



**TRACT OWNERSHIP**  
**Oxbow 23/24 W1DA #1H**  
**Oxbow 23/24 W2DA #2H**  
**N/2 of Section 23 & N/2 of Section 24**  
**Township 25 South, Range 28 East**  
**Eddy County, New Mexico**

**N/2 of Section 23 and N/2 of Section 24:**  
**Wolfcamp formation:**

	<u>% Leasehold Interest</u>
Mewbourne Oil Company, et al 500 W. Texas Ave., Suite 1020 Midland, TX 79701	87.500000%
*Chevron U.S.A., Inc. 6301 Deauville Blvd Midland, TX 79706	12.500000%
	<u>100.000000%</u>

**\* Total interest being pooled: 12.500000%**



**Summary of Communications**  
Oxbow 23/24 W1DA Fed Com #1H  
Oxbow 23/24 W2DA Fed Com #2H

Chevron U.S.A., Inc.

- 1) Mailed well proposal letter with AFE via certified mail dated 1-5-2018.
- 2) Offered terms for farmout agreement and/or term assignment.
- 3) Have engaged in multiple phone calls and emails to identify a trade for acreage involved in the unit.

EXHIBIT 3

# MEWBOURNE OIL COMPANY

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

January 5, 2018

Via Certified Mail & Email

Chevron U.S.A., Inc.  
6301 Deauville Blvd  
Midland, TX 79706  
Attn: Stephanie Williams

Re: Oxbow 23/24 W1DA Fed Com #1H  
600' FNL & 205' FWL (SL) (Section 23)  
330' FNL & 330' FEL (BHL) (Section 24)  
Section 23, T25S, R28E; Section 24, T25S, R28E  
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 2,560.00 acre Working Interest Unit ("WIU") covering the referenced Sections 23 & 24, as well as Sections 25 & 26, T25S, R28E for oil and gas production. The targeted interval for the proposed unit is the Wolfcamp formation. According to our records, Chevron U.S.A., Inc. ("Chevron") owns a 100% interest in the N/2 of Sec. 23. Accordingly, Chevron would own a 12.500000% working interest in the proposed WIU (100% interest X 320 gross acres = 320 net acres/ 2560 unit acres = 12.500000% WIU acres).

Mewbourne as Operator hereby proposes to drill the referenced 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 10,005 feet subsurface to evaluate the Wolfcamp Formation. The proposed well will have a measured depth (MD) of approximately 19,690 feet. The N/2 of Section 23 and N/2 of Section 24 will be dedicated to the well as the proration unit.

Regarding the above, enclosed for your further handling is our AFE dated September 26, 2017 for the above referenced proposed well. Also, enclosed is a copy of our proposed Operating Agreement dated October 1, 2017 and an extra set of signature pages. In the event Chevron elects to participate in the proposed WIU and well, please execute the enclosed AFE and extra set of signature pages and return to me within thirty (30) days.

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

Very truly yours,

**MEWBOURNE OIL COMPANY**

Trace Dilliner  
Landman

# MEWBOURNE OIL COMPANY

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

January 5, 2018

Via Certified Mail & Email

Chevron U.S.A., Inc.  
6301 Deauville Blvd  
Midland, TX 79706  
Attn: Stephanie Williams

Re: Oxbow 23/24 W2DA Fed Com #2H  
650' FNL & 205' FWL (SL) (Section 23)  
330' FNL & 330' FEL (BHL) (Section 24)  
Section 23, T25S, R28E; Section 24, T25S, R28E  
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 2,560.00 acre Working Interest Unit ("WIU") covering the referenced Sections 23 & 24, as well as Sections 25 & 26, T25S, R28E for oil and gas production. The targeted interval for the proposed unit is the Wolfcamp formation. According to our records, Chevron U.S.A., Inc. ("Chevron") owns a 100% interest in the N/2 of Sec. 23. Accordingly, Chevron would own a 12.500000% working interest in the proposed WIU (100% interest X 320 gross acres = 320 net acres/ 2560 unit acres = 12.500000% WIU acres).

