

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Secretary

Adrienne Sandoval, Director
Oil Conservation Division



December 15, 2020

Mewbourne Oil Company
c/o Lee M. Scarborough, Landman
lscarborough@mewbourne.com
500 West Texas Avenue Suite 1020
Midland, Texas 79701

RE: Request for Time Extension to Commence drilling
Case No. 20929, R-21053 approved date January 29, 2020
Deadline to commence drilling January 31, 2021
Applicant/Operator: Mewbourne Oil Company
Proposed Well:
Rattlesnake 13/18 B2LK Federal Com Well No. 1H, API 30-015-Pending
Rattlesnake 13/18 B3LK Federal Com Well No. 1H, API 30-015-Pending

Dear Sir or Madam:

The following pertains to your request received by the Division on December 14th, 2020 and to the requirements in the captioned hearing order.

You have requested an extension of the deadline to commence drilling given by the Division in the captioned order.

As stated, you are requesting an extension to spud this well due to “market conditions encountered earlier in the year, compounded by various COVID issues, delayed the drilling program.” There was no opposition in the captioned case. You are requesting an additional year in which to spud this well. The spud date is now extended to, **January 31, 2022**.

The requested additional year in which to commence drilling is hereby granted.

All other provisions of this order remain in full force and effect.

Sincerely,

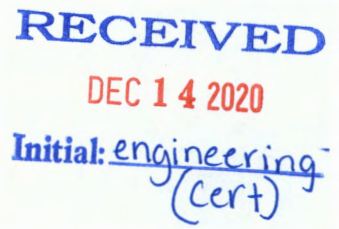
ADRIENNE SANDOVAL
Director
AS/jag

CC: Oil Conservation Division – Artesia District Office;

MEWBOURNE OIL COMPANY
500 WEST TEXAS AVENUE, SUITE 1020
MIDLAND, TEXAS 79701-4279

TELEPHONE (432) 682-3715

November 16, 2020



Via Certified Mail

New Mexico Energy, Minerals, and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505
Attention: Leonard Lowe

Re: **Compulsory Pooling Order Extension Request for Order No. R-21053**
Rattlesnake 13/18 B2LK Federal Com #1H & Rattlesnake 13/18 B3LK Federal Com #1H
N/2S/2 of Section 13 & N/2SW/4 of Section 18
Township 19 South, Range 29 East, Eddy County, New Mexico

Ladies and Gentlemen:

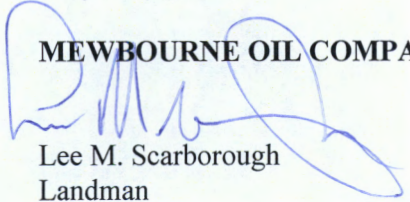
Mewbourne Oil Company ("Mewbourne"), as Operator, previously filed with the New Mexico Oil Conservation Division ("NMOCD") for compulsory pooling regarding the above captioned lands in Eddy County, New Mexico as to the Bone Spring Formation. The application was approved by the NMOCD on January 29, 2020 under order No. R-21053.

Mewbourne respectfully requests from the NMOCD a one-year extension to said compulsory pooling order. Mewbourne still plans to drill the **Rattlesnake 13/18 B2LK Federal Com #1H and Rattlesnake 13/18 B3LK Federal Com #1H** wells; however, market conditions encountered earlier in the year, compounded by various COVID issues, delayed our drilling program. Further, Mewbourne has been closely monitoring well results in this area and would appreciate an extension in order to collect more data from these newer wells, allowing Mewbourne the opportunity to use this knowledge to increase productivity and prevent economic waste. For these reasons, Mewbourne respectfully requests a one-year extension to commence drilling.

I have enclosed a copy of Order No. R-21053 to this letter. Should you have any questions regarding the above or need any additional information, please email me at lscarborough@mewbourne.com or call me at (432) 682-3715. Thank you for your review and consideration of our request.

Very truly yours,

MEWBOURNE OIL COMPANY


Lee M. Scarborough
Landman

Enclosure

**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 TO
CONSIDER:**

**CASE NO. 20929
ORDER NO. R-21053**

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 12, 2019, at Santa Fe, New Mexico, before Examiner Dylan Coss.

NOW, on this 29th day of January 2020, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT

(1) Due public notice has been given and the Division has jurisdiction of this case and the subject matter.

(2) Applicant seeks to compulsory pool all uncommitted oil and gas interests within a spacing unit, as that unit is described in the attached Exhibit "A".

(3) Applicant seeks to dedicate the Proposed Well(s) detailed in Exhibit "A" to the Unit.

(4) Cimarron Energy, Magnum Hunter Production Inc, and MRC Permian Company entered an appearance. No other party appeared or otherwise opposed the case.

(5) Applicant appeared at the hearing through counsel and presented evidence to the effect that:

- (a) All completed well locations are expected to be standard or Applicant will apply administratively for approval of location exceptions.

- (b) Notice by certified mail was provided to all uncommitted interest owners in the proposed Unit whose interests were evidenced by a conveyance instrument, either of record or known to Applicant when the Application was filed, and to heirs known to Applicant of deceased persons who appear as owners in such instrument.
- (c) Notice to certain affected parties was posted in a newspaper of general circulation in the county as provided in Rule 19.15.4.12.B NMAC.

