### 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 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. \_\_\_\_\_/5260 Exhibit No. \_\_\_\_ (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

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

My Commission Expires: 1-19-2016 GLENDA BARNETT MY COMMISSION EXPIRES

January 19, 2016

Public Barnott

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

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

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



Tract Ownership Göbbler 5 B2PM State Com No. 1H Páge 2 of 2

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

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## \* Total interest being pooled: 7.968750%

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## 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 1-23-1015. 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

- 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

- 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

- 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.

Attachment <u>C</u>

Summary of Communications Gobbler 5 B2PM State Com No. 1H Page 2 of 2

#### Emma Lou Evertson

- 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.



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.

And Saluting Signature of Recipient : Fred Schwiening Address of Recipient : RO BOX 2000

M. d (qued, 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

Called (432) 682-8688 out of town-left Message. 1-21-15

1-28-15 Culled-left MSg-

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

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% X 160.00 net acres / 320.00 gross acres = 3.98435% 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 <u>cmitchell@mewbourne.com</u> or call me at (432) 682-3715.

Sincerely,

#### MEWBOURNE OIL COMPANY

Corey Milchell Corey Mitchell Landman

### **Corey Mitchell**

From: Sent: To: Subject: Corey Mitchell Friday, January 23, 2015 3:41 PM Ionniea@forl.com 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, T195, 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 :

J.n. amold LONNIE ARNOLD

Address of Recipient: P.O. BOX 2253 flovolos, Nri Rozzy

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 B2PM 1H cm (1-23-15) (432)425-0949-Lonnie Arnold L1112 Telluride Ct. Midland, T x 79705

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

January 5, 2015

<u>Via Certified Mail</u>

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% X 160.00 net acres / 320.00 gross acres = 1% 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 <u>cmitchell@mewbourne.com</u> or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY

Cney mitchel Corev Mitchell

Landman

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

January 5, 2015

<u>Via Certified Mail</u>

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% X 160.00 net acres / 320.00 gross acres = 2.9844% 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 <u>cmitchell@mewbourne.com</u> or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY

Concy mitchell Corey Mitchell Landman



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 :

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Address of Recipient :

**rery** 655

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

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% X 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 <u>cmitchell@mewbourne.com</u> or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY

Cney mitchelf

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 :

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| Printed<br>Name |            |

Address of Recipient :

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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

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

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% X 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 <u>cmitchell@mewbourne.com</u> or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY

(ney michel)

Corey Mitchell Landman

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

January 14, 2015

ì

<u>Via Certified Mail</u>

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% X 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 <u>cmitchell@mewbourne.com</u> or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY

Covery mitcheld

Corey Mitchell Landman

## **Corey Mitchell**

From: Sent: To: Subject: Corey Mitchell Tuesday, February 03; 2015 8:53 AM 'flopatton@gmail.com' 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, T195, 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** jiuri hed

Address of Recipient :

VinKer 'Lc

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 Vinkemutder Rd Coconut Creek, FL 33073 Reference #: Gobbler 5 B2PM 1H cm

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

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

January 14, 2015

<u>Via Certified Mail</u>

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% X 160.00 net acres / 320.00 gross acres = 0.761022% working interest)

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 <u>cmitchell@mewbourne.com</u> or call me at (432) 682-3715.

