

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. 15,260

AMENDED 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 have been contacted numerous times and have simply not decided whether to join in the well
  - (b) A plat outlining the unit being pooled is attached hereto as Attachment A. Mewbourne seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the S/2S/2 of Section 5, Township 19 South, Range 29 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit (project area) for all pools or formations developed on 40 acre spacing within that vertical extent. The unit will be dedicated to the Gobbler 5 B2PM State Com. Well No. 1H, a horizontal well with a surface location 330 feet from the south line and 330 feet from the east line, and a terminus 330 feet from the south line and 330 feet from the west line, of Section 5. 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, their working interests in the well unit, and their current addresses, are set forth on Exhibit B.

Oil Conservation Division  
Case No. 15260  
Exhibit No. 1

- (d) Attached as Exhibit C are copies of the proposal letters sent to the working interest owners, as well as follow up e-mails.
- (e) Applicant has made a good faith effort to locate and obtain the voluntary joinder of all interest owners in the well.
- (f) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against any non-consenting working interest owner.
- (g) A copy of the Authority for Expenditure for the well is attached hereto as Attachment D. 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.
- (h) Overhead charges of \$7,500/month for a drilling well, and \$750/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.
- (i) Applicant requests that it be designated operator of the well.
- (j) The offset operators or working interest owners are listed on Attachment E.

VERIFICATION

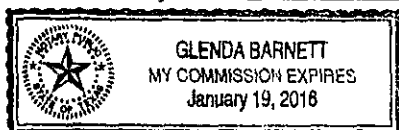
STATE OF TEXAS                     )  
   ) ss.  
 COUNTY OF MIDLAND             )

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.

