

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR A NON-STANDARD SPACING AND PRORATION
UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 14530

AFFIDAVIT OF COREY MITCHELL

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

I, Corey Mitchell, being first duly sworn on oath, states as follows:

1. My name is Corey Mitchell. I reside in Midland, Texas. I am the Landman employed by Mewbourne Oil Company ("Mewbourne") who is familiar with the status of the lands in Sections 24 and 25, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

2. Mewbourne seeks an order: (1) creating a non-standard spacing unit comprised of the W/2 SW/4 of Section 24 and the W/2 NW/4 of Section 25, Township 19 South, Range 25 East, NMPM and (2) pooling certain interest owners in the W/2 SW/4 of Section 24 and the W/2 NW/4 of Section 25 in the Yeso formation, to form a 160-acre project area.

3. Mewbourne owns a working interest in the W/2 SW/4 of Section 24 and the W/2 NW/4 of Section 25 and has dedicated the proposed project area to its Wyatt Draw "24/25" LE Well No. 1H to be horizontally drilled from a surface location 2310 feet from the South line and 560 feet from the West line of Section 24 to a bottomhole location 2310 feet from the North line and 560 feet from the West line of Section 25 to a true vertical depth of approximately 2675 feet subsurface. **Attachment A** is a plat of the subject lands showing the proposed project area and the well location.

4. The proposed project area consists of 25+ fee leases. **Attachment B** lists the nature and percentage of the ownership interests in the subject project area.

5. This application has been instituted to pool the interests of Nearburg Exploration Company, LLC, a working interest owner who does not oppose the application.

6. Mewbourne has made a good faith effort to reach voluntary agreement with Nearburg Exploration Company, LLC:

A. A copy of the well proposal letter and relevant correspondence is included as Attachment C.

7. Mewbourne requests that Nearburg Exploration Company, LLC be pooled and Mewbourne be designated operator of the well and the project area.

8. Mewbourne proposes overhead charges (combined fixed rates) of \$6,000.00 per month while drilling and \$600.00 per month while producing.

9. Attachment D is a copy of the authorization for expenditure (AFE) for this well.

10. The offset operators or lessees of the acreage surrounding the project area are as follows: Nearburg Exploration Company, LLC and Marshall & Winston, Inc. As indicated on Attachment B, Marshall & Winston, Inc. is participating in the well.

11. Attachment E consists of letters sent to Nearburg and the offset operators, an affidavit of publication and copy of proof of mailing.

12. Approval of this application will avoid the drilling of unnecessary wells, will prevent waste, will protect correlative rights, and allow Mewbourne and the other interest owners in the W/2 SW/4 of Section 24 and the W/2 NW/4 of Section 25 an opportunity to obtain their just and fair share of the oil and gas under the subject lands.

FURTHER AFFIANT SAYETH NOT.

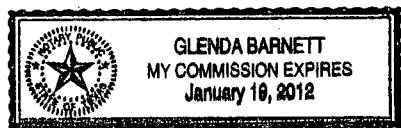
Cory Mitchell

SUBSCRIBED AND SWORN before me on this 30th day of August 2010.

Glenda Barnett
Notary Public

My Commission Expires:

1-19-2012



**TRACT OWNERSHIP
Wyatt Draw "24/25" LE No. 1H
W/2SW/4 Section 24, T19S, R25E
W/2NW/4 Section 25, T19S, R25E
Eddy County, New Mexico**

**W/2SW/4 of Section 24 and W/2 NW/4 of Section 25:
Surface to the top of the Bone Spring Lime formation:**

	<u>% Leasehold Interest</u>
Mewbourne Oil Company 500 West Texas, Ste. 1020 Midland, Texas 79701	46.794523%
Murchison Oil & Gas, Inc. 414 W. Texas, Suite 405 Midland, Texas 79702	16.999669%
Marshall & Winston, Inc. P.O. Box 50880 Midland, Texas 79710	9.436494%
Nearburg Exploration 3300 North "A" Street, Bldg. 2, Ste. 120 Midland, Texas 79705	5.156250%
Sacramento Partners 105 South 4 th Street Artesia, NM 88210	5.871595%
Harvey E. Yates Company P.O. Box 1933 Roswell, New Mexico 88202-1933	5.871595%
Lodewick, LLC 3305 Wentwood Dallas, Texas 75225	3.914397%
HollyHock, Ltd. 44 Vista Montana Loop Placitas, NM 87043	1.957199%
Marbob Energy Corporation P.O. Box 227 Artesia, NM 88210	1.342080%
Sharbro Oil, Ltd. P.O. Box 840 Artesia, NM 88211-0840	1.342080%

MEC Petroleum Corporation 414 W. Texas, Suite 405 Midland, Texas 79702	0.894719%
--	-----------

Petro-Quest Oil and Gas, LP P.O. Box 294151 Kerrville, Texas 78029	0.188730%
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Fiske Energy, Ltd. 306 W. Wall, Suite 1105 Midland, Texas 79701	0.167760%
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Teton Petroleum Corporation 1104 Lois St. Kerrville, Texas 78028	<u>0.062909%</u> 100.000000%
--	--

*** Total interest being pooled: 5.156250%**

Summary of Communications
Wyatt Draw "24-25" LE No.1H

Nearburg Exploration Company, LLC

- 1) Mailed well proposal letter with AFE via certified mail dated 7-2-2010.
- 2) Received green card signed by L. Fresile?
- 3) 7-22-2010, emailed Ken Dixon to give notice of compulsory pooling application.
- 4) 7-29-2010, emailed Ken Dixon to see if found a JOA we previously did negotiations on.
- 5) 7-30-2010, Ken Dixon emailed me stating he could not find the previous JOA, but to send him a JOA and he would review it.
- 6) 8-10-2010, emailed Ken Dixon back regarding the proposed JOA.
- 7) 8-10-2010, Ken Dixon emailed me back regarding the proposed JOA.
- 8) Mailed Operating Agreement by letter dated 8-17-2010.
- 9) 8-19-2010, Ken Dixon called me to discuss some requested changes to the JOA.
- 10) 8-19-2010, Ken Dixon emailed me language to be used in the proposed JOA.
- 11) 8-23-2010, emailed Ken Dixon counter solutions to his concerns with the JOA.
- 12) 8-30-2010, inquired with Ken Dixon as to the status of the proposed JOA.
- 13) Also, several phone calls were made back and forth between myself and Ken Dixon regarding the above referenced well.

W D 24/25

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:

Nearburg Exploration Company, LLC
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
Attn: Mr. Ken Dixon

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *L. Feside*

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

7/6/10

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*

2. Article Number

(Transfer from service label)

7009 2250 0000 0616 9739

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

July 2, 2010

Via Fax (432) 686-7806 and
Certified Mail-Return Receipt No. 9739

Nearburg Exploration Company, LLC
3300 North "A" Street, Bldg. 2, Ste. 120
Midland, Texas 79705
Attn: Mr. Ken Dixon

Re: West Wyatt Draw WIU
Wyatt Draw "24/25" LE No. 1H Well
2310' FSL & 560' FWL (SL) (Sec. 24)
2310' FNL & 560' FWL (BHL) (Sec. 25)
Section 24/25, T19S, R25E
Eddy County, New Mexico

Gentlemen:

Under the terms of the governing Operating Agreement, Mewbourne hereby proposes to drill the captioned well at the referenced surface location (SL) to the referenced bottom hole location (BHL). The proposed well will be drilled to a true vertical depth (TVD) of approximately 2,765 feet subsurface to evaluate the Yeso formation for oil production. The proposed well will have a horizontal measured depth (MD) of approximately 7,150 feet. The W/2SW/4 of the captioned Section 24 and the W/2NW/4 of the captioned Section 25 will be dedicated to the well as the oil proration unit.

Regarding the above, enclosed for your further handling is our AFE dated June 30, 2010 for the captioned well. In the event your firm elects to participate in the captioned proposed well, please have the enclosed AFE executed and return to me within thirty (30) days.

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

Corey Mitchell
Landman

Corey Mitchell/Mewbourne

07/22/2010 08:44 AM

To "Ken Dixon" <KDixon@nearburg.com>

cc

bcc

Subject Wyatt Draw 24-25 LE #1H

Ken,

I just wanted to give you a heads up and let you know we are going to go ahead and commence compulsory pooling for the Wyatt Draw 24/25 LE #1H well. We are picking the rig back up around the 1st of September and this well will be the first one up. I have to get it ready. All the other parties involved are signed up and Nearburg is the only party out right now. We would still be willing to re-review the proposed JOA if you can locate it. Hopefully we will be able to work something out. Let me know if you have any questions. Thanks Ken. Have a good day.

