridge JOA, as well as a scanned copy of the JOA with our proposed changes indicated. I believe that we would be agreeable to your proposal to provide for the retention of an override if a party contributes a lease with an NRI greater than 75% by adding such a provision to Article XVI. That would be in lieu of our proposed change #5. The majority of our proposed changes are changes that Mewbourne has been willing to accept in other recent JOAs with ConocoPhillips. I have added comments to explain our reasons for some changes where the reason is not readily apparent.

We are hoping that Mewbourne will incorporate all of these changes (except change Nos. 31 and 34, which will remain on a Conditional Letter of Acceptance between Mewbourne and ConocoPhillips Company) in its Pheasant JOA to be approved by all parties to the JOA.

All of these changes are subject to final legal and management approval by ConocoPhillips Company.

Thank you, and if you have any questions relative to the attached, please let us know.

Regards,

Judy N. Webb, CPL
Contract Landman
NM Permian
832-486-3262

From: Ray Winkeljohn <rwinkeljohn@mewbourne.com>
Sent: Tuesday, June 26, 2018 3:08 PM
To: Webb, Judy (TEAM, Inc.) <Judy.Webb@contractor.conocophillips.com>
Cc: Moppert, Edward J <Edward.J.Moppert@conocophillips.com>
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Hi Judy,

I was about to call you to give you a heads up that we have applied for compulsory pooling since we have an expiring lease coming up. That being said, we would like to work out this JOA with you. The earlier you can get your changes to me the better so that we can dismiss Conoco from the pooling and avoid going to Santa Fe.

We have actually already stricken the pref right because every party except Conoco has asked for the pref rights to be stricken. Other than the pref right, we are open to working on your requested changes. We are also willing to add our

ORRI language to other provisions so that Conoco will receive an ORRI if it contributes an NRI better than a 75%. We are currently working on title and I have not received our opinion yet but hope to have it soon.

Let me know if you have any questions.

Thanks,

Ray Winkeljohn
Landman

Mewbourne Oil Company
500 West Texas Ave, Suite 1020
Midland, TX 79701
Phone: (432)-682-3715
Email: rwinkeljohn@mewbourne.com

From: Webb, Judy (TEAM, Inc.) [<mailto:Judy.Webb@contractor.conocophillips.com>]
Sent: Tuesday, June 26, 2018 2:52 PM
To: Ray Winkeljohn
Cc: Moppert, Edward J
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Ray,

As per our phone conversation, ConocoPhillips: (i) does not want to farm out its interest in the Pheasant Ridge JOA Contract Area, (ii) prefers that the pref right provision remain, and (iii) would like to execute a mutually agreeable Joint Operating Agreement that allows ConocoPhillips to non-consent the Initial Well and limits the JOA Contract Area depth to the Bone Spring Formation (unless Mewbourne has immediate plans to develop the Wolfcamp).

We are close to providing you with our proposed changes to your JOA, and the majority of the changes that we are proposing are changes that Mewbourne has accepted in the past (i.e., the recent "Oxbow JOA"). One change that we will be proposing is to change the royalty amount of 25% in Article III.B. to 12.5%. ConocoPhillips' contributed lease is burdened by only 12.5% royalty, to our knowledge, so our working interest would be unfairly burdened if the remaining Exhibit "A" leases in the JOA Contract Area have higher lease burdens. If Mewbourne has a drilling title opinion covering the JOA Contract Area, could you please provide us with a copy of it or excerpts from it, especially if it reflects that COPC's contributed lease burdens are higher than 12.5%?

Thank you,

-Judy

Judy N. Webb, CPL
Contract Landman
NM Permian
832-486-3262

From: Webb, Judy (TEAM, Inc.)
Sent: Monday, June 18, 2018 9:22 AM
To: Ray Winkeljohn <rwinkeljohn@mewbourne.com>
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Ray,

I am pretty sure ConocoPhillips would agree to striking the pref right provision in the JOA, but I believe ConocoPhillips generally provides for a pref right in its farmouts between ConocoPhillips and the farmee. I will confirm this and get back to you.

-Judy
Judy N. Webb, CPL
Contract Landman
NM Permian
832-486-3262

From: Ray Winkeljohn <rwinkeljohn@mewbourne.com>
Sent: Friday, June 15, 2018 1:26 PM
To: Webb, Judy (TEAM, Inc.) <Judy.Webb@contractor.conocophillips.com>
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Hey Judy,

We are working on getting a Farmout offer prepared but in the meantime I wanted to ask you if you all are okay with us striking the pref right in the JOA?

Thanks,

Ray Winkeljohn
Landman

Mewbourne Oil Company
500 West Texas Ave, Suite 1020
Midland, TX 79701
Phone: (432)-682-3715
Email: rwinkeljohn@mewbourne.com

From: Ray Winkeljohn
Sent: Monday, June 11, 2018 1:59 PM
To: 'Webb, Judy (TEAM, Inc.)'
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Hi Judy,

I wanted to check back in with you and see where you are at on the Operating Agreement changes? This well is coming up on our drilling schedule and I am hoping to finalize this Operating Agreement soon.

Thanks for all your help,

Ray Winkeljohn
Landman

Mewbourne Oil Company

500 West Texas Ave, Suite 1020
Midland, TX 79701
Phone: (432)-682-3715
Email: rwinkeljohn@mewbourne.com

From: Webb, Judy (TEAM, Inc.) [<mailto:Judy.Webb@contractor.conocophillips.com>]
Sent: Thursday, May 31, 2018 3:19 PM
To: Ray Winkeljohn
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Hi Ray,

Our asset team has not given us their recommendation yet. I anticipate getting their response no later than June 9. Your proposed operating agreement is in the queue.

Thanks, and you have a great day also!

Judy N. Webb, CPL
Contract Landman
NM Permian
832-486-3262

From: Ray Winkeljohn <rwinkeljohn@mewbourne.com>
Sent: Thursday, May 31, 2018 1:43 PM
To: Webb, Judy (TEAM, Inc.) <Judy.Webb@contractor.conocophillips.com>
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Hi Judy,

I just wanted to check in with you and see where you are at on our Pheasant Ridge 6 B1DU State Com #1H proposal?

Thanks and have a great day,

Ray Winkeljohn
Landman

Mewbourne Oil Company
500 West Texas Ave, Suite 1020
Midland, TX 79701
Phone: (432)-682-3715
Email: rwinkeljohn@mewbourne.com

From: Webb, Judy (TEAM, Inc.) [<mailto:Judy.Webb@contractor.conocophillips.com>]
Sent: Wednesday, May 23, 2018 11:27 AM
To: Ray Winkeljohn
Subject: RE: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Will do.

Thanks, Ray!

-Judy

Judy N. Webb, CPL
Contract Landman
NM Permian
832-486-3262

From: Ray Winkeljohn <rwinkeljohn@mewbourne.com>
Sent: Wednesday, May 23, 2018 11:23 AM
To: Webb, Judy (TEAM, Inc.) <Judy.Webb@contractor.conocophillips.com>
Subject: [EXTERNAL]Pheasant Ridge 6 B1DU State Com #1H

Hi Judy,

It was nice speaking with you today. Please let me know if you have any questions for me regarding the above well.

Thanks and have a great day,

Ray Winkeljohn
Landman

Mewbourne Oil Company
500 West Texas Ave, Suite 1020
Midland, TX 79701
Phone: (432)-682-3715
Email: rwinkeljohn@mewbourne.com

Ray Winkeljohn

From: Ray Winkeljohn
Sent: Tuesday, July 17, 2018 1:13 PM
To: 'Beau Sullivan'
Cc: Jordan Carrell; Travis Cude
Subject: RE: Pheasant Ridge

Hi Beau,

I have cc'd our geologist (Jordan Carrell) and engineer (Travis Cude) in this email. Jordan is out of town this week but our engineer Travis will be available for a phone call tomorrow. As far as Exhibit "I" goes, we generally do not include one and we will not be including one in this JOA since all of the other parties are signed up. If you all are going to submit JOA changes please do as soon as possible so we can begin looking through them.

Thanks,

Ray Winkeljohn
Landman

Mewbourne Oil Company
500 West Texas Ave, Suite 1020
Midland, TX 79701
Phone: (432)-682-3715
Email: rwinkeljohn@mewbourne.com

From: Beau Sullivan [<mailto:bsullivan@chisholmenergy.com>]
Sent: Tuesday, July 17, 2018 12:56 PM
To: Ray Winkeljohn
Subject: Pheasant Ridge

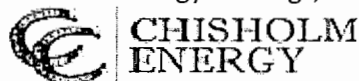
Ray-

Is there a time your technical could hop on a call or can you provide an engineering & geology contact?

Also, I am missing Exhibit "I" – Alternative Dispute Resolution. Please forward when you have time.

Thanks

Beau Sullivan
817.953.0812
Chisholm Energy Holdings, LLC



801 Cherry Street, Suite 1200-Unit 20
Fort Worth, TX 76102

Ray Winkeljohn

From: Ray Winkeljohn
Sent: Friday, June 29, 2018 11:13 AM
To: 'Beau Sullivan'
Subject: RE: Pheasant Ridge 6 BIDU State Com #1H

Thanks Beau.

Ray Winkeljohn
Landman

Mewbourne Oil Company
500 West Texas Ave, Suite 1020
Midland, TX 79701
Phone: (432)-682-3715
Email: rwinkeljohn@mewbourne.com

From: Beau Sullivan [<mailto:bsullivan@chisholmenergy.com>]
Sent: Friday, June 29, 2018 11:09 AM
To: Ray Winkeljohn
Subject: Re: Pheasant Ridge 6 BIDU State Com #1H

I'll be back in the office Monday and will get you an update. Beau

Sent from my iPhone

On Jun 27, 2018, at 3:47 PM, Ray Winkeljohn <rwinkeljohn@mewbourne.com> wrote:

Hey Beau,

I just wanted to give you a heads up that we have applied for compulsory pooling for the above referenced well. Has Chisholm traded the property yet? If not, are you still evaluating the proposal/JOA?

Thanks,

Ray Winkeljohn
Landman

Mewbourne Oil Company
500 West Texas Ave, Suite 1020
Midland, TX 79701
Phone: (432)-682-3715
Email: rwinkeljohn@mewbourne.com

From: Beau Sullivan [<mailto:bsullivan@chisholmenergy.com>]
Sent: Wednesday, June 13, 2018 3:11 PM
To: Ray Winkeljohn
Subject: Re: Pheasant Ridge 6 BIDU State Com #1H

Ray-

Sorry for the delayed reply. No news on my end. Chisholm is pursuing another opportunity that may include these lands.

I'll let you know as soon as I hear something.

Beau

Sent from my iPhone

On Jun 6, 2018, at 3:26 PM, Ray Winkeljohn <rwinkeljohn@mewbourne.com> wrote:

Hey Beau,

I wanted to check back in with you and see how your JOA review is going? We have an expiring lease coming up so I would greatly appreciate you expediting your review if possible.

Thanks for your help,

Ray Winkeljohn
Landman

Mewbourne Oil Company
500 West Texas Ave, Suite 1020
Midland, TX 79701
Phone: (432)-682-3715
Email: rwinkeljohn@mewbourne.com

From: Ray Winkeljohn
Sent: Thursday, May 31, 2018 10:25 AM
To: 'Beau Sullivan'
Subject: RE: Pheasant Ridge 6 BIDU State Com #1H

Hey Beau,

Yes, we do have Bone Spring rights in the E/2 of 7. However, I don't think it is one we would want to trade because its operated and we currently have plans to drill it.

Thanks,

Ray Winkeljohn
Landman

Mewbourne Oil Company
500 West Texas Ave, Suite 1020
Midland, TX 79701
Phone: (432)-682-3715
Email: rwinkeljohn@mewbourne.com

From: Beau Sullivan [<mailto:bsullivan@chisholmenergy.com>]
Sent: Wednesday, May 30, 2018 4:25 PM
To: Ray Winkeljohn
Subject: RE: Pheasant Ridge 6 BIDU State Com #1H

Does Mewbourne own Bone Spring rights in the E/2 of Section 7-21S-35E?

From: Ray Winkeljohn [<mailto:rwinkeljohn@mewbourne.com>]

Sent: Wednesday, May 30, 2018 2:06 PM

To: Beau Sullivan <bsullivan@chisholmenergy.com>

Subject: RE: Pheasant Ridge 6 BIDU State Com #1H

Beau,

My preliminary title shows Chisholm having an 80% NRI. However, that's subject to change when we receive our title opinion/further examination. Yes, do you have anything in mind?

Thanks,

Ray Winkeljohn

Landman

Mewbourne Oil Company

500 West Texas Ave, Suite 1020

Midland, TX 79701

Phone: (432)-682-3715

Email: rwinkeljohn@mewbourne.com

From: Beau Sullivan [<mailto:bsullivan@chisholmenergy.com>]

Sent: Wednesday, May 30, 2018 1:56 PM

To: Ray Winkeljohn

Subject: RE: Pheasant Ridge 6 BIDU State Com #1H

Do you mind sharing the NRI shown for Chisholm? Also, are you open to swap ideas in this area?

From: Ray Winkeljohn [<mailto:rwinkeljohn@mewbourne.com>]

Sent: Wednesday, May 30, 2018 10:19 AM

To: Beau Sullivan <bsullivan@chisholmenergy.com>

Subject: RE: Pheasant Ridge 6 BIDU State Com #1H

Hi Beau,

I hope you had a good memorial day. Please find the attached payout statement above. Also, I have had another working interest owner ask to strike the pref right in the JOA. Is that something that you all would like to strike as well?

Thanks and have a great day,

Ray Winkeljohn

Landman

Mewbourne Oil Company

500 West Texas Ave, Suite 1020

Midland, TX 79701

Phone: (432)-682-3715
Email: rwinkeljohn@mewbourne.com

From: Beau Sullivan [<mailto:bsullivan@chisholmenergy.com>]
Sent: Thursday, May 24, 2018 2:17 PM
To: Ray Winkeljohn
Subject: Pheasant Ridge 6 BIDU State Com #1H

Ray-

Following up on my voicemail, Chisholm is in receipt of the subject well proposal. I'd like to catch up with you early next week if possible. In the meantime, I would appreciate any help you can provide with the items below.

- Anticipated spud date
- Plan/timeline for developing E/2 W/2
- MSWord copy of the proposed Operating Agreement
- Payout statement for the Pheasant Ridge 6 State Com #1 (API 30-025-38181)

Enjoy your Memorial Day weekend.

Thanks,
Beau Sullivan
817.953.0812
Chisholm Energy Holdings, LLC
<image001.png>
801 Cherry Street, Suite 1200-Unit 20
Fort Worth, TX 76102

MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: Pheasant Ridge 6 B1DU State Com #1H		Prospect: Bone Spring	
Location: SL: 220' FNL & 400' FWL; BHL: 330' FSL & 400' FWL		County: Lea	ST: NM
Sec. 6	Blk: 	Survey: 	TWP: 21S RNG: 35E Prop. TVD: 9349 TMD: 16433

