

**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. 15,259

VERIFIED STATEMENT OF COREY MITCHELL

Corey Mitchell, 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) No opposition is expected because the working interest owners being pooled are unlocatable.
 - (b) A plat outlining the unit being pooled is attached hereto as Attachment A. Mewbourne seeks an order approving a 320-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the W/2E/2 of Section 22 and the W/2E/2 of Section 27, Township 26 South, Range 27 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit for all pools or formations developed on 40 acre spacing within that vertical extent. The unit is to be dedicated to the Owl Draw 22/27 B2BO Fed. Com. Well No. 2H, a horizontal well with a surface location 330 feet from the north line and 1585 feet from the east line of Section 22, and a terminus 330 feet from the south line and 1980 feet from the east line of Section 27. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well.
 - (c) The parties being pooled, and their working interests in the well unit, are as follows:

Oil Conservation Division
Case No. _____
Exhibit No. _____

Petrorep Inc.
address unknown

0.199219%

Corexcal
address unknown

0.199219%

0.398438%

(d) Because the above interest owners are unlocatable, proposal letters were not sent to them.

(e) These persons acquired their interests over 42 years ago, and have not shown up in the county records since then. In an attempt to find the mineral interest owners, Mewbourne examined the Eddy County records, telephone directories, corporate records, records in the counties of the last known addresses of the interest owners, and internet directories. Mewbourne has had numerous title opinions prepared over the past 2 years on acreage in this general area in which these persons own interests, and has never been able to locate them.

(f) Applicant has made a good faith effort to locate and obtain the voluntary joinder of all interest owners in the well.

(g) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against any non-consenting working interest owner.

(h) A copy of the Authority for Expenditure for the well is attached hereto as Attachment B. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Eddy County.

(i) Overhead charges of \$7,500.00/month for a drilling well, and \$750.00/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Applicant also requests that the order contain a provision adjusting the rates pursuant to the COPAS accounting procedure.

(j) Applicant requests that it be designated operator of the well.

(k) The offset operators or working interest owners are listed on Attachment C.

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

Corey Mitchell, 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.