The Division finds and concludes that

(6) If the location of any of the Well(s) is unorthodox when the well is completed under the spacing rules then in effect and applicable to the well, the operator must obtain a non-standard location approval prior to producing the well.

(7) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(8) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the Well(s) to a common source of supply within the Unit at the described depths and location(s). Applicant should be allowed a one year period to complete at least one of the Well(s) after commencing drilling of the Well(s).

(9) There are interest owners in the Unit that have not agreed to pool their interests.

(10) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense a just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas in the pooled depth interval within the Unit.

(11) To ensure protection of correlative rights, any pooled working interest owner whose address is known, and who has elected to participate under the terms of this order should be notified before the Division grants any extension of the time provided herein for commencing drilling. Any such owner may file an application, with notice to the operator, requesting that the extension be denied.

(12) Infill wells within the Unit should be subject to Division Rules 19.15.13.9 NMAC through 19.15.13.10 NMAC, and to the terms and conditions of this order.

(13) Any pooled working interest owner who does not pay its share of estimated well costs of any well should have withheld from production from such well its share of reasonable well costs plus an additional reasonable charge [see Exhibit "A"] for the risk involved in drilling the Well(s).

IT IS THEREFORE ORDERED THAT

(1) All uncommitted interests, whatever they may be, in the oil and gas within the spacing unit (or the portion thereof within the pooled vertical extent) described in Exhibit "A" are hereby pooled. Exhibit "A" hereto is incorporated herein by this reference and made a part of this order for all purposes.

(2) The Unit shall be dedicated to the proposed "Well(s)".

(3) If any of the Well(s) is completed at an unorthodox location under applicable rules in effect at the time such well is completed, the operator shall provide notice and apply administratively for a location exception prior to producing the well.

(4) The operator of the Unit shall commence drilling the Well(s) on or before the end of the month corresponding to the date of this order, in the year following the date of issuance of this order and shall thereafter continue drilling the Well(s) with due diligence to test the pooled formation or pooled vertical depths. The Well(s) shall be drilled approximately to the proposed true vertical and measured depths.

(5) In the event the operator does not commence drilling the Well(s) on or before the date provided in the foregoing paragraph, the compulsory pooling provision of this order shall be of no effect, unless the operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(6) In the event the operator does not commence completion operations within one year after commencement of drilling operations pursuant to this order, then the compulsory pooling provisions of this order shall be of no effect unless operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(7) The operator shall provide a copy of any request for extension of time to drill or complete any well filed with the Director pursuant to this order to each pooled working interest owner who has elected to participate in the drilling of any well that is the subject of the request. Such copy shall be sent at the same time the request is sent to the Director.

(8) Upon final plugging and abandonment of the Well(s) and any other well drilled on the Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled unit created by this order shall terminate unless this order has been amended to authorize further operations.

(9) Infill wells within the Unit shall be subject to Division Rule 19.15.13.9 NMAC and to the terms and conditions of this order.

(10) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the

Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit separate itemized schedules of estimated costs of drilling, completing and equipping each of the Well(s) ("well costs").

(11) Within 30 days from the date the schedule of estimated well costs for any well is furnished, any pooled working interest owner shall have the right to elect to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided. Payment shall be rendered within 30 days after expiration of the 30-day election period and any such owner who pays its share of estimated well costs as provided above for any well shall remain liable for operating costs but shall not be liable for risk charges to the extent computed based on costs of such well. Pooled working interest owners who do not elect to pay their share of estimated well costs, or who do not render timely payment to the operator, as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(12) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs of each well within 180 days following completion of the proposed well. If no objection to the actual well costs for any well is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule for such well, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs for such well after public notice and hearing.

(13) Within 60 days following determination of reasonable well costs for any well, any pooled working interest owner who has paid its share of estimated costs of such well in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid for such well exceed its share of reasonable well costs.

(14) The operator is hereby authorized to withhold the following costs and charges from each non-consenting working interest owner's share of production from each well:

(a) the proportionate share of reasonable well costs attributable to the non-consenting working interest owner; and

(b) as a charge for the risk involved in drilling the well, the percent (shown in Exhibit "A") of the above costs.

(15) During the cost recovery period, the operator shall furnish to the Division and to each known non-consenting pooled working interest owner, annually, and within 90 days after payout occurs, a schedule of all revenues attributable to each proposed well, and all charges for supervision and operating costs charged against such revenues. Operating costs shall include all reasonable costs incurred for the maintenance and operation of the well, except for "well costs"

reported pursuant to prior ordering paragraphs, that are properly chargeable to the joint account pursuant to COPAS procedures. If no objection to the operating costs is received by the Division, and the Division has not objected, within 45 days following receipt of any schedule, the costs shall be deemed to be the reasonable operating costs. If there is an objection to the accuracy or reasonableness of operating costs reported within the 45-day period, the Division will determine reasonable operating costs after public notice and hearing.

(16) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs for such well.

(17) Reasonable charges for supervision (combined fixed rates) are hereby fixed at the rates shown in Exhibit "A" per month, per well, while drilling and while producing, provided that these rates shall be adjusted annually pursuant to the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production from each well the proportionate share of both the supervision charges and the actual expenditures required for operating of such well, not more than what are reasonable, attributable to pooled working interest owners.

