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

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

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

Case No. 15,227

VERIFIED STATEMENT OF PAUL HADEN

Paul Haden, being duly sworn upon his oath, deposes and states:

- 1. I am a landman for Mewbourne Oil Company ("Mewbourne"), and have personal knowledge of the matters stated herein.
- 2. Pursuant to NMAC 19.15.4.12.A(1), the following information is submitted in support of the compulsory pooling application filed herein:
 - (a) The purpose of this application is to force pool a record title owner in a federal oil and gas lease for purposes of obtaining Bureau of Land Management ("BLM") approval of a communitization agreement.
 - (b) No opposition is expected because the record title owner being pooled is deceased, and his heir has been contacted regarding the proposed well but refuses to sign the communitization agreement.
 - (c) A plat outlining the unit being pooled is attached hereto as Attachment A. Mewbourne Oil Company seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the N/2S/2 of Section 27, Township 18 South, Range 30 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the N/2S/2 of Section 27 to form a non-standard 160 acre oil spacing and proration unit (project area) for all pools or formations developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Ursa 27 B2IL Fed. Com. Well No. 1H, a horizontal well with a surface location in the NW/4SW/4 of adjoining Section 26, and a terminus in the NW/4SW/4 of Section 27.

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- (d) The party being pooled is B.N. Muncy, Jr., who owns a 50% record title interest in Lease NM 28527. A copy of the BLM's Serial Register Page for the lease, which covers the NW/4SE/4 of Section 27, is attached hereto as Attachment B.
- (e) A copy of the proposal letter sent to the record title owner's heir is attached hereto as Attachment C. This address on the letter is current and correct In addition, we have spoken with Nelson Muncy regarding signing communitization agreements for this well and other wells drilled by Mewbourne.
- (f) Mewbourne has made a good faith effort to obtain the voluntary joinder of the interest owners in the communitization agreement for the well.
- (g) Because the pooled party owns only record title, a risk charge is not requested.
- (h) Because the pooled party owns only record title, overhead charges are not requested.
- (i) The offset operators or working interest owners are listed on Attachment D.
- (j) Applicant requests that it be designated operator of the well.

VERIFICATION

| STATE OF TEXAS |) |
|-------------------|-------|
| |) ss. |
| COUNTY OF MIDLAND |) |

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

Paul Haden

SUBSCRIBED AND SWORN TO before me this Otober, 2014 by Paul Haden.

My Commission Expires:

SHERRY BARCLAY

chary Public, State of Texes

My Commission Expires

May 13, 2015

Notary Public

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DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT** CASE RECORDATION

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Run Date:

10/20/2014

(MASS) Serial Register Page

01 02-25-1920;041STAT0437;30USC226

Total Acres

Serial Number

Commodity 459:

Case Type 311111: O&G LSE NONCOMP PUB LAND

40.000

NMNM-- - 028527

OIL & GAS

Case Disposition: AUTHORIZED

Serial Number: NMNM-- - 028527

| Name & Address | | | int Rei | % Interest |
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Serial Number: NMNM-- - 028527

| Mer Twp Rng Sec | STyp | SNr Suff Subdivision | District/Field Office | County_ | Mgmt Agency |
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| 23 0180S 0300E 027 | ALIQ | NWSE; | CARLSBAD FIELD OFFICE | EDDY | BUREAU OF LAND MGMT |