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	\$10,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	\$85,000	0180-0205	\$25,000
Location / Restoration		0180-0106	\$200,000	0180-0206	\$30,000
Daywork / Turnkey / Footage Drilling	28 days drlg / 4 days comp @ \$21,000/d	0180-0110	\$628,000	0180-0210	\$89,700
Fuel	1500 gal/day @ 2.63/gal	0180-0114	\$137,400	0180-0214	\$285,000
Mud, Chemical & Additives		0180-0120	\$230,000	0180-0220	
Horizontal Drillout Services				0180-0222	\$160,000
Cementing		0180-0125	\$95,000	0180-0225	\$30,000
Logging & Wireline Services		0180-0130	\$2,000	0180-0230	\$280,000
Casing / Tubing / Snubbing Service		0180-0134	\$20,000	0180-0234	\$80,000
Mud Logging		0180-0137	\$30,000		
Stimulation	36 Stg 14.1 MM gal / 14.1 MM lb			0180-0241	\$2,610,000
Stimulation Rentals & Other				0180-0242	\$200,000
Water & Other		0180-0145	\$50,000	0180-0245	\$450,000
Bits		0180-0148	\$90,000	0180-0248	\$4,000
Inspection & Repair Services		0180-0150	\$40,000	0180-0250	\$5,000
Misc. Air & Pumping Services		0180-0154		0180-0254	\$10,000
Testing & Flowback Services		0180-0158	\$15,000	0180-0258	\$30,000
Completion / Workover Rig				0180-0260	\$10,500
Rig Mobilization		0180-0164	\$220,000		
Transportation		0180-0165	\$20,000	0180-0265	\$20,000
Welding Services		0180-0168	\$5,000	0180-0268	\$15,000
Contract Services & Supervision		0180-0170	\$49,500	0180-0270	\$33,000
Directional Services	Includes Vertical Control	0180-0175	\$252,000		
Equipment Rental		0180-0180	\$256,900	0180-0280	\$30,000
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		30-0185	\$6,300	0180-0285	
Intangible Supplies		80-0188	\$8,000	0180-0288	\$1,000
Damages		80-0190		0180-0290	
ROW & Easements		80-0192		0180-0292	\$1,000
Pipeline Interconnect				0180-0293	
Company Supervision		180-0195	\$158,400	0180-0295	\$105,600
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Well Abandonment		0180-0198		0180-0298	
Contingencies	10% (TCP) 10% (CC)	0180-0199	\$262,400	0180-0299	\$452,500
TOTAL			\$2,885,900		\$4,977,300
TANGIBLE COSTS 0181					
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0")	1960' - 13 3/8" 54.5# J-55 ST&C @ \$35.90/ft	0181-0794	\$75,200		
Casing (8.1" - 10.0")	5520' - 9 5/8" 40# N-80 LT&C @ \$27.61/ft	0181-0795	\$162,800		
Casing (6.1" - 8.0")	9620' - 7" 29# P-110 LT&C @ \$27.76/ft	0181-0796	\$285,300		
Casing (4.1" - 6.0")	7570' - 4 1/2" 13.5# P-110 BPN @ \$13.66/ft			0181-0797	\$110,500
Tubing	8880' - 2 7/8" 6.5# L-80 EUE 8rd @ \$4.74/ft			0181-0798	\$45,000
Drilling Head		0181-0860	\$40,000		
Tubing Head & Upper Section				0181-0870	\$50,000
Horizontal Completion Tools	Completion Liner Hanger			0181-0871	\$70,000
Sucker Rods				0181-0875	
Subsurface Equipment				0181-0880	
Artificial Lift Systems	Gas Lift Valves			0181-0884	\$15,000
Pumping Unit				0181-0885	
Surface Pumps & Prime Movers	1/2 VRU/SWD Pump/Circ Pump			0181-0886	\$35,000
Tanks - Oil	3 - 750 bbl			0181-0890	\$55,000
Tanks - Water	3 - 750 bbl			0181-0891	\$60,000
Separation / Treating Equipment	30"x10"x1k# 3 ph/36"x15"x1k# Hor 3ph/Gun bbl			0181-0895	\$45,000
Heater Treaters, Line Heaters	8'x20'x75# HT			0181-0897	\$23,000
Metering Equipment				0181-0898	\$14,000
Line Pipe & Valves - Gathering				0181-0900	\$25,000
Fittings / Valves & Accessories	1 Mile 4" Gas & 3 Miles 4" Water			0181-0906	\$100,000
Cathodic Protection				0181-0908	\$8,000
Electrical Installation				0181-0909	\$50,000
Equipment Installation				0181-0910	\$50,000
Pipeline Construction	1 Mile 4" Steel & 3 Miles 4" Poly			0181-0920	\$75,000
TOTAL			\$563,300		\$830,500
SUBTOTAL			\$3,449,200		\$5,807,800
TOTAL WELL COST			\$9,257,000		

ATTACHMENT D

Extra Expense Insurance	
<input type="checkbox"/>	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.
<input type="checkbox"/>	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: <u>B. Talley</u>	Date: <u>4/20/2018</u>
Company Approval: <u>m. whitton</u>	Date: <u>4/23/2018</u>
Joint Owner Interest: _____ Amount: _____	Signature: _____
Joint Owner Name: _____	

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

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

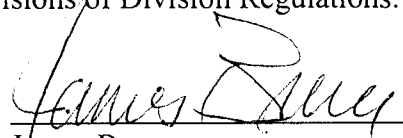
Case No. 16314

AFFIDAVIT OF NOTICE

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

James Bruce, being duly sworn upon his oath, deposes and states:

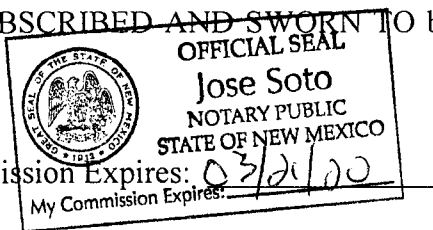
1. I am over the age of 18, and have personal knowledge of the matters stated herein.
2. I am an attorney for Mewbourne Oil Company.
3. Mewbourne Oil Company has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the application filed herein.
4. Notice of the application was provided to the interest owners, at their correct addresses, by certified mail. Copies of the notice letter and certified return receipts are attached hereto as Attachment A.
5. Applicant has complied with the notice provisions of Division Regulations.



James Bruce

SUBSCRIBED AND SWORN TO before me this 25 day of July, 2018 by James Bruce.

My Commission Expires: 03/21/20





Notary Public

EXHIBIT

2

16314

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruc@aol.com

July 3, 2018

CERTIFIED MAIL

To: Persons on Exhibit A

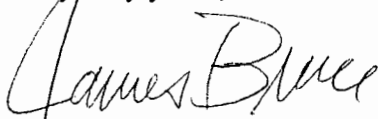
Ladies and gentlemen:

Enclosed is a copy of an application for compulsory pooling, filed with the New Mexico Oil Conservation Division by Mewbourne Oil Company, regarding a Bone Spring well in the W½W½ of Section 6, Township 21 South, Range 35 East, N.M.P.M., Lea County, New Mexico.