Mewbourne as Operator hereby proposes to drill the referenced 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 10,805 feet subsurface to evaluate the Wolfcamp Formation. The proposed well will have a measured depth (MD) of approximately 20,440 feet. The N/2 of Section 23 and N/2 of Section 24 will be dedicated to the well as the proration unit.

Regarding the above, enclosed for your further handling is our AFE dated September 26, 2017 for the above referenced proposed well. Also, enclosed is a copy of our proposed Operating Agreement dated October 1, 2017 and an extra set of signature pages. In the event Chevron elects to participate in the proposed WIU and well, please execute the enclosed AFE and extra set of signature pages and return to me within thirty (30) days.

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

Very truly yours,

**MEWBOURNE OIL COMPANY**

Trace Dilliner  
Landman



**MEWBOURNE OIL COMPANY**  
AUTHORIZATION FOR EXPENDITURE

<b>Well Name:</b> Oxbow 23/24 W2DA Fed Com #2H		<b>Prospect:</b> Wolfcamp D	
<b>Location:</b> SL: 650' FNL & 205' FWL (23); BHL: 330' FNL & 330' FEL (24)		<b>County:</b> Eddy	<b>ST:</b> NM
<b>Sec:</b> 23	<b>Blk:</b>	<b>Survey:</b>	<b>TWP:</b> 25S <b>RNG:</b> 28E <b>Prop. TVD:</b> 10805 <b>TMD:</b> 20440

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Regulatory Permits & Surveys		0180-0100	\$15,000	0180-0200	
Location / Road / Site / Preparation		0180-0105	\$45,000	0180-0205	\$75,000
Location / Restoration		0180-0106	\$200,000	0180-0206	\$30,000
Daywork / Turnkey / Footage Drilling	37 days drlg / 4 days comp @ \$19000/d	0180-0110	\$751,000	0180-0210	\$81,200
Fuel	1500 gal/day @ 1.89/gal	0180-0114	\$126,700		
Mud, Chemical & Additives		0180-0120	\$220,000	0180-0220	
Horizontal Drillout Services	Coil Tbg Drillout			0180-0222	\$200,000
Cementing		0180-0125	\$70,000	0180-0225	\$25,000
Logging & Wireline Services		0180-0130	\$1,500	0180-0230	\$380,000
Casing / Tubing / Snubbing Service		0180-0134	\$20,000	0180-0234	\$60,000
Mud Logging		0180-0137	\$20,000		
Stimulation	60 Stg 24.4 MM gal / 24.4 MM lb			0180-0241	\$3,900,000
Stimulation Rentals & Other				0180-0242	\$150,000
Water & Other		0180-0145	\$40,000	0180-0245	\$665,000
Bits		0180-0148	\$108,000	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	\$9,000
Rig Mobilization		0180-0164	\$80,000		
Transportation		0180-0165	\$20,000	0180-0265	\$20,000
Welding Services		0180-0168	\$5,000	0180-0268	\$15,000
Contract Services & Supervision		0180-0170	\$59,300	0180-0270	\$39,000
Directional Services	Includes Vertical Control	0180-0175	\$297,000		
Equipment Rental		0180-0180	\$255,600	0180-0280	\$30,000
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$6,200	0180-0285	
Intangible Supplies		0180-0188	\$8,000	0180-0288	\$1,000
Damages		0180-0190	\$20,000	0180-0290	
ROW & Easements		0180-0192		0180-0292	\$5,000
Pipeline Interconnect				0180-0293	
Company Supervision		0180-0195	\$189,600	0180-0295	\$87,000
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Well Abandonment		0180-0198		0180-0298	
Contingencies	10% (TCP) 10% (CC)	0180-0199	\$262,800	0180-0299	\$584,100
<b>TOTAL</b>			<b>\$2,890,700</b>		<b>\$6,425,300</b>