(18) Except as provided in the foregoing paragraphs, all proceeds from production from the Well(s) that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not sooner disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 7-8A-31, as amended).

(19) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for allocating costs and charges under this order. Any costs that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(20) Should all the parties to this compulsory pooling order reach voluntary agreement after entry of this order, this order shall thereafter be of no further effect.

(21) The operator of the wells and Unit shall notify the Division in writing of the subsequent voluntary agreement of any party subject to the compulsory pooling provisions of this order.

(22) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'ASD'.

ADRIENNE SANDOVAL
Director

Exhibit "A"

Applicant: Mewbourne Oil Company
Operator: Mewbourne Oil Company {OGRID 14744}

Spacing Unit: Horizontal Oil
Building Blocks: quarter-quarter sections
Spacing Unit Size: 240 acres, more or less
Orientation of Unit: West to East

Spacing Unit Description:
N/2 S/2 of Section 13, Township 19 South, Range 28 East and the N/2 SW/4 of Section 18, Township 19 South, Range 29 East in Eddy County.

Pooling this Vertical Extent: Bone Spring Formation
Depth Severance? (Yes/No): No

Pool: Scanlon Draw; Bone Spring (55510)
Pool Spacing Unit Size: quarter-quarter sections
Governing Well Setbacks: Horizontal Oil Well Rules
Pool Rules: Latest Horizontal Rules apply.

Proximity Tracts: None Included

Monthly charge for supervision: While drilling: \$8000 While producing: \$800 As the charge for risk, 200 percent of reasonable well costs.

Proposed Wells:

Rattlesnake 13/18 B2LK State Com #1H

SHL: 2130 feet from the South line and 205 feet from the West line,
(Unit L) of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County.
BHL: 2100 feet from the South line and 229S feet from the West line,
(Unit K) of Section 18, Township 19 South, Range 29 East, NMPM, Eddy County.

Completion Target: Second Bone Spring Sand at approx 7,750 feet TVD.
Well Orientation: West to East
Completion Location expected to be: standard.

Rattlesnake 13/18 B3LK State Com #1H

SHL: 2100 feet from the South line and 205 feet from the West line,
(Unit L) of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County.
BHL: 2100 feet from the South line and 229S feet from the West line,

(Unit K) of Section 18, Township 19 South, Range 29 East, NMPM, Eddy County.

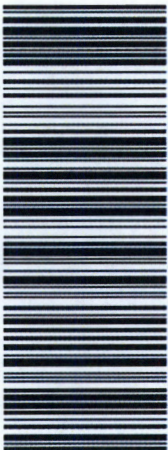
Completion Target: Third Bone Spring Sand at approx 8,750 feet TVD.

Well Orientation: West to East

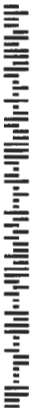
Completion Location expected to be: standard.

Mewbourne Oil Company
Lee Scarborough
500 WEST TEXAS AVE
MIDLAND TX 79701

USPS CERTIFIED MAIL™



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NEW MEXICO ENERGY, MINERALS, AND NATURAL RESOUR
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1220 S SAINT FRANCIS DR
SANTA FE NM 87505-4225

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MEWBOURNE OIL COMPANY

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

December 15, 2020

Regular Mail/Email: nweeks@matadorresources.com

MRC PERMIAN COMPANY
5400 LBJ Freeway, #1500
Dallas, Texas 75240
Attn: Mr. Nick Weeks

Re: Rattlesnake 13/18 B2LK State Com #1H
Rattlesnake 13/18 B3LK State Com #1H
S/2, Section 13, Township 19 South, Range 28 East
SW/4, Section 18, Township 19 South, Range 29 East
Eddy County, New Mexico

Nick,

Mewbourne has requested an extension to Pooling Order No. R-21053 under our Rattlesnake 13/18 Project. Paragraph 7 of the Order requires notification of the extension request to each pooled working interest owner who has elected to participate in the drilling of any well that is the subject of the request. A copy of our request is included for your files.

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

Very truly yours,

MEWBOURNE OIL COMPANY



Lee M. Scarborough
Landman

Enclosures

MEWBOURNE OIL COMPANY
500 WEST TEXAS AVENUE, SUITE 1020
MIDLAND, TEXAS 79701-4279

TELEPHONE (432) 682-3715

November 16, 2020

Via Certified Mail

New Mexico Energy, Minerals, and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505
Attention: Leonard Lowe

Re: **Compulsory Pooling Order Extension Request for Order No. R-21053**
Rattlesnake 13/18 B2LK Federal Com #1H & Rattlesnake 13/18 B3LK Federal Com #1H
N/2S/2 of Section 13 & N/2SW/4 of Section 18
Township 19 South, Range 29 East, Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne"), as Operator, previously filed with the New Mexico Oil Conservation Division ("NMOCD") for compulsory pooling regarding the above captioned lands in Eddy County, New Mexico as to the Bone Spring Formation. The application was approved by the NMOCD on January 29, 2020 under order No. R-21053.

Mewbourne respectfully requests from the NMOCD a one-year extension to said compulsory pooling order. Mewbourne still plans to drill the **Rattlesnake 13/18 B2LK Federal Com #1H and Rattlesnake 13/18 B3LK Federal Com #1H** wells; however, market conditions encountered earlier in the year, compounded by various COVID issues, delayed our drilling program. Further, Mewbourne has been closely monitoring well results in this area and would appreciate an extension in order to collect more data from these newer wells, allowing Mewbourne the opportunity to use this knowledge to increase productivity and prevent economic waste. For these reasons, Mewbourne respectfully requests a one-year extension to commence drilling.

