

**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. 14,398**

**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 NE/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" C Well No. 1, to be drilled at an orthodox location in the NE/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

6.666667 %

(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 Division  
Case No. 1  
Exhibit No. 1

(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    )

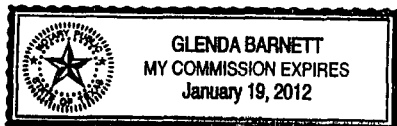
Corey Mitchell, being duly sworn upon his oath, deposes and states that: He is a landman for Mewbourne Oil Company; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge,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

Corey Mitchell  
Corey Mitchell

SUBSCRIBED AND SWORN TO before me this 23rd day of October, 2009 by Corey Mitchell.

My Commission Expires: 1-19-2012

Glenda Barnett  
Notary Public





**Summary of Communications**  
Quick Draw "22" C No. 1 Well  
Quick Draw "22" F No. 1 Well

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.

EXHIBIT

13





"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

**MEWBOURNE OIL COMPANY  
AUTHORIZATION FOR EXPENDITURE**

Prospect: Long Draw/Quick Draw Yeso Well Name & No: Quick Draw 22 C #1  
 Field: \_\_\_\_\_ Location: 330' FNL & 1650' FWL  
 Section: 22 Block: \_\_\_\_\_ Survey: \_\_\_\_\_ Township: 20S Range: 25E  
 County: Eddy ST: NM Proposed Depth: 3250'

DESCRIPTION		Cost To Casing Point AFE NO.	Completion Cost AFE NO.
<b>INTANGIBLE COST 180</b>			
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 @ \$9,500/Day + GRT + 1 day Comp.	\$50,400	\$10,100
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	\$30,000	\$2,000
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%	\$13,500	\$10,800
	Total Intangibles	\$283,900	\$226,900
<b>TANGIBLE COST 181</b>			
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 @ \$3.89/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>6/4/2009</u> Total Tangibles		\$16,600	\$184,800
Company Approval: <u>[Signature]</u> Date Approved: <u>6/4/2009</u> SUBTOTAL		\$300,500	\$411,700
Joint Owner Interest: _____ Joint Owner Amount: _____ TOTAL WELL COST		\$712,200	
Joint Owner: _____ Joint Owner Approval: _____			

EXHIBIT C

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: \_\_\_\_\_