

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 PROJECT AREA AND
TWO UNORTHODOX OIL WELL LOCATIONS,
EDDY COUNTY, NEW MEXICO.

Case No. 15,396

AFFIDAVIT OF D. PAUL HADEN

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

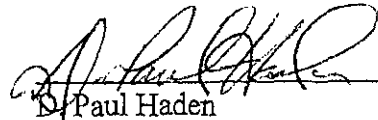
1. I am a landman for Mewbourne Oil Company ("Mewbourne"), and have personal knowledge of the matters stated herein.
2. I have previously testified before the Division, and my qualifications as an expert petroleum landman were accepted of record.
3. I have been involved in this prospect for approximately five years, and I am familiar with the land matters involved in this application.
4. All of Section 15, Township 18 South, Range 30 East, N.M.P.M. is federal land (surface and minerals). The W/2SW/4 of Section 15 is unleased federal minerals.
5. I have been in touch with the Bureau of Land Management ("BLM") since February 2011, seeking to have the BLM lease the W/2SW/4 of Section 15. E-mails regarding this effort are attached hereto as Exhibit A. The BLM has consistently refused to lease the W/2SW/4 of Section 15, because the BLM deems the surface to be in an environmentally sensitive area, and it is conducting a habitat evaluation in the area including Section 15.
6. As a result, the BLM has restricted the area in which wells in Section 15 could have surface locations.
7. On September 3, 2014, Mewbourne personnel (including myself) met with Jim Rutley and Ed Fernandez of the BLM in Carlsbad. The BLM required Mewbourne to present a plan of development for Section 15 before it would approve Mewbourne's initial APD in Section 15, for the Leo 15 DA Fed. Com. Well No. 1H.

Oil Conservation Division

Case No. _____

Exhibit No. 18

8. Mewbourne presented a plan of development for four wells in Section 15, and the BLM requested that Mewbourne form a 560 acre project area in Section 15 (all of the section except for the unleased W/2SW/4 of Section 15), and communitize that acreage. It also required that all wells in Section 15 have surface locations in the NW/4NW/4 of Section 15, due to the habitat evaluation. Mewbourne has complied with the BLM's requests.

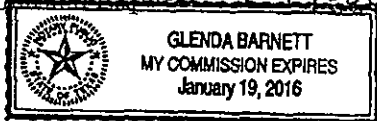

D. Paul Haden


ACKNOWLEDGEMENT

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this 26th day of October, 2015 by D. Paul Haden.

My Commission Expires: 1-19-2016




Notary Public

Paul Haden/Mewbourne
02/02/2011 09:48 AM

To james_rutley@blm.gov
cc
bcc
Subject Re: Suspended Fed. Lse. #NM-016808

Mr. Rutley , the captioned lease covering the E/2NE/4 , SW/4NE/4 , SE/4NW/4 , SE/4SW/4 and SW/4SE/4 of Sec. 22 , T18S, R30E , Eddy Co. dated 2-1-55 was suspended 9-1-59 due to potash. If Mewbourne Oil Co. were to locate a surface location off this lease and drill horizontally to test the Second Bone Spring Sand interval in the Bone Spring formation underneath the potash , could this lease be reinstated ? If so , for how long ??

On another note , Fed. Lse. #NM-95638 covering the W/2SW/4 Sec. 15 terminated 8-31-05 and hasn't been offered for competitive lease bidding since such time. Is there a reason for this ?? Could it be nominated and be put up in the next available lease sale ??

I'll call you later today to discuss the above. Thanks.