I have enclosed a copy of Order No. R-21053 to this letter. Should you have any questions regarding the above or need any additional information, please email me at lscarborough@mewbourne.com or call me at (432) 682-3715. Thank you for your review and consideration of our request.

Very truly yours,

MEWBOURNE OIL COMPANY

FILE COPY
Lee M. Scarborough
Landman

Enclosure

**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 TO
CONSIDER:**

**CASE NO. 20929
ORDER NO. R-21053**

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 12, 2019, at Santa Fe, New Mexico, before Examiner Dylan Coss.

NOW, on this 29th day of January 2020, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT

- (1) Due public notice has been given and the Division has jurisdiction of this case and the subject matter.
- (2) Applicant seeks to compulsory pool all uncommitted oil and gas interests within a spacing unit, as that unit is described in the attached Exhibit "A".
- (3) Applicant seeks to dedicate the Proposed Well(s) detailed in Exhibit "A" to the Unit.
- (4) Cimarron Energy, Magnum Hunter Production Inc, and MRC Permian Compay entered an appearance. No other party appeared or otherwise opposed the case.
- (5) Applicant appeared at the hearing through counsel and presented evidence to the effect that:
 - (a) All completed well locations are expected to be standard or Applicant will apply administratively for approval of location exceptions.

- (b) Notice by certified mail was provided to all uncommitted interest owners in the proposed Unit whose interests were evidenced by a conveyance instrument, either of record or known to Applicant when the Application was filed, and to heirs known to Applicant of deceased persons who appear as owners in such instrument.
- (c) Notice to certain affected parties was posted in a newspaper of general circulation in the county as provided in Rule 19.15.4.12.B NMAC.

The Division finds and concludes that

(6) If the location of any of the Well(s) is unorthodox when the well is completed under the spacing rules then in effect and applicable to the well, the operator must obtain a non-standard location approval prior to producing the well.

(7) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.

(8) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the Well(s) to a common source of supply within the Unit at the described depths and location(s). Applicant should be allowed a one year period to complete at least one of the Well(s) after commencing drilling of the Well(s).

(9) There are interest owners in the Unit that have not agreed to pool their interests.

(10) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense a just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas in the pooled depth interval within the Unit.

(11) To ensure protection of correlative rights, any pooled working interest owner whose address is known, and who has elected to participate under the terms of this order should be notified before the Division grants any extension of the time provided herein for commencing drilling. Any such owner may file an application, with notice to the operator, requesting that the extension be denied.

(12) Infill wells within the Unit should be subject to Division Rules 19.15.13.9 NMAC through 19.15.13.10 NMAC, and to the terms and conditions of this order.

(13) Any pooled working interest owner who does not pay its share of estimated well costs of any well should have withheld from production from such well its share of reasonable well costs plus an additional reasonable charge [see Exhibit "A"] for the risk involved in drilling the Well(s).

IT IS THEREFORE ORDERED THAT

- (1) All uncommitted interests, whatever they may be, in the oil and gas within the spacing unit (or the portion thereof within the pooled vertical extent) described in Exhibit "A" are hereby pooled. Exhibit "A" hereto is incorporated herein by this reference and made a part of this order for all purposes.
- (2) The Unit shall be dedicated to the proposed "Well(s)".
- (3) If any of the Well(s) is completed at an unorthodox location under applicable rules in effect at the time such well is completed, the operator shall provide notice and apply administratively for a location exception prior to producing the well.
- (4) The operator of the Unit shall commence drilling the Well(s) on or before the end of the month corresponding to the date of this order, in the year following the date of issuance of this order and shall thereafter continue drilling the Well(s) with due diligence to test the pooled formation or pooled vertical depths. The Well(s) shall be drilled approximately to the proposed true vertical and measured depths.
- (5) In the event the operator does not commence drilling the Well(s) on or before the date provided in the foregoing paragraph, the compulsory pooling provision of this order shall be of no effect, unless the operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.
- (6) In the event the operator does not commence completion operations within one year after commencement of drilling operations pursuant to this order, then the compulsory pooling provisions of this order shall be of no effect unless operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.
- (7) The operator shall provide a copy of any request for extension of time to drill or complete any well filed with the Director pursuant to this order to each pooled working interest owner who has elected to participate in the drilling of any well that is the subject of the request. Such copy shall be sent at the same time the request is sent to the Director.
- (8) Upon final plugging and abandonment of the Well(s) and any other well drilled on the Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled unit created by this order shall terminate unless this order has been amended to authorize further operations.
- (9) Infill wells within the Unit shall be subject to Division Rule 19.15.13.9 NMAC and to the terms and conditions of this order.
- (10) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the

Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit separate itemized schedules of estimated costs of drilling, completing and equipping each of the Well(s) ("well costs").