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0")	500' - 13 3/8" 54.5# J-55 ST&C @ \$35.71/ft	0181-0794	\$19,100		
Casing (8.1" - 10.0")	2575' - 9 5/8" 40# N-80 LT&C @ \$29.98/ft	0181-0795	\$82,500		
Casing (6.1" - 8.0")	10995' - 7" 29# P-110 LT&C @ \$27.76/ft	0181-0796	\$326,000		
Casing (4.1" - 6.0")	10500' - 4 1/2" 13.5# P-110 BPN @ \$14.19/ft			0181-0797	\$158,000
Tubing (2" - 4")				0181-0798	
Drilling Head		0181-0860	\$40,000		
Tubing Head & Upper Section	10k Frac Valve and Tree			0181-0870	\$48,000
Horizontal Completion Tools	Completion Liner Hanger			0181-0871	\$70,000
Sucker Rods				0181-0875	
Subsurface Equipment				0181-0880	
Artificial Lift Systems				0181-0884	
Pumping Unit				0181-0885	
Surface Pumps & Prime Movers	1/2 VRU/SWD Transfer Pump/Circ Pump			0181-0886	\$30,000
Tanks - Oil	3 - 750 bbl steel			0181-0890	\$48,000
Tanks - Water	3 - 750 bbl steel coated			0181-0891	\$50,000
Separation / Treating Equipment	30"x10"x1k# 3 ph/36"x15"x1k# Hor 3ph/Gun bbl			0181-0895	\$40,000
Heater Treaters, Line Heaters	6"x20"x75# HT			0181-0897	\$16,000
Metering Equipment				0181-0898	\$12,000
Line Pipe & Valves - Gathering	1/2 Mile 4" Gas & 6" Poly Water			0181-0900	\$60,000
Fittings / Valves & Accessories				0181-0906	\$60,000
Cathodic Protection				0181-0908	\$5,000
Electrical Installation				0181-0909	\$50,000
Equipment Installation				0181-0910	\$40,000
Pipeline Construction	1/2 Mile Buried 4" Steel & 1/2 Mile 6" Poly			0181-0920	\$50,000
<b>TOTAL</b>			<b>\$467,600</b>		<b>\$737,000</b>
<b>SUBTOTAL</b>			<b>\$3,358,300</b>		<b>\$7,162,300</b>
<b>TOTAL WELL COST</b>			<b>\$10,520,600</b>		

**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.

<b>Prepared by:</b> T Cude	<b>Date:</b> 9/26/2017
<b>Company Approval:</b> <i>M. White</i>	<b>Date:</b> 9/26/2017
<b>Joint Owner Interest:</b> _____ <b>Amount:</b> _____	<b>Signature:</b> _____
<b>Joint Owner Name:</b> _____	

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EXHIBIT

**MEWBOURNE OIL COMPANY**  
AUTHORIZATION FOR EXPENDITURE

<b>Well Name:</b> Oxbow 23/24 W1DA Fed Com #1H		<b>Prospect:</b> Wolfcamp A	
<b>Location:</b> SL: 600' FNL & 205' FWL (23); BHL: 330' FNL & 330' FEL (24)		<b>County:</b> Eddy	<b>ST:</b> NM
<b>Sec.</b> 23	<b>Blk:</b>	<b>Survey:</b>	<b>TWP:</b> 25S <b>RNG:</b> 28E <b>Prop. TVD:</b> 10005 <b>TMD:</b> 19690

