

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING NOVEMBER 3, 2022**

CASE No. 23115

SCARECROW 11/10 B3HE FED COM 1H WELL

EDDY COUNTY, NEW MEXICO



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

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.**

CASE NOS. 23115

**HEARING PACKAGE
TABLE OF CONTENTS**

- Compulsory Pooling Application Checklist and Filed Application
- **MEWBOURNE Exhibit A:** Self-affirmed Statement of Tyler Jolly, Landman
 - MEWBOURNE Exhibit A-1: Draft C-102s
 - MEWBOURNE Exhibit A-2: General Location Map
 - MEWBOURNE Exhibit A-3: Overlapping Spacing Unit Notice Letter
 - MEWBOURNE Exhibit A-4: Tract Ownership
 - MEWBOURNE Exhibit A-5: Sample Well Proposal Letters & AFEs
 - MEWBOURNE Exhibit A-6: Chronology of Contacts
- **MEWBOURNE Exhibit B:** Affidavit of Charley Crosby, Geologist
 - MEWBOURNE Exhibit B-1: Subsea Structure Map
 - MEWBOURNE Exhibit B-2: Stratigraphic Cross Section
- **MEWBOURNE Exhibit C:** Notice Affidavit

20132258_v1

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23115	APPLICANT'S RESPONSE
Date: November 3, 2022	
Applicant	Mewbourne Oil Company
Designated Operator & OGRID (affiliation if applicable)	Mewbourne Oil Company [OGRID 14744]
Applicant's Counsel:	Holland & Hart LLP
Case Title:	Application of Mewbourne Oil Company for Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	
Well Family	Scarecrow
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	N/A
Pool Name and Pool Code:	Benson; Bone Spring (5200)
Well Location Setback Rules:	Standard
Spacing Unit Size:	320-acres
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320-acres
Building Blocks:	Quarter-Quarter sections
Orientation:	Laydown
Description: TRS/County	S/2N/2 of Sections 11 and 10, T-19-S, R-30-E, NMPM.
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	N/A
Applicant's Ownership in Each Tract	Exhibit A-4
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	
Well #1	Scarecrow 11/10 B3HE Fed Com 1H , API No. pending SHL: 490' FNL & 80' FWL (Unit D) of Sec. 12, T19S, R30E BHL: 1980' FNL & 100' FWL (Unit E) of Sec. 10, T19S, R30E Completion Target: Bone Spring formation Well Orientation: East to West Completion Location expected to be: Standard
Horizontal Well First and Last Take Points	Exhibit A-1
Recreated to Imaging: (11/1/2022 11:26:33 AM D)	Exhibit A-5

AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit C
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C
Proof of Published Notice of Hearing (10 days before hearing)	N/A
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-4
Tract List (including lease numbers and owners)	Exhibit A-4
Pooled Parties (including ownership type)	Exhibit A-4
Unlocatable Parties to be Pooled	N/A
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit A-5
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-4
Chronology of Contact with Non-Joined Working Interests	Exhibit A-6
Overhead Rates In Proposal Letter	Exhibit A-4
Cost Estimate to Drill and Complete	Exhibit A-4
Cost Estimate to Equip Well	Exhibit A-4
Cost Estimate for Production Facilities	Exhibit A-4
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibits A-1, B-1
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-1
Well Orientation (with rationale)	Exhibit B
Target Formation	Exhibit B
HSU Cross Section	Exhibit B-2
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibit A-4
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-5
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibits A-1, B-1
Structure Contour Map - Subsea Depth	Exhibit B-1

Cross Section Location Map (including wells)	Exhibit B-1
Cross Section (including Landing Zone)	Exhibit B-2
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Michael H. Feldewert
Signed Name (Attorney or Party Representative):	
Date:	1-Nov-22

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

**APPLICATION OF MEWBOURNE
OIL COMPANY FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 23115

APPLICATION

Mewbourne Oil Company (“Mewbourne” or “Applicant”) (OGRID No. 14744), through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre, more or less, standard horizontal well spacing unit comprised of the S/2N/2 of Section 11 and the S/2N/2 of Section 10, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico. In support of its application, Mewbourne states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to initially dedicate the above-referenced spacing unit to the proposed **Scarecrow 11/10 B3HE Fed Com 1H** well to be horizontally drilled from a surface location in NW/4NW/4 (Unit D) of Section 12 to a bottom hole location in SW/4NW/4 (Unit E) of Section 10, Township 19 South, Range 30 East.
3. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all the mineral interest owners in the subject spacing unit.
4. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

5. To allow the recovery of Applicant's just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this horizontal spacing unit should be pooled, and Applicant should be designated the operator of the proposed horizontal well and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 3, 2022, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the horizontal spacing unit and approving the initial well thereon;
- B. Designating Applicant as operator of the horizontal spacing unit and the horizontal wells to be drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the well;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By: 

Michael H. Feldewert

Adam G. Rankin

Julia Broggi

Paula M. Vance

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

(505) 988-4421

(505) 983-6043 Facsimile

mhfeldewert@hollandhart.com

agrarkin@hollandhart.com

jbroggi@hollandhart.com

pmvance@hollandhart.com

**ATTORNEYS FOR MEWBOURNE OIL
COMPANY**

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 320-acre standard horizontal well spacing unit comprised of the S/2N/2 of Section 11 and the S/2N/2 of Section 10, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico. Said horizontal spacing unit is to be initially dedicated to the proposed **Scarecrow 11/10 B3HE Fed Com 1H** well to be horizontally drilled from a surface location in NW/4NW/4 (Unit D) of Section 12 to a bottom hole location in SW/4NW/4 (Unit E) of Section 10, Township 19 South, Range 30 East. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, the operating costs and charges for supervision, the designation of applicant as operator of the proposed spacing unit, and a 200% charge for risk involved in drilling said well. Said area is located approximately 13 miles south of Loco Hills, New Mexico.

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

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NO. 23115

SELF AFFIRMED STATEMENT OF TYLER JOLLY, LANDMAN

1. My name is Tyler Jolly, and I am employed by Mewbourne Oil Company (“Mewbourne”) as a Landman. My responsibilities include the Permian Basin of New Mexico. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters and my credentials have been accepted by the Division and made a matter of record.

2. I am familiar with the application filed by Mewbourne in this matter and the status of the lands in the subject area. None of the mineral owners to be pooled have expressed opposition to this proceeding, so I do not expect any opposition at the hearing.

3. Mewbourne seeks an order pooling all uncommitted interests in the Bone Spring formation [Benson; Bone Sprig Pool (5200)] underlying a standard 320-acre standard horizontal well spacing unit comprised of the S/2N/2 of Section 11 and the S/2N/2 of Section 10, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico.