(11) Within 30 days from the date the schedule of estimated well costs for any well is furnished, any pooled working interest owner shall have the right to elect to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided. Payment shall be rendered within 30 days after expiration of the 30-day election period and any such owner who pays its share of estimated well costs as provided above for any well shall remain liable for operating costs but shall not be liable for risk charges to the extent computed based on costs of such well. Pooled working interest owners who do not elect to pay their share of estimated well costs, or who do not render timely payment to the operator, as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(12) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs of each well within 180 days following completion of the proposed well. If no objection to the actual well costs for any well is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule for such well, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs for such well after public notice and hearing.

(13) Within 60 days following determination of reasonable well costs for any well, any pooled working interest owner who has paid its share of estimated costs of such well in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid for such well exceed its share of reasonable well costs.

(14) The operator is hereby authorized to withhold the following costs and charges from each non-consenting working interest owner's share of production from each well:

(a) the proportionate share of reasonable well costs attributable to the non-consenting working interest owner; and

(b) as a charge for the risk involved in drilling the well, the percent (shown in Exhibit "A") of the above costs.

(15) During the cost recovery period, the operator shall furnish to the Division and to each known non-consenting pooled working interest owner, annually, and within 90 days after payout occurs, a schedule of all revenues attributable to each proposed well, and all charges for supervision and operating costs charged against such revenues. Operating costs shall include all reasonable costs incurred for the maintenance and operation of the well, except for "well costs"

reported pursuant to prior ordering paragraphs, that are properly chargeable to the joint account pursuant to COPAS procedures. If no objection to the operating costs is received by the Division, and the Division has not objected, within 45 days following receipt of any schedule, the costs shall be deemed to be the reasonable operating costs. If there is an objection to the accuracy or reasonableness of operating costs reported within the 45-day period, the Division will determine reasonable operating costs after public notice and hearing.

(16) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs for such well.

(17) Reasonable charges for supervision (combined fixed rates) are hereby fixed at the rates shown in Exhibit "A" per month, per well, while drilling and while producing, provided that these rates shall be adjusted annually pursuant to the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production from each well the proportionate share of both the supervision charges and the actual expenditures required for operating of such well, not more than what are reasonable, attributable to pooled working interest owners.

(18) Except as provided in the foregoing paragraphs, all proceeds from production from the Well(s) that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not sooner disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 7-8A-31, as amended).

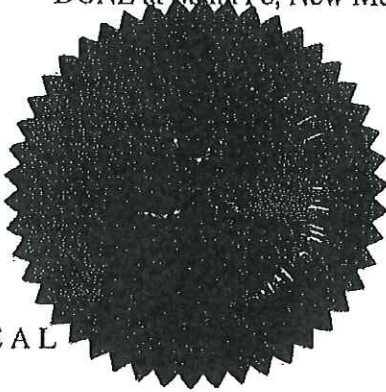
(19) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for allocating costs and charges under this order. Any costs that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(20) Should all the parties to this compulsory pooling order reach voluntary agreement after entry of this order, this order shall thereafter be of no further effect.

(21) The operator of the wells and Unit shall notify the Division in writing of the subsequent voluntary agreement of any party subject to the compulsory pooling provisions of this order.

(22) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "AS", positioned above the printed name.

ADRIENNE SANDOVAL
Director

Exhibit "A"

Applicant: Mewbourne Oil Company
Operator: Mewbourne Oil Company {OGRID 14744}

Spacing Unit: Horizontal Oil
Building Blocks: quarter-quarter sections
Spacing Unit Size: 240 acres, more or less
Orientation of Unit: West to East

Spacing Unit Description:
N/2 S/2 of Section 13, Township 19 South, Range 28 East and the N/2 SW/4 of Section 18, Township 19 South, Range 29 East in Eddy County.

Pooling this Vertical Extent: Bone Spring Formation
Depth Severance? (Yes/No): No

Pool: Scanlon Draw; Bone Spring (55510)
Pool Spacing Unit Size: quarter-quarter sections
Governing Well Setbacks: Horizontal Oil Well Rules
Pool Rules: Latest Horizontal Rules apply.

Proximity Tracts: None Included

Monthly charge for supervision: While drilling: \$8000 While producing: \$800 As the charge for risk, 200 percent of reasonable well costs.

Proposed Wells:

Rattlesnake 13/18 B2LK State Com #1H

SHL: 2130 feet from the South line and 205 feet from the West line,
(Unit L) of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County.
BHL: 2100 feet from the South line and 229S feet from the West line,
(Unit K) of Section 18, Township 19 South, Range 29 East, NMPM, Eddy County.

Completion Target: Second Bone Spring Sand at approx 7,750 feet TVD.

Well Orientation: West to East

Completion Location expected to be: standard.

Rattlesnake 13/18 B3LK State Com #1H

SHL: 2100 feet from the South line and 205 feet from the West line,
(Unit L) of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County.
BHL: 2100 feet from the South line and 229S feet from the West line,

(Unit K) of Section 18, Township 19 South, Range 29 East, NMPM, Eddy County.

Completion Target: Third Bone Spring Sand at approx 8,750 feet TVD.

Well Orientation: West to East

Completion Location expected to be: standard.