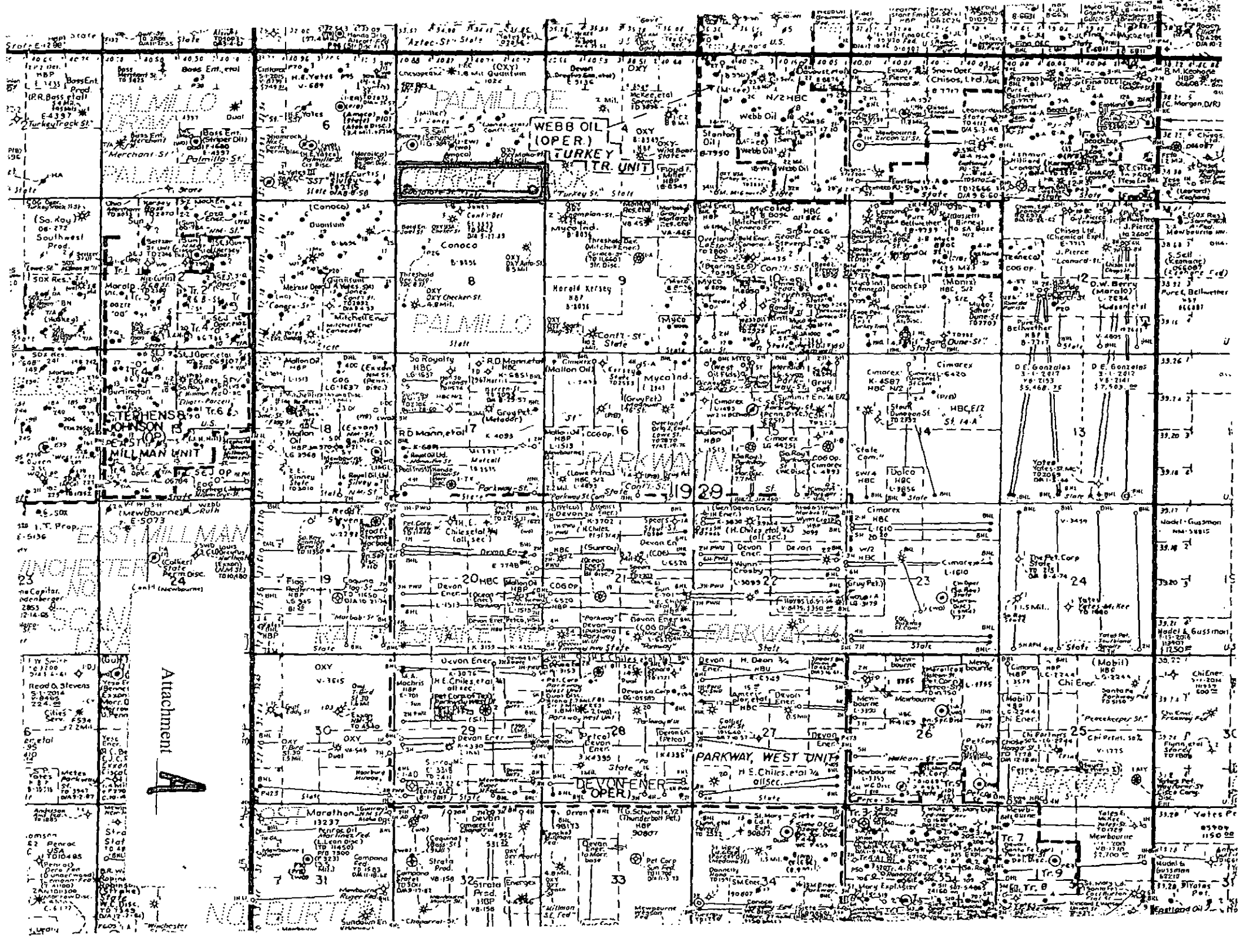
Corey Mitchell  
 Corey Mitchell

SUBSCRIBED AND SWORN TO before me this 10<sup>th</sup> day of February, 2015 by Corey Mitchell.

My Commission Expires: 1-19-2016



Glenda Barnett  
 Notary Public



**TRACT OWNERSHIP**  
**Gobbler "5" B2PM State Com No. 1H**  
**S/2S/2 of Section 5,**  
**Township 19 South, Range 29 East**  
**Eddy County, New Mexico**

**S/2S/2 of Section 5:**  
**Bone Spring formation:**

	<u>% Leasehold Interest</u>
Mewbourne Oil Company 500 West Texas, Ste. 1020 Midland, Texas 79701	82.126205%
Harvey E. Yates Company P.O. Box 1933 Roswell, New Mexico 88202 Attn: Mrs. Melissa Randle	6.224034%
*Western Oil Producers, Inc. P.O. Box 2800 Midland, Texas 79702 Attn: Mr. K. Jay Reynolds	3.984350%
Big Three Energy Group, LLC P.O. Box 429 Roswell, New Mexico 88202 Attn: Mr. Tres Featherstone	1.750000%
*Estate of Larry Arnold c/o Lonnie Arnold 1112 Telluride Ct. Midland, Texas 79705-1906	1.000000%
Spiral, Inc. P.O. Box 1933 Roswell, New Mexico 88202 Attn: Mrs. Melissa Randle	0.819900%
Explorers Petroleum Corporation P.O. Box 1933 Roswell, New Mexico 88202 Attn: Mrs. Melissa Randle	0.819900%

Attachment B

*Emma Lou Evertson 4100 Vinkemulder Road Coconut Creek, Florida 33073	0.761022%
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*Robert Michael Evertson 109 Westwood Circle McKinney, Texas 75070	0.741126%
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*Sandra S. Atkins 1205 Creekwood Drive Garland, Texas 75044	0.741126%
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*Vicki Evertson 4323 Southcrest Road Dallas, Texas 75229	0.741126%
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Nadel & Gussman Capitan, LLC 601 N. Marienfeld, Suite 508 Midland, Texas 79701 Attn: Mr. Scott Germann	<u>0.291211%</u> <b>100.000000%</b>
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**\* Total interest being pooled: 7.968750%**

**Summary of Communications**  
**Gobbler 5 B2PM State Com No. 1H**

**Western Oil Producers, Inc.**

- 1) Mailed well proposal letter with AFE via certified mail dated 1-5-2015.
- 2) Received green card signed by Fred Schwiening.
- 3) Called Jay Reynolds 1-21-2015 to follow up with our well proposal. He was out of town, so I left message to call back and discuss.
- 4) Called Jay Reynolds 1-28-2015 to follow up with our well proposal. He was out of the office, so I left message to call back and discuss.
- 5) I have not heard back from Jay Reynolds or Western Oil Producers, Inc.

**Estate of Larry Arnold**

- 1) Mailed well proposal letter with AFE via certified mail dated 1-5-2015.
- 2) Received green card signed by Lonnie Arnold.
- 3) Called Larry Arnold 1-23-2015. A lady answered and said he is deceased that I need to talk with Lonnie Arnold.
- 4) Called Lonnie Arnold 1-23-2015. He said he is in charge of the Estate of Larry Arnold and did not think the estate would participate. He asked for me to send him an offer to acquire the interest.
- 5) Emailed Lonnie Arnold an offer 1-24-2015.
- 6) I have not heard back from Lonnie Arnold or the Estate of Larry Arnold.

