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. 14,397

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 owner being pooled is unlocatable.

(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 SE/4NW/4 of Section 22, Township 20 South, Range 25 East, NMPM, to form a standard 40-acre oil spacing and proration unit for all pools or formations developed on 40-acre spacing within that vertical extent, including the North Seven Rivers Glorieta-Yeso Pool. The unit is to be dedicated to the proposed Quick Draw "22" F Well No. 1, to be drilled at an orthodox location in the SE/4NW/4 of Section 22. The well will be an oil well.

(c) The party being pooled, his working interest in the well unit, and his last known address, are as follows:

E.J. Anderson Address unknown <u>6.666667 %</u>

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

| Oil Conservation Divisio | n |
|--------------------------|---|
| Case No. | |
| Exhibit No | |

(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

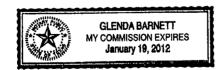
STATE OF TEXAS)) ss. COUNTY OF MIDLAND)

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>23rd</u> day of October, 2009 by Corey Mitchell.

My Commission Expires: 1-19-2012



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Summary of Communications

| Quick Draw | " <u>22</u> " | <u>C</u> | <u>No.</u> | 1 | Well |
|-------------------|---------------|----------|------------|---|------|
| Quick Draw | | | | | |

E.J. Anderson

- 1) Unable to locate.
- 2) 7-17-2009- Emailed Hannah Palomin with MYCO Industries, Inc. (interest owner in the E/2NW/4 of Section 22, T20S, R25E, Eddy County, NM) to see if she had any information on Mr. Anderson in their files, title opinions, etc.
- 3) 7-23-2009- Hannah emailed me back and she did not have any information on Mr. Anderson other than the document dated 4-10-1939, which is what I had.



1 . (h) - barrie



"Hannah Palomin" <hannah@mycoinc.com> 07/23/2009 03:27 PM To "Corey Mitchell" <cmitchell@Mewbourne.com>

cc bcc

Subject RE: Mewbourne: Quick Draw 22 C No. 1

History: 💭 This message has been replied to.

Hi Corey -

Sorry I'm just now getting back to you. I reviewed my file on the E2NW4 of Section 22 and unfortunately the only document I have is the Assignment you referenced dated 4-10-1939. I'm sorry I didn't have anything else to help you with Mr. E.J. Anderson's interest.

Hannah

----Original Message----From: Corey Mitchell [mailto:cmitchell@Mewbourne.com] Sent: Friday, July 17, 2009 12:15 PM To: Hannah Palomin Subject: Re: Mewbourne: Quick Draw 22 C No. 1

Hey Hannah,

As you know we are getting ready to drill the above captioned well in Section 22, T20S, R25E, Eddy County, New Mexico.

With the exception of the interest held by MYCO, we have a lease from all parties with an interest in the E/2NW/4 of Section 22 except for Mr. E.J. Anderson. According to our title information, Mr. Anderson has an 1/15 interest (5.333334 net acres) covering the E/2NW/4. He was given his interest by Assignment dated 4-10-1939, but never appears in the chain of title again.

I was hoping you may have an old title opinion or some other information that may help me figure out what happened with this interest. Any help you can provide is greatly appreciated. Thanks for your time and help. Have a good day/weekend. Let me know if you have any questions.

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

| Prospect: | Long Draw/Quick Draw Yes | 0 | Well Name & No: | Quick Draw 22 F #1 | |
|------------|--|------------------------|------------------------|------------------------------------|-------------------------------|
| | | | | 1650' FNL & 1650' FWL | |
| Section: | 22 Block: Survey: | | Township | 20S | Range: 25E |
| | Eddy | | | 3250' | |
| | | DESC | RIPTION | Cost To Casing Point AFE NO. | Completion Cost AFE NO. |
| | INTA | NGIBLE COST 180 | | | |
| 300 | Permits and Surveys | | | \$2,000 | |
| 301 | Location, Roads and Site Preparation | (includes 80' of cor | nductor & cement) | \$95,000 | \$1,500 |
| 302 | Footage or Turnkey Drilling | | | | |
| 303 | Day Work | 5 Days @ \$9,500/[| Day + GRT + 1 day Comp | p. \$50,400 | \$10,100 |
| 304 | Fuel | 6 Days @ 500 gal/ | day @ \$1.60/gal | \$4,800 | |
| 305 | Completion / Workover Rig | | | | \$9,00 |
| 306 | Mud and Chemicals | | | \$13,000 | |
| 307 | Cementing | | | \$7,500 | \$15,000 |
| 308 | Logging, Wireline and Coring Services | | | | \$17,50 |
| 309 | Casing, Tubing & Snubbing Services | | | \$3,500 | \$4,000 |
| 310 | Mud Logging | | | | |
| 311 | Testing | | | | |
| 312 | Treating 2 stage frac - To | otal 300000 gals & 150 | 000# 20/40 brown sand | | \$150,000 |
| 313 | Water & Other | | | \$8,000 | |
| 314 | Bits | | | \$6,000 | |
| 315 | Inspection & Repair Services | | 1 | | |
| 316 | Misc. Air and Pumping Services | ····· · | | | |
| 320 | Rig Mobilization & Transportation | | | \$30,000 | \$2,00 |
| 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 | \$1,00 |
| 335 | Well / Lease Insurance | | | \$1,200 | |
| 350 | Intangible Supplies | | | \$500 | \$50 |
| 355 | Damages | | | \$8,000 | \$5.00 |
| 360 367 | Pipeline and Electrical ROW and Easeme | ents | | | \$5,00 |
| 367 | Pipeline Interconnect | | | 67.000 | |
| 375 | Company Supervision | | | \$7,000 | \$6,00 |
| 398 | Overhead Fixed Rate | | , | \$2,500 | \$2,50 |
| 398 | Contingencies | 5% / | 5% | \$12,000 | \$10.800 |
| | Contingentides | 570 1 | 576 | φ13,300 | \$10,00 |

| 335 | Well / Lease Insurance | \$1,200 | | | |
|------------|--|-----------------------|------------|--|--|
| 350 | Intangible Supplies | \$500 | \$500 | | |
| 355 | Damages | \$8,000 \$8,000 \$5,0 | | | |
| 360 | Pipeline and Electrical ROW and Easements | | | | |
| 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% | \$13,500 | \$10,800 | | |
| | Total Intangibles | \$283,900 | \$226,900 | | |
| | TANGIBLE COST 181 | | | | |
| 797 | Conductor Casing 80' 20" (included in location) | | | | |
| 797 | Surface Casing 800' 8 5/8" 24# J-55 @ \$19.08/ft | \$15,300 | | | |
| 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 | \$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 - Steel EXHIBIT | | \$7,500 | | |
| 895 | Separation Equipment | | | | |
| 896 | Gas Treating Equipment | | | | |
| 898 | Metering Equipment | n | \$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 | | | | |
| | | Tangibles \$16,600 | \$184,800 | | |
| Company Ap | pproval: m. writter Date Approved: 6/4/2009 SUBT | OTAL \$300,500 | \$411,700 | | |
| | er Interest: Joint Owner Amount: TOTAL WELL COST \$712,200 | | | | |

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: