6/25/2014 LOGGED IN

NSL TYPE

DMAM 1417635164

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -1220 South St. Francis Drive, Santa Fe, NM 87505



| | | AUMINIS I KALIVE AF | PLICATION CHECK | LI3 I |
|--------|--------------------------------|---|---|--|
| T | THIS CHECKLIST IS N | MANDATORY FOR ALL ADMINISTRATIVE APP WHICH REQUIRE PROCESSING | PLICATIONS FOR EXCEPTIONS TO DIVISION THE DIVISION LEVEL IN SANTA FE | ON RULES AND REGULATIONS |
| Applic | cation Acronym | | | |
| | [DHC-Dow [PC-Po | ool Commingling] [OLS - Off-Lea [WFX-Waterflood Expansion] [F [SWD-Salt Water Disposal] | e Commingling] [PLC-Pool/Lea se Storage] [OLM-Off-Lease M PMX-Pressure Maintenance Expa [IPI-Injection Pressure Increase | se Commingling] leasurement] insion] e] |
| | EOK-Qua | alified Enhanced Oil Recovery Cert | • • | • • |
| [1] | TYPE OF A | PPLICATION - Check Those Which | ch Apply for [A] | S C |
| L * J | [A] | Location - Spacing Unit - Simulta NSL NSP SD | aneous Dedication | ewbourne Oil Ci 14744 Poul |
| | Checl | k One Only for [B] or [C] Commingling - Storage - Measur DHC CTB PLC | rement | Lea Bone Spri |
| | [C] | Injection - Disposal - Pressure Inc WFX PMX SWI | crease - Enhanced Oil Recovery D | - MARAHOON R 14 MD Federal |
| | [D] | Other: Specify | | 30-025-41219 |
| [2] | NOTIFICAT [A] | FION REQUIRED TO: - Check The Working, Royalty or Override | 11 7 | t Apply |
| | [B] | Offset Operators, Leaseholde | ers or Surface Owner | |
| | [C] | Application is One Which Ro | equires Published Legal Notice | |
| | [D] | Notification and/or Concurre U.S. Bureau of Land Management - Commit | ent Approval by BLM or SLO issioner of Public Lands, State Land Office | |
| | [E] | For all of the above, Proof of | f Notification or Publication is Att | ached, and/or, |
| | [F] | ☐ Waivers are Attached | | |
| [3] | | CCURATE AND COMPLETE IN ATION INDICATED ABOVE. | FORMATION REQUIRED TO | PROCESS THE TYPE |
| | val is <mark>accurate</mark> a | ATION: I hereby certify that the info and complete to the best of my know equired information and notifications | wledge. I also understand that no: | |
| | Note | e: Statement must be completed by an ind | lividual with managerial and/or supervis | ory capacity. |
| | d Catanach or Type Name | Signature 6/23/14 | Agent for Mewb | ourne Oil Company |
| | | G/23/14 | <u>dreatanach@net</u> F-Mail Address | tscape.com |

Hand Delivered

New Mexico Oil Conservation Division 1220 S. St. Francis Drive Santa Fe, New Mexico 87505

Attention: Ms. Jami Bailey

Division Director

Re: Application for Unorthodox Well Location

Marathon Road 14 MD Federal No. 1H

API No. (30-025-41215)

Surface Location: 170' FNL & 810' FWL (Unit D)

Section 23, T-20 South, R-34 East, NMPM;

First Take Point: 330' FSL & 810' FWL (Unit M)

BHL: 330' FNL & 500' FWL (Unit D) Section 14, T-20 South, R-34 East, NMPM,

Lea County, New Mexico

Dear Ms. Bailey:

Pursuant to Division Rule 19.15.15.13, Mewbourne Oil Company ("Mewbourne") respectfully requests administrative approval of an unorthodox oil well location for its proposed Marathon Road 14 MD Federal Well No. 1H. This well will be drilled as a horizontal development oil well in the Lea-Bone Spring Pool (37570).

The Marathon Road 14 MD Federal Well No. 1H will be dedicated to a 160-acre spacing and proration unit ("project area") comprising the W/2 W/2 of Section 14. There are currently no other existing Bone Spring producing wells within the project area.

The Lea-Bone Spring Pool is currently governed by "The Special Rules and Regulations for the Lea-Bone Spring Pool" as established by Division Order No. R-1827 dated December 8, 1960. These rules require standard 80-acre spacing and proration units comprising the N/2, S/2, E/2 or W/2 of a governmental quarter section with wells to be located within 150 feet of the center of a governmental quarter-quarter section.

Pursuant to these rules, a well in the Lea-Bone Spring Pool cannot be located closer than 510 feet to a direct offset tract, and cannot be located closer than 783 feet to a diagonal offset tract.

The proposed unorthodox location is necessary in order to maximize the recovery of oil and gas reserves from the Lea-Bone Spring Pool underlying the W/2 W/2 of Section 14.