INTANGIBLE COSTS 0180	CODE	TCP	CODE	CC
Regulatory Permits & Surveys	0180-0100	\$15,000	0180-0200	
Location / Road / Site / Preparation	0180-0105	\$45,000	0180-0205	\$75,000
Location / Restoration	0180-0106	\$200,000	0180-0206	\$30,000
Daywork / Turnkey / Footage Drilling 35 days drlg / 4 days comp @ \$19000/d	0180-0110	\$711,000	0180-0210	\$81,200
Fuel 1500 gal/day @ 1.89/gal	0180-0114	\$120,600		
Mud, Chemical & Additives	0180-0120	\$190,000	0180-0220	
Horizontal Drillout Services Coil Tbg Drillout			0180-0222	\$200,000
Cementing	0180-0125	\$70,000	0180-0225	\$25,000
Logging & Wireline Services	0180-0130	\$1,500	0180-0230	\$380,000
Casing / Tubing / Snubbing Service	0180-0134	\$20,000	0180-0234	\$60,000
Mud Logging	0180-0137	\$20,000		
Stimulation 60 Stg 24.4 MM gal / 24.4 MM lb			0180-0241	\$3,900,000
Stimulation Rentals & Other			0180-0242	\$150,000
Water & Other	0180-0145	\$40,000	0180-0245	\$665,000
Bits	0180-0148	\$108,000	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	\$9,000
Rig Mobilization	0180-0164	\$80,000		
Transportation	0180-0165	\$20,000	0180-0265	\$20,000
Welding Services	0180-0168	\$5,000	0180-0268	\$15,000
Contract Services & Supervision	0180-0170	\$56,300	0180-0270	\$39,000
Directional Services Includes Vertical Control	0180-0175	\$279,000		
Equipment Rental	0180-0180	\$243,800	0180-0280	\$30,000
Well / Lease Legal	0180-0184	\$5,000	0180-0284	
Well / Lease Insurance	0180-0185	\$6,000	0180-0285	
Intangible Supplies	0180-0188	\$8,000	0180-0288	\$1,000
Damages	0180-0190	\$20,000	0180-0290	
ROW & Easements	0180-0192		0180-0292	\$5,000
Pipeline Interconnect			0180-0293	
Company Supervision	0180-0195	\$180,000	0180-0295	\$87,000
Overhead Fixed Rate	0180-0196	\$10,000	0180-0296	\$20,000
Well Abandonment	0180-0198		0180-0298	
Contingencies 10% (TCP) 10% (CC)	0180-0199	\$250,900	0180-0299	\$584,100
<b>TOTAL</b>		<b>\$2,760,100</b>		<b>\$6,425,300</b>

TANGIBLE COSTS 0181	CODE	TCP	CODE	CC
Casing (19.1" - 30")	0181-0793			
Casing (10.1" - 19.0") 500' - 13 3/8" 54.5# J-55 ST&C @ \$35.71/ft	0181-0794	\$19,100		
Casing (8.1" - 10.0") 2575' - 9 5/8" 40# N-80 LT&C @ \$29.98/ft	0181-0795	\$82,500		
Casing (6.1" - 8.0") 10285' - 7" 29# P-110 LT&C @ \$27.76/ft	0181-0796	\$305,000		
Casing (4.1" - 6.0") 10500' - 4 1/2" 13.5# P-110 BPN @ \$14.19/ft			0181-0797	\$158,000
Tubing (2" - 4") 9335' - 2 7/8" 6.5# L-80 EUE 8rd @ \$4.90/ft			0181-0798	\$48,900
Drilling Head	0181-0860	\$40,000		
Tubing Head & Upper Section 10k Frac Valve and Tree			0181-0870	\$48,000
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	\$12,000
Pumping Unit			0181-0885	
Surface Pumps & Prime Movers 1/2 VRU/SWD Transfer Pump/Circ Pump			0181-0886	\$30,000
Tanks - Oil 3 - 750 bbl steel			0181-0890	\$48,000
Tanks - Water 3 - 750 bbl steel coated			0181-0891	\$50,000
Separation / Treating Equipment 30"x10"x1k# 3 ph/36"x15"x1k# Hor 3ph/Gun bbl			0181-0895	\$40,000
Heater Treaters, Line Heaters 6"x20"x75# HT			0181-0897	\$16,000
Metering Equipment			0181-0898	\$12,000
Line Pipe & Valves - Gathering 1/2 Mile 4" Gas & 6" Poly Water			0181-0900	\$60,000
Fittings / Valves & Accessories			0181-0906	\$60,000
Cathodic Protection			0181-0908	\$5,000
Electrical Installation			0181-0909	\$50,000
Equipment Installation			0181-0910	\$40,000
Pipeline Construction 1/2 Mile Buried 4" Steel & 1/2 Mile 6" Poly			0181-0920	\$50,000
<b>TOTAL</b>		<b>\$446,600</b>		<b>\$797,900</b>
<b>SUBTOTAL</b>		<b>\$3,206,700</b>		<b>\$7,223,200</b>
<b>TOTAL WELL COST</b>		<b>\$10,429,900</b>		