**Sandra S. Atkins**

- 1) Mailed well proposal letter with AFE via certified mail dated 1-5-2015 to Wells Fargo Bank as Trustee of the Leslie K. Evertson Family Trust. A representative with Wells Fargo informed me the trust had recently been distributed and I needed to get in touch with the beneficiaries of the trust.
- 2) Mailed well proposal letter with AFE via certified mail dated 1-14-2015.
- 3) Received green card signed by Sandra Atkins.

**Vicki Evertson**

- 1) Mailed well proposal letter with AFE via certified mail dated 1-5-2015 to Wells Fargo Bank as Trustee of the Leslie K. Evertson Family Trust. A representative with Wells Fargo informed me the trust had recently been distributed and I needed to get in touch with the beneficiaries of the trust.
- 2) Mailed well proposal letter with AFE via certified mail dated 1-14-2015.
- 3) Received green card signed by ???.

**Robert Michael Evertson**

- 1) Mailed well proposal letter with AFE via certified mail dated 1-5-2015 to Wells Fargo Bank as Trustee of the Leslie K. Evertson Family Trust. A representative with Wells Fargo informed me the trust had recently been distributed and I needed to get in touch with the beneficiaries of the trust.
- 2) Mailed well proposal letter with AFE via certified mail dated 1-14-2015.
- 3) Have not received a green card back yet or a returned package.

Emma Lou Evertson

- 1) Mailed well proposal letter with AFE via certified mail dated 1-5-2015 to Wells Fargo Bank as Trustee of the Leslie K. Evertson Family Trust. A representative with Wells Fargo informed me the trust had recently been distributed and I needed to get in touch with the beneficiaries of the trust.
- 2) Mailed well proposal letter with AFE via certified mail dated 1-14-2015.
- 3) Received green card signed by Kye Evertson.
- 4) Received call from Carrol Evertson 2-2-2015. Said he was Emma Lou Evertson's son and didn't think she wanted to participate in the well. I told him I would send an offer for a deal for him to review.
- 5) Emailed Carrol an offer regarding his mother's interest 2-3-2015.
- 6) Have not heard back from Carrol Evertson or Emma Lou Evertson.



UNITED STATES  
POSTAL SERVICE.

Date: January 13, 2015

Simple Certified:

The following is in response to your January 13, 2015 request for delivery information on your Certified Mail™/RRE item number 9414810699945007401380. The delivery record shows that this item was delivered on January 13, 2015 at 10:44 am in MIDLAND, TX 79701. The scanned image of the recipient information is provided below.

Signature of Recipient :

Fred Schwiening

Address of Recipient :

PO Box 2800  
Midland, TX 79702

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,

United States Postal Service

K. Jay Reynolds  
Western Oil Producers, Inc.  
PO Box 2800  
Midland, TX 79702  
Reference #: Gobbler 5 B2PM 1H cm

1-21-15  
Called (432) 682-8488  
out of town - left message.

1-28-15  
called - left msg.

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

January 5, 2015

Via Certified Mail

Western Oil Producers, Inc.  
P.O. Box 2800  
Midland, Texas 79702  
Attn: Mr. K. Jay Reynolds

Re: Gobbler "5" B2PM State Com No. 1H  
330' FSL & 330' FEL (SL)  
330' FSL & 330' FWL (BHL)  
Section 5, T19S, R29E  
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 320.00 acre Working Interest Unit ("WIU") covering the S/2 of the captioned Section 5 for oil and gas production. The targeted interval for the proposed unit is the Second Bone Spring Sand in the Bone Spring formation. Apparently Western Oil Producers, Inc. ("Western") owns 7.9687% interest in the SW/4 (160.00 gross acres) of the captioned Section 5. Accordingly, Western would own a 3.98435% working interest in the proposed WIU. ( $7.9687\% \times 160.00 \text{ net acres} / 320.00 \text{ gross acres} = 3.98435\% \text{ working interest}$ )

In reference to the above, Mewbourne as Operator hereby proposes to drill the captioned 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 7,880 feet subsurface to evaluate the Second Bone Spring Sand in the Bone Spring formation. The proposed well will have a measured depth (MD) of approximately 12,400 feet. The S/2S/2 of the captioned Section 5 will be dedicated to the well as the oil proration unit.

Regarding the above, enclosed for your further handling is our AFE dated November 21, 2014 for the captioned proposed well. In the event your firm elects to participate in the proposed well, please execute the enclosed AFE and return to me within thirty (30) days. I will forward you a Joint Operating Agreement if you decide to participate.

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

Sincerely,

MEWBOURNE OIL COMPANY

*Corey Mitchell*

Corey Mitchell  
Landman

## Corey Mitchell

---

**From:** Corey Mitchell  
**Sent:** Friday, January 23, 2015 3:41 PM  
**To:** lonniea@forl.com  
**Subject:** Estate of Larry Arnold Interest

Lonnie,

Pursuant to our conversation, Mewbourne Oil Company ("Mewbourne") is interested in acquiring a Term Assignment covering the all of the Estate of Larry Arnold's ("Larry") interest in the SW/4 of Section 5, T19S, R29E, Eddy County, New Mexico, as to depths from 3,100 feet to 9,100 feet beneath the surface, save and except all interest in and to the existing wellbores and production therefrom from any well located on the lands or communitized therewith.

According to the records in Eddy County, New Mexico, Larry appears to own 2% working interest (3.2 net acres) in the SW/4 of the captioned Section 5 as to depths from 3,100 feet to 9,100 feet beneath the surface.

Regarding the above and in lieu of participating in the proposed well, Mewbourne hereby offers to purchase a two (2) year Term Assignment covering all of Larry's interest in the SW/4 of the above captioned Section 5 for \$750.00 per net acre; based upon delivery of a 78% net revenue interest to Mewbourne (3.2 net acres x \$750.00 per acre = \$2,400.00).

This offer is subject to Mewbourne's approval of title and execution of a mutually acceptable form of assignment. Please let me know if the above offer is acceptable at your earliest convenience. If so, I will forward you a term assignment for review. Let me know if you have any questions. Thanks. Have a great weekend.

Corey Mitchell  
Land Department  
Mewbourne Oil Company  
500 West Texas, Suite 1020  
Midland, TX 79701  
Bus. (432) 682-3715  
Fax (432) 685-4170



Date: January 8, 2015

Simple Certified:

The following is in response to your January 8, 2015 request for delivery information on your Certified Mail™/RRE item number 9414810699945007401342. The delivery record shows that this item was delivered on January 8, 2015 at 3:39 pm in HOBBS, NM 88240. The scanned image of the recipient information is provided below.

Signature of Recipient :

*L. N. Arnold*  
LONNIE ARNOLD

Address of Recipient :

P.O. Box 2253  
HOBBS, NM 88241

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,  
United States Postal Service

Larry Arnold  
PO Box 2253  
Hobbs, NM 88241  
Reference #: Gobbler 5 82PM 1H cm

(1-23-15) (432) 425-0949 - Lonnie Arnold

L1112 Telluride Ct.  
Midland, TX 79705

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

January 5, 2015

Via Certified Mail

Larry Arnold  
P.O. Box 2253  
Hobbs, New Mexico 88241

Re: Gobbler "5" B2PM State Com No. 1H  
330' FSL & 330' FEL (SL)  
330' FSL & 330' FWL (BHL)  
Section 5, T19S, R29E  
Eddy County, New Mexico

Dear Mr. Arnold:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 320.00 acre Working Interest Unit ("WIU") covering the S/2 of the captioned Section 5 for oil and gas production. The targeted interval for the proposed unit is the Second Bone Spring Sand in the Bone Spring formation. Apparently you own 2% interest in the SW/4 (160.00 gross acres) of the captioned Section 5. Accordingly, you would own a 1% working interest in the proposed WIU. ( $2\% \times 160.00 \text{ net acres} / 320.00 \text{ gross acres} = 1\% \text{ working interest}$ )

In reference to the above, Mewbourne as Operator hereby proposes to drill the captioned 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 7,880 feet subsurface to evaluate the Second Bone Spring Sand in the Bone Spring formation. The proposed well will have a measured depth (MD) of approximately 12,400 feet. The S/2S/2 of the captioned Section 5 will be dedicated to the well as the oil proration unit.

Regarding the above, enclosed for your further handling is our AFE dated November 21, 2014 for the captioned proposed well. In the event you elect to participate in the proposed well, please execute the enclosed AFE and return to me within thirty (30) days. I will forward you a Joint Operating Agreement if you decide to participate.

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

Sincerely,

MEWBOURNE OIL COMPANY

*Corey Mitchell*

Corey Mitchell  
Landman

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

January 5, 2015

Via Certified Mail

Wells Fargo Bank NA SAO  
c/o Leslie K. Everston Family Trust  
P.O. Box 41779  
Austin, Texas 78704

Re: Gobbler "5" B2PM State Com No. 1H  
330' FSL & 330' FEL (SL)  
330' FSL & 330' FWL (BHL)  
Section 5, T19S, R29E  
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 320.00 acre Working Interest Unit ("WIU") covering the S/2 of the captioned Section 5 for oil and gas production. The targeted interval for the proposed unit is the Second Bone Spring Sand in the Bone Spring formation. Apparently the Leslie K. Everston Family Trust ("Everston") owns 5.9688% interest in the SW/4 (160.00 gross acres) of the captioned Section 5. Accordingly, Everston would own a 2.9844% working interest in the proposed WIU. ( $5.9688\% \times 160.00 \text{ net acres} / 320.00 \text{ gross acres} = 2.9844\% \text{ working interest}$ )

In reference to the above, Mewbourne as Operator hereby proposes to drill the captioned 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 7,880 feet subsurface to evaluate the Second Bone Spring Sand in the Bone Spring formation. The proposed well will have a measured depth (MD) of approximately 12,400 feet. The S/2S/2 of the captioned Section 5 will be dedicated to the well as the oil proration unit.