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

500 W. TEXAS, SUITE 1020
MIDLAND, TEXAS 79701

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

August 17, 2010

Nearburg Exploration Company, LLC
3300 North "A" Street, Bldg. 2, Ste. 120
Midland, Texas 79705
Attn: Mr. Ken Dixon

Re: Wyatt Draw "24/25" LE No. 1H Well
2310' FSL & 560' FWL (SL) (Sec. 24)
2310' FNL & 560' FWL (BHL) (Sec. 25)
Section 24/25, T19S, R25E
Eddy County, New Mexico

Gentlemen:

Per our conversation, enclosed for your further review/handling regarding the captioned prospect and lands is our Operating Agreement dated August 11, 2010, along with two (2) extra set of signature pages.

Regarding the above, please sign the Operating Agreement and extra set of signature pages and return only the extra set of signature pages to me whereby you will retain the Operating Agreement for your file.

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



"Ken Dixon"
<KDixon@nearburg.com>
08/10/2010 01:26 PM

To "Corey Mitchell" <cmitchell@Mewbourne.com>
cc
bcc

Subject RE: Wyatt Draw 24-25 LE #1H

History:  This message has been replied to.

Corey,
So are you saying that for now, the contract area for the JOA that Nearburg will be subject to, will only contain the W/2SW/4 of Section 24 and the W/2NW/4 of Section 25 subject to future amendment if additional wells are proposed in the remaining lands in the S/2 of Section 24? Seems like the simplest thing to do is limit the contract area to the 160 acre spacing unit from the surface down to the base of the Yeso formation. The leases reflected on Exhibit "A" should each parties interest and what burdens are subject to each lease. In Nearburg's case, the lease that have an interest in has a 1/5 royalty and we are burdened by an additional 1% ORRI. If additional wells are proposed, the contract area and Exhibit "A" can be amended. It might get a little complicated though.

Ken

-----Original Message-----

From: Corey Mitchell [mailto:cmitchell@Mewbourne.com]
Sent: Tuesday, August 10, 2010 10:42 AM
To: Ken Dixon
Subject: RE: Wyatt Draw 24-25 LE #1H

Ken,

If we were to do a JOA for the Wyatt Draw 24/25 LE #1H Well, do you have any suggestions on how to set up the Exhibit "A"? The first well will be a horizontal well that includes both the W/2SW/4 of Section 24 and the W/2NW/4 of Section 25, which Nearburg only has an interest in the S/2 of Section 24. Going forward we could just amend the Exhibit "A" to correct for proration unit that are not currently in the works, but I'm not sure how the initial well should be represented. I'm open to any suggestions. Thanks Ken. Have a good day.

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

"Ken Dixon"

<KDixon@nearburg.

To com>
<cmitchell@mewbourne.com>
07/30/2010 01:03
cc PM
Subject RE: Wyatt Draw 24-25 LE #1H

I couldn't find anything but since we executed your JOA on the West Draw Unit, I think that we would do the same for these lands. Send me something and I'll circulate it for approval.

Ken

-----Original Message-----

From: cmitchell@mewbourne.com [mailto:cmitchell@mewbourne.com]
Sent: Thursday, July 29, 2010 4:18 PM
To: Ken Dixon
Subject: Re: Wyatt Draw 24-25 LE #1H

Hey Ken,

Just wanted to check in with you and see if you were able to find the proposed JOA for the S/2 of Section 24, T19S, R25E, Eddy County, New Mexico. Let me know. Thanks.

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



"Ken Dixon"
<KDixon@nearburg.com>
08/19/2010 05:06 PM

To "Corey Mitchell" <cmitchell@Mewbourne.com>
cc
bcc

Subject Wyatt Draw "24/24" LE No.1 Well--Article XV Horizontal Well
Language

History: This message has been replied to.

