

**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. 14,400

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, 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 are unlocatable, or have been contacted regarding the proposed well and have simply not decided whether to join in the well or lease 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 $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 15, Township 20 South, Range 25 East, N.M.P.M., Eddy County, New Mexico. The unit will be dedicated to the Limousine "15" K Well No. 1, to be drilled at an orthodox location in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 15. The well will be an oil well.

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

- | | | |
|----|--------------------------------------|-----------|
| 1) | Marilyn Harris
Address Unknown | 1.851852% |
| 2) | Tommy Harris, Jr.
Address Unknown | 1.851852% |

Oil Conservation Division
Case No. 1
Exhibit No. 1

3)	John Harris Address Unknown	1.851852%
4)	Ella June Harris Address Unknown	0.462963%
5)	Michelle Harris Address Unknown	0.694444%
6)	Rachael Harris Address Unknown	0.694444%
7)	Byron Mann Address Unknown	1.851852%
8)	Walter Parker III 2710 Rockville Rd. Fairfield, CA 94534	1.851852%

(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) In an attempt to find the mineral interest owners, Mewbourne Oil Company examined the Eddy County records, telephone directories and records in the counties of the last known residences of the out-of-state owners, and internet directories.

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

(g) 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.

(h) 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.

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

VERIFICATION

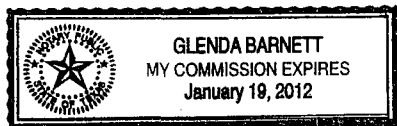
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

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 10th day of November, 2009 by Corey Mitchell.

My Commission Expires: 1-19-2012



Glenda Barnett
Notary Public

EXHIBIT

Summary of Communications
Limousine "15" K Well No. 1

Walter Parker III

- 1) Mr. Parker called me and left a message to call him back on 9-10-2009.
- 2) Talked with Mr. Parker on 9-11-2009 and he said he would like to lease his interest to us for me to send him an Oil and Gas Lease for him to review.
- 3) Mailed letter and Oil and Gas Lease on 9-11-2009. Never heard back from Mr. Parker.
- 4) Mailed well proposal letter with AFE via certified mail 10-12-2009. Offered to acquire a six (6) month Oil and Gas Lease in the event he elected not to participate.
- 5) Received green card signed.
- 6) Mailed letter notifying Mr. Parker of the location change 10-27-2009.
- 7) Received green card signed.

Marilyn Harris

- 1) Unable to locate.

Tommy Harris, Jr.

- 1) Unable to locate.

John Harris

- 1) Unable to locate.

Ella June Harris

- 1) Unable to locate.

Michelle Harris

- 1) Unable to locate.

Rachael Harris

- 1) Unable to locate.

Byron Mann

- 1) Unable to locate.

EXHIBIT

B

Phone Conversations

9-10-2009 - Walter Parker, III called about
Limousine IS wells. Need to
call back @ (707) 422-2915 (H)
or (707) 974-2824 (C). (CM)

9-11-2009 - Called Walter Parker, III, no
answer, left message. (CM)

9-11-2009 - Talked with Mr. Parker. Wants
to lease his interest in Sec. 15.
Asked for me to send him a
lease to review. (CM)

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

September 11, 2009

Walter Parker III
2710 Rockville Rd.
Fairfield, CA 94534

Re: MOC's Limousine "15" Prospect
SW/4 of Section 15, T20S, R25E
Eddy County, New Mexico

Dear Mr. Parker:

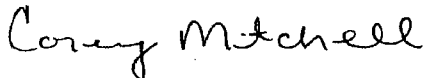
Per our conversation, enclosed for your further handling is an Oil and Gas Lease prepared for your review and signature if you wish to lease your interest. Also enclosed is a copy of the Oil and Gas Lease for your keeping. The Oil and Gas Lease covers your 1/54 mineral interest in the SW/4SW/4 and the NE/4SW/4 of the captioned Section 15 on the basis of no bonus for a six (6) month term and providing a 3/16 royalty interest. It is understood you also own an interest in the NW/4SW/4 of the captioned Section 15, but we are not going to lease that acreage since your respective interest is subject to compulsory pooling Order R-13158.

Regarding the above, please sign the enclosed Oil and Gas Lease in the presence of a Notary Public and return same in the enclosed postage paid envelope provided for your convenience.

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

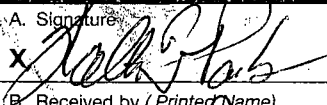
Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell
Landman

Umd 15 R #1

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature  <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>1. Article Addressed to:</p> <p style="text-align: center;">Walter Parker III 2710 Rockville Rd. Fairfield, CA 94534</p>		<p>B. Received by (Printed Name) C. Date of Delivery WALTER F. PARKER 10/17/09</p>	
		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below: <input type="checkbox"/> No</p>	
		<p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
<p>2. Article Number (Transfer from service label)</p>		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
		<p style="text-align: center;">7005 2570 0001 0978 2953</p>	

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

October 12, 2009

Via Certified Mail-Return Receipt No. 2953

Walter Parker III
2710 Rockville Rd.
Fairfield, CA 94534

Re: Limousine "15" K No. 1
1650'FSL & 2310'FWL
Section 15, T20S, R25E
Eddy County, New Mexico

Dear Mr. Parker:

Mewbourne Oil Company as Operator hereby proposes to drill the captioned well at the referenced location to a depth sufficient to adequately evaluate the Yeso formation, estimated total depth being 3,250 feet beneath the surface. The NE/4SW/4 of the captioned Section 15 will be dedicated to the well.