Regarding the above, enclosed for your further handling is our AFE dated November 21, 2014 for the captioned proposed well. In the event your firm elects to participate in the proposed well, please execute the enclosed AFE and return to me within thirty (30) days. I will forward you a Joint Operating Agreement if you decide to participate.

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

Sincerely,

MEWBOURNE OIL COMPANY

*Corey Mitchell*

Corey Mitchell  
Landman



UNITED STATES  
POSTAL SERVICE

Date: February 6, 2015

Simple Certified:

The following is in response to your February 6, 2015 request for delivery information on your Certified Mail™/RRE item number 9414810699945007521415. The delivery record shows that this item was delivered on February 5, 2015 at 3:17 pm in GARLAND, TX 75044. The scanned image of the recipient information is provided below.

Signature of Recipient :

Signature of Recipient :  
Delivery Section  
Sandra Atkins  
SANDRA ATKINS

Address of Recipient :

Address of Recipient :  
Sandra Atkins  
1205 Creekwood Dr  
Garland, TX 75044

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,  
United States Postal Service

Sandra S. Atkins  
1205 CREEKWOOD DR  
GARLAND, TX 75044  
Reference #: Gobbler 5 B2PM 1H cm

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

January 14, 2015

Via Certified Mail

Sandra S. Atkins  
1205 Creekwood Drive  
Garland, Texas 75044

Re: Gobbler "5" B2PM State Com No. 1H  
330' FSL & 330' FEL (SL)  
330' FSL & 330' FWL (BHL)  
Section 5, T19S, R29E  
Eddy County, New Mexico

Dear Ms. Atkins:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 320.00 acre Working Interest Unit ("WIU") covering the S/2 of the captioned Section 5 for oil and gas production. The targeted interval for the proposed unit is the Second Bone Spring Sand in the Bone Spring formation. Apparently you own 1.482252% interest in the SW/4 (160.00 gross acres) of the captioned Section 5. Accordingly, you would own a 0.741126% working interest in the proposed WIU. ( $1.482252\% \times 160.00$  net acres / 320.00 gross acres = 0.741126% working interest)

In reference to the above, Mewbourne as Operator hereby proposes to drill the captioned 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 7,880 feet subsurface to evaluate the Second Bone Spring Sand in the Bone Spring formation. The proposed well will have a measured depth (MD) of approximately 12,400 feet. The S/2S/2 of the captioned Section 5 will be dedicated to the well as the oil proration unit.

Regarding the above, enclosed for your further handling is our AFE dated November 21, 2014 for the captioned proposed well. In the event you elect to participate in the proposed well, please execute the enclosed AFE and return to me at your very earliest convenience. I will forward you a Joint Operating Agreement if you decide to participate.

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

Sincerely,

MEWBOURNE OIL COMPANY

*Corey Mitchell*

Corey Mitchell  
Landman

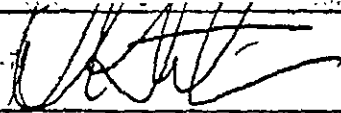


Date: January 17, 2015

Simple Certified:

The following is in response to your January 17, 2015 request for delivery information on your Certified Mail™/RRE item number 9414810699945007521446. The delivery record shows that this item was delivered on January 17, 2015 at 3:46 pm in DALLAS, TX 75229. The scanned image of the recipient information is provided below.