The affected offset tracts are described as follows:

Tract 1: W/2 W/2 of Section 23-20S-34E. This existing 160-acre Bone Spring horizontal project area is operated by Nearburg Producing Company. The well to which this tract is dedicated has not yet been drilled;

Tract 2: E/2 W/2 of Section 23-20S-34E. This existing 160-acre Bone Spring horizontal project area is operated by Nearburg Producing Company. The well to which this tract is dedicated is currently active;

Tract 3: W/2 W/2 of Section 11-20S-34E. This existing 160-acre Bone Spring horizontal project area is operated by COG Operating, LLC. The well to which this tract is dedicated is currently active;

Tract 4: E/2 W/2 of Section 11-20S-34E. This existing 160-acre Bone Spring horizontal project area is operated by COG Operating, LLC. The well to which this tract is dedicated has not yet been drilled;

Tract 5: S/2 SE/4 & NE/4 SE/4 of Section 10-20S-34E: This tract is currently undeveloped in the Bone Spring formation. The leasehold owner of this tract is Read & Stevens, Inc; and

Tract 6: E/2 E/2 of Section 15-20S-34E: This existing 160-acre Bone Spring horizontal project area is operated by Mewbourne Oil Company. The well to which this tract is dedicated is currently active. (Please note that the working interest ownership between the drill tract (W/2 W/2 of Section 14) and this tract is not common. Consequently, Mewbourne is providing notice of this application to all WI owners in the E/2 E/2 of Section 15).

Pursuant to Division rules, notice of this application is being provided to Read & Stevens, Inc., COG Operating, LLC, Nearburg Producing Company and to all working interest owners in the E/2 E/2 of Section 15 (See attached notice list).

Attached is a Form C-102 showing the proposed well and proposed project area. Also attached is a map showing the affected offset acreage, an offset leasehold notice letter and a notice list.

In summary, approval of the application will provide Mewbourne Oil Company the opportunity to recover additional oil and gas reserves from the Lea-Bone Spring Pool underlying the W/2 W/2 of Section 14 that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,

David Catanach, Agent Mewbourne Oil Company 500 W. Texas, Suite 1020 Midland, Texas 79701

Xc: OCD-Hobbs

DISTRICT I
1EEO N. Franch Dr., Hobbs, NM 68840
France (27) 180-161 Frau (976) 188-0730
DISTRICT II
611 5. First St., Artsgia, NM 88810
France (275) 186-1885 Frau (976) 186-9730
DISTRICT III
1000 Rio Breace Rd., Astoo, NM 87410
Frace (285) 184-6170 Frau (160) 184-6170

1200 S, St. Francis Dr., Santa Fe, MM 67505 Phone (805) 476-8460 Fer: (808) 476-8466

DISTRICT IV

State of New Mexico Energy, Minerals and Natural Resources Department Form C-102 Reviced August 1, 2011

Submit one copy to appropriate District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr. Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

| API Number | Pool Code Pool Naz | | 16 | |
|---------------|--------------------|-------------|-----------------|--|
| | R-1827-A | Lea Bone Sp | Lea Bone Spring | |
| Property Code | Property Name | Well Number | | |
| | MARATHON ROAD 14 | MD FEDERAL | 1H | |
| OGRID No. | Operator Name | , | Elevation | |
| 14744 | MEWBOURNE OIL (| 3651' | | |

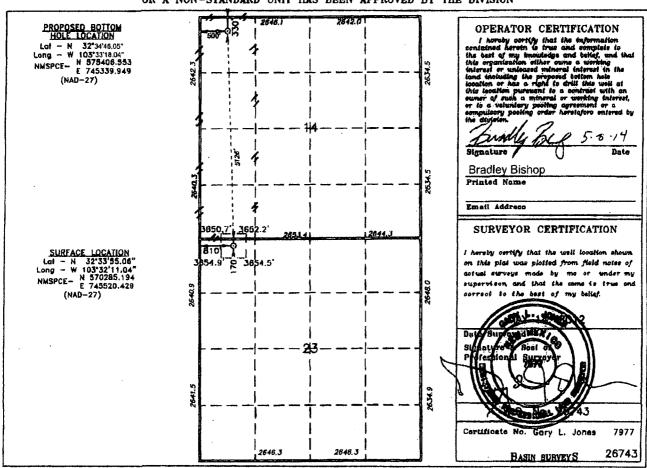
Surface Location

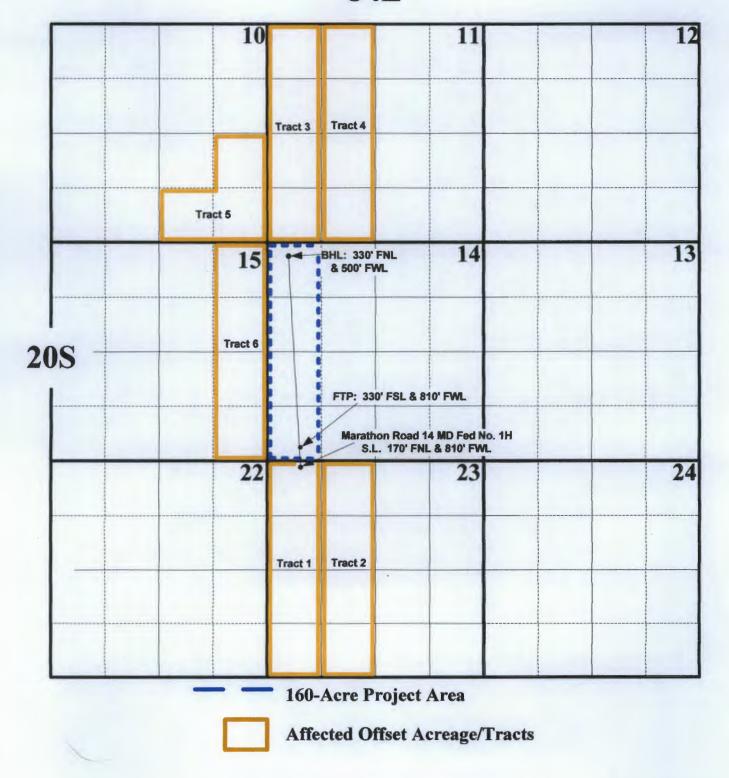
| 1 | UL or lot No. | Bection | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County | | |
|---|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|--|--|
| | D | 23 | 20 S | 34 E | | 170 | NORTH | 810 | WEST | LEA | | |