This matter is set for hearing at 8:15 a.m. on Thursday, July 26, 2018, in Porter Hall at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting the matter at a later date.

A party appearing in a Division case is required by Division Regulations to file a Pre-Hearing Statement no later than Thursday, July 19, 2018. This statement must be filed with the Division's Santa Fe office at the above address, and should include: The names of the party and its attorney; a concise statement of the case; the names of the witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,



James Bruce

Attorney for Mewbourne Oil Company

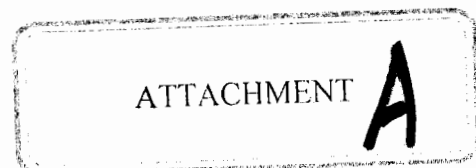


Exhibit A

ConocoPhillips Company
600 North Dairy Ashford
Houston, Texas 77079

Attention: Judy Webb

Chisholm Energy Operating, LLC
Suite 1200 – Unit 20
801 Cherry Street
Fort Worth, Texas 76102

Attention: Beau Sullivan

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

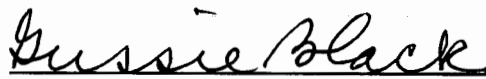
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
July 15, 2018
and ending with the issue dated
July 15, 2018.



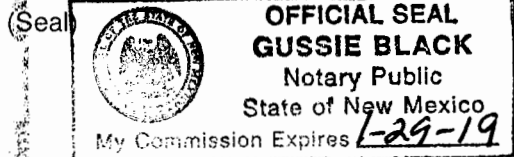
Publisher

Sworn and subscribed to before me this
15th day of July 2018.



Business Manager

My commission expires
January 29, 2019



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGALS

NOTICE

JULY 15, 2018

To: ConocoPhillips Company and Chisholm Energy Operating, LLC, or your successors or assigns: Mewbourne Oil Company has filed an application with the New Mexico Oil Conservation Division seeking an order pooling all mineral interest owners in the Bone Spring formation underlying a 208.98-acre horizontal oil spacing unit comprised of Lots 4, 5, 12, 13, 17, and 18 (the W/2W/2) of oversized Section 6, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico. The unit will be dedicated to the Pheasant Ridge 6 B1DU State Com. Well No. 1H, a horizontal well with a surface location in Unit D and a last take point in Unit U of Section 6. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The application is scheduled to be heard at 8:15 a.m. on July 26, 2018 at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As an interest owner in the well unit you have the right to enter an appearance and participate in the case. Failure to appear will preclude you from contesting this matter at a later date. The attorney for applicant is James Bruce, P.O. Box 1056, Santa Fe, New Mexico 87504, (505) 982-2043. The unit is located approximately 10 miles west-northwest of Oil Center, New Mexico. #33010

01101711

00214920

JAMES BRUCE
JAMES BRUCE, ATTORNEY AT LAW
P.O. BOX 1056
SANTA FE, NM 87504

16314
EXHIBIT 3

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

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR A NON-STANDARD OIL SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

Case No. 16314

VERIFIED STATEMENT OF JORDAN CARRELL

COUNTY OF MIDLAND)
) ss.
STATE OF TEXAS)

Jordan Carrell, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18, and have personal knowledge of the matters stated herein.

2. I am a geologist for Mewbourne Oil Company ("Mewbourne"), and I am familiar with the geological matters involved in this case. I have been qualified by the Division as an expert petroleum geologist.

3. The following geological plats are attached hereto:

(a) Attachment A is a structure map of the Bone Spring formation, on top of the First Bone Spring Sand. It shows that structure dips gently to the east. It also shows a line of cross-section.

(b) Attachment B is a gross sand isopach of the First Bone Spring Sand, the test zone for the proposed Pheasant Ridge 6 B1DU State Com. Well No. 1H. It shows that the sand across the well unit has a uniform thickness of approximately 60 feet.

(c) Attachment C is a north-south cross section. The well logs on the cross-section give a representative sample of the Bone Spring formation in this area. The target zone for the well is the First Bone Spring Sand, and that zone is continuous across the well unit.

4. I conclude from the maps that:

(a) The horizontal spacing unit is justified from a geologic standpoint.

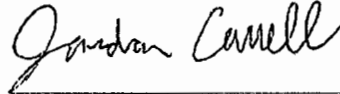
(b) Each quarter-quarter section in the unit will contribute more or less equally to production.



(c) There is no faulting or other geologic impediment on the area which will affect the drilling of the subject well.

5. Attachment D contains information from other wells drilled in this area. There are very few Bone Spring wells in this area. However, the preference is for standup units, and the few completed wells in the area (recent completions) are apparently commercial.

6. Attachment E is the Survey Calculation Report. The producing interval of the proposed well will be orthodox.

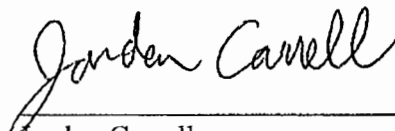
A handwritten signature in cursive script, reading "Jordan Carrell".

Jordan Carrell

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

Jordan Carrell, being duly sworn upon his oath, deposes and states that: He is a geologist 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.