Paul Haden
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, Texas 79701
(432) 682-3715
(432) 685-4170 FAX

James Rutley (575) 234-5904

EXHIBIT

A



Re: Tract Nomination
Paul Haden to: gbaca

11/30/2012 04:31 PM

Good afternoon Gloria. I need your help and advice. For our behalf, Doug Schutz nominated the W/2SW/4 of Section 15, T18S, R30E, Eddy Co. to be placed in the next available competitive Federal Lease Sale. The former lease for this tract was Federal Lease # NM 95638 that expired 8/31/05 and has not been available for lease since such time. Mewbourne Oil Company owns some leasehold in Section 15 and is interested in drilling horizontal Bone Spring wells. Apparently there are some wildlife and/or archeological concerns regarding the leasing of this acreage. Could it be possible to attach a NSO Stipulation to this tract so it could be placed up for competitive bid ??? Is there someone you could recommend in the BLM that I could talk to or could you help me with this ??? I'd appreciate it. I'll be out of town next Monday and Tues.
(Dec 3rd and 4th) I'll call you after I get back to discuss. Thanks Gloria. Have a nice weekend.

Paul Haden
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, Texas 79701
(432) 682-3715
(432) 685-4170 FAX

HEA

Habitat Evaluation only



Re: Tract Nomination - W/2SW/4 Sec 15,T18S, R30E

Doug Schutz

to:

Paul Haden

12/12/2012 09:36 AM

Hide Details

From: Doug Schutz <schutzdoug@gmail.com>

To: Paul Haden <phaden@mewbourne.com>

History: This message has been replied to.

Paul, the name I was given was Cody Layton 575-234-5959

Doug

On Wed, Dec 12, 2012 at 8:07 AM, Paul Haden <phaden@mewbourne.com> wrote:

Doug , who was the contact person with BLM in Carlsbad that I should talk to regarding the captioned land ?? I can't seem to find his ph #. I previously called this guy and left a message but he never returned my call. What is his name and ph # ??? Thanks.

Paul Haden
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, Texas 79701
[\(432\) 682-3715](tel:(432)682-3715)
[\(432\) 685-4170](tel:(432)685-4170) FAX

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Schutz Abstract Company, Inc.
P.O. Box 973, Santa Fe, NM 87504
Office: (505) 982-0130
Fax: (505) 820-1366



Re: Lease Nomination
Paul Haden to: cody_layton
Cc: Larry Cunningham

02/19/2013 02:57 PM

Good afternoon Cody. We had previously discussed placing the W/2SW/4 of Section 15, T18S, R30E, Eddy Co, NM up for sale in the next available Fed. Competitive Lease Sale. This acreage is apparently in an environmentally sensitive area. Your group was doing a study to determine if it could be put up in the lease sale. If it could, we would be agreeable for the BLM to attach a No Surface Occupancy Stip to the lease if it could be placed up for sale. Mewbourne owns leasehold within the Section and wants to drill some horizontal Bone Spring oil wells. I would appreciate it if you could check on the status of the BLM's study regarding this acreage. My last conversation with you was you thought the study would be complete by mid - January. Thanks for your help.

Paul Haden
Land Department
Mewbourne Oil Company
500 W. Texas Ave., Ste. 1020
Midland, Texas 79701
(432) 682-3715
(432) 685-4170 FAX



Re: Tract Nomination
Paul Haden to: cody_layton, gloria_baca
Cc: Larry Cunningham

05/14/2013 02:28 PM

Cody and Gloria, we've tried to get the W/2SW/4 of Section 15, T18S, R30E, Eddy Co. NM placed in the Competitive Oil & Gas Lease Sale. This was former Lse. # NM-95638 that expired 8/31/05 and has never been placed up for sale since due to some habitat/wildlife/environmental concerns.

Why can't this acreage be offered for lease with a No Surface Occupancy Stipulation ??? We could drill horizontal wells under this acreage at an off lease surface location. Excluding the referenced acreage to be placed up for competitive lease is causing waste and compromises correlative rights for us and other leasehold owners in Section 15.

We would very much appreciate the BLM to reconsider to place the referenced land up for sale in the next available Competitive Lease Sale with the lease having a No Surface Occupancy Stipulation. Please call or email me with any information you might have regarding the status of placing the referenced land up for sale. Thanks for your help in connection with this matter.

Paul Haden
Land Department
Mewbourne Oil Company
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Midland, Texas 79701
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(432) 685-4170 FAX