4. This horizontal spacing unit is to be initially dedicated to the proposed **Scarecrow 11/10 B3HE Fed Com 1H** well to be horizontally drilled from a surface location in NW/4NW/4 (Unit D) of Section 12 to a bottom hole location in SW/4NW/4 (Unit E) of Section 10.

5. **Exhibit A-1** contains the Form C-102s for the proposed initial well. It reflects that the well will be at standard locations under the Division’s statewide rules for oil wells.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A
Submitted by: Mewbourne Oil Company
Hearing Date: November 3, 2022
Case No. 23115**

6. **Exhibit A-2** is a general location map noting the location of the acreage being pooled and the lateral trajectory of the proposed well. The acreage is comprised of federal and fee lands.

7. There are existing spacing units in the Bone Spring formation underlying the subject acreage. **Exhibit A-3** contains a sample of the notice letter and a list of the working interest owners affected by the proposed overlapping spacing unit. Mewbourne has sent this letter to each of these affected parties and does not anticipate any objection to the overlapping spacing unit.

8. **Exhibit A-4** identifies the tracts of land comprising the proposed spacing unit, the working interest ownership in each tract and their respective interest in the horizontal spacing unit. Mewbourne has identified the “uncommitted” working interest owners that remain to be pooled in red italics font.

9. Mewbourne has been able to locate all the mineral owners that it seeks to pool.

10. **Exhibit A-5** contains a sample of the well proposal letters and AFE for the proposed well submitted to the working interest owners Mewbourne has been able to locate. The costs reflected in the AFE is consistent with what Mewbourne and other operators have incurred for drilling similar horizontal wells in the area in this formation.

11. **Exhibit A-6** contains a chronology of the contacts with the uncommitted mineral owners. Mewbourne has made a good faith effort to obtain voluntary joinder of these owners in the proposed spacing unit and initial wells.

12. Mewbourne requests overhead and administrative rates of \$8,000 per month for drilling and \$800 per month for a producing well. These rates are consistent with the rates charged by Mewbourne and other operators for similar wells in this area.

13. I have provided the law firm of Holland and Hart, LLP, with the names and addresses of the mineral owners that remain to be pooled and instructed that they be notified of this hearing.

14. Exhibits A-1 through A-6 were prepared by me or compiled under my direction from company business records.

15. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.



TYLER JOLLY

10/28/22
Date

20104675_v1

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

Revised August 1, 2011
Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

Table with 3 main rows: 1 API Number (PENDING), 2 Pool Code (5200), 3 Pool Name (BENSON; BONE SPRING); 4 Property Code, 5 Property Name (SCARECROW 11/10 B3HE FED COM), 6 Well Number (1H); 7 OGRID NO. (14744), 8 Operator Name (MEWBOURNE OIL COMPANY), 9 Elevation (3467')

10 Surface Location

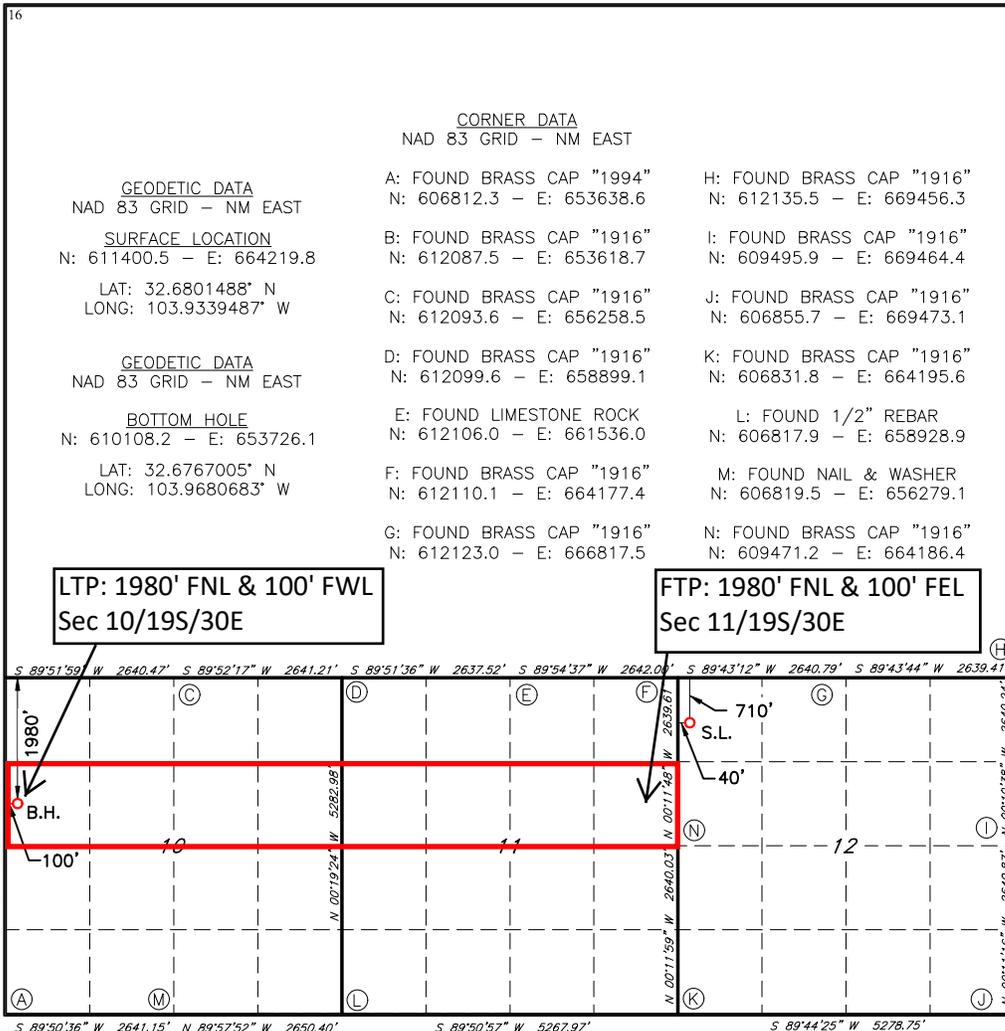
Table with 10 columns: UL or lot no. (D), Section (12), Township (19S), Range (30E), Lot Idn, Feet from the (490), North/South line (NORTH), Feet From the (80), East/West line (WEST), County (EDDY)