Cory,

Here is the language I mentioned concerning the "casing point election"


B. Horizontal Wells. Notwithstanding anything herein to the contrary, if a well is proposed to be drilled or deepened as a horizontal well, the provisions of Article VII.D.1, Option 2, shall not apply to such well, and the provisions of this Article XV.B. shall instead apply to such well. For purposes of this paragraph, a "horizontal well" is defined as one having a horizontal displacement of at least 100 feet between the point where the wellbore penetrates the top of the producing interval and the farthest point penetrated by such wellbore within such interval. Consent to the drilling or deepening of a well proposed as a horizontal well shall include all necessary expenditures for the drilling or deepening and testing of the well until the wellbore has reached the proposed depth and distance from the vertical borehole, including the setting of casing and installation of equipment as required to reach such depth, and until all tests and logs have been completed. It is understood that it will or may be impossible, in some material respects, to determine prior to drilling the proper and prudent method and course of drilling a horizontal well, including the depth and angle at which the well should be deviated from the vertical and the optimum length of horizontal displacement of the wellbore within the producing interval. If Operator determines, at any time and from time to time during the drilling of a horizontal well, that the direction and/or length of the wellbore, the method of drilling, or any other aspect of the drilling of such well should, in the exercise of prudent operation, differ materially from the operation as proposed and approved by the Consenting Parties, Operator will give written notice of the same to each Consenting Party, together with Operator's recommendation for the conduct of the remaining drilling operations in such well and their estimated cost. Each of the Consenting Parties shall thereupon have twelve (12) hours, inclusive of Saturdays, Sundays and legal holidays, within which to notify Operator whether it approves or disapproves Operator's recommendation. If a majority in interest of the Consenting Parties timely notify Operator of their disapproval, Operator shall either (i) continue drilling according to the original proposal for the drilling of such well, or (ii) make an alternative recommendation by way of another notice to the Consenting Parties (in which latter event the same 12-hour response period shall apply to such alternative recommendation in the same manner as the initial one). If a majority in interest of the Consenting Parties do not timely notify Operator of their disapproval of Operator's recommendation (whether Operator's initial recommendation or an alternative recommendation made in the above specified manner), then Operator's recommendation shall be deemed adopted by the Consenting Parties and the approved proposal for the drilling of the well modified accordingly. Failure of a party to respond to such notice by Operator within the period of time above specified shall be deemed approval by such party of Operator's recommendation. Responses to Operator's notice under this paragraph may be given by telephone; any response by telephone will be promptly confirmed in writing. Any proposal for the drilling or deepening of a well as a horizontal well may take into account such uncertainties and require each party's election thereunder

notwithstanding that costs cannot be precisely estimated, so long as the proposal represents the proposing party's reasonable assessment of the possible scope and extent of the operation and contains its estimate or estimates of the anticipated cost based on information available to it prior to drilling; and each party shall be bound by its election thereunder pursuant to Article VI hereof and this paragraph. When all tests in a horizontal well have been completed and the results thereof furnished to the parties and all electric logs have been provided to the parties, Operator shall give notice to the participating Non-Operators of its recommendation regarding any further operations necessary for the completion of said well. The parties receiving such notice shall have 48 hours (exclusive of Saturdays, Sundays and legal holidays) in which to elect to participate in the costs of such completion. Such election, when made, shall include consent to all necessary further expenditures for the completing of such well and for the equipping of such well, including necessary tankage and/or surface facilities. Failure of any party receiving such notice to reply within the period above fixed shall constitute an election by that party not to participate in the cost of the proposed completion and equipping of the well. If one or more, but less than all of the parties, elect to participate in the completion and equipping of the well, the provisions of Article VI.B.2 hereof (the phrase "reworking, deepening or plugging back" as contained in Article VI.B.2 shall be deemed to include "completing") shall apply to the operations thereafter conducted by less than all parties.

Ken Dixon
Senior Landman

Nearburg Producing Company
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
Work Phone (432) 818-2910
Cell (432) 770-6701
Fax (432) 686-7806
kdixon@nearburg.com

Corey Mitchell/Mewbourne
08/23/2010 01:06 PM

To "Ken Dixon" <KDixon@nearburg.com>
cc
bcc
Subject Re: Wyatt Draw "24/25" LE No.1 Well 

Ken,

Regarding our conversation last week about the Operating Agreement for the Wyatt Draw "24/25" LE No. 1 Well, answers to your questions are as follows:

- 1.) The well will be productive in the NW/4SW/4 of Section 24. We will land and have our first port at 1730' FSL. There will be two ports in the NW/4SW/4 of Section 24. With that said, I think we are correct in having the contract area represent 160 acres.
- 2.) Please see the horizontal casing point election language attached below, which we would prefer to use.
- 3.) If you would rather have \$5,000/\$500 rates instead of the \$6,000/\$600 rates currently in the JOA, we can handle that.
- 4.) In regards to the F/O, we would review and consider a proposed F/O delivering a 75% NRI with a decrease to 70% NRI upon payout. For future reference, if we were to accept a F/O under these terms for this prospect, it would probably be a one time deal and would not be applicable on future trades. Just wanted you to know that going forward.