Bottom Hole Location If Different From Surface

| ſ | UL or lot No. | Section | Township | Range | Lot ldn | Feet from the | North/South line | Peet from the | East/West line | County |
|---|-----------------|----------|-------------|-------------|----------|---------------|------------------|---------------|----------------|--------|
| | D | 14 | 20 S | 34 E | , | 330 | NORTH | 500 | WEST | LEA |
| Ì | Dedicated Acres | Joint of | r Infill Co | nsolidation | Code Ore | der No. | | | | |
| | 160 | | | | | | | | | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION





Mewbourne Oil Company
Application for Unorthodox Well Location
Marathon Road 14 MD Federal No. 1H
Affected Offset Acreage

CERTIFIED MAIL RETURN RECEIPT REQUESTED

TO: (SEE ATTACHED NOTICE LIST)

Re: Mewbourne Oil Company

Unorthodox Oil Well Location

Marathon Road 14 MD Federal No. 1H (API No. 30-025-41215)

Surface Location: 170' FNL & 810' FWL (Unit D)

Section 23, T-20 South, R-34 East, NMPM;

First Take Point: 330' FSL & 810' FWL (Unit M) Bottomhole Location: 330' FNL & 500' FWL (Unit D)

Section 14, T-20 South, R-34 East, NMPM,

Lea-Bone Spring Pool Lea County, New Mexico

Ladies and Gentlemen:

Enclosed please find a copy of the application filed by Mewbourne Oil Company ("Mewbourne") for approval of an unorthodox oil well location for its proposed Marathon Road 14 MD Federal No. 1H located at the surface, first take point and bottomhole locations described above. The well will test the Lea-Bone Spring Pool and will be dedicated to a 160-acre spacing and proration unit ("project area") comprising the W/2 W/2 of Section 14, Township 20 South, Range 34 East, NMPM. The unorthodox location is necessary in order to maximize the recovery of oil and gas reserves underlying the W/2 W/2 of Section 14.

As the owner of an interest that may be affected by the proposed unorthodox oil well location, you are being provided notice as per Division rules and regulations. Objections must be filed in writing at the Division's Santa Fe office within 20 days from the date this notice was sent to you. If no objection is received within twenty days after the filing of this application and proof of notice with the Division, the application may be approved.

If you should have any questions, please call me at (505) 690-9453.

Sincerely,

David Catanach, Agent Mewbourne Oil Company 550 W. Texas, Suite 1020 Midland, Texas 79701

Enclosure

Application for Unorthodox Well Location Mewbourne Oil Company-Marathon Road 14 MD Federal No. 1H Notice List

Read & Stevens, Inc.
Post Office Box 1518
Roswell, New Mexico 88202-1518
Attn: Ms. Dianna Dosher

CBR Oil Properties, LLC
Post Office Box 1518
Roswell, New Mexico 88202-1518
Attn: Ms. Dianna Dosher

First Century Oil, Inc.
Post Office Box 1518
Roswell, New Mexico 88202-1518
Attn: Ms. Dianna Dosher

Norman L. Stevens Revocable Trust Post Office Box 3087 Roswell, New Mexico 88202-3087 Attn: Mr. Bobby D. Carroll

FISCO, Inc. c/o Gardere Wynne Sewell LLP 1000 Louisiana, #3400 Houston, Texas 77002 Attn: Mr. N. L. Stevens, III

HHB Limited Partnership 6823 S. Florence Avenue Tulsa, Oklahoma 74136 Attn: Mr. H. H. Bass, Jr.

Western Oil Company 1762 Queen Highway Carlsbad, New Mexico 88220 Attn: Mr. Justin McClelland

Union Hill Oil & Gas Co., Inc. 7712 Glenshannon Circle Dallas, Texas 75225 Attn: Mr. Don A. Buchholz Watson Properties, LLC 3905 Futura Roswell, New Mexico 88201 Attn: Mr. Robert H. Watson

CLM Production Company
P. O. Box 881
Roswell, New Mexico 88202-0881
Attn: Mr. John C. Maxey, Jr.