11 Bottom Hole Location If Different From Surface

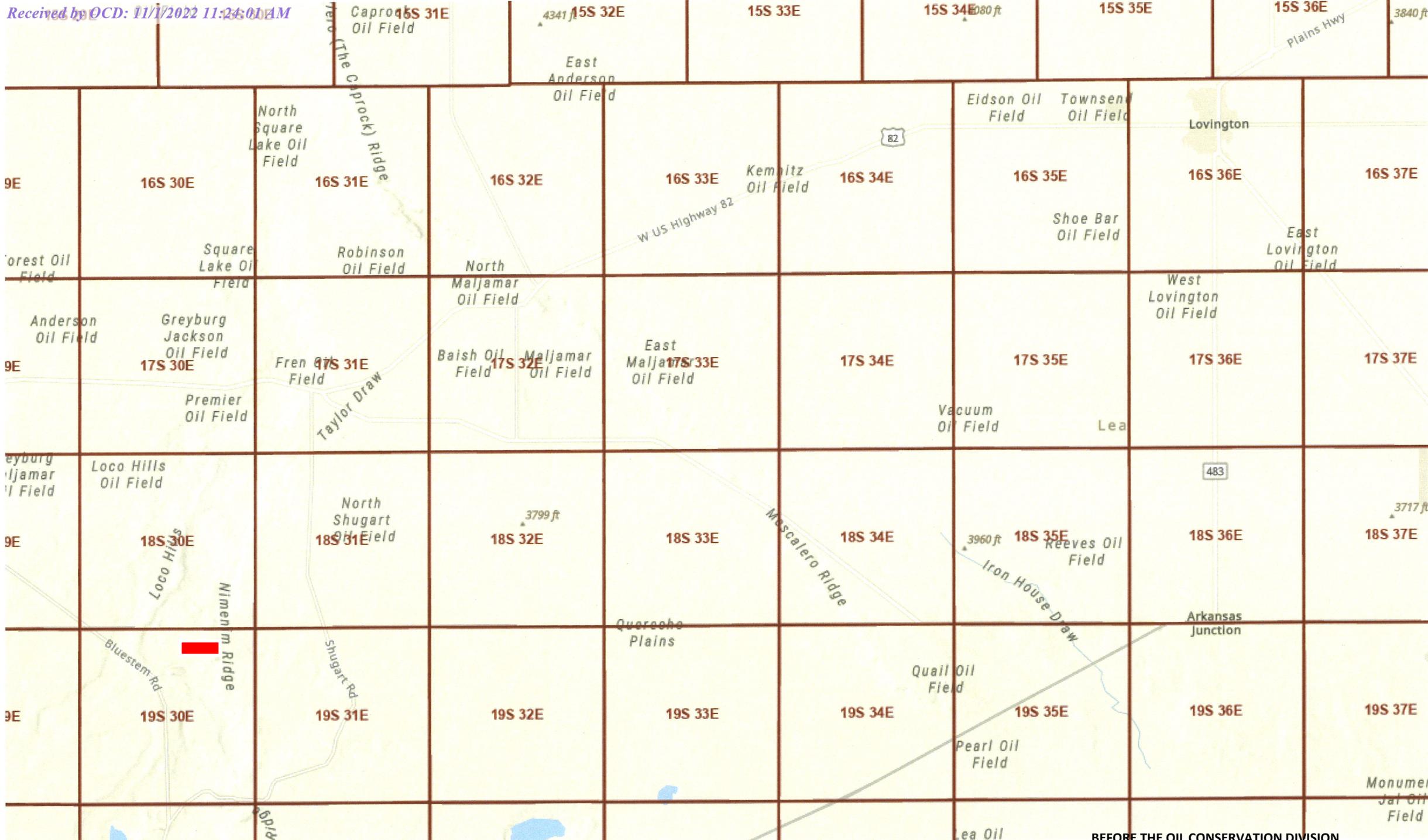
Table with 10 columns: UL or lot no. (E), Section (10), Township (19S), Range (30E), Lot Idn, Feet from the (1980), North/South line (NORTH), Feet from the (100), East/West line (WEST), County (EDDY)

Table with 4 columns: 12 Dedicated Acres (320), 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.



17 OPERATOR CERTIFICATION
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.
Signature: _____ Date: _____
Printed Name: _____
E-mail Address: _____
18 SURVEYOR CERTIFICATION
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.
11-16-2021
Date of Survey
Signature and Seal of Professional Surveyor: [Signature]
19680
Certificate Number
Job No.: LS21101106



BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. A2
 Submitted by: Mewbourne Oil Company
 Hearing Date: November 3, 2022
 Case No. 23115

MEWBOURNE OIL COMPANY

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

October 28, 2022

Cimarex Energy Co.
600 Marienfeld St., Suite 600
Midland, Texas 79701
Attn: Riley Morris

Re: Notice of Overlapping Spacing
Benson Bone Spring; Pool Code 5200
Scarecrow 11/10 B3HE Fed Com #1H – API #pending
Spacing Unit: S2N2 of Section 11 and S2N2 of Section 10
T19S, R30E, Eddy County, New Mexico

To Whom It May Concern:

Mewbourne Oil Company has proposed the above referenced well for the initial development of the Bone Spring formation underlying the above referenced spacing units. This letter is to advise you that this proposed development plan will require the formation of the following spacing unit for the proposed well:

Scarecrow 11/10 B3HE Fed Com #1H – API #pending
Surface Location: 490' FNL, 80' FWL, Section 12, T19S, R30E
Bottom Hole Location: 1980' FNL, 100' FWL, Section 10, T19S, R30E
Proposed Total Vertical Depth: 9650'
Proposed Total Measured Depth: 20350'
Target: 3rd Bone Spring Sand
Spacing Unit: S2N2 of Section 11 and S2N2 of Section 10
T19S, R30E, Eddy County, New Mexico
Spacing Unit Acres: 320

The proposed spacing unit will overlap the following existing spacing units and wells:

- 1) Crescent Hale 10 Federal Com 2H – API #30-015-39825
Operator: Cimarex Energy Co. of Colorado
Surface Location: 1560' FNL, 1960' FWL, Section 11, T19S, R30E
Bottom Hole Location: 2349' FNL, 330' FWL, Section 10, T19S, R30E
Total Vertical Depth: 8481'
Total Measured Depth: 15225'
Spacing Unit: SW4NW4 of Section 11 and S2N2 of Section 10
T19S, R30E, Eddy County, New Mexico
Spacing Unit Acres: 200

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A3
Submitted by: Mewbourne Oil Company
Hearing Date: November 3, 2022
Case No. 23115

- 2) Crescent Hale 11 Federal 1 – API #30-015-38494
Operator: Cimarex Energy Co. of Colorado
Surface Location: 345' FNL, 545' FEL, Section 11, T19S, R30E
Bottom Hole Location: 331' FSL, 644' FEL, Section 11, T19S, R30E
Total Vertical Depth: 8676'
Total Measured Depth: 13018'
Spacing Unit: E2E2 of Section 11, T19S, R30E, Eddy County, New Mexico
Spacing Unit Acres: 160

Pursuant to NMAC 19.15.16.15.B(9) and 19.15.15.12.B, you have a right to object these overlapping spacing units by delivering a written statement of objection to our office within twenty (20) days of the mailing of this notice. If no objection is received within this 20-day period, we will proceed with obtaining the necessary regulatory approvals for these proposed overlapping spacing unit.