**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: <u>T Cude</u>	Date: <u>9/26/2017</u>
Company Approval: <u>M. White</u>	Date: <u>9/26/2017</u>
Joint Owner Interest: _____ Amount: _____	Signature: _____
Joint Owner Name: _____	

**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](mailto:jamesbruc@aol.com)

February 1, 2018

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

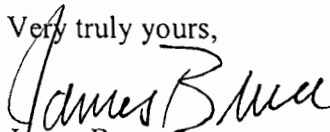
Ladies and gentlemen:

Enclosed is a copy of an application for a non-standard unit and compulsory pooling, filed with the New Mexico Oil Conservation Division by Mewbourne Oil Company, regarding Wolfcamp wells in the N/2 of Section 23 and the N/2 of Section 24, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico.

This matter is scheduled for hearing at 8:15 a.m. on Thursday, February 22, 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 who may be affected by the application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting this matter at a later date.

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, February 15, 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 his or her 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

Very truly yours,

  
James Bruce

Attorney for Mewbourne Oil Company

EXHIBIT

5



EXHIBIT A

Chevron U.S.A. Inc.  
6301 Deauville Blvd.  
Midland, TX 78706

Offset Operators and Working Interest Owners

Section 13-25S-28E

Mewbourne Oil Company

S/2 Section 14-25S-28E

Cimarex Energy Co.

E/2 Section 15-25S-28E

Mewbourne Oil Company

W/2 Section 18-25S-29E

Chevron U.S.A. Inc.

W/2 Section 19-25S-29E

COG Operating LLC

E/2 Section 22-25S-28E

EOG Y Resources, Inc.

S/2 Section 23 and S/2 Section 24-25S-28E

Mewbourne Oil Company

OXY USA Inc.

EXHIBIT

6

**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)

[jamesbruce@aol.com](mailto:jamesbruce@aol.com)

February 2, 2018

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

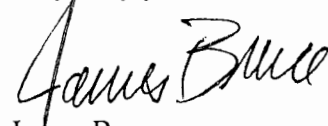
Ladies and gentlemen:

Enclosed is a copy of an application for a non-standard unit, *etc.*, filed with the New Mexico Oil Conservation Division by Mewbourne Oil Company, regarding Wolfcamp wells in the N/2 of Section 23 and the N/2 of Section 24, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico.

The matter is scheduled for hearing at 8:15 a.m. on Thursday, February 22, 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 the hearing, but **as an offset operator or interest owner** who may be affected by the application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting this matter at a later date.

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, February 15, 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 his or her 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.

Very truly yours,

  
James Bruce

Attorney for Mewbourne Oil Company

EXHIBIT 7

EXHIBIT A

Cimarex Energy Co.  
Suite 600  
600 North Marienfeld  
Midland, Texas

OXY USA Inc.  
Suite 110  
5 Greenway Plaza  
Houston, Texas 77046

Attention: John Schneider

COG Operating LLC  
600 West Illinois  
Midland, Texas 79701

Attention: Scott Tomlinson

EOG Y Resources, Inc.  
5509 Champions Drive  
Midland, Texas 79706