MEWBOURNE OIL COMPANY

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

December 15, 2020

Regular Mail/Email: jonathan_Gonzales@oxy.com

OXY NM LP
OXY USA INC.
5 Greenway Plaza, #110
Houston, Texas 77046-0521
Attn: Mr. Jonathan I. Gonzales

Re: Rattlesnake 13/18 B2LK State Com #1H
Rattlesnake 13/18 B3LK State Com #1H
S/2, Section 13, Township 19 South, Range 28 East
SW/4, Section 18, Township 19 South, Range 29 East
Eddy County, New Mexico

Jonathan,

Mewbourne has requested an extension to Pooling Order No. R-21053 under our Rattlesnake 13/18 Project. Paragraph 7 of the Order requires notification of the extension request to each pooled working interest owner who has elected to participate in the drilling of any well that is the subject of the request. A copy of our request is included for your files.

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

Very truly yours,

MEWBOURNE OIL COMPANY



Lee M. Scarborough
Landman

Enclosures

MEWBOURNE OIL COMPANY

500 WEST TEXAS AVENUE, SUITE 1020
MIDLAND, TEXAS 79701-4279

TELEPHONE (432) 682-3715

November 16, 2020

Via Certified Mail

New Mexico Energy, Minerals, and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505
Attention: Leonard Lowe

Re: **Compulsory Pooling Order Extension Request for Order No. R-21053**

Rattlesnake 13/18 B2LK Federal Com #1H & Rattlesnake 13/18 B3LK Federal Com #1H

N/2S/2 of Section 13 & N/2SW/4 of Section 18

Township 19 South, Range 29 East, Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne"), as Operator, previously filed with the New Mexico Oil Conservation Division ("NMOCD") for compulsory pooling regarding the above captioned lands in Eddy County, New Mexico as to the Bone Spring Formation. The application was approved by the NMOCD on January 29, 2020 under order No. R-21053.

Mewbourne respectfully requests from the NMOCD a one-year extension to said compulsory pooling order. Mewbourne still plans to drill the **Rattlesnake 13/18 B2LK Federal Com #1H and Rattlesnake 13/18 B3LK Federal Com #1H** wells; however, market conditions encountered earlier in the year, compounded by various COVID issues, delayed our drilling program. Further, Mewbourne has been closely monitoring well results in this area and would appreciate an extension in order to collect more data from these newer wells, allowing Mewbourne the opportunity to use this knowledge to increase productivity and prevent economic waste. For these reasons, Mewbourne respectfully requests a one-year extension to commence drilling.

I have enclosed a copy of Order No. R-21053 to this letter. Should you have any questions regarding the above or need any additional information, please email me at lscarborough@mewbourne.com or call me at (432) 682-3715. Thank you for your review and consideration of our request.

Very truly yours,

MEWBOURNE OIL COMPANY

FILE COPY
Lee M. Scarborough
Landman

Enclosure

**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 TO
CONSIDER:**

**CASE NO. 20929
ORDER NO. R-21053**

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 12, 2019, at Santa Fe, New Mexico, before Examiner Dylan Coss.

NOW, on this 29th day of January 2020, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT

- (1) Due public notice has been given and the Division has jurisdiction of this case and the subject matter.
- (2) Applicant seeks to compulsory pool all uncommitted oil and gas interests within a spacing unit, as that unit is described in the attached Exhibit "A".
- (3) Applicant seeks to dedicate the Proposed Well(s) detailed in Exhibit "A" to the Unit.
- (4) Cimarron Energy, Magnum Hunter Production Inc, and MRC Permian Company entered an appearance. No other party appeared or otherwise opposed the case.
- (5) Applicant appeared at the hearing through counsel and presented evidence to the effect that:
 - (a) All completed well locations are expected to be standard or Applicant will apply administratively for approval of location exceptions.

- (b) Notice by certified mail was provided to all uncommitted interest owners in the proposed Unit whose interests were evidenced by a conveyance instrument, either of record or known to Applicant when the Application was filed, and to heirs known to Applicant of deceased persons who appear as owners in such instrument.
- (c) Notice to certain affected parties was posted in a newspaper of general circulation in the county as provided in Rule 19.15.4.12.B NMAC.

The Division finds and concludes that

- (6) If the location of any of the Well(s) is unorthodox when the well is completed under the spacing rules then in effect and applicable to the well, the operator must obtain a non-standard location approval prior to producing the well.
- (7) Two or more separately owned tracts are embraced within the Unit, and/or there are royalty interests and/or undivided interests in oil and gas minerals in one or more tracts included in the Unit that are separately owned.
- (8) Applicant is owner of an oil and gas working interest within the Unit. Applicant has the right to drill and proposes to drill the Well(s) to a common source of supply within the Unit at the described depths and location(s). Applicant should be allowed a one year period to complete at least one of the Well(s) after commencing drilling of the Well(s).
- (9) There are interest owners in the Unit that have not agreed to pool their interests.
- (10) To avoid the drilling of unnecessary wells, protect correlative rights, prevent waste and afford to the owner of each interest in the Unit the opportunity to recover or receive without unnecessary expense a just and fair share of hydrocarbons, this application should be approved by pooling all uncommitted interests, whatever they may be, in the oil and gas in the pooled depth interval within the Unit.
- (11) To ensure protection of correlative rights, any pooled working interest owner whose address is known, and who has elected to participate under the terms of this order should be notified before the Division grants any extension of the time provided herein for commencing drilling. Any such owner may file an application, with notice to the operator, requesting that the extension be denied.
- (12) Infill wells within the Unit should be subject to Division Rules 19.15.13.9 NMAC through 19.15.13.10 NMAC, and to the terms and conditions of this order.
- (13) Any pooled working interest owner who does not pay its share of estimated well costs of any well should have withheld from production from such well its share of reasonable well costs plus an additional reasonable charge [see Exhibit "A"] for the risk involved in drilling the Well(s).