Mr. Thomas M. Beall P. O. Box 3098 Midland, Texas 79702-3098

Abby Corporation 145 Ocean Pines Terrace Jupiter, Florida 33477-9670 Attn: Mr. Scott A. Harris

Clark Family Limited Partnership 21966 Windrose Point New Caney, Texas 77357 Attn: Ms. Cathleen C. Perez

Bernhardt Oil Corporation 12170 Jaycie Circle Midwest City, Oklahoma 73130 Attn: Dr. William G. Bernhardt

Sisk Charitable Trust 5319 South Lewis, #110 Tulsa, Oklahoma 74105 Attn: Ms. Ruth Sowards/Mr. Charles Harris

Heirs of Cavin C. Desmond First National Bank, Trustee Attn: Ms. Cynthia Green P. O. Box 1857 Roswell. New Mexico 88202-1857

Non-Marital Trust u/w/o Rexell V. Desmond First National Bank, Trustee Attn: Ms.Cynthia Green P. O. Box 1857 Roswell. New Mexico 88202-1857 Caza Petroleum Inc. 10077 Grogan's Mill Road, Suite 200 The Woodlands, Texas 77380 Attn: Mr. Rich Albro

Wise Oil & Gas No. 6 Ltd. 6851 NE Loop 820, #110 North Richland Hills, Texas 76180-6611 Attn: Mr. William Patterson

D.H.B. Partnership 8144 Walnut Hill Lane, #982, LB51 Dallas, Texas 75231 Attn: Mr. John E. Goble, Jr.

Ms. Virginia B. Houston, Heirs of B. F. Houston 5535 Park Lane Dallas, Texas 75220-2151

M.P.S. Inc., Heirs of Lewis E. MacNaughton Post Office Box 1227 Los Gatos, California 95031-1227 Attn: Mr. Bruce A. MacNaughton

Ms. Susan Rawlins Weaver 411 South Centre Lancaster, Texas 75146

Lincoln Oil & Gas, LLC 701 Three Cross Drive Roswell, New Mexico 88201-7831 Attn: Mr. William A. Bradshaw, III

CME Oil & Gas, Inc. Post Office Box 10621 Midland, Texas 79702-0621 Attn: Mr. James C. Brown

Turner Royalties, LLC 3 Brass Horse Lane Santa Fe, New Mexico 87508-9473 Attn: Ms. Leslie A. Turner Sandstone Properties, L.L.C. 40 First Plaza, #601N Albuquerque, New Mexico 87102-5801 Attn: Ms. Anna Williamson

Mr. James R. Wood, III 2221 New College Lane Plano, Texas 75025

Ms. Dorothy Lee Wood 4118 Lovers Lane Dallas, Texas 75225

Mr. Clinton H. Wood 6301 Westchester Drive Dallas, Texas 75225

Weimer, Inc. 5080 Spectrum Drive, #902W Addison, Texas 75001 Attn: Ms. Maureen F. Foley

Hillier, LLC 4620 Livingston Avenue Dallas, Texas 75209-6024 Attn: Mr. Paul W. Hillier

HM Investments, Ltd.
Post Office Box 12248
Austin, Texas 78711
Attn: The Honorable Nathan L. Hecht

Estate of Carolyn L. Schlicher c/o Ms. Christine S. Johnson 4024 Goodfellow Drive Dallas, Texas 75229

Ms. Lucinda Loveless Lucinda Loveless Revocable Trust P. O. Box 8 Hondo, New Mexico 88336

Mr. James W. Keay, Jr. 4123 Grassmere Lane Dallas, Texas 75205 Ms. Martha Keay Strauss 401 East Street SE Vienna, Virginia 22180

Mr. Stuart E. Keay 6430 Highgate Lane Dallas, Texas 75214-2200

The Estate of Mary Beth Desmond c/o Mr. Darin Boyd 77 Van Ness Avenue, #101, PMB #1204 San Francisco, California 94102

The Allar Company/EG3, Inc. Post Office Box 1567 Graham, Texas 76450 Attn: Mr. John C. Graham

Nearburg Exploration Company, L.L.C. 3300 North A Street, Bldg. 2, #120 Midland, Texas 79705 Attn: Mr. Kenneth G. Dixon

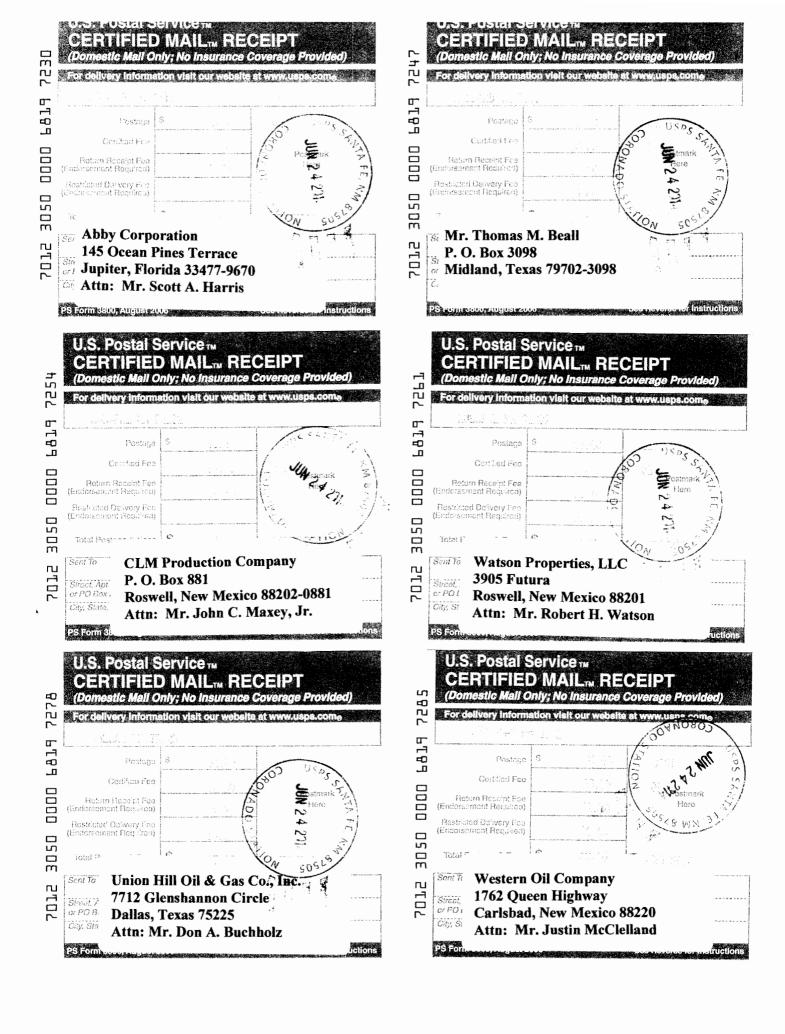
Mr. Jerry M. Robbins 8815 Henrietta Wyeth NE Albuquerque, New Mexico 87122