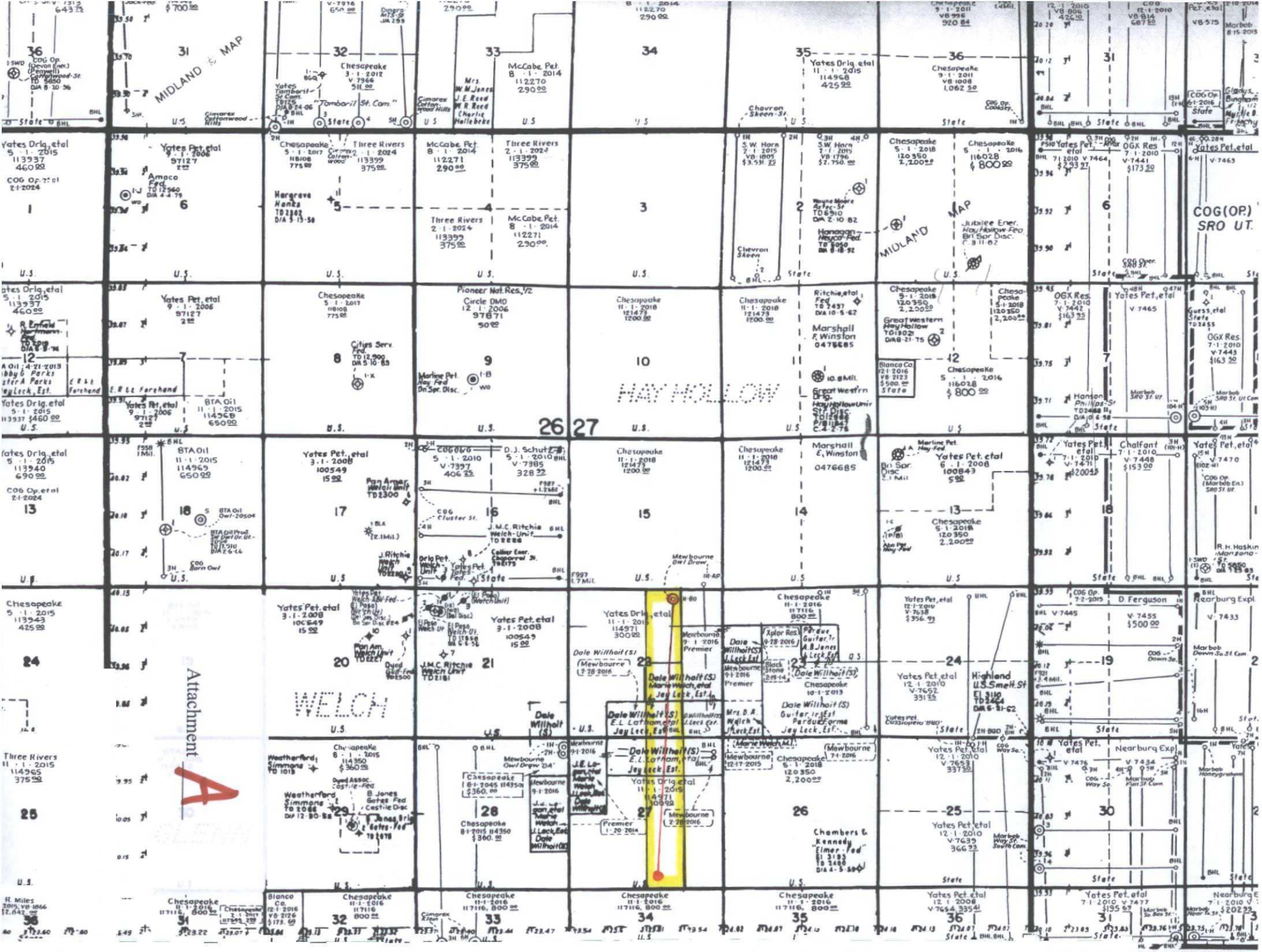
Corey Mitchell
Corey Mitchell

SUBSCRIBED AND SWORN TO before me this 29th day of December, 2014 by Corey Mitchell.

My Commission Expires: 1-19-2016

Glenda Barnett
Notary Public





MEWBOURNE OIL COMPANY

AUTHORIZATION FOR EXPENDITURE

Well Name: Owl Draw 22/27 B2BO Fed Com #2H		Prospect: 	
Location: SL: 330' FNL & 1585' FEL (22), BHL: 330' FSL & 1980' FEL (27)		County: Eddy ST: NM	
Sec: 22/27	Blk: 	Survey: 	TWP: 26S RNG: 27E Prop. TVD: 7589' TMD: 17300'

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Permits and Surveys		0180-0100	\$10,000	0180-0200	
Location: Roads, Pits & Site Preparation		0180-0105	\$90,000	0180-0205	\$30,000
Location: Site Restoration, Excavation & Other		0180-0106	\$250,000	0180-0206	\$30,000
Day Work, Footage, Turnkey Drilling 31 days drlg & 2 comp @ \$21600/day		0180-0110	\$715,000	0180-0210	\$46,200
Fuel 1000 gal/day @ \$3.5/gal		0180-0114	\$115,500		
Mud		0180-0120	\$220,000		
Chemicals and Additives		0180-0121		0180-0221	
Cementing		0180-0125	\$125,000	0180-0225	\$150,000
Logging, Wireline & Coring Services Gryo/Wireline for Plug & Perf		0180-0130	\$8,000	0180-0230	\$200,000
Casing, Tubing & Snubbing Services		0180-0134	\$20,000	0180-0234	\$25,000
Mud Logging		0180-0137	\$33,000		
Stimulation				0180-0241	\$2,840,000
Stimulation Rentals & Other				0180-0242	\$600,000
Water & Other		0180-0145	\$80,000		
Bits		0180-0148	\$90,000	0180-0248	\$2,000
Inspection & Repair Services		0180-0150	\$50,000	0180-0250	\$1,500
Misc. Air & Pumping Services Nitrogen for drillout		0180-0154		0180-0254	\$200,000
Testing		0180-0158	\$25,000	0180-0258	\$40,000
Completion / Workover Rig 4 days @ \$4500/day				0180-0260	\$18,000
Rig Mobilization		0180-0164	\$200,000		
Transportation		0180-0165	\$35,000	0180-0265	\$1,000
Welding and Construction		0180-0168	\$7,500	0180-0268	
Engineering & Contract Supervision		0180-0170	\$62,000	0180-0270	\$4,000
Directional Services		0180-0175	\$185,000		
Equipment Rental		0180-0180	\$200,000	0180-0280	\$18,000
Well / Lease Legal		0180-0184		0180-0284	
Well / Lease Insurance		0180-0185		0180-0285	
Intangible Supplies		0180-0188	\$10,000	0180-0288	
Damages		0180-0190	\$10,000	0180-0290	
Pipeline, Road, Electrical ROW & Easements		0180-0192		0180-0292	
Pipeline Interconnect				0180-0293	
Company Supervision		0180-0195	\$62,000	0180-0295	\$30,000
Overhead Fixed Rate		0180-0196	\$10,000	0180-0296	\$20,000
Well Abandonment		0180-0198		0180-0298	
Contingencies 10% (TCP) 5% (CC)		0180-0199	\$261,300	0180-0299	\$212,800
TOTAL			\$2,874,300		\$4,468,500

