

**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 COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.**

Case No. 14,285

VERIFIED STATEMENT 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, and have personal knowledge of the matters stated herein.

2. Pursuant to Division Rule 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 regarding the proposed well, and have simply not decided whether to join in the well or farm out their interests.

(b) A plat outlining the spacing unit being pooled is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests from the surface to the base of the Yeso formation underlying the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 10, Township 20 South, Range 25 East, N.M.P.M., Eddy County, New Mexico. The unit will be dedicated to the Long Draw "10" C Well No. 1, to be drilled at an orthodox location in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 10. The well will be an oil well.

(c) The parties being pooled, their working interests in the well unit, and their addresses, are as follows:

Milton F. Kent
c/o S.R. Bengston
10820 SW 74 Court
Miami, Florida 33156

2.1000%

Oil Conservation Division
Case No. 1 14285
Exhibit No. 1

Stringer Family Interests, LP	0.4375%
Elizabeth S. Ferguson Blanek	0.4375%
Elizabeth S. Ferguson	0.4375%
c/o Stringer Oil and Gas Company	
P.O. Box 3037	
San Angelo, Texas 76902	

- (d) A copy of the proposal letter sent to the uncommitted working interest owners is attached hereto as Exhibit B. In addition, several phone calls have been made to the interest owners.
- (e) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against a non-consenting working interest owner.
- (f) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit C. 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.
- (g) Overhead charges of \$4000/month for a drilling well, and \$400/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.
- (h) Applicant requests that it be designated operator of the well.

VERIFICATION

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

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


D. Paul Haden

SUBSCRIBED AND SWORN TO before me this 10th day of March, 2009 by D. Paul Haden.

My Commission Expires: 1-19-2012


Notary Public

1 mo Draw 10" C #1

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

**Milton F. Kent
c/o S.R. Bengston
10820 SW 74 Court
Miami, Florida 33156**

2. Article Number
(Transfer from service label)

7005 2570 0001 0978 6203

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

[Signature] ☐ Agent ☐ Addressee

B. Received by (Printed Name)

M. Bengston

C. Date of Delivery

1/30/04

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☒ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

EXHIBIT B

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

January 27, 2009

Via Certified Mail-Return Receipt No. 6203

Milton F. Kent
c/o S.R. Bengston
10820 SW 74 Court
Miami, Florida 33156

Re: Long Draw "10" C No. 1
990' FNL & 1810' FWL
Section 10, T20S, R25E
Eddy County, New Mexico

Dear Mr. Kent:

Mewbourne Oil Company as Operator hereby proposes to drill the captioned well at the referenced location to a depth sufficient to evaluate the Yezo formation, estimated total depth being 3,500 feet beneath the surface. The NE/4NW/4 of the captioned Section 10 will be dedicated to the well. Enclosed for your further handling is a copy of our AFE dated December 15, 2008 regarding the proposed well.

In the event you elect to participate in the proposed well as to your 2.1000% interest, please sign and return the enclosed AFE to me at your very earliest convenience. Upon my receipt of same, I'll forward you our Operating Agreement for execution.

Sincerely yours,


MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

Paul Haden/Mewbourne
02/24/2009 04:41 PM

To Beth Blaneek <efblaneek@gmail.com>
cc
bcc
Subject Re: Long Draw "10" C No. 1 

Beth , you do not need to do anything at this point. As before , once the Pooling Order is issued, you will have another opportunity to join in the well under the terms of the Order which means paying your entire estimated well cost up front. Who knows , prices may be better by then. I'm sorry we couldn't be more cooperative with our geology. Take care.

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



Beth Blane
<efblane@gmail.com>
02/24/2009 04:32 PM

To Paul Haden <phaden@mewbourne.com>
cc
bcc

Subject Long Draw "10" C No. 1

History:

This message has been replied to.

Dear Paul,


We, Stringer Family Interests, Elizabeth S. Ferguson Blane, Elizabeth S. Ferguson, elect not to participate in the Long Draw "10" C No. 1 in Eddy County New Mexico.

What, if anything, do we need to do at this point.

Please advise.

Elizabeth S. Ferguson Blane

Paul Haden/Mewbourne
02/20/2009 01:53 PM

To Beth Blaneek <efblaneek@gmail.com>
cc
bcc
Subject Re: Long Draw, Eddy County, New Mexico 

Beth , you received a well proposal because you own an interest of record. You are not considered a partner until you agree to join in the proposed well based upon your own geological evaluation of the well proposal just as the other joint interest owners have done. We didn't educate them on the prospect nor did they expect us to. Perhaps you can contact Nearburg Exploration here in Midland as Nearburg apparently sold an interest to you when they drilled their Anderson Com #1 and #2 Wells in the E/2 of Sec. 10. Mr. Terry Gant is their Manager and his direct ph. # is (432) 818-2901. Sorry but my hands are tied on helping you. Again , you can get well data from the NMOCD. Just access their website and you can get the well info online for all wells in the area which would include wellfile , production and log data. I hope that helps.