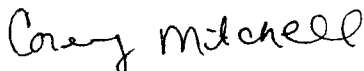
Regarding the above, enclosed for your further handling are two copies of our AFE dated May 28, 2009 for the captioned well. In the event you elect to participate in the captioned proposed well, please sign one copy of the enclosed AFE and return to me within thirty (30) days. Upon our receipt of same, I will forward you our Operating Agreement covering the NE/4SW/4 of the captioned Section 15.

In the event you elect not to participate in the captioned well as to your respective mineral interest, Mewbourne offers to purchase an Oil and Gas Lease from you covering your 1/54 mineral interest in the NE/4SW/4 of the captioned Section 15 on the basis of no bonus for a six (6) month paid-up Oil and Gas Lease providing a 3/16 royalty interest. This offer is available for your acceptance for a period ending November 10, 2009.

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

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell
Landman

Limousine 15 K#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:

Walter Parker III
2710 Rockville Rd.
Fairfield, CA 94534

2. Article Number
(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Walter Parker III

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

11/17/09

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 4018

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

October 27, 2009

Via Certified Mail-Return Receipt No. 4018

Walter Parker III
2710 Rockville Rd.
Fairfield, CA 94534

Re: Limousine "15" K No. 1
(1650' FSL & 2310' FWL)
2210' FSL & 1650' FWL
Section 15, T20S, R25E
Eddy County, New Mexico

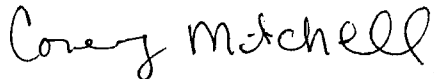
Dear Mr. Parker:

Reference is made to my previous letter dated October 12, 2009 and our AFE dated May 28, 2009 whereby Mewbourne Oil Company as operator proposed drilling the above captioned well at a location 1650' FSL & 2310' FWL of the captioned Section 15. Due to extenuating circumstances, the well location was moved to a new location of 2210' FSL & 1650' FWL. The new location of 2210' FSL & 1650' FWL is still within the same 40 acre tract and should not present a problem. Please revise your records accordingly for the proposed revised location.

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

Sincerely,

MEWBOURNE OIL COMPANY



Corey Mitchell
Landman

**MEWBORNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE**

Prospect: Long Draw/Quick Draw Yeso Well Name & No: Limousine 15 K #1
 Field: _____ Location: 2210' FSL & 1650' FWL
 Section: 15 Block: _____ Survey: _____ Township: 20S Range: 25E
 County: Eddy ST: NM Proposed Depth: 3250'

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)	\$95,000	\$1,500
302	Footage or Turnkey Drilling		
303	Day Work 5 Days @ \$9,000/Day + GRT + 1 day Comp.	\$47,700	\$9,000
304	Fuel 6 Days @ 500 gal/day @ \$1.60/gal	\$4,800	
305	Completion / Workover Rig		\$9,000
306	Mud and Chemicals	\$13,000	
307	Cementing	\$7,500	\$15,000
308	Logging, Wireline and Coring Services		\$17,500
309	Casing, Tubing & Snubbing Services	\$3,500	\$4,000
310	Mud Logging		
311	Testing		
312	Treating 2 stage frac - Total 300000 gals & 150000# 20/40 brown sand		\$150,000
313	Water & Other	\$8,000	
314	Bits	\$6,000	
315	Inspection & Repair Services		
316	Misc. Air and Pumping Services		
320	Rig Mobilization & Transportation	\$17,500	
321	Welding and Construction	\$3,000	
322	Engineering & Contract Supervision	\$5,000	
330	Equipment Rental	\$8,000	\$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	\$7,000	\$6,000
380	Overhead Fixed Rate	\$2,500	\$2,500
398	Well Abandonment	\$12,000	(\$12,000)
399	Contingencies 5% / 5%	\$12,800	\$10,700
Total Intangibles		\$268,000	\$223,700
TANGIBLE COST 181			
797	Conductor Casing 80' 20" (included in location)		
797	Surface Casing 800' 8 5/8" 24# J-55 @ \$20.25/ft	\$16,400	
797	Intermediate Casing		
797	Intermediate Casing		
797	Production Casing 3,250' 4 1/2" 10.5# J55 LTC @ \$8.50/ft		\$27,800
798	Tubing 3200' 2 3/8" 4.7# J-55 EUE 8rd @ \$3.89/ft		\$12,500
860	Drilling Head 8 5/8" x 4 1/2" Larkin	\$1,300	
870	Tubing Head & Upper Section 4-1/2" x 2 3/8" Larkin		\$1,300
875	Sucker Rods		\$14,600
880	Packer Pump & Subsurface Equipment		\$9,800
884	Artificial Lift Systems		
885	Pumping Unit		\$32,000
886	Surface Pumps & Prime Movers		\$3,000
890	Tanks - Steel		\$22,000
891	Tanks - Other		\$7,500
895	Separation Equipment		
896	Gas Treating Equipment		
898	Metering Equipment		\$7,500
900	Line Pipe - Gas Gathering and Transportation		
901	Line Pipe - Production 2000' - 3" SDR 7 poly		\$4,000
906	Miscellaneous Fittings, Valves & Accessories		\$1,800
909	Electrical Installations		\$20,000
910	Production Equipment Installation		\$21,000
920	Pipeline Construction		
Prepared by: <u>L. Jackson</u> Date Prepared: <u>5/28/2009</u> Total Tangibles		\$17,700	\$184,800
Company Approval: <u>M. White</u> Date Approved: <u>5/28/2009</u> SUBTOTAL		\$285,700	\$408,500
Joint Owner Interest: _____ Joint Owner Amount: _____ TOTAL WELL COST		\$694,200	

Joint Owner: _____ Joint Owner Approval: _____

Operator has secured Operator's Extra Expense Insurance covering costs of well control, clean up and redrilling, as estimated in Line Item 335. 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.

By: _____ Name: _____

EXHIBIT C