If you have any questions about this matter, please contact me at (432) 682-3715 or at tjolly@mewbourne.com.

Very truly yours,

MEWBOURNE OIL COMPANY



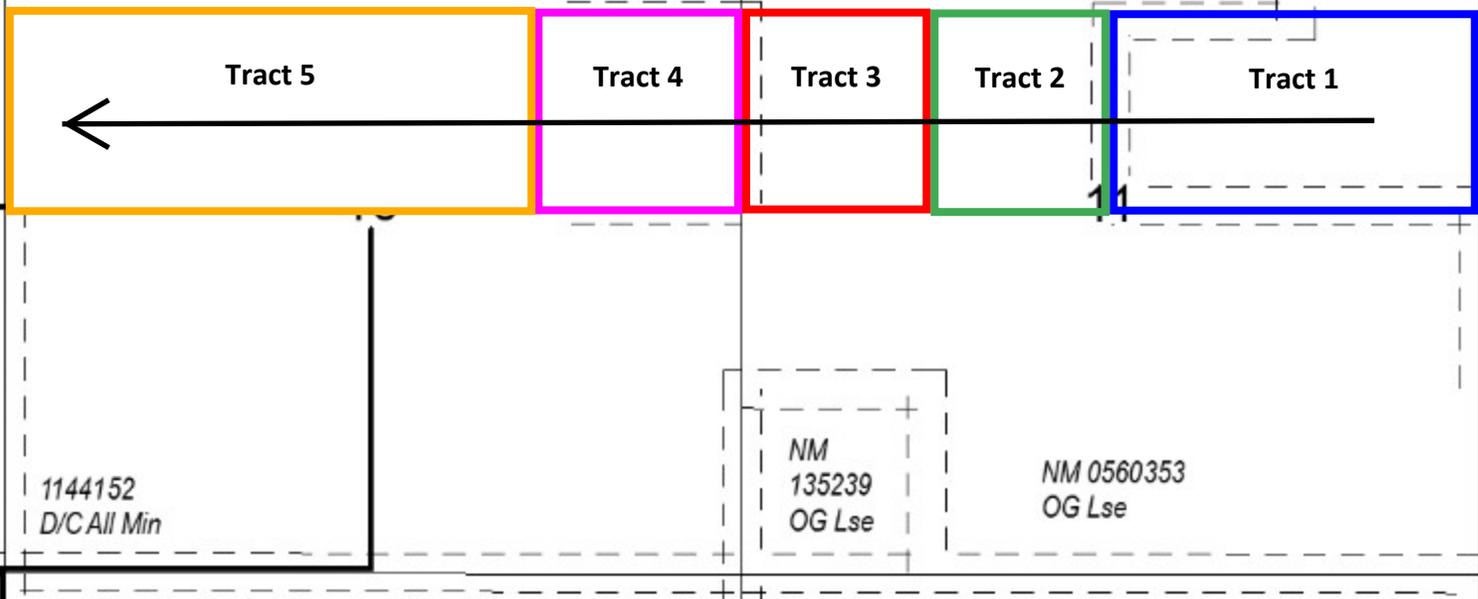
Tyler Jolly
Landman

Recipients of Overlapping Spacing Unit Letters

Scarecrow 11-10 B3HE Fed Com #1H

Cimarex Energy Co.
600 Marienfeld St., Suite 600
Midland, Texas 79701
Attn: Riley Morris

Great Western Drilling, Ltd.
700 West Louisiana Ave.
Midland, TX 79701
Attn: Carter Muire



Scarecrow 11/10 B3HE Fed Com #1H

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A4
Submitted by: Mewbourne Oil Company
Hearing Date: November 3, 2022
Case No. 23115

Tract 1: S2NE4 of Section 11 - NMNM 129043
Mewbourne Oil Company

Tract 2: SE4NW4 of Section 11 - NMNM 560353
Great Western Drilling Ltd.

Tract 3: SW4NW4 of Section 11 - NMNM 560353
Mewbourne Oil Company

Tract 4: SE4NE4 of Section 10 - Fee Leasehold
Cimarex Energy Co.

Tract 5: SW4NE4 of Sec. 10, S2NW4 Sec. 11 - NMNM 560353
Mewbourne Oil Company

RECAPITULATION FOR SCARECROW 11/10 B3HE FED COM #1H

Tract Number	Number of Acres Committeed	Percentage of Interst in Communitized Area
1	80	25.000000%
2	40	12.500000%
3	40	12.500000%
4	40	12.500000%
5	120	37.500000%
TOTAL	320	100.000000%

Ownership by Tract Scarecrow 11/10 B3HE Fed Com #1H**Tract 1: S2NE4 of Section 11 - NMNM 129043**

Entity/Individual	Interest
Mewbourne Oil Company	100.0000000%
Total	100.0000000%

Tract 2: SE4NW4 of Section 11 - NMNM 560353

Entity/Individual	Interest
Great Western Drilling Ltd.	100.0000000%
Total	100.0000000%

Tract 3: SW4NW4 of Section 11 - NMNM 560353

Entity/Individual	Interest
Mewbourne Oil Company	100.0000000%
Total	100.0000000%

Tract 4: SE4NE4 of Section 10 - Fee Leasehold

Entity/Individual	Interest
Cimarex Energy Co.	100.0000000%
Total	100.0000000%

Tract 5: SW4NE4 of Sec. 10, S2NW4 Sec. 11 - NMNM 560353

Entity/Individual	Interest
Mewbourne Oil Company	100.0000000%
Total	100.0000000%

Spacing Unit Ownership

Scarecrow 11/10 B3HE Fed Com #1H	Interest	Net Acres	Interest
Mewbourne Oil Company, et al.	87.50%	280.0	87.500%
Cimarex Energy Co.	12.50%	40.0	12.500%
Total	100.00%	320.0	100.000%

Parties in Red are being pooled - 12.5000000%

MEWBOURNE OIL COMPANY

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

August 30, 2022

Certified Mail

Cimarex Energy Co.
600 Marienfeld St., Suite 600
Midland, Texas 79701
Attn: Riley Morris