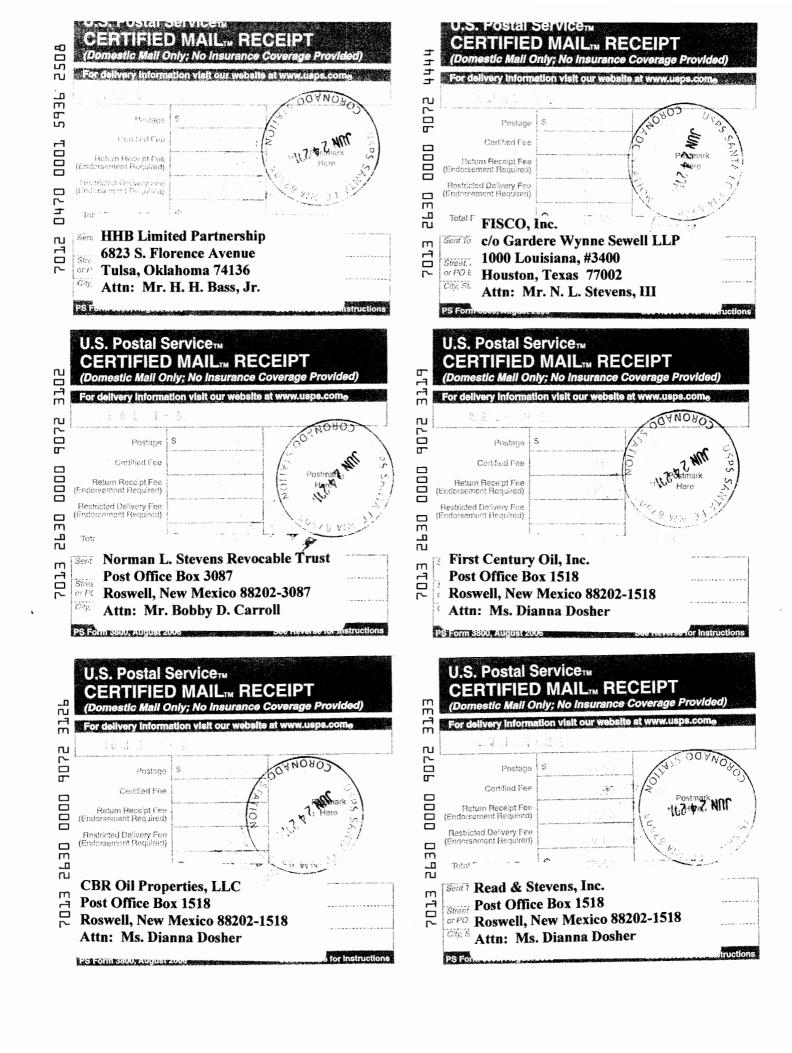
Ms. Mary Robbins 1513 Oldfield Gautier, Mississippi 39553

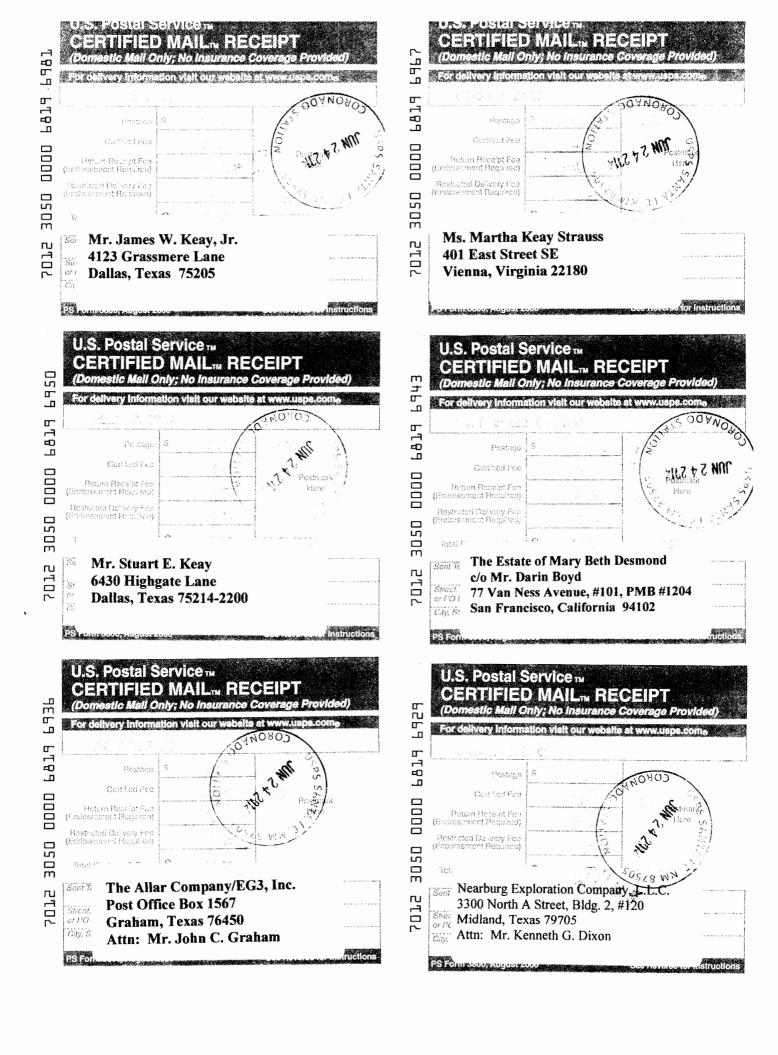
Mr. David L. Robbins 9661 Beacon Hill Court Littleton, Colorado 80126