Signature of Recipient :

Signature X	
Printed Name	

Address of Recipient :

Delivery address	4323 Southcrest
------------------	-----------------

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,  
United States Postal Service

Vicki Evertson  
4323 Southcrest Rd  
Dallas, TX 75229  
Reference #: Gobbler 5 B2PM 1H cm

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

January 14, 2015

Via Certified Mail

Vicki Evertson  
4323 Southcrest Road  
Dallas, Texas 75229

Re: Gobbler "5" B2PM State Com No. 1H  
330' FSL & 330' FEL (SL)  
330' FSL & 330' FWL (BHL)  
Section 5, T19S, R29E  
Eddy County, New Mexico

Dear Ms. Evertson:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 320.00 acre Working Interest Unit ("WIU") covering the S/2 of the captioned Section 5 for oil and gas production. The targeted interval for the proposed unit is the Second Bone Spring Sand in the Bone Spring formation. Apparently you own 1.482252% interest in the SW/4 (160.00 gross acres) of the captioned Section 5. Accordingly, you would own a 0.741126% working interest in the proposed WIU. ( $1.482252\% \times 160.00 \text{ net acres} / 320.00 \text{ gross acres} = 0.741126\% \text{ working interest}$ )

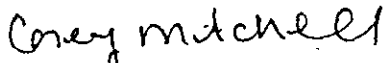
In reference to the above, Mewbourne as Operator hereby proposes to drill the captioned well at the above referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to an approximate true vertical depth (TVD) of 7,880 feet subsurface to evaluate the Second Bone Spring Sand in the Bone Spring formation. The proposed well will have a measured depth (MD) of approximately 12,400 feet. The S/2S/2 of the captioned Section 5 will be dedicated to the well as the oil proration unit.

Regarding the above, enclosed for your further handling is our AFE dated November 21, 2014 for the captioned proposed well. In the event you elect to participate in the proposed well, please execute the enclosed AFE and return to me at your very earliest convenience. I will forward you a Joint Operating Agreement if you decide to participate.

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

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell  
Landman

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

January 14, 2015

Via Certified Mail

Robert Michael Evertson  
109 Westwood Circle  
McKinney, Texas 75070

Re: Gobbler "5" B2PM State Com No. 1H  
330' FSL & 330' FEL (SL)  
330' FSL & 330' FWL (BHL)  
Section 5, T19S, R29E  
Eddy County, New Mexico

Dear Mr. Evertson:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 320.00 acre Working Interest Unit ("WIU") covering the S/2 of the captioned Section 5 for oil and gas production. The targeted interval for the proposed unit is the Second Bone Spring Sand in the Bone Spring formation. Apparently you own 1.482252% interest in the SW/4 (160.00 gross acres) of the captioned Section 5. Accordingly, you would own a 0.741126% working interest in the proposed WIU. ( $1.482252\% \times 160.00 \text{ net acres} / 320.00 \text{ gross acres} = 0.741126\% \text{ working interest}$ )

In reference to the above, Mewbourne as Operator hereby proposes to drill the captioned 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 7,880 feet subsurface to evaluate the Second Bone Spring Sand in the Bone Spring formation. The proposed well will have a measured depth (MD) of approximately 12,400 feet. The S/2S/2 of the captioned Section 5 will be dedicated to the well as the oil proration unit.

Regarding the above, enclosed for your further handling is our AFE dated November 21, 2014 for the captioned proposed well. In the event you elect to participate in the proposed well, please execute the enclosed AFE and return to me at your very earliest convenience. I will forward you a Joint Operating Agreement if you decide to participate.

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

Sincerely,

MEWBOURNE OIL COMPANY

*Corey Mitchell*

Corey Mitchell  
Landman

## Corey Mitchell

---

**From:** Corey Mitchell  
**Sent:** Tuesday, February 03, 2015 8:53 AM  
**To:** 'flopattan@gmail.com'  
**Subject:** Emma Lou Evertson Offer

Carrol,

Pursuant to our conversation, Mewbourne Oil Company ("Mewbourne") is interested in acquiring a Term Assignment covering all of the Emma Lou Evertson's ("Emma") interest in the SW/4 of Section 5, T19S, R29E, Eddy County, New Mexico, as to depths from 3,100 feet to 9,100 feet beneath the surface, save and except all interest in and to the existing wellbores and production therefrom from any well located on the lands or communitized therewith.

According to the records in Eddy County, New Mexico, Emma appears to own 1.522044% working interest (2.43527 net acres) in the SW/4 of the captioned Section 5 as to depths from 3,100 feet to 9,100 feet beneath the surface.

Regarding the above and in lieu of participating in the proposed well, Mewbourne hereby offers to purchase a two (2) year Term Assignment covering all of Emma's interest in the SW/4 of the above captioned Section 5 for \$750.00 per net acre; based upon delivery of a 78% net revenue interest to Mewbourne (2.43527 net acres x \$750.00 per acre = \$1,826.45).

This offer is subject to Mewbourne's approval of title and execution of a mutually acceptable form of assignment. Please let me know if the above offer is acceptable at your earliest convenience. If so, I will forward you a term assignment for review. Let me know if you have any questions. Thanks. Have a great day.