Sincerely,

MEWBOURNE OIL COMPANY

Correy mitchell Corey Mitchell Landman

| AUTHORIZATION FOR EXPEND   |       |           |   |                    |                            |
|--|-------|-----------|---|--------------------|----------------------------|
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|  | -12-4 | NS PERSON | ister og en til date stade b  | anta cherane a che |                            |
| Location; SL: 330' FSL & 300' FEL, BHL: 330' FSL & 330' FWL  | Cou   | nty: Edd  | l<br>Diversity (1973) - 19  | 3                  | ST: NM S                   |
| Sec. 5 Bilk: Survey:   | 195   | RNG 2     | E Prop. TVO   | 7880               | TMD: 12400'                |
| INTANGIBLE COSTS 0180  |       | CODE      | тср   | CODE               | CC                         |
| Permits and Surveys  | ľ     | 0180-0100 |   | 0180-0200          |                            |
| Location: Roads, Pits & Sile Preparation   |       | 0180-0105 | \$100,000   | 0180-0205          | \$2,500                    |
| Location: Site Restoration, Excavation & Other<br>Day Work, Footage, Turnkey Dritling 22 days drig & 3 comp @ \$17600/day  |       | 0180-0106 |   | 0180-0206          | \$56,400                   |
| Fuel 900 gal/day @ \$3.5/gal   |       | 0180-0114 | \$78,800  | 0180-0210          | \$30,400                   |
| Mud  |       | 0180-0120 | \$50,000  |                    |                            |
| Chemicals and Additives  |       | 0180-0121 | \$125,000   | 0180-0221          | \$5,000                    |
| Logging, Wireline & Coring Services Gryo   |       | 0180-0130 | The second se | 0180-0230          |                            |
| Casing, Tubing & Snubbing Services   |       | 0180-0134 |   | 0180-0234          | \$15,000                   |
| Mud Logging<br>Stimulation 20 stage 1.5 MM gals & 2 MM sand  | ╼╍╌╢  | 0180-0137 | \$20,000  | 0180-0241          | \$844,000                  |
| Stimulation Rentals & Other  |       |           |   | 0180-0242          | \$230,000                  |
| Water & Other Bits   |       | 0180-0145 | \$50,000  |                    |                            |
| Inspection & Repair Services   |       | 0180-0148 |   | 0180-0248          | \$4,000                    |
| Misc. Air & Pumping Services Dritt Out   |       | 0180-0154 |   | 0180-0254          | \$60,000                   |
| Testing NU crew  | [     | 0180-0158 | \$16,000  | 0160-0258          | \$20,000                   |
| Completion / Workover Rig 4 days @ \$4500/day<br>Rig Mobilization  |       | 0180-0164 | \$165,000   | 0180-0260          | \$18,500                   |
| Transportation   |       | 0160-0165 | \$30,000  | 0180-0265          | \$1,000                    |
| Welding and Construction   |       | 0180-0168 |   | 0180-0268          |                            |
| Engineering & Contract Supervision   |       | 0180-0170 | \$44,000<br>\$125,000   | 0180-0270          | \$6,000                    |
| Equipment Rental   |       | 0180-0180 |   | 0180-0260          | \$10,000                   |
| Well / Lease Legal   |       | 0180-0184 |   | 0180-0284          |                            |
| Well / Lease Insurance   |       | 0180-0185 |   | 0180-0285          | \$1,000                    |
| Damages  |       | 0180-0190 |   | 0160-0288          | \$1,000                    |
| Pipeline, Road, Electrical ROW & Easements   |       | 0180-0192 |   | 0180-0292          |                            |
| Pipeline Interconnect Company Supervision  | {     | 0180-0195 | \$44.000  | 0180-0293          | \$30,000                   |
| Overhead Fixed Rate  |       | 0180-0195 |   | 0180-0296          | \$20,000                   |
| Well Abandonment   |       | 0180-0198 |   | 0180-0298          |                            |
| Conlingencies 10% (TCP) 5% (CC)  |       | 0180-0199 |   | 0180-0299          | \$66,200                   |
| TANGIBLE COSTS 0181  | DTAL  |           | \$1,927,800   | " <u>[</u>         | \$1,390,600                |
| 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//t + GRT   |       | 0181-0795 | \$34,700  |                    |                            |
| Casing (6.1" - 8.0")         8200' 7" 26# P110 LTC/BTC @ \$27/ft + GRT           Casing (4.1" - 6.0")         4400' 4 1/2" 13.5# P110 LTC @ \$14.8/ft + GRT  |       | 0181-0796 | \$236,500   | D181-0797          | \$69,600                   |
| Tubing (2" - 4") 7400' 2 7/8" 6.5# L80 EUE 8rd @ \$5.80/(1 + GRT   |       |           |   | 0181-0798          |                            |
| Drilling Head  |       | 0181-0660 | \$15,000  | -                  | <b>515 000</b>             |
| Tubing Head & Upper Section Downhole Directional Equipment 20 Stage Baker System   |       |           |   | 0181-0870          | \$15,000<br>\$250,000      |
| Sucker Rods  |       |           |   | 0181-0875          | ·                          |
| Packer Pump & Subsurface Equipment Rod Pump & BHA<br>Artificial Lift Systems ESP   |       |           |   | 0181-0880          | \$15,000<br>\$40,000       |
| Pumping Unit C912-365-168  |       |           | <u> </u>  | 0181-0884          |                            |
| Surface Pumps & Prime Movers 75HP PU motor   |       |           |   | 0181-0886          | \$7,500                    |
| Tanks - Sleel 5-500bbl steel (2 coaled)<br>Tanks - Others  |       |           |   | 0181-0890          |                            |
| Separation & Gas Treating Equipment 2 - 30"x10'x1000# 3-Phase Separator  |       | i         |   | 0181-0895          |                            |
| Heater Treaters, Line Heaters 6'x20'x75# Heater Treater  |       |           |   | 0181-0897          | \$20,000                   |
| Metering Equipment Line Pipe - Gas Gathering and Transportation  |       | }         | \   | 0181-0898          |                            |
| Misc. Fittings, Valves, Line Pipe and Accessories  |       |           | <u>├</u> <b>.</b>   | 0181-0900          |                            |
| Cathodic Protection  |       |           | ]   | 0181-090B          | \$5,000                    |
| Electrical Installations   |       |           |   | 0181-0909          |                            |
| Production Equipment Installation  |       |           |   | 0181-0910          |                            |
|  | OTAL  | <u></u>   | \$297,50  | -∦                 | \$923,000                  |
| Subt   |       | ·         | \$2,215,30  |                    | \$923,000                  |
|  |       |           |   |                    | 34,313,000                 |
| TOTAL WELL CO  | 51    | L         | <u>\$4,</u>   | 538,900            |                            |
|  | /2014 |           |   |                    |                            |
| Co. Approval: Dale: Dale:  | /2014 |           |   |                    |                            |
| Joint Owner Intérest: Amount:  |       |           |   |                    |                            |
| Joint Owner Name: Signature:   | 船旗    |           |   | ANNE PA            |                            |