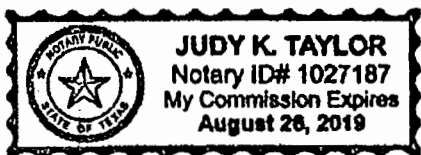
Jordan Carrell

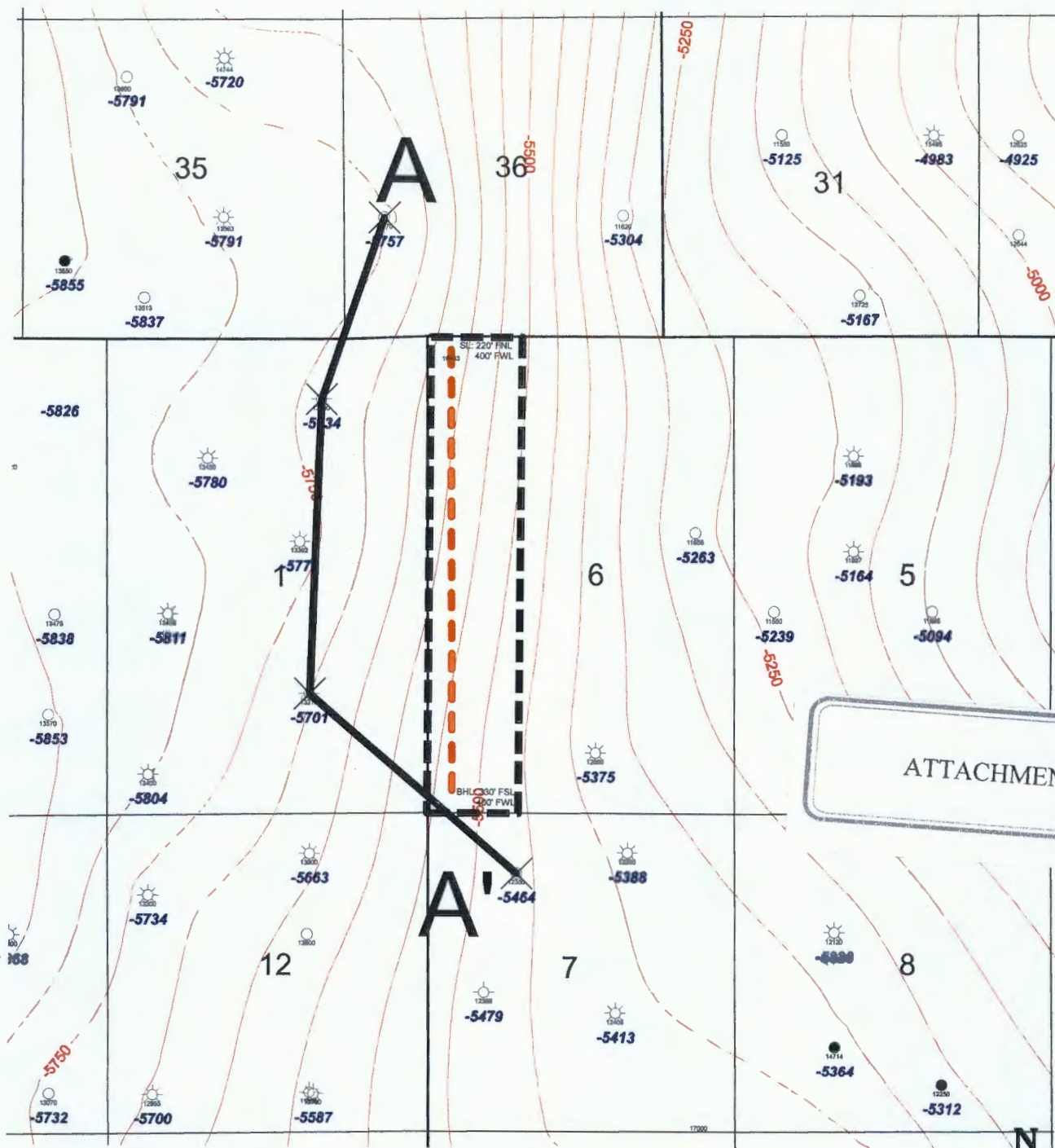
SUBSCRIBED AND SWORN TO before me this 25th day of July, 2018 by Jordan Carrell.

My Commission Expires: 8-26-19



Notary Public





Wells deeper than 7000'



**1st BSPG
Sand Top
(subsea ft)**

BSPG Horizontal Color Code

- 1st BSPG Sand Well
- - - - - 1st BSPG Sand Permit



Mewbourne Oil Company

**Pheasant Ridge 6 B1DU State Com #1H
1st BSPG Sand Structure Contour Exhibit Map
C.L. = 50'**

7/13/2018

Lea County

New Mexico

Scale: 1" = 2500'




1 inch = 2500 feet



**1st BSPG Pink
Gross Sand (ft)**

BSPG Horizontal Color Code

-  1st BSPG Sand Well
 1st BSPG Sand Permit



Mewbourne Oil Company

Pheasant Ridge 6 B1DU State Com #1H
1st BSPG "Pink" Gross Sand Isopach Exhibit Map
C.I. = 10'

7/13/2018

Lea County

New Mexico

Scale: 1" = 2500'

Pheasant Ridge 1st Bone Spring Sand Horizontal Production Data Table

Well Name	Operator	API	Location	Distance from Pheasant Ridge 6 B1DU	1st BSPG Comp Date	Cum Oil (MBO)	Cum Gas (BCF)	Cum Water (MBW)	NS/EW	HZ Target
Pheasant Ridge 6 B1DU State Com 1H	MEWBOURNE OIL CO	N/A	6DU/21S/35E	0					NS	Upper 1st BSPG Sd
<u>Closest 1st Sd Permits</u>										
Outland 11 2 1BS St 1H	DEVON ENERGY PROD	300254488500	11M2T/21S/34E	2 miles west	Permit 6/1/18				NS	Upper 1st BSPG Sd
Asadero 3 State Com 301H	CENTENNIAL RES	300254427100	3UE/21S/34E	3 miles west	Permit 12/1/17				NS	Upper 1st BSPG Sd
<u>Closest 1st Sd Production to the West</u>										
Lea Unit 601H	LEGACY RESERVES	300254402400	19E18D/20S/35E	6 miles northwest	2/1/2018	43	0	110	NS	Lower 1st BSPG Sd
Lea South 25 Fed Com 1BS 11H	CHISOLM ENERGY	300254303600	25OB/20S/34E	6 miles northwest	12/6/2017	43	0	98	NS	Upper 1st BSPG Sd
<u>Closest 1st Sd Production to the South</u>										
Bridge State Unit 301H	EOG Resources	300254392800	20MD/22S/35E	9 miles south	10/20/2017	82.0	0.10	174.0	NS	Upper 1st BSPG Sd