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0") 400' 13 3/8" 48# H40 STC @ \$32.52/ft + GRT		0181-0794	\$13,900		
Casing (8.1" - 10.0") 5850' 9 5/8" 36/40# J55/N80/HCL80 LTC @ \$36.26/ft + GRT		0181-0795	\$226,600		
Casing (6.1" - 8.0") 7050' 7" 26# HCP110 LTC @ \$26.6/ft + GRT		0181-0796	\$200,300		
Casing (4.1" - 6.0") 10200' 5 1/2" 17# P110 LTC/BTC @ \$18.25/ft + GRT				0181-0797	\$200,000
Tubing (2" - 4") 7100' 2 7/8" 6.5# L80 EUE 8rd @ \$5.8/ft + GRT				0181-0798	\$44,000
Drilling Head		0181-0860	\$15,000		
Tubing Head & Upper Section				0181-0870	\$15,000
Downhole Directional Equipment Halliburton RSI tool & Baker 7" x 5-1/2" X-over				0181-0871	\$35,000
Sucker Rods				0181-0875	\$35,000
Packer Pump & Subsurface Equipment rod pump				0181-0880	\$15,000
Artificial Lift Systems Gas Lift				0181-0884	\$14,000
Pumping Unit Lufkin 912				0181-0885	\$135,000
Surface Pumps & Prime Movers A62 gas engine				0181-0886	\$23,000
Tanks - Steel 8-500bbl steel (4 coated)				0181-0890	\$128,000
Tanks - Others				0181-0891	
Separation & Gas Treating Equipment 30"x10"x1000# 3ph/24"x10"x1000# 2ph/FWKO				0181-0895	\$72,000
Heater Treaters, Line Heaters 6'x20'x75# HT				0181-0897	\$20,000
Metering Equipment				0181-0898	\$15,000
Line Pipe - Gas Gathering and Transportation				0181-0900	\$15,000
Misc. Fittings, Valves, Line Pipe and Accessories				0181-0908	\$60,000
Cathodic Protection				0181-0908	\$5,000
Electrical Installations				0181-0909	
Production Equipment Installation				0181-0910	\$50,000
Pipeline Construction 1/4 mile 4" buried steel				0181-0920	\$30,000
TOTAL			\$465,800		\$911,000
SUBTOTAL			\$3,330,100		\$5,379,500
TOTAL WELL COST			\$8,709,600		

Prepared by: **J. Nave** Date: **10/3/2014**Co. Approval: **m. white** Date: **10/8/2014**

Joint Owner Interest: Amount:

Joint Owner Name:

Signature:

Operator has secured Operator's Extra Expense Insurance covering costs of well control, clean up and redrilling as estimated in Line Item 0180-0185. Non-Operator may elect NOT to be covered by this Operator's Extra Expense Insurance only by signing below. **The undersigned elects NOT to be covered by Operator's Extra Expense Insurance for their well.**

Joint Owner Name:

Signature:

Form Rev: 9/2014

B
Attachment

Offset Operators

Section 15

Chevron U.S.A. Inc.

E/2E/2 Section 22

Parties to well

E/2E/2 Section 27

Parties to well

Section 34

Chevron U.S.A. Inc.

E/2W/2 Section 27

Parties to well

E/2W/2 Section 22

Parties to well

Attachment C