

**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. 14,389

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 owner being pooled has been contacted regarding the proposed well and has simply not decided whether to join in the well, or lease or farm out its interest.

(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 14, 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 Undesignated Cemetery-Yeso Pool and Undesignated North Seven Rivers Glorieta-Yeso Pool. The unit is to be dedicated to the proposed Quick Draw "14" F Federal Well No. 1, to be drilled at an orthodox location in the SE/4NW/4 of Section 14. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well will be an oil well.

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

Redwine Resources, Inc.
Suite 740
8214 Westchester Drive
Dallas, Texas 75225

5.0000 %

Oil Conservation Division
Case No. 1
Exhibit No. 1

(d) A copy of the proposal letter sent to the uncommitted working interest owner is attached hereto as Exhibit B. In addition, several phone calls have been made to the interest owner.

(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.

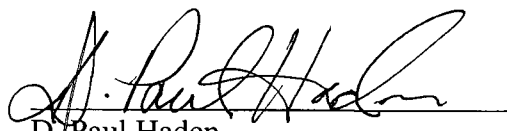
(g) Overhead charges of \$4000/month for a drilling well, and \$400/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Applicant also requests that the order contain a provision adjusting the rates pursuant to the COPAS accounting procedure.

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

VERIFICATION

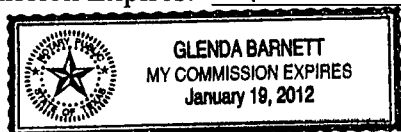
STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

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 26th day of October, 2009 by
D. Paul Haden.

My Commission Expires: 1-19-2012




Notary Public

EXHIBIT

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

August 13, 2009

Via Fax (214)691-5866 and First Class Mail

Redwine Resources, Inc.
8214 Westchester Drive, Suite 740
Dallas, Texas 75225
Attn: Mr. Gary Redwine

Re: Quick Draw "14" F Federal #1
SE/4NW/4 of Section 14, T20S, R25E
Eddy County, New Mexico

Gary:


Reference is made to my previous letter dated June 25, 2009 (see copy enclosed) whereby Mewbourne Oil Company ("Mewbourne") as Operator proposed drilling the captioned well. To date we have not received a response from you regarding your participation or not in the proposed well.

In the event you elect not to participate in the proposed well, Mewbourne offers to purchase a one (1) year Term Assignment of Operating Rights from you covering your interest in the captioned land on the basis of \$300 per net acre providing Mewbourne a 75% net revenue interest, subject to proportionate reduction.

To avoid the necessity of our having to file an Application for Compulsory Pooling regarding your interest in the captioned land, please respond to our well proposal or term assignment purchase offer as referenced above by Friday, August 21, 2009. After such date, your interest will be subject to compulsory pooling.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/tgm

EXHIBIT 13

Domestic Mail ~~141~~ ~~FE#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:

**Redwine Resources, Inc.
8214 Westchester Drive, Suite 740
Dallas, Texas 75225
Attn: Mr. Gary Redwine**

2. Article Number
(Transfer from service label)

7005 2570 0001 0978 2007

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Gary Redwine

☐ Agent

☐ Addressee

B. Received By (Printed Name)

Gary Redwine

C. Date of Delivery

6/29/09

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

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

June 25, 2009

Via Certified Mail Return Receipt No. 2007

Redwine Resources, Inc.
8214 Westchester Drive, Suite 740
Dallas, Texas 75225
Attn: Mr. Gary Redwine

Re: Quick Draw "14" M Federal #1
SW/4SW/4 Section 14; and
Quick Draw "14" F Federal #1
SE/4NW/4 of Section 14,
T20S, R25E
Eddy County, New Mexico

Gentlemen:

Mewbourne Oil Company ("Mewbourne") as Operator, hereby proposes to drill the captioned wells in the referenced lands to a depth sufficient to evaluate the Yezo formation, estimated total depth being 3,250 feet beneath the surface. Enclosed for your consideration are our AFEs regarding the proposed wells.

The Quick Draw "14" M Federal #1 Well is proposed under the terms of that certain Operating Agreement dated April 15, 2008. Regarding the proposed Quick Draw "14" F Federal #1 Well, Mewbourne proposes to amend the referenced Operating Agreement to include the SE/4NW/4, SE/4SW/4, S/2SE/4 and the NE/4SE/4 of the captioned Section 14 limited in depth as to rights from the surface to the base of the Yezo formation.

Please acknowledge your agreement to amend the Operating Agreement as referenced above by signing and returning the copy of this letter to me at your earliest convenience.

Sincerely yours,

MEWBOURNE OIL COMPANY



D. Paul Haden
Senior Landman

DPH/tgm

The undersigned agrees to amend that certain Operating Agreement dated April 15, 2008 as proposed.

REDWINE RESOURCES, INC.

By: _____
Gary Redwine, President

MEWBOURNE OIL COMPANY
AUTHORIZATION FOR EXPENDITURE

Prospect: Quick Draw Yeso Well Name & No: Quick Draw 14F Federal #1
Field: _____ Location: SE/4 of NW/4
Section: 14 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 @ \$9,500/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		\$15,000
306	Mud and Chemicals	\$13,000	
307	Cementing	\$7,500	\$15,000
308	Logging, Wireline and Coring Services		\$20,000
309	Casing, Tubing & Snubbing Services	\$3,500	\$4,000
310	Mud Logging		
311	Testing		
312	Treating 2 stage frac - Total 300000 gals/150000# sand + acid job		\$175,000
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	\$12,500
Total Intangibles		\$283,900	\$262,100
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 @ \$3.89/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 Take to common battery		\$7,000
891	Tanks - Other		\$2,500
895	Separation Equipment		
896	Gas Treating Equipment		
898	Metering Equipment		\$2,000
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		\$3,500
920	Pipeline Construction		
Prepared by: <u>M. Young</u> Date Prepared: <u>6/22/2009</u> Total Tangibles		\$16,600	\$141,800
Company Approval: <u>M. Whitte</u> Date Approved: <u>6/22/2009</u> SUBTOTAL		\$300,500	\$403,900
Joint Owner Interest: <u>0.05000</u> Joint Owner Amount: \$35,220.00 TOTAL WELL COST		\$704,400	

EXHIBIT C

Joint Owner: Redwine Resources, Inc. Joint Owner Approval: By: Gary Redwine, President

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: _____