IT IS THEREFORE ORDERED THAT

(1) All uncommitted interests, whatever they may be, in the oil and gas within the spacing unit (or the portion thereof within the pooled vertical extent) described in Exhibit "A" are hereby pooled. Exhibit "A" hereto is incorporated herein by this reference and made a part of this order for all purposes.

(2) The Unit shall be dedicated to the proposed "Well(s)".

(3) If any of the Well(s) is completed at an unorthodox location under applicable rules in effect at the time such well is completed, the operator shall provide notice and apply administratively for a location exception prior to producing the well.

(4) The operator of the Unit shall commence drilling the Well(s) on or before the end of the month corresponding to the date of this order, in the year following the date of issuance of this order and shall thereafter continue drilling the Well(s) with due diligence to test the pooled formation or pooled vertical depths. The Well(s) shall be drilled approximately to the proposed true vertical and measured depths.

(5) In the event the operator does not commence drilling the Well(s) on or before the date provided in the foregoing paragraph, the compulsory pooling provision of this order shall be of no effect, unless the operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(6) In the event the operator does not commence completion operations within one year after commencement of drilling operations pursuant to this order, then the compulsory pooling provisions of this order shall be of no effect unless operator obtains a written time extension from the Division Director pursuant to a written request stating its reasons for such extension and attaching satisfactory evidence.

(7) The operator shall provide a copy of any request for extension of time to drill or complete any well filed with the Director pursuant to this order to each pooled working interest owner who has elected to participate in the drilling of any well that is the subject of the request. Such copy shall be sent at the same time the request is sent to the Director.

(8) Upon final plugging and abandonment of the Well(s) and any other well drilled on the Unit pursuant to Division Rule 19.15.13.9 NMAC, the pooled unit created by this order shall terminate unless this order has been amended to authorize further operations.

(9) Infill wells within the Unit shall be subject to Division Rule 19.15.13.9 NMAC and to the terms and conditions of this order.

(10) After pooling, uncommitted working interest owners are referred to as pooled working interest owners. ("Pooled working interest owners" are owners of working interests in the

Unit, including unleased mineral interests, who are not parties to an operating agreement governing the Unit.) After the effective date of this order, the operator shall furnish the Division and each known pooled working interest owner in the Unit separate itemized schedules of estimated costs of drilling, completing and equipping each of the Well(s) ("well costs").

(11) Within 30 days from the date the schedule of estimated well costs for any well is furnished, any pooled working interest owner shall have the right to elect to pay its share of estimated well costs to the operator in lieu of paying its share of reasonable well costs out of production as hereinafter provided. Payment shall be rendered within 30 days after expiration of the 30-day election period and any such owner who pays its share of estimated well costs as provided above for any well shall remain liable for operating costs but shall not be liable for risk charges to the extent computed based on costs of such well. Pooled working interest owners who do not elect to pay their share of estimated well costs, or who do not render timely payment to the operator, as provided in this paragraph shall thereafter be referred to as "non-consenting working interest owners."

(12) The operator shall furnish the Division and each known pooled working interest owner (including non-consenting working interest owners) an itemized schedule of actual well costs of each well within 180 days following completion of the proposed well. If no objection to the actual well costs for any well is received by the Division, and the Division has not objected, within 45 days following receipt of the schedule for such well, the actual well costs shall be deemed to be the reasonable well costs. If there is an objection to actual well costs within the 45-day period, the Division will determine reasonable well costs for such well after public notice and hearing.

(13) Within 60 days following determination of reasonable well costs for any well, any pooled working interest owner who has paid its share of estimated costs of such well in advance as provided above shall pay to the operator its share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator the amount, if any, that the estimated well costs it has paid for such well exceed its share of reasonable well costs.

(14) The operator is hereby authorized to withhold the following costs and charges from each non-consenting working interest owner's share of production from each well:

(a) the proportionate share of reasonable well costs attributable to the non-consenting working interest owner; and

(b) as a charge for the risk involved in drilling the well, the percent (shown in Exhibit "A") of the above costs.

(15) During the cost recovery period, the operator shall furnish to the Division and to each known non-consenting pooled working interest owner, annually, and within 90 days after payout occurs, a schedule of all revenues attributable to each proposed well, and all charges for supervision and operating costs charged against such revenues. Operating costs shall include all reasonable costs incurred for the maintenance and operation of the well, except for "well costs"

reported pursuant to prior ordering paragraphs, that are properly chargeable to the joint account pursuant to COPAS procedures. If no objection to the operating costs is received by the Division, and the Division has not objected, within 45 days following receipt of any schedule, the costs shall be deemed to be the reasonable operating costs. If there is an objection to the accuracy or reasonableness of operating costs reported within the 45-day period, the Division will determine reasonable operating costs after public notice and hearing.

(16) The operator shall distribute the costs and charges withheld from production, proportionately, to the parties who advanced the well costs for such well.