ATTACHMENT D

Mewbourne Oil Company

SURVEY CALCULATION REPORT
Minimum Curvature Calculations

Operator: Mewbourne Oil Company
Lease Name: Pheasant Ridge 6 BIDU State Com #1H
KOP 8871.54

Target KBTVD: 9,349 Feet 9349.00
Target Angle: 90.59 Degrees 90.59
Section Plane: 179.90 Degrees
Declination Corrected to True North: 6.63 Degrees
Bit to Survey Offset: 44 Feet

Survey No.	Measured Depth-ft	Drift (Deg.)	Azimuth (Deg.)	Course Length	TVD (Feet)	Vertical Section	+N/-S (Feet)	+E/-W (Feet)	Closure Distance	Closure Direction	BUR	DLS	KBTVD	+Above -Below Target	DRIFT RADIANS	AZIMUTH (RADIANS)
T/I	8871.54	0.00	179.90	N/A	8871.5	0.0	0.0	0.0	0.0	0.0	N/A	N/A	8871.5	477.5	1E-12	3.14 #VALUE!
1	8947.03	9.06	179.90	75.491	8946.7	6.0	-6.0	0.0	6.0	179.9	12.0	12.0	8946.8	402.2	0.15811	3.14 0.158107
2	9022.52	18.12	179.90	75.491	9020.0	23.7	-23.7	0.0	23.7	179.9	12.0	12.0	9020.3	328.7	0.31621	3.14 0.158107
3	9098.01	27.18	179.90	75.491	9089.6	52.7	-52.7	0.1	52.7	179.9	12.0	12.0	9090.2	258.8	0.47432	3.14 0.158107
4	9173.50	36.24	179.90	75.491	9153.8	92.3	-92.3	0.2	92.3	179.9	12.0	12.0	9154.7	194.3	0.63243	3.14 0.158107
5	9248.99	45.29	179.90	75.491	9210.9	141.6	-141.6	0.3	141.6	179.9	12.0	12.0	9212.3	136.7	0.79054	3.14 0.158107
6	9324.48	54.35	179.90	75.491	9259.5	199.2	-199.2	0.4	199.2	179.9	12.0	12.0	9261.6	87.4	0.94864	3.14 0.158107
7	9399.97	63.41	179.90	75.491	9298.5	263.8	-263.8	0.5	263.8	179.9	12.0	12.0	9301.2	47.8	1.10675	3.14 0.158107
8	9475.46	72.47	179.90	75.491	9326.8	333.7	-333.7	0.6	333.7	179.9	12.0	12.0	9330.3	18.7	1.26486	3.14 0.158107
9	9550.95	81.53	179.90	75.491	9343.8	407.1	-407.1	0.7	407.1	179.9	12.0	12.0	9348.0	1.0	1.42297	3.14 0.158107
10	9626.44	90.59	179.90	75.491	9349.0	482.4	-482.4	0.9	482.4	179.9	12.0	12.0	9353.9	-4.9	1.58107	3.14 0.158107
11	9700.00	90.59	179.90	73.558	9348.2	555.9	-555.9	1.0	555.9	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
12	9800.00	90.59	179.90	100	9347.2	655.9	-655.9	1.2	655.9	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
13	9900.00	90.59	179.90	100	9346.2	755.9	-755.9	1.3	755.9	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
14	10000.00	90.59	179.90	100	9345.1	855.9	-855.9	1.5	855.9	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
15	10100.00	90.59	179.90	100	9344.1	955.9	-955.9	1.7	955.9	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
16	10200.00	90.59	179.90	100	9343.1	1055.9	-1055.9	1.9	1055.9	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
17	10300.00	90.59	179.90	100	9342.1	1155.9	-1155.9	2.1	1155.9	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
18	10400.00	90.59	179.90	100	9341.0	1255.9	-1255.9	2.2	1255.9	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
19	10500.00	90.59	179.90	100	9340.0	1355.9	-1355.9	2.4	1355.9	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
20	10600.00	90.59	179.90	100	9339.0	1455.9	-1455.9	2.6	1455.9	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
21	10700.00	90.59	179.90	100	9337.9	1555.9	-1555.9	2.8	1555.9	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
22	10800.00	90.59	179.90	100	9336.9	1655.9	-1655.9	2.9	1655.9	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
23	10900.00	90.59	179.90	100	9335.9	1755.9	-1755.9	3.1	1755.9	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
24	11000.00	90.59	179.90	100	9334.9	1855.9	-1855.9	3.3	1855.9	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
25	11100.00	90.59	179.90	100	9333.8	1955.9	-1955.8	3.5	1955.9	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
26	11200.00	90.59	179.90	100	9332.8	2055.8	-2055.8	3.7	2055.8	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
27	11300.00	90.59	179.90	100	9331.8	2155.8	-2155.8	3.8	2155.8	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
28	11400.00	90.59	179.90	100	9330.7	2255.8	-2255.8	4.0	2255.8	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
29	11500.00	90.59	179.90	100	9329.7	2355.8	-2355.8	4.2	2355.8	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
30	11600.00	90.59	179.90	100	9328.7	2455.8	-2455.8	4.4	2455.8	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
31	11700.00	90.59	179.90	100	9327.7	2555.8	-2555.8	4.5	2555.8	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
32	11800.00	90.59	179.90	100	9326.6	2655.8	-2655.8	4.7	2655.8	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
33	11900.00	90.59	179.90	100	9325.6	2755.8	-2755.8	4.9	2755.8	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
34	12000.00	90.59	179.90	100	9324.6	2855.8	-2855.8	5.1	2855.8	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
35	12100.00	90.59	179.90	100	9323.6	2955.8	-2955.8	5.3	2955.8	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
36	12200.00	90.59	179.90	100	9322.5	3055.8	-3055.8	5.4	3055.8	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
37	12300.00	90.59	179.90	100	9321.5	3155.8	-3155.8	5.6	3155.8	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
38	12400.00	90.59	179.90	100	9320.5	3255.8	-3255.8	5.8	3255.8	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
39	12500.00	90.59	179.90	100	9319.4	3355.8	-3355.8	6.0	3355.8	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
40	12600.00	90.59	179.90	100	9318.4	3455.8	-3455.8	6.1	3455.8	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
41	12700.00	90.59	179.90	100	9317.4	3555.8	-3555.8	6.3	3555.8	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
42	12800.00	90.59	179.90	100	9316.4	3655.8	-3655.8	6.5	3655.8	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
43	12900.00	90.59	179.90	100	9315.3	3755.8	-3755.8	6.7	3755.8	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
44	13000.00	90.59	179.90	100	9314.3	3855.8	-3855.7	6.9	3855.8	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
45	13100.00	90.59	179.90	100	9313.3	3955.7	-3955.7	7.0	3955.7	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
46	13200.00	90.59	179.90	100	9312.3	4055.7	-4055.7	7.2	4055.7	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
47	13300.00	90.59	179.90	100	9311.2	4155.7	-4155.7	7.4	4155.7	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
48	13400.00	90.59	179.90	100	9310.2	4255.7	-4255.7	7.6	4255.7	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
49	13500.00	90.59	179.90	100	9309.2	4355.7	-4355.7	7.7	4355.7	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
50	13600.00	90.59	179.90	100	9308.1	4455.7	-4455.7	7.9	4455.7	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
51	13700.00	90.59	179.90	100	9307.1	4555.7	-4555.7	8.1	4555.7	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
52	13800.00	90.59	179.90	100	9306.1	4655.7	-4655.7	8.3	4655.7	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
53	13900.00	90.59	179.90	100	9305.1	4755.7	-4755.7	8.4	4755.7	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
54	14000.00	90.59	179.90	100	9304.0	4855.7	-4855.7	8.6	4855.7	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
55	14100.00	90.59	179.90	100	9303.0	4955.7	-4955.7	8.8	4955.7	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10
56	14200.00	90.59	179.90	100	9302.0	5055.7	-5055.7	9.0	5055.7	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14 1E-10