Attachment

| Joint | Owner | Name: |
|-------|-------|-------|
| 00000 | 0,000 |       |

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| 5664707/04232006474844  | 化合体的 法国际运行 化合合合合合合合合合合合合合合合合合合合合合合合合合合合合合合合合合合合合   | hand FRA Barley, and the first |  |
|---|--|--------------------------------|--|
| et  | 1.2. 10121 35 16 1993 4  | THE STATE OF STATE             |  |
| pinnarnua (alkeis alkeis)   | 2. 网络哈拉尔 网络马克 法典   |                                | L. L |
| Charles (1994) 111 (1<br>1994) 111 (1994) 1 | the second s | (1)保证规则 (1)法 (4)社会保险部分         | U. TOTAL 62, C2, 1140, C4 FIG.           |

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 <u>NOT to be covered</u> by Operator's Extra Expense Insurance for their well.

#### Joint Owner Name:

Signature: In Provide State St

Cito: Complete DODLE OF Comments

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

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)

<u>W/2 of Section 4:</u> Devon Energy Production Company, LP – Operator

E/2 of Section 4: OXY USA WTP Limited Partnership - Operator

<u>NW/4 of Section 9:</u> OXY USA WTP Limited Partnership - Operator

<u>Section 8:</u> OXY USA WTP Limited Partnership – Operator

Section 7: OXY USA Inc. – Operator

<u>Section 6:</u> Nadel and Gussman Permian, LLC – Working Interest Owner Harvey E. Yates Company – Working Interest Owner