Serial Number: NMNM-- - 028527

| Act Date | Code | Action | Action Remark | Pending Office |
|------------|------|-------------------------|-----------------------|----------------|
| 12/31/1938 | 387 | CASE ESTABLISHED | | |
| 12/31/1938 | 496 | FUND CODE | 05;145003 | |
| 12/31/1938 | 530 | RLTY RATE - 12 1/2% | | |
| 12/31/1938 | 868 | EFFECTIVE DATE | | |
| 06/01/1976 | 553 | CASE CREATED BY ASGN | OUT OF NMLC058186; | |
| 12/29/1977 | 650 | HELD BY PROD - ACTUAL | | |
| 12/29/1977 | 658 | MEMO OF 1ST PROD-ACTUAL | | |
| 03/13/1978 | 235 | EXTENDED | THRU 06/01/78; | |
| 03/28/1976 | 102 | NOTICE SENT-PROD STATUS | • | |
| 01/03/1979 | 235 | EXTENDED | THRU 12/29/79; | |
| 04/08/1983 | 932 | TRF OPER RGTS FILED | | |
| 05/16/1983 | 933 | TRF OPER RGTS APPROVED | EFF 05/01/83; | |
| 05/05/1986 | 932 | TRF OPER RGTS FILED | | |
| 09/11/1986 | 933 | TRF OPER RGTS APPROVED | EFF 06/01/86; | |
| 10/01/1986 | 963 | CASE MICROFILMED | CNUM 101,716 AD | |
| 01/20/1988 | 974 | AUTOMATED RECORD VERIF | AT/RAYO | · |
| 04/20/1988 | 932 | TRF OPER RGTS FILED | | |
| 05/10/1988 | 933 | TRF OPER RGTS APPROVED | EFF 05/01/88; | |
| 05/10/1988 | 974 | AUTOMATED RECORD VERIF | AR/JR | |
| 10/26/1988 | 932 | TRF OPER RGTS FILED | | |
| 11/22/1988 | 933 | TRF OPER RGTS APPROVED | EFF 11/01/88; | |
| 11/22/1988 | 974 | AUTOMATED RECORD VERIF | DGT/MT | • |
| 10/30/1989 | 932 | TRF OPER RGTS FILED | NIX EST/LARUE&MUNCY | |
| 11/29/1989 | 933 | TRF OPER RGTS APPROVED | EFF 11/01/89; | |
| 11/29/1989 | 974 | AUTOMATED RECORD VERIF | MCS/MT | $\hat{\Omega}$ |
| 07/17/1991 | 909 | BOND ACCEPTED | EFF 07/09/91;NM1903 | Attachment B |
| 06/04/1992 | 974 | AUTOMATED RECORD VERIF | SSP/KRP | Attachment |
| 12/30/1994 | 817 | MERGER RECOGNIZED | PENNZOIL E&P/PENNZOIL | |
| 12/30/1994 | 940 | NAME CHANGE RECOGNIZED | PENNZOIL/PENNZOIL E&P | <u> </u> |
| 10/12/1995 | 084 | RENTAL RECEIVED BY ONRR | \$40.00;21/0000000033 | |

DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT CASE RECORDATION**

Run Time: 10:28 AM

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| Run Date: | 10/20/201 | | Serial Register Page | |
|--------------|-------------------------------------|--|----------------------------|--|
| 08/29/1996 | 932 | TRF OPER RGTS FILED | R NIX JR/RALPH NIX | |
| 08/29/1996 | 932 | TRF OPER RGTS FILED | R NIX TRUST/RALPH NIX | |
| 10/23/1996 | 933 | TRF OPER RGTS APPROVED | EFF 09/01/06; | |
| 10/23/1996 | 933 | TRF OPER RGTS APPROVED | EFF 09/01/96; | |
| 10/23/1996 | 974 | AUTOMATED RECORD VERIF | ANN | |
| 11/25/1996 | 084 | RENTAL RECEIVED BY ONRR | \$40.00;21/000000039 | |
| 11/24/1997 | 084 | RENTAL RECEIVED BY ONRR | \$40.00;21/000000045 | |
| 12/21/1998 | 084 | RENTAL RECEIVED BY ONRR | \$40.00;21/000000052 | |
| 12/28/1998 | 817 | MERGER RECOGNIZED. | PENNZOIL E&P/PENNZENE | |
| 12/13/1999 | 084 | RENTAL RECEIVED BY ONRR | \$40.00;21/58 | |
| 03/13/2000 | 932 | TRF OPER RGTS FILED | NIX/LARUE | |
| 05/18/2000 | 933 | TRF OPER RGTS APPROVED | EFF 04/01/00; | |
| 05/18/2000 | 974 | AUTOMATED RECORD VERIF | MV/MV | |
| 10/26/2000 | 084 | RENTAL RECEIVED BY ONRR | \$40,00;21/63 | |
| 04/14/2003 | 932 | TRF OPER RGTS FILED | LARUE/MARBOB ENE | |
| 06/05/2003 | 933 | TRF OPER RGTS APPROVED | EFF 05/01/03; | |
| 06/05/2003 | 974 | AUTOMATED RECORD VERIF | JLV | |
| 10/20/2003 | 932 | TRF OPER RGTS FILED | 1 | |
| 12/08/2003 | 974 | AUTOMATED RECORD VERIF | ANN | |
| 03/03/2004 | 957 | TRF OPER RGTS DENIED | UNITED/SALAZAR JESUS | |
| 03/03/2004 | 974 | AUTOMATED RECORD VERIF | ANN | |
| 02/02/2007 | 932 | TRF OPER RGTS FILED | LARUE C/FULTON LOUI;1 | |
| 03/19/2007 | 933 | TRF OPER RGTS APPROVED | EFF 03/01/07; | |
| 03/19/2007 | 974 | AUTOMATED RECORD VERIF | JLV | |
| . 04/19/2011 | 932 | TRF OPER RGTS FILED | MARBOB EN/COG OPERA;1 | |
| 06/22/2011 | 933 | TRF OPER RGTS APPROVED | EFF 05/01/11; | |
| 06/22/2011 | 974 | AUTOMATED RECORD VERIF | RAYO/RAYO | |
| 05/25/2012 | 932 | TRF OPER RGTS FILED | CE LA RUE/FULTON LO;1 | |
| 07/06/2012 | 933 | TRF OPER RGTS APPROVED | EFF 06/01/12; | |
| 07/06/2012 | 974 | AUTOMATED RECORD VERIF | LBO | |
| 07/10/2013 | 932 | TRF OPER RGTS FILED | COG OPERA/LEGACY RE;1 | |
| 11/29/2013 | 899 | TRF OF ORR FILED | 1 | |
| 11/29/2013 | 932 | TRF OPER RGTS FILED | LARUE OIL/REGENERAT;1 | |
| 01/06/2014 | 933 | TRF OPER RGTS APPROVED | EFF 08/01/13; | |
| 01/06/2014 | 974 | AUTOMATED RECORD VERIF | LBO | |
| 02/27/2014 | 933 | TRF OPER RGTS APPROVED | EFF 12/01/13; | |
| 02/27/2014 | 974 | AUTOMATED RECORD VERIF | MJD | |
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| Line Nr | Rema | | | |
| 0001 | - , - | 2/2011 - BONDED LESSEE - CE LA | | |
| 0002 | 06/2 | 2/2011 - BONDED TRANSFEREE PER | ABSS | |
| 0003 | COG OPERATING LLC NMB000215 NM S/W; | | | |
| 0004 | 01/0 | 01/06/14 LEGACY RES OP LP NMB001015 NM/SW \$25K; | | |

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

> (432) 682-3715 FAX (432) 685-4170

September 17, 2014

Mr. Nelson Muncy P.O. Box 1037 Artesia, NM 88211

Re:

Ursa 27 B2IL Federal Com #1H

N/2S/2 Section 27; and

Ursa 27 B2EH Federal Com #1H

S/2N/2 Section 27

T18S, R30E

Eddy County, New Mexico

Dear Nelson:

Regarding the captioned wells and lands, enclosed are separate Communitization Agreements and extra signature and acknowledgment pages for your information. Your Dad was a Record Title Owner in the E/2NE/4 and NW/4SE/4 of the captioned Section 27 which I had previously advised you. You have advised me that there was no administration proceedings for his Estate. Accordingly, this interest will be force pooled at a later date which you will receive notice for.

Sincerely yours,

MEWBOURNE OIL COMPANY

D. Paul Haden Senior Landman

DPH/gb

Attachment C

Offset Operators

N/2N/2 and N/2S/2 Section 27 Mewbourne Oil Company

SW/4 and S/2NW/4 Section 26 OXY USA WTP Ltd.

SE/4 and S/2NE/4 Section 28 Mewbourne Oil Company Chevron U.S.A. Inc.