Re: **Scarecrow 11/10 B3HE Fed Com #1H**
S2N2 of Sections 11 and 10
T19S, R30E, Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("MOC"), as Operator, hereby proposes drilling the following well:

- 1) Scarecrow 11/10 B3HE Fed Com #1H – API # - pending
Surface Location: 445' FNL, 100' FWL, Section 12, T19S, R30E
Bottom Hole Location: 660' FSL, 100' FEL, Section 6, T19S, R31E
Proposed Total Vertical Depth: 9616'
Proposed Total Measured Depth: 19314'
Target: 3rd Bone Spring Sand

The well is planned to spud in 4th quarter 2022. In the event you elect to participate in the proposed well, please execute the enclosed AFE before returning them to the undersigned within thirty (30) days. Upon receiving your executed AFE, our proposed Operating Agreement will be sent providing a Drilling Well Rate of \$8,000 per month and a Producing Well Rate of \$800 per month along with a non-consent penalty of 300%/100%. Please enclose your most current well information requirements so that we may provide well data when available.

Please contact me at (432) 682-3715 or via email at tjolly@mewbourne.com if you have any questions or need more information.

Sincerely,

MEWBOURNE OIL COMPANY



Tyler Jolly
Landman

Enclosure

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A5
Submitted by: Mewbourne Oil Company
Hearing Date: November 3, 2022
Case No. 23115



August 31, 2022

Dear Simple Certified:

The following is in response to your request for proof of delivery on your item with the tracking number: **9414 8368 9784 6724 2183 22.**

Item Details

Status: Delivered, Front Desk/Reception/Mail Room
Status Date / Time: August 31, 2022, 10:47 am
Location: MIDLAND, TX 79701
Postal Product: First-Class Mail®
Extra Services: Certified Mail™
 Return Receipt Electronic
Recipient Name: Riley Morris

Recipient Signature

Signature of Recipient: *Riley Morris*
 Address of Recipient: *600 Marienfeld St*

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

Riley Morris
 Cimarex Energy Co.
 600 Marienfeld St. Suite 600
 Midland, TX 79701
 Reference #: Scarecrow 11 10

MEWBOURNE OIL COMPANY

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

September 15, 2022

Certified Mail

Cimarex Energy Co.
600 Marienfeld St., Suite 600
Midland, Texas 79701
Attn: Riley Morris

Re: **Corrected Footage Calls**
Scarecrow 11/10 B3HE Fed Com #1H
S2N2 of Sections 11 and 10
T19S, R30E, Eddy County, New Mexico

Ladies and Gentlemen:

This letter is intended to correct the footage calls on my prior well proposal letter dated August 30, 2022. The corrected information is provided below and should match the information on the AFE that was sent with the previous well proposal letter:

- 1) Scarecrow 11/10 B3HE Fed Com #1H – API # - pending
Surface Location: 490' FNL, 80' FWL, Section 12, T19S, R30E
Bottom Hole Location: 1980' FNL, 100' FWL, Section 10, T19S, R30E
Proposed Total Vertical Depth: 9650'
Proposed Total Measured Depth: 20350'
Target: 3rd Bone Spring Sand

Please contact me at (432) 682-3715 or via email at tjolly@mewbourne.com if you have any questions or need more information.

Sincerely,

MEWBOURNE OIL COMPANY



Tyler Jolly
Landman

MEWBOURNE OIL COMPANY AUTHORIZATION FOR EXPENDITURE

Well Name:	SCARECROW 11/10 B3HE FED COM #1H	Prospect:	WIZARD
Location:	SL: 490 FNL & 80 FWL (12); BHL: 1980 FNL & 100 FWL (10)	County:	Eddy ST: NM
Sec.:	12	Blk.:	
Survey:		TWP:	19S
RNG:	30E	Prop. TVD:	9650
TMD:	20350		

INTANGIBLE COSTS 0180	CODE	TCP	CODE	CC
Regulatory Permits & Surveys	0180-0100	\$20,000	0180-0200	
Location / Road / Site / Preparation	0180-0105	\$80,000	0180-0205	\$35,000
Location / Restoration	0180-0106	\$200,000	0180-0206	\$90,000
Daywork / Turnkey / Footage Drilling 20 days drlg / 3 days comp @ \$23000/d	0180-0110	\$491,300	0180-0210	\$73,700
Fuel 1700 gal/day @ \$4.7/gal	0180-0114	\$170,700	0180-0214	\$497,300
Alternate Fuels	0180-0115		0180-0215	
Mud, Chemical & Additives	0180-0120	\$40,000	0180-0220	
Mud - Specialized	0180-0121	\$130,000	0180-0221	
Horizontal Drillout Services			0180-0222	\$200,000
Stimulation Toe Preparation			0180-0223	\$50,000
Cementing	0180-0125	\$120,000	0180-0225	\$50,000
Logging & Wireline Services	0180-0130	\$30,000	0180-0230	\$370,000
Casing / Tubing / Snubbing Services	0180-0134	\$25,000	0180-0234	\$18,000
Mud Logging	0180-0137	\$15,000		
Stimulation 51 Stg 20.2 MM gallons/25.3 MM lb			0180-0241	\$2,240,100
Stimulation Rentals & Other			0180-0242	\$232,000
Water & Other	0180-0145	\$35,000	0180-0245	\$383,300
Bits	0180-0148	\$82,200	0180-0248	
Inspection & Repair Services	0180-0150	\$60,000	0180-0250	\$5,000
Misc. Air & Pumping Services	0180-0154		0180-0254	\$10,000
Testing & Flowback Services	0180-0158	\$12,000	0180-0258	\$24,000
Completion / Workover Rig			0180-0260	\$10,500
Rig Mobilization	0180-0164	\$150,000		
Transportation	0180-0165	\$30,000	0180-0265	\$30,000
Welding, Construction & Maint. Services	0180-0168	\$4,000	0180-0268	\$15,000
Contract Services & Supervision	0180-0170	\$115,600	0180-0270	\$57,100
Directional Services Includes Vertical Control	0180-0175	\$289,000		
Equipment Rental	0180-0180	\$138,800	0180-0280	\$20,000
Well / Lease Legal	0180-0184	\$5,000	0180-0284	
Well / Lease Insurance	0180-0185	\$5,300	0180-0285	
Intangible Supplies	0180-0188	\$8,000	0180-0288	\$1,000
Damages	0180-0190	\$5,000	0180-0290	\$10,000
Pipeline Interconnect, ROW Easements	0180-0192		0180-0292	\$5,000
Company Supervision	0180-0195	\$82,800	0180-0295	\$36,000
Overhead Fixed Rate	0180-0196	\$10,000	0180-0296	\$20,000
Contingencies 5% (TCP) 5% (CC)	0180-0199	\$117,700	0180-0299	\$224,200
TOTAL		\$2,472,400		\$4,707,200