I hope this helps. Let me know if you have any questions. Thanks Ken. Have a good one.



Horizontal CPE language.doc

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

Corey Mitchell/Mewbourne
08/30/2010 02:47 PM

To "Ken Dixon" <KDixon@nearburg.com>
cc
bcc
Subject Wyatt Draw 24-25 LE #1H

Ken,

Is your shop any closer to signing the JOA for the captioned well? We have the hearing on Thursday and would like to avoid going, but I don't know if Nearburg is in or out. Let me know what your thoughts are. Thanks Ken.

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

Well Name: Wyatt Draw 24/25 LE #1H		Prospect: Wyatt Draw 24	
Location: SL:2310' FSL& 560' FWL(Sec 24),BHL:2310' FNL& 560' FWL(Sec 25)		County: Eddy	ST: NM
Section: 24/25	Blk: 	Survey: 	TNP: 20S RNG: 25E Prop. Dpth: 7150'

INTANGIBLE COSTS 180		CODE	TCP	CODE	CC
Permits and Surveys		100	\$10,000	200	\$1,000
Location: Roads, Pits & Site Preparation		105	\$30,000	205	\$2,500
Location: Site Restoration, Excavation & Other		106	\$35,000		
Day Work, Footage, Turnkey Drilling 15 days drlg/1 compl @ \$10,500/day + GRT		110	\$167,000	210	\$11,200
Fuel		114	\$28,000		
Mud		120	\$29,000		
Chemicals and Additives		121		221	
Cementing		125	\$12,000	225	\$20,000
Logging, Wireline & Coring Services		130	\$6,000	230	
Casing, Tubing & Snubbing Services		134	\$3,200	234	\$10,000
Mud Logging		137	\$10,000		
Stimulation				241	\$350,000
Stimulation Rentals & Other				242	\$100,000
Water & Other		145	\$25,000		\$2,000
Bits		148	\$20,000	248	\$1,500
Inspection & Repair Services		150	\$8,000	250	
Misc. Air & Pumping Services		154		254	\$1,000
Testing		158	\$1,000	258	\$1,000
Completion / Workover Rig				260	\$15,000
Rig Mobilization		164	\$30,000		
Transportation		165	\$2,000	265	\$2,000
Welding and Construction		168	\$1,000	268	\$1,000
Engineering & Contract Supervision		170		270	
Directional Services		175	\$80,000		
Equipment Rental		180	\$20,000	280	\$5,000
Well / Lease Legal		184	\$2,500	284	
Well / Lease Insurance		185	\$1,200	285	
Intangible Supplies		188	\$1,000	288	\$1,000
Damages		190		290	\$10,000
Pipeline, Road, Electrical ROW & Easements		192		292	\$10,000
Pipeline Interconnect				293	
Company Supervision		195	\$50,000	295	\$15,000
Overhead Fixed Rate		196	\$3,000	296	\$3,000
Well Abandonment		198		298	
Contingencies 10% (TCP) 5% (CC)		199	\$57,500	299	\$28,100
TOTAL			\$632,400		\$590,300
TANGIBLE COSTS 181					
Casing (19.1" - 30")		793			
Casing (10.1" - 19.0")		794			
Casing (8.1" - 10.0") 800' 9 5/8" 36# K55 LTC @ \$27.00/ft		795	\$21,600		
Casing (6.1" - 8.0")		796			
Casing (4.1" - 6.0") 7150' 5 1/2" 17# N80/4 1/2" 11.6# N80 LTC @ \$14.00/ft				797	\$100,100
Tubing (2" - 4") 2200' 2 7/8" 6.5# J55 EUE 8rd @ \$5.00/ft				798	\$11,000
Drilling Head		860	\$1,500		
Tubing Head & Upper Section				870	\$1,500
Sucker Rods				875	\$8,500
Packer Pump & Subsurface Equipment (15 Stage Ports)				880	\$200,000
Artificial Lift Systems				884	
Pumping Unit				885	\$35,000
Surface Pumps & Prime Movers				886	
Tanks - Steel				890	\$22,000
Tanks - Others				891	\$12,000
Separation Equipment				895	\$8,000
Gas Treating Equipment				896	
Heater Treaters, Line Heaters				897	\$15,000
Metering Equipment				898	\$6,000
Line Pipe - Gas Gathering and Transportation				900	\$3,000
Misc. Fittings, Valves, Line Pipe and Accessories				906	\$6,000
Cathodic Protection				908	
Electrical Installations				909	\$12,000
Production Equipment Installation				910	\$11,000
Pipeline Construction				920	\$2,000
TOTAL			\$23,100		\$453,100
SUBTOTAL			\$655,500		\$1,043,400
TOTAL WELL COST			\$1,698,900		