Corey Mitchell  
Land Department  
Mewbourne Oil Company  
500 West Texas, Suite 1020  
Midland, TX 79701  
Bus. (432) 682-3715  
Fax (432) 685-4170



Date: January 22, 2015

Simple Certified:

The following is in response to your January 22, 2015 request for delivery information on your Certified Mail™/RRE item number 9414810699945007521514. The delivery record shows that this item was delivered on January 21, 2015 at 3:50 pm in POMPANO BEACH, FL 33073. The scanned image of the recipient information is provided below.

Signature of Recipient :

Delivery Section	
Signature	Kyle Everstson
Delivered to	12 Everstson

Address of Recipient :

Delivery Address	4100 Vinkemulder Rd
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Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,  
United States Postal Service

Emma Lou Everston  
4100 Vinkemulder Rd  
Coconut Creek, FL 33073  
Reference #: Gobbler 5 B2PM 1H cm

# MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020  
MIDLAND, TEXAS 79701

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

January 14, 2015

Via Certified Mail

Emma Lou Evertson  
4100 Vinkemulder Road  
Coconut Creek, Florida 33073

Re: Gobbler "5" B2PM State Com No. 1H  
330' FSL & 330' FEL (SL)  
330' FSL & 330' FWL (BHL)  
Section 5, T19S, R29E  
Eddy County, New Mexico

Dear Ms. Evertson:

Mewbourne Oil Company ("Mewbourne") as Operator hereby proposes to form a 320.00 acre Working Interest Unit ("WIU") covering the S/2 of the captioned Section 5 for oil and gas production. The targeted interval for the proposed unit is the Second Bone Spring Sand in the Bone Spring formation. Apparently you own 1.522044% interest in the SW/4 (160.00 gross acres) of the captioned Section 5. Accordingly, you would own a 0.761022% working interest in the proposed WIU. ( $1.522044\% \times 160.00$  net acres / 320.00 gross acres = 0.761022% working interest)


In reference to the above, Mewbourne as Operator hereby proposes to drill the captioned 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 7,880 feet subsurface to evaluate the Second Bone Spring Sand in the Bone Spring formation.~~ The proposed well will have a measured depth (MD) of approximately 12,400 feet. The S/2S/2 of the captioned Section 5 will be dedicated to the well as the oil proration unit.

Regarding the above, enclosed for your further handling is our AFE dated November 21, 2014 for the captioned proposed well. In the event you elect to participate in the proposed well, please execute the enclosed AFE and return to me at your very earliest convenience. I will forward you a Joint Operating Agreement if you decide to participate.

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

Sincerely,

MEWBOURNE OIL COMPANY

  
Corey Mitchell  
Landman

## MEWBORNE OIL COMPANY

## AUTHORIZATION FOR EXPENDITURE

Well Name: Gobbler 5 B2PM St Com #1H		Prospect: _____	
Location: SL: 330' FSL & 300' FEL, BHL: 330' FSL & 330' FWL		County: Eddy	ST: NM
Sec: 5	BLK: _____	Survey: _____	TWP: 19S
ARRG: 29E		Prop: TVO	7880' TMD: 12400'

INTANGIBLE COSTS 0180		CODE	TCP	CODE	CC
Permits and Surveys		0180-0100	\$10,000	0180-0200	
Location: Roads, Pits & Site Preparation		0180-0105	\$100,000	0180-0205	\$2,500
Location: Site Restoration, Excavation & Other		0180-0106	\$150,000	0180-0206	
Day Work, Footage, Turnkey Drilling 22 days drig & 3 comp @ \$17600/day		0180-0110	\$413,600	0180-0210	\$56,400
Fuel 900 gal/day @ \$3.5/gal		0180-0114	\$78,800		
Mud		0180-0120	\$50,000		
Chemicals and Additives		0180-0121		0180-0221	\$5,000
Cementing		0180-0125	\$125,000	0180-0225	\$1,000
Logging, Wireline & Coring Services Gryo		0180-0130	\$8,000	0180-0230	
Casing, Tubing & Snubbing Services		0180-0134	\$25,000	0180-0234	\$15,000
Mud Logging		0180-0137	\$20,000		
Stimulation 20 stage 1.5 MM gals & 2 MM sand				0180-0241	\$844,000
Stimulation Rentals & Other				0180-0242	\$230,000
Water & Other		0180-0145	\$50,000		
Bits		0180-0148	\$75,000	0180-0248	
Inspection & Repair Services		0180-0150	\$20,000	0180-0250	\$4,000
Misc. Air & Pumping Services Drift Out		0180-0154		0180-0254	\$60,000
Testing NU crew		0180-0158	\$16,000	0180-0258	\$20,000
Completion / Workover Rig 4 days @ \$4500/day				0180-0260	\$18,500
Rig Mobilization		0180-0164	\$165,000		
Transportation		0180-0165	\$30,000	0180-0265	\$1,000
Welding and Construction		0180-0168	\$5,000	0180-0268	
Engineering & Contract Supervision		0180-0170	\$44,000	0180-0270	\$6,000
Directional Services		0180-0175	\$125,000		
Equipment Rental		0180-0180	\$163,000	0180-0280	\$10,000
Well / Lease Legal		0180-0184	\$5,000	0180-0284	
Well / Lease Insurance		0180-0185	\$4,100	0180-0285	
Intangible Supplies		0180-0188	\$10,000	0180-0288	\$1,000
Damages		0180-0190	\$6,000	0180-0290	
Pipeline, Road, Electrical ROW & Easements		0180-0192		0180-0292	
Pipeline Interconnect				0180-0293	
Company Supervision		0180-0195	\$44,000	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	\$175,300	0180-0299	\$66,200
TOTAL			\$1,927,800		\$1,390,600