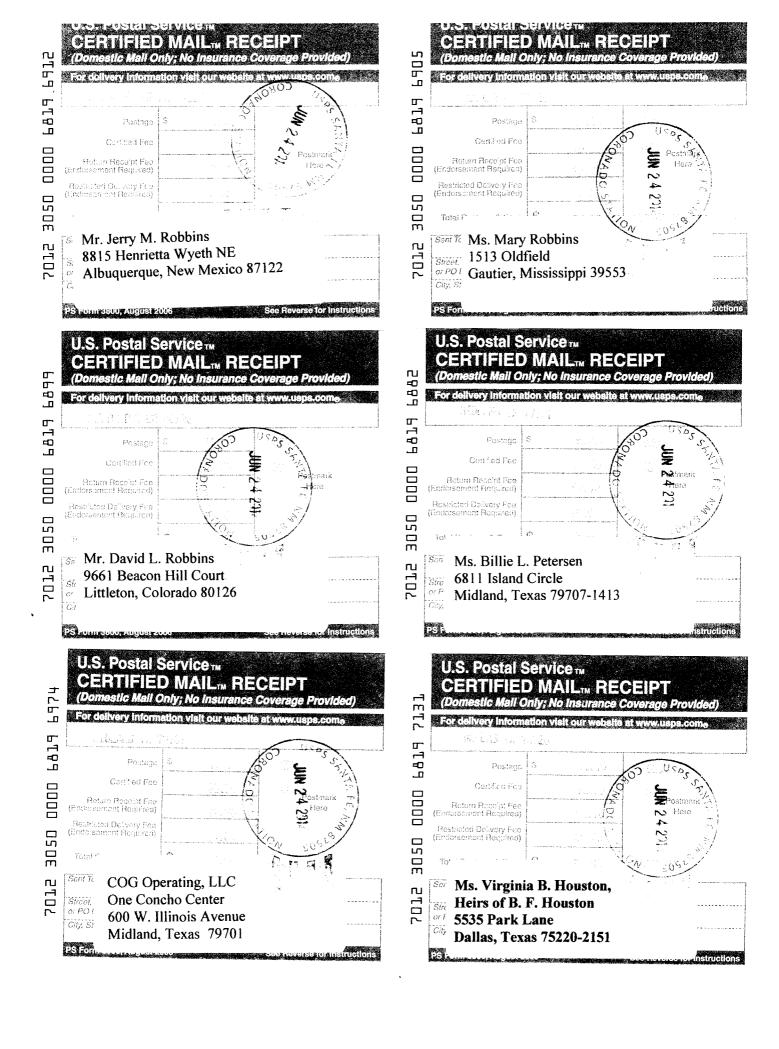
Ms. Billie L. Petersen 6811 Island Circle Midland, Texas 79707-1413