TANGIBLE COSTS 0181	CODE	TCP	CODE	CC
Casing (19.1" - 30") 400' - 20" 94# X-56 BTC @ \$71.95/ft	0181-0793	\$30,700		
Casing (10.1" - 19.0") 2100' - 13 3/8" 54.5# J-55 ST&C @ \$58.73/ft	0181-0794	\$131,700		
Casing (8.1" - 10.0") 4240' - 9 5/8" 40# J-55 LT&C @ \$41.98/ft	0181-0795	\$190,100		
Casing (6.1" - 8.0") 9070' - 7" 29# HPP110 BT&C @ \$36.92/ft	0181-0796	\$357,600		
Casing (4.1" - 6.0") 11480' - 4 1/2" 13.5# HCP-110 CDC-HTQ @ \$20.31/ft			0181-0797	\$249,000
Tubing 8840' - 2 7/8" 6.5# L-80 IPC Tbg @ \$12.95/ft			0181-0798	\$122,300
Drilling Head	0181-0860	\$35,000		
Tubing Head & Upper Section			0181-0870	\$30,000
Horizontal Completion Tools			0181-0871	\$11,000
Subsurface Equip. & Artificial Lift			0181-0880	\$25,000
Pumping Unit Systems			0181-0885	
Service Pumps (1/2) TP/CP/Circ pump			0181-0886	\$16,000
Storage Tanks (1/2) 6 OT/5 WT/1 GB			0181-0890	\$192,900
Emissions Control Equipment (1/2) 2 VRT/ VRU/ Flare/ 3 KO			0181-0892	\$127,200
Separation / Treating Equipment (1/2) 2 H sep/2 V sep/2 VHT			0181-0895	\$85,200
Automation Metering Equipment Automation/fiber/meters			0181-0898	\$76,700
Line Pipe & Valves - Gathering 2.5 mi SWDL & .25 mi GL/Facility gas work			0181-0900	\$102,700
Fittings / Valves & Accessories Flowline/parts			0181-0906	\$268,600
Cathodic Protection			0181-0908	
Electrical Installation			0181-0909	\$255,500
Equipment Installation			0181-0910	\$140,900
Pipeline Construction 2.5 mi SWDL & .25 mi GL/Facility gas work			0181-0920	\$23,100
TOTAL		\$745,100		\$1,726,100
SUBTOTAL		\$3,217,500		\$6,433,300
TOTAL WELL COST		\$9,650,800		

Extra Expense Insurance

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.

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: T. Cude Date: 8/22/2022

Company Approval: _____ Date: _____

Joint Owner Interest: _____ Amount: _____

Joint Owner Name: _____ Signature: _____

**Summary of Communications
Scarecrow 11/10 B3HE Fed Com #1H**

Cimarex Energy Co.

1. August 30, 2022 – emailed well proposal letter, AFEs, and Operating Agreement before hard copies were sent certified mail.
2. August 31, 2022 – well proposal letter, AFEs, and Operating Agreement sent certified mail. Proof of delivery included.
3. August 31, 2022 – September 1, 2022 – email correspondence between Riley Morris with Cimarex and Tyler Jolly with Mewbourne discussing the well proposal.
4. September 15, 2022 – Letter correcting footage calls sent certified mail and emailed to Riley Morris with Cimarex.

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. A6
Submitted by: Mewbourne Oil Company
Hearing Date: November 3, 2022
Case No. 23115**

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

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.**

CASE NOS. 23115

SELF AFFIRMATION STATEMENT OF CHARLES CROSBY, GEOLOGIST

1. My name is Charles Crosby, and I am employed by Mewbourne Oil Company (“Mewbourne”) as a petroleum geologist. My responsibilities include the Permian Basin of New Mexico. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology.

2. I am familiar with the application filed by Mewbourne in his matter and I have conducted a geologic study of the lands in the subject area.

3. The target interval for the proposed initial Scarecrow 11/10 B3HE Fed Com 1H well is the 3rd Bone Spring Sand within the Bone Spring formation.

4. **Exhibit B-1** is a subsea structure map that I prepared for the base of the Bone Spring formation. The contour intervals are 100 feet. The area comprising the proposed spacing unit is outlined with a dashed black box, and the approximate location and orientation of the initial well is noted with a dashed red arrow. The structure map shows the base of the Bone Spring formation dipping to the east/southeast. The structure appears consistent across the proposed spacing units, and I do not observe any faulting, pinch outs, or other geologic impediments to drilling horizontal wells.

5. Exhibit B-1 also shows a line of cross section through the proposed horizontal spacing unit from A to A’. I chose the logs from these wells to create a cross section because they penetrate the targeted interval, are of good quality and have been subjected to petrophysical

**BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. B
Submitted by: Mewbourne Oil Company
Hearing Date: November 3, 2022
Case No. 23115**

analysis of the targeted interval. In my opinion, these well logs are representative of the geology in the subject area.

6. **Exhibit B-2** is a stratigraphic cross-section that I prepared using the logs from the representative wells shown on Exhibit B-1. Each well on the cross-section contains gamma ray, resistivity, and porosity logs. The target interval for the proposed well is marked on the cross section by a green arrow. The cross-section demonstrates that the targeted interval is continuous across the proposed spacing unit.

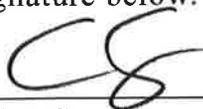
7. My geologic study indicates the Bone Spring formation underlying the subject area is suitable for development by horizontal wells and the acreage comprising the proposed horizontal spacing unit will be productive and contribute proportionately to the production from the wells.

8. Exhibit B-1 also shows the existing Bone Spring Sand development in this area. In my opinion, the laydown orientation of the proposed wells is appropriate because of the stress regime in this area. Recently, operators in the area have overwhelmingly drilled wells in the laydown orientation based on the above referenced regional stress regime and improved results.

9. In my opinion, approval of this application is in the best interest of conservation, the prevention of waste, and protection of correlative rights.

10. Exhibits B-1 through B-2 were either prepared by me or compiled under my direction and supervision.

11. I affirm under penalty of perjury under the laws of the State of New Mexico that the foregoing statements are true and correct. I understand that this self-affirmed statement will be used as written testimony in this case. This statement is made on the date next to my signature below.



Charles Crosby

10/20/22
Date

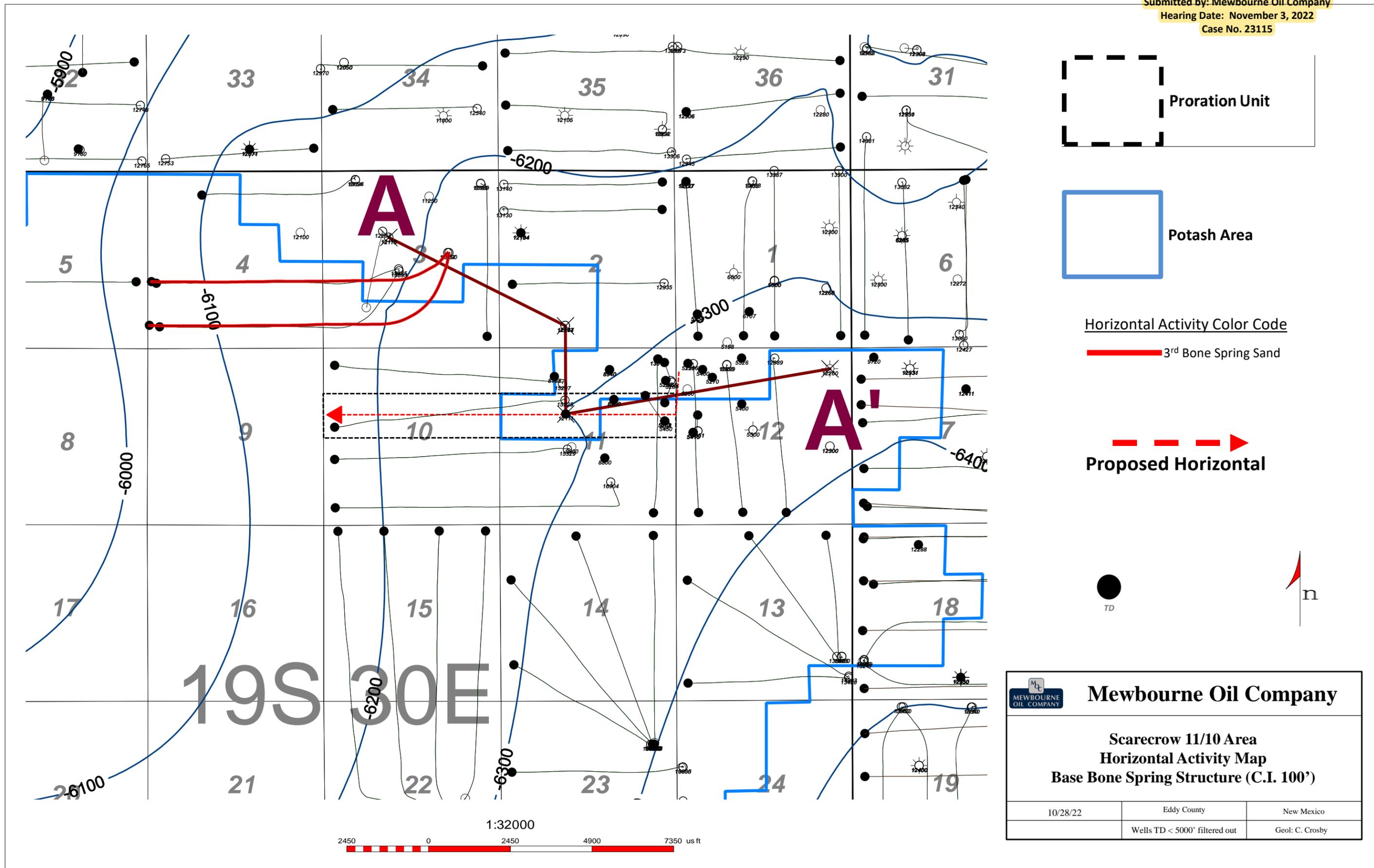
Santa Fe, New Mexico

Exhibit No. B1

Submitted by: Mewbourne Oil Company

Hearing Date: November 3, 2022

Case No. 23115



Mewbourne Oil Company

Scarecrow 11/10 Area
Horizontal Activity Map
Base Bone Spring Structure (C.I. 100')

10/28/22	Eddy County	New Mexico
	Wells TD < 5000' filtered out	Geol: C. Crosby

A
W

A'
E

30015247750000
5913 ft
YATES PETROLEUM CORP
BENSON DEEP UT 4
Datum=3449.00
1980 FSL/1980 FWL
TWP: 19 S - Range: 30 E - Sec. 3

30015248620000
2638 ft
PECOS PRODUCTION CO
STATE 2 8
Datum=3387.00
1980 FSL/1980 FWL
TWP: 19 S - Range: 30 E - Sec. 2

30015243800000
8030 ft
GREAT WESTERN DRL CO
HALE LABEL FEDERAL 1
Datum=3387.00
1980 FSL/1980 FWL
TWP: 19 S - Range: 30 E - Sec. 11