(17) Reasonable charges for supervision (combined fixed rates) are hereby fixed at the rates shown in Exhibit "A" per month, per well, while drilling and while producing, provided that these rates shall be adjusted annually pursuant to the COPAS form titled "Accounting Procedure-Joint Operations." The operator is authorized to withhold from production from each well the proportionate share of both the supervision charges and the actual expenditures required for operating of such well, not more than what are reasonable, attributable to pooled working interest owners.

(18) Except as provided in the foregoing paragraphs, all proceeds from production from the Well(s) that are not disbursed for any reason shall be held for the account of the person or persons entitled thereto pursuant to the Oil and Gas Proceeds Payment Act (NMSA 1978 Sections 70-10-1 through 70-10-6, as amended). If not sooner disbursed, such proceeds shall be turned over to the appropriate authority as and when required by the Uniform Unclaimed Property Act (NMSA 1978 Sections 7-8A-1 through 7-8A-31, as amended).

(19) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for allocating costs and charges under this order. Any costs that are to be paid out of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

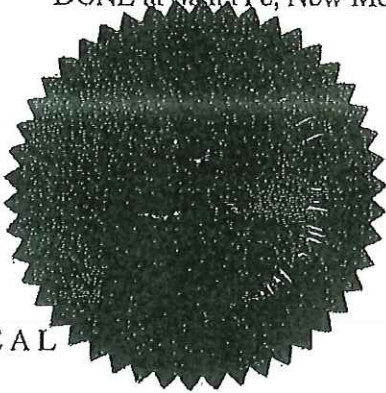
(20) Should all the parties to this compulsory pooling order reach voluntary agreement after entry of this order, this order shall thereafter be of no further effect.

(21) The operator of the wells and Unit shall notify the Division in writing of the subsequent voluntary agreement of any party subject to the compulsory pooling provisions of this order.

(22) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

SEAL



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'ASD', is written over the printed name.

ADRIENNE SANDOVAL
Director

Exhibit "A"

Applicant: Mewbourne Oil Company
Operator: Mewbourne Oil Company {OGRID 14744}

Spacing Unit: Horizontal Oil
Building Blocks: quarter-quarter sections
Spacing Unit Size: 240 acres, more or less
Orientation of Unit: West to East

Spacing Unit Description:
N/2 S/2 of Section 13, Township 19 South, Range 28 East and the N/2 SW/4 of Section 18, Township 19 South, Range 29 East in Eddy County.

Pooling this Vertical Extent: Bone Spring Formation
Depth Severance? (Yes/No): No

Pool: Scanlon Draw; Bone Spring (55510)
Pool Spacing Unit Size: quarter-quarter sections
Governing Well Setbacks: Horizontal Oil Well Rules
Pool Rules: Latest Horizontal Rules apply.

Proximity Tracts: None Included

Monthly charge for supervision: While drilling: \$8000 While producing: \$800 As the charge for risk, 200 percent of reasonable well costs.

Proposed Wells:

Rattlesnake 13/18 B2LK State Com #IH

SHL: 2130 feet from the South line and 205 feet from the West line,
(Unit L) of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County.
BHL: 2100 feet from the South line and 229S feet from the West line,
(Unit K) of Section 18, Township 19 South, Range 29 East, NMPM, Eddy County.

Completion Target: Second Bone Spring Sand at approx 7,750 feet TVD.
Well Orientation: West to East
Completion Location expected to be: standard.

Rattlesnake 13/18 B3LK State Com #IH

SHL: 2100 feet from the South line and 205 feet from the West line,
(Unit L) of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County.
BHL: 2100 feet from the South line and 229S feet from the West line,

(Unit K) of Section 18, Township 19 South, Range 29 East, NMPM, Eddy County.

Completion Target: Third Bone Spring Sand at approx 8,750 feet TVD.

Well Orientation: West to East

Completion Location expected to be: standard.

Garcia, John A, EMNRD

From: Lee Scarborough <lscarborough@mewbourne.com>
Sent: Tuesday, December 15, 2020 9:29 AM
To: Garcia, John A, EMNRD
Subject: RE: [EXT] Re Extension Request R-21053
Attachments: ExtRequest_R21053_Rattlesnake_OXY.pdf; ExtRequest_R21053_Rattlesnake_MRC.pdf

Mr. Garcia,

Thank you for your email. I have two parties that participated under the Order, MRC and Oxy. I failed to send the request at the same time I requested the extension from the Director. Please note that I have sent letters with today's date along with notice my email to both parties. I have spoken with my contact at Oxy (Jonathan Gonzales) and MRC (Nick Weeks) about the extension request this morning. Let me know if you require any additional information.

Regards,

Lee M. Scarborough
Landman
Mewbourne Oil Company

From: Garcia, John A, EMNRD <JohnA.Garcia@state.nm.us>
Sent: Monday, December 14, 2020 3:24 PM
To: Lee Scarborough <lscarborough@mewbourne.com>
Subject: [EXT] Re Extension Request R-21053

Lee,

I received your request for an extension request. Could you provide proof that parties were noticed if applicable (Order paragraph 7) or if no parties fall under this criteria a signed statement addressing it.

(7) The operator shall provide a copy of any request for extension of time to drill or complete any well filed with the Director pursuant to this order to each pooled working interest owner who has elected to participate in the drilling of any well that is the subject of the request. Such copy shall be sent at the same time the request is sent to the Director.

Thank you,

John Garcia
Petroleum Specialist
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
505-476-3441