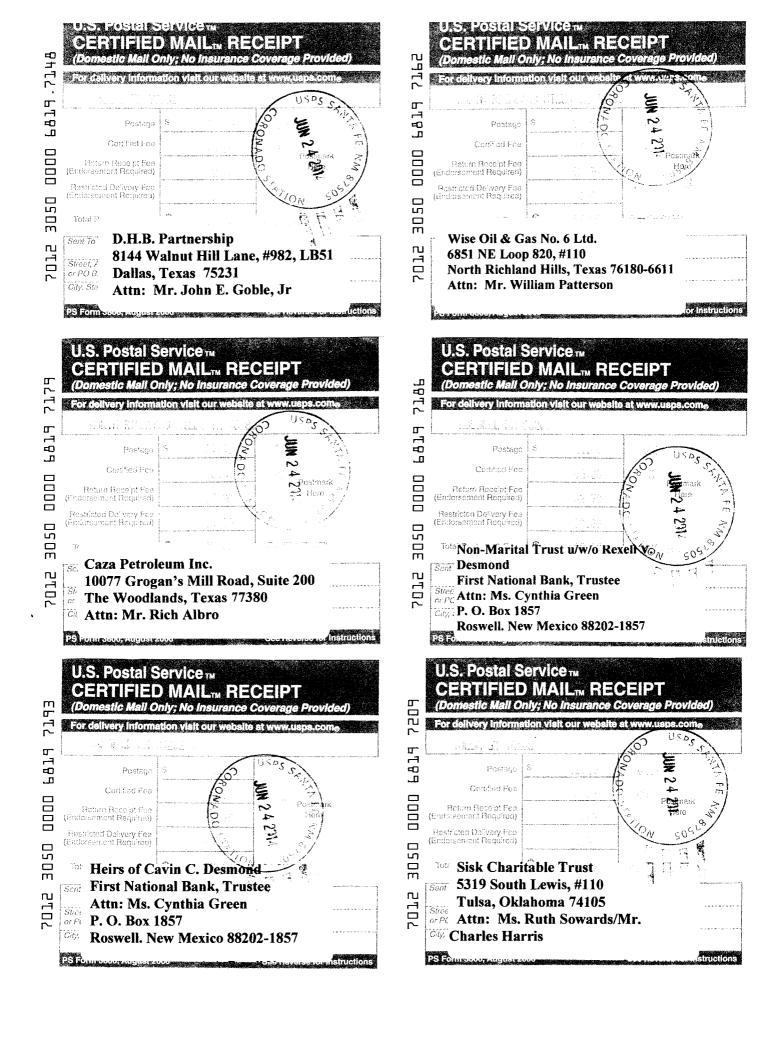
COG Operating, LLC One Concho Center 600 W. Illinois Avenue Midland, Texas 79701