57	14300.00	90.59	179.90	100	9300.9	5155.7	-5155.7	9.2	5155.7	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
58	14400.00	90.59	179.90	100	9299.9	5255.7	-5255.7	9.3	5255.7	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
59	14500.00	90.59	179.90	100	9298.9	5355.7	-5355.7	9.5	5355.7	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
60	14600.00	90.59	179.90	100	9297.9	5455.7	-5455.7	9.7	5455.7	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
61	14700.00	90.59	179.90	100	9296.8	5555.7	-5555.7	9.9	5555.7	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
62	14800.00	90.59	179.90	100	9295.8	5655.7	-5655.6	10.0	5655.7	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
63	14900.00	90.59	179.90	100	9294.8	5755.7	-5755.6	10.2	5755.7	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
64	15000.00	90.59	179.90	100	9293.8	5855.6	-5855.6	10.4	5855.6	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
65	15100.00	90.59	179.90	100	9292.7	5955.6	-5955.6	10.6	5955.6	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
66	15200.00	90.59	179.90	100	9291.7	6055.6	-6055.6	10.8	6055.6	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
67	15300.00	90.59	179.90	100	9290.7	6155.6	-6155.6	10.9	6155.6	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
68	15400.00	90.59	179.90	100	9289.6	6255.6	-6255.6	11.1	6255.6	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
69	15500.00	90.59	179.90	100	9288.6	6355.6	-6355.6	11.3	6355.6	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
70	15600.00	90.59	179.90	100	9287.6	6455.6	-6455.6	11.5	6455.6	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
71	15700.00	90.59	179.90	100	9286.6	6555.6	-6555.6	11.6	6555.6	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
72	15800.00	90.59	179.90	100	9285.5	6655.6	-6655.6	11.8	6655.6	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
73	15900.00	90.59	179.90	100	9284.5	6755.6	-6755.6	12.0	6755.6	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
74	16000.00	90.59	179.90	100	9283.5	6855.6	-6855.6	12.2	6855.6	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
75	16100.00	90.59	179.90	100	9282.4	6955.6	-6955.6	12.4	6955.6	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
76	16200.00	90.59	179.90	100	9281.4	7055.6	-7055.6	12.5	7055.6	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
77	16300.00	90.59	179.90	100	9280.4	7155.6	-7155.6	12.7	7155.6	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
78	16400.00	90.59	179.90	100	9279.4	7255.6	-7255.6	12.9	7255.6	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10
79	16432.85	90.59	179.90	32.852	9279.0	7288.4	-7288.4	12.9	7288.4	179.9	0.0	0.0	9353.9	-4.9	1.58107	3.14	1E-10