TANGIBLE COSTS 0181		CODE	TCP	CODE	CC
Casing (19.1" - 30")		0181-0793			
Casing (10.1" - 19.0") 325' 13 3/8" 48# H40 STC @ \$32.52/ft + GRT		0181-0794	\$11,300		
Casing (8.1" - 10.0") 1300' 9 5/8" 36# J55 LTC @ \$25/ft + GRT		0181-0795	\$34,700		
Casing (6.1" - 8.0") 8200' 7" 26# P110 LTC/BTC @ \$27/ft + GRT		0181-0796	\$236,500		
Casing (4.1" - 6.0") 4400' 4 1/2" 13.5# P110 LTC @ \$14.8/ft + GRT				0181-0797	\$69,800
Tubing (2" - 4") 7400' 2 7/8" 6.5# L80 EUE 8rd @ \$5.80/ft + GRT				0181-0798	\$45,900
Drilling Head		0181-0860	\$15,000		
Tubing Head & Upper Section				0181-0870	\$15,000
Downhole Directional Equipment 20 Stage Baker System				0181-0871	\$250,000
Sucker Rods				0181-0875	\$40,000
Packer Pump & Subsurface Equipment Rod Pump & BHA				0181-0880	\$15,000
Artificial Lift Systems ESP				0181-0884	\$40,000
Pumping Unit C912-365-168				0181-0885	\$110,000
Surface Pumps & Prime Movers 75HP PU motor				0181-0886	\$7,500
Tanks - Steel 5-500bbl steel (2 coated)				0181-0890	\$80,000
Tanks - Others				0181-0891	
Separation & Gas Treating Equipment 2 - 30"x10"x1000# 3-Phase Separator				0181-0895	\$30,000
Heater Treaters, Line Heaters 6"x20"x75# Heater Treater				0181-0897	\$20,000
Metering Equipment				0181-0898	\$15,000
Line Pipe - Gas Gathering and Transportation				0181-0900	\$30,000
Misc. Fittings, Valves, Line Pipe and Accessories				0181-0906	\$50,000
Cathodic Protection				0181-0908	\$5,000
Electrical Installations				0181-0909	\$50,000
Production Equipment Installation				0181-0910	\$30,000
Pipeline Construction				0181-0920	\$20,000
TOTAL			\$297,500		\$923,000
SUBTOTAL			\$2,225,300		\$2,313,600
TOTAL WELL COST			\$4,538,900		

Prepared by: J. Nave

Date: 11/19/2014

Co. Approval: *m. whitte*

Date: 11/21/2014

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: \_\_\_\_\_

Attachment

**Offset Ownership**  
**Gobbler "5" B2PM State Com No. 1H**  
**S/2S/2 of Section 5, T19S, R29E**  
**Eddy County, New Mexico**

N/2 of Section 5:

**Mewbourne Oil Company - Working Interest Owner**

N/2S/2 of Section 5:

**Mewbourne Oil Company – Operator**

(Same ownership as proposed well)

W/2 of Section 4:

**Devon Energy Production Company, LP – Operator**

E/2 of Section 4:

**OXY USA WTP Limited Partnership - Operator**

NW/4 of Section 9:

**OXY USA WTP Limited Partnership - Operator**

Section 8:

**OXY USA WTP Limited Partnership – Operator**

Section 7:

**OXY USA Inc. – Operator**

Section 6:

**Nadel and Gussman Permian, LLC – Working Interest Owner**

**Harvey E. Yates Company – Working Interest Owner**

Attachment E