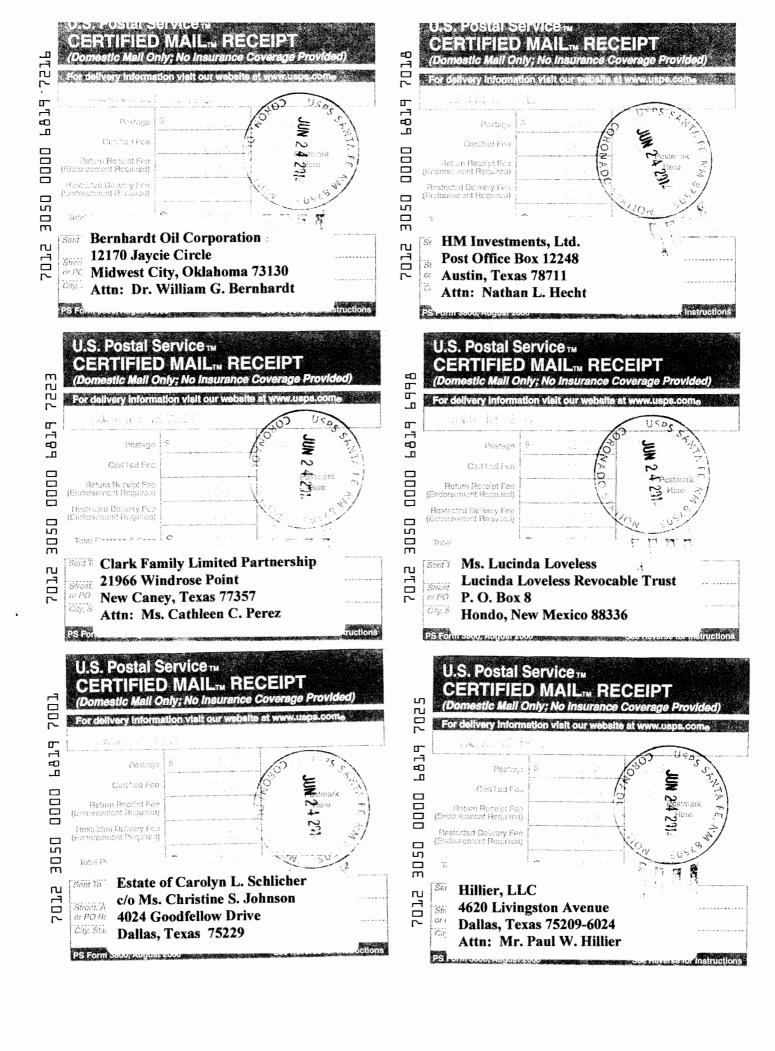




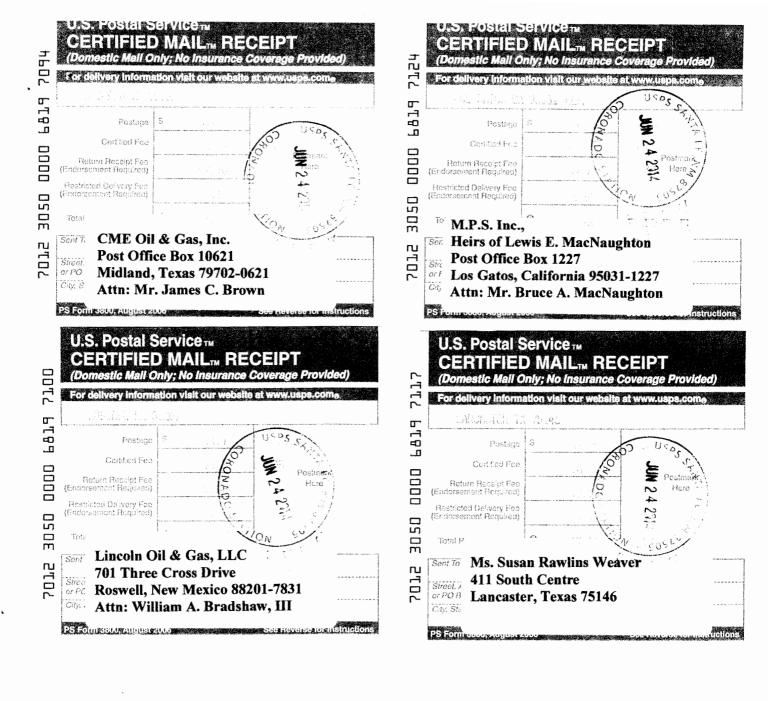












Form 3160-5

UNITED STATES

FORM APPROVED

| | EPARTMENT OF THE I | NTERIOR | | | NO. 1004-0135 St. July 31, 2010 | |
|--|---|--|------------------------------|---|---|--|
| | UREAU OF LAND MANA NOTICES AND REPO | | | 5. Lease Serial No. NMNM78273 | 7417 51, 2010 | |
| Do not use th | is form for proposals to II. Use form 3160-3 (API | 6. If Indian, Allottee or Tribe Name | | | | |
| SUBMIT IN TR | IPLICATE - Other instruc | tions on reverse side. | | 7. If Unit or CA/Agre | eement, Name and/or No. | |
| 1. Type of Well | | | | 8. Well Name and No |). | |
| ☑ Oil Well ☐ Gas Well ☐ Ot | | | AD 14 MD FEDERAL 1H | | | |
| Name of Operator MEWBOURNE OIL COMPAN | Contact: IY E-Mail: jlathan@m | JACKIE LATHAN ewbourne.com | | 9. API Well No. 30-025-41215- | 00-X1 | |
| 3a. Address | | 3b. Phone No. (include area code Ph: 575-393-5905 | • | 10. Field and Pool, or LEA | r Exploratory | |
| HOBBS, NM 88241 | | HO | BBS OCD | | | |
| 4. Location of Well (Footage, Sec., 7 | | ' | | 11. County or Parish, | | |
| Sec 23 T20S R34E NWNW 1 | 70FNL 810FWL | MAY | 2 1 2014 | LEA COUNTY, | NM | |
| 12. CHECK APPL | ROPRIATE BOX(ES) TO | INDICATÉ NATURI REC | NOTICE, R | EPORT, OR OTHE | ER DATA | |
| TYPE OF SUBMISSION | | | F ACTION | | | |
| | ☐ Acidize | ☐ Deepen | ☐ Product | ion (Start/Resume) | ☐ Water Shut-Off | |
| Notice of Intent | ☐ Alter Casing | Fracture Treat | ☐ Reclam | | ☐ Well Integrity | |
| ☐ Subsequent Report | Casing Repair | ☐ New Construction | □ Recomp | olete | Other | |
| ☐ Final Abandonment Notice | ☐ Change Plans | Plug and Abandon | Tempoi | orarily Abandon Change to Origina PD | | |
| | Convert to Injection | Plug Back | ☐ Water I | Disposal | | |
| 13. Describe Proposed or Completed Op If the proposal is to deepen direction. Attach the Bond under which the wo following completion of the involved testing has been completed. Final Al determined that the site is ready for final. | ally or recomplete horizontally, it will be performed or provide operations. If the operation res pandonment Notices shall be file | give subsurface locations and meas the Bond No. on file with BLM/BL ults in a multiple completion or rec | | | nent markers and zones. e filed within 30 days 50-4 shall be filed once | |
| MOC has an approved APD for FWL, Sec. 14 T20S R34E to 3 plan and drilling program. | or the above well. MOC w 330' FNL & 500' FWL, Sec | ould like to change the BHL . 14 T20S R34E. Please se | from 330' FN e attached d | NL & 660' irectional | OF APPROVI | |
| | | | | TIME | • | |
| • | | 1 | cE. | CALLO | | |
| Dand on Glas NIM1602 nations | ida 8 NINADOGGAG | | 25 | OLIV | | |
| Bond on file: NM1693 nationw | ide & NMB000919 | | | | | |
| | | | | | | |
| 14. I hereby certify that the foregoing is | Electronic Submission #2 | 41936 verified by the BLM We | II Information | n System | | |
| Comi | For MEWBOU nitted to AFMSS for proces | RNE OIL COMPANY, sent to t sing by JENNIFER MASON or | the Hobbs n 05/07/2014 (| 14JAM0051SE) | | |
| Name (Printed/Typed) JACKIE LA | ATHAN | Title AUTHO | RIZED REF | RESENTATIVE | FN | |
| | | , | | APPKUV | | |
| Signature (Electronic S | ubmission) | Date 04/11/2 | 014 | 1 | | |
| | THIS SPACE FO | R FEDERAL OR STATE | OFFICE U | E MAY CA | 20 F / Sa A | |
| Approved By | , | Title | 76 | handle | TO CE DESET | |
| Conditions of approval, if any, are attached | d. Approval of this notice does i | not warrant or Engine | | BU VAU UF LIVE | OFFICE | |
| Approved By Conditions of approval, if any, are attached certify that the applicant holds legal or equivalent would entitle the applicant to condu | itable title to those rights in the ct operations thereon. | subject leaser Office Office | 3 | CARLSBATTILL | | |

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