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



Beth Blanek
<efblanek@gmail.com>
02/20/2009 10:54 AM

To Paul Haden <phaden@mewbourne.com>
cc Frank <fstringer@suddenlinkmail.com>
bcc

Subject Re: Long Draw, Eddy County, New Mexico

History:

✉ This message has been replied to.

Paul,

Thanks so much for getting back w/me this morning. Although we appreciate your comments about confidentiality, perhaps I am confused...aren't we already partners? If not, why would we receive a well proposal and AFE for the Long Draw "10" C #1?

Look forward to hearing from you.

Best Regards,

Beth

On Fri, Feb 20, 2009 at 9:28 AM, Paul Haden <phaden@mewbourne.com> wrote:

Beth , sorry we can not and will not share our geological information and maps as that information is strictly confidential and proprietary. As to the Long Draw "4" P #1 and Long Draw "10" F #1 Wells, the Stringer bunch is not an interest owner in either of those wells. The Stringer bunch only owns an interest in the N/2NW/4 and the SW/4NW/4 (the C, D and E locations) whereby the Stringer bunch is non-consent in the Long Draw "10" E #1 Well by virtue of the terms of Compulsory Pooling Order No. R-13081 which was issued on 1-5-09. I'm sorry you're not familiar with the geology of this area. We are familiar with this area as we have salaried geologists and engineers on staff who have spent a lot of time evaluating this area for Mewbourne's behalf for exploration purposes. If we were looking for partners, we would share our info as I assume Nearburg did when they got you in this area many years ago. Well logs and production data in the immediate area is available to the public and can be obtained from the records filed with the New Mexico Oil Conservation Division offices in Artesia and Santa Fe, NM. I hope you can understand our position regarding our rights involving proprietary data. Sorry I can't be of more help regarding your decision to participate or not in the Long Draw "10" C #1 Well.

Please call me should you have any questions regarding the above. Thanks and best regards.



Beth BlaneK
<efblaneK@gmail.com>
02/19/2009 05:12 PM

To phaden@mewbourne.com
cc Frank <fstringer@suddenlinkmail.com>
bcc
Subject Long Draw, Eddy County, New Mexico

Dear Paul,

Thank you for taking the time to visit with me by phone this afternoon. I spoke with my brother, Frank, about the proposed well, Long Draw "10" C No.1. We may have some interest in participating. However, it will be impossible to make a decision without being able to see geological information regarding your idea as to why this is a good place to drill this well. We certainly appreciate that you consider the geology proprietary. However, since we are working interest owners, we do not consider it to be an unreasonable request to be provided with such data. Of course, any information provided to us in this matter will be kept in strictest confidence. Also, please send us any maps, plats, copy of proposed operating agreements and any other information to help us make an informed decision.

Please understand that we currently have commitments in other areas as to drilling and our knowledge in this area is limited. Please accept our apology in advance for requesting this information.

We have looked at the well reports you have been kind enough to fax to us on the Long Draw 4P #1 and the 10F #1. We assume that we are in non-consent status on these wells. What is our interest and what does the non-consent provision provide? What determines the percentage of non-consent?

Is there an operating agreement that we have previously signed that would control such matters?

Again, I apologize for the rambling nature of this email. We would appreciate you providing us with the information that we have requested..

Perhaps it would be simpler if we were to sell our interest in this property; Would Mewbourne be interested?

Best regards,

Beth

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Stringer Family Interests ✓
Elizabeth S. Ferguson Blanek
Elizabeth S. Ferguson
c/o Stringer Oil and Gas Company
P.O. Box 3037
San Angelo, Texas. 76902

2. Article Number
(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Signature

XJ F. Stringer Jr.

B. Received by (Printed Name)

J. F. Stringer Jr.

☐ Agent
Addressed to

C. Date of Delivery

2/28/2009

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
- ☐ Registered ☐ Return Receipt for Merchandise
- ☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

7005 2570 0001 0978 6197

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

January 27, 2009

Via Certified Mail-Return Receipt No. 6197

Stringer Family Interests
Elizabeth S. Ferguson Blaneck
Elizabeth S. Ferguson
c/o Stringer Oil and Gas Company
P.O. Box 3037
San Angelo, Texas 76902

Re: Long Draw "10" C No. 1
990' FNL & 1810' FWL
Section 10, T20S, R25E
Eddy County, New Mexico

Ladies and Gentlemen:

Mewbourne Oil Company as Operator hereby proposes to drill the captioned well at the referenced location to a depth sufficient to evaluate the Yeso formation, estimated total depth being 3,500 feet beneath the surface. The NE/4NW/4 of the captioned Section 10 will be dedicated to the well. Enclosed for your further handling is a copy of our AFE dated December 15, 2008 regarding the proposed well.