Prepared by: **M. Young** Date: **6/30/2010**

Co. Approval: *m. whitaker* Date: **6/30/2010**

Joint Owner Interest: _____ Amount: _____

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 185. 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 thier well.

By: _____ Name: _____ Form Rev: 6/11/09

HOLLAND & HART^{LLP}



William F. Carr
wcarr@hollandhart.com

July 28, 2010

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Nearburg Exploration Company, LLC
3300 North "A" Street, Building 2, Suite 120
Midland, Texas 79705
Attention: Ken Dixon

Re: Application of Mewbourne Oil Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.

Ladies and Gentlemen:

This letter is to advise you that Mewbourne Oil Company has filed the enclosed application with the New Mexico Oil Conservation Division seeking an order (1) creating a 160-acre non-standard spacing unit comprised of the W/2 SW/4 of Section 24 and the W/2 NW/4 of Section 25, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, and (2) pooling all mineral interests in the Undesignated Yeso formation, in this non-standard spacing and proration unit which will be the project area for its Wyatt Draw "24/25" LE Well No. 1H to be drilled from a surface location 2310 feet from the South line and 560 feet from the West line (Unit L) of Section 24 and then in a southerly direction in the Yeso formation to a terminus 2310 feet from the North line and 560 feet from the West line (Unit E) of said Section 25.

This application has been set for hearing before a Division Examiner at 8:15 AM on September 2, 2010. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four days in advance of a scheduled hearing, but no later than on the Thursday preceding the hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

Very truly yours,

William F. Carr

cc: Mr. Corey Mitchell
Mewbourne Oil Company

Holland & Hart^{LLP}

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Denver Aspen Boulder Colorado Springs Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Salt Lake City

ATTACHMENT E

7006 0100 0005 0626 0337

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$.61
Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.71



Nearburg Exploration Company, LLC
 3300 North "A" Street,
 Building 2, Suite 120
 Midland, Texas 79705

For Instructions

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:

Nearburg Exploration Company, LLC
 3300 North "A" Street,
 Building 2, Suite 120
 Midland, Texas 79705

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

S. Jordan

C. Date of Delivery

7-30-10

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

2. Article Number

(Transfer from service label)

7006 0100 0005 0626 0337

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

Affidavit of Publication

NO. 21322

STATE OF NEW MEXICO

County of Eddy:

Walter L. GreenWalter L. Green

being duly sworn, says that he is the Publisher
 of the Artesia Daily Press, a daily newspaper of general
 circulation, published in English at Artesia, said county
 and state, and that the hereto attached

Legal Notice

was published in a regular and entire issue of the said
 Artesia Daily Press, a daily newspaper duly qualified
 for that purpose within the meaning of Chapter 167 of
 the 1937 Session Laws of the state of New Mexico for

1 Consecutive weeks/days on the same

day as follows:

First Publication August 8, 2010

Second Publication _____

Third Publication _____

Fourth Publication _____

Fifth Publication _____

Subscribed and sworn to before me this

20th day of August 2010



OFFICIAL SEAL
Darryl Scott
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 3/18/2014

Darryl Scott
 Notary Public, Eddy County, New Mexico

Copy of Publication:**LEGAL NOTICE**

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on September 2, 2010, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3456 or through the New Mexico Relay Network, 1-800-659-1779 by August 23, 2010. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 14530:

Application of Mewbourne Oil Company for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a 160-acre non-standard spacing unit comprised of the W/2 SW/4 of Section 24 and the W/2 NW/4 of Section 25, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico which will be a 160-acre Project Area for its Wyatt Draw "24/25" LE Well No. 1H to be drilled from a surface location 2310 feet from the