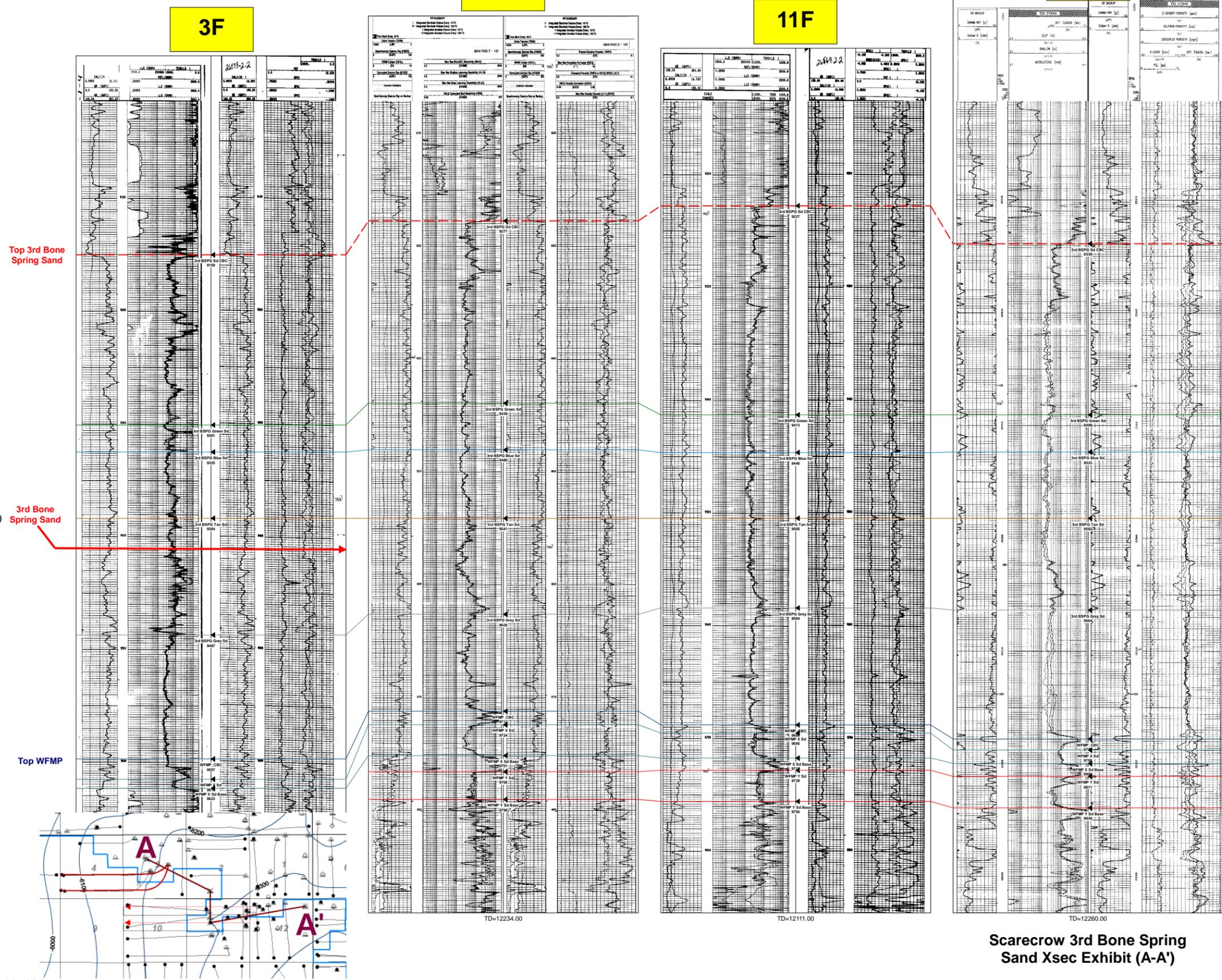
30015319030000
JMK ENERGY LLC
LAND RUSH 12 FEDERAL COM 2
Datum=3655.00
C NE NE
TWP: 19 S - Range: 30 E - Sec. 12

3F

2N

11F

12A



BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. B2
 Submitted by: Mewbourne Oil Company
 Hearing Date: November 3, 2022
 Case No. 23115

Scarecrow 3rd Bone Spring Sand Xsec Exhibit (A-A')

SUBSCRIBED AND SWORN to before me this 31st day of October, 2022 by Michael H.

Feldewert.



Notary Public

My Commission Expires:

Nov. 12, 2023

STATE OF NEW MEXICO
NOTARY PUBLIC
CARLA GARCIA
COMMISSION # 1127528
COMMISSION EXPIRES 11/12/2023



Michael H. Feldewert
Partner
Phone (505) 988-4421
mfeldewert@hollandhart.com

October 14, 2022

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Mewbourne Oil Company for Compulsory Pooling, Eddy County, New Mexico: *Scarecrow 11/10 B3HE Fed Com 1H*

Ladies & Gentlemen:

This letter is to advise you that Mewbourne Oil Company has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on November 3, 2022, and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/ocd/>.

Due to the remodeling of the state building where the New Mexico Oil Conservation Division is located, hearings will be conducted remotely beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the OCD Hearings website: <https://www.emnrd.nm.gov/ocd/hearing-info/>.

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 challenging the matter at a later date. Parties appearing in cases are required to file a Pre-hearing Statement four business days in advance of a scheduled hearing that complies with the provisions of NMAC 19.15.4.13.B.

If you have any questions about this matter, please contact Tyler Jolly at (432) 682-3715, or at tjolly@mewbourne.com.

Michael H. Feldewert

ATTORNEY FOR MEWBOURNE OIL COMPANY

T 505.988.4421 F 505.983.6043
110 North Guadalupe, Suite 1, Santa Fe, NM 87501-1849
Mail to: P.O. Box 2208, Santa Fe, NM 87504-2208
www.hollandhart.com

Alaska	Montana	Utah
Colorado	Nevada	Washington, D.C.
Idaho	New Mexico	Wyoming

C. Garcia 3250.000

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY												
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. <p>1. Article Addressed to:</p> <p>Great Western Drilling Ltd. Attn: Carter Muire P.O. Box 1659 Midland, Tx 79702</p> <div style="text-align: center;">  9590 9402 6299 0274 5908 41 </div> <p>2 Article Number (Transfer from service label)</p> <p style="font-size: 1.2em; font-weight: bold;">7014 2120 0004 5800 6059</p>	<p>A. Signature</p> <p>X <i>C. Carroll</i> <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name)</p> <p><i>Crystal</i></p> <p>C. Date of Delivery</p> <p><i>10-19-22</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type</p> <table style="width: 100%; border: none;"> <tr> <td><input type="checkbox"/> Adult Signature</td> <td><input type="checkbox"/> Priority Mail Express®</td> </tr> <tr> <td><input type="checkbox"/> Adult Signature Restricted Delivery</td> <td><input type="checkbox"/> Registered Mail™</td> </tr> <tr> <td><input checked="" type="checkbox"/> Certified Mail®</td> <td><input type="checkbox"/> Registered Mail Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail Restricted Delivery</td> <td><input type="checkbox"/> Signature Confirmation™</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery</td> <td><input type="checkbox"/> Signature Confirmation Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery Restricted Delivery</td> <td></td> </tr> </table> <p style="font-size: 0.8em; margin-top: 5px;"> <input type="checkbox"/> Mail <input type="checkbox"/> Mail Restricted Delivery </p>	<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®	<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™	<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery	<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Signature Confirmation™	<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery	<input type="checkbox"/> Collect on Delivery Restricted Delivery	
<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®												
<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™												
<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery												
<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Signature Confirmation™												
<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery												
<input type="checkbox"/> Collect on Delivery Restricted Delivery													
<p>PS Form 3811, July 2020 PSN 7530-02-000-9053 Domestic Return Receipt</p>													

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Cimarex Energy Co.
 Attn: Riley Morris
 600 Marienfeld St. Suite 600
 Midland, TX 79701



9590 9402 7783 2152 7075 40

2. Article Number (Transfer from service label)

7021 0350 0000 0230 7705

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Sadie Garcia*

- Agent
- Address

B. Received by (Printed Name)

Sadie Garcia

C. Date of Delivery

10-17-22

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

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Signature Confirmation™
- Signature Confirmation Restricted Delivery