In the event you elect to participate in the proposed well as to your 0.43750% interest, please sign and return the enclosed AFE to me at your very earliest convenience. Upon my receipt of same, I'll forward you our Operating Agreement for execution.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/gb

**MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE**

Prospect: Long Draw 10 Well Name & No: Long Draw 10C Federal #1
 Field: _____ Location: 990' FNL & 1810' FWL
 Section: 10 Block: _____ Survey: _____ Township 20S Range: 25E
 County: Eddy ST: NM Proposed Depth: 3500'

DESCRIPTION		Cost To Casing Point AFE NO.	Completion Cost AFE NO.
INTANGIBLE COST 180			
300	Permits and Surveys	\$2,000	\$1,000
301	Location, Roads and Site Preparation (includes 80' of conductor & cement)	\$40,000	\$1,500
302	Footage or Turnkey Drilling		
303	Day Work 5 Days @ \$13,200/Day + GRT	\$70,000	\$13,200
304	Fuel 6 Days @ 500 gal/day	\$5,700	
305	Completion / Workover Rig		\$20,000
306	Mud and Chemicals	\$13,000	
307	Cementing	\$7,500	\$15,000
308	Logging, Wireline and Coring Services	\$15,000	\$28,200
309	Casing, Tubing & Snubbing Services	\$3,500	\$4,000
310	Mud Logging	\$5,000	
311	Testing		
312	Treating 2 frac's		\$220,000
313	Water & Other	\$8,000	\$1,000
314	Bits	\$10,000	
315	Inspection & Repair Services		\$2,000
316	Misc. Air and Pumping Services		
320	Rig Mobilization & Transportation	\$20,000	
321	Welding and Construction	\$5,000	
322	Engineering & Contract Supervision	\$5,000	
330	Equipment Rental	\$12,000	\$3,000
334	Well / Lease Legal	\$3,000	\$1,000
335	Well / Lease Insurance	\$1,200	
350	Intangible Supplies	\$500	\$500
355	Damages	\$8,000	
360	Pipeline and Electrical ROW and Easements		\$5,000
367	Pipeline Interconnect		
375	Company Supervision	\$10,000	\$7,500
380	Overhead Fixed Rate	\$2,500	\$2,500
398	Well Abandonment	\$12,000	(\$12,000)
399	Contingencies 10% / 10%	\$25,900	\$31,300
Total Intangibles		\$284,800	\$344,700
TANGIBLE COST 181			
797	Conductor Casing 80' 20" (included in location)		
797	Surface Casing 1200' 8 5/8" 24# J-55 @ \$31.80/ft	\$38,200	
797	Intermediate Casing		
797	Intermediate Casing		
797	Production Casing 3,500' 4 1/2" 10.5# J55 LTC @ \$15.63/ft		\$54,700
798	Tubing 3200' 2 3/8" 4.7# J-55 EUE 8rd @ \$6.89/ft		\$22,100
860	Drilling Head 8 5/8" x 4 1/2" Larkin	\$3,500	
870	Tubing Head & Upper Section 4-1/2" x 2 3/8" Larkin		\$3,500
875	Sucker Rods		\$14,600
880	Packer Pump & Subsurface Equipment		\$12,000
884	Artificial Lift Systems		
885	Pumping Unit		\$38,000
886	Surface Pumps & Prime Movers		\$5,000
890	Tanks - Steel Consolidated		\$8,000
891	Tanks - Other Consolidated		\$2,800
895	Separation Equipment Consolidated		\$7,500
896	Gas Treating Equipment		
898	Metering Equipment		\$3,300
900	Line Pipe - Gas Gathering and Transportation		\$3,000
901	Line Pipe - Production		\$1,500
906	Miscellaneous Fittings, Valves & Accessories		\$6,000
909	Electrical Installations		\$20,000
910	Production Equipment Installation		\$7,500
920	Pipeline Construction		\$3,000
Prepared by: <u>M. Young</u> Date Prepared: <u>12/15/2008</u> Total Tangibles		\$41,700	\$212,500
Company Approval: <u>M. Whittier</u> Date Approved: <u>12/15/2008</u> SUBTOTAL		\$326,500	\$557,200
Joint Owner Interest: _____ Joint Owner Amount: _____ TOTAL WELL COST		\$883,700	

Joint Owner: _____ Joint Owner Approval: _____

Operator has secured Operator's Extra Expense Insurance covering costs of well control, clean up, and production. Non-operator may elect not to be covered by this Operator's Extra Expense Insurance or covered by Operator's Extra Expense Insurance for their well.

By: _____ Name: _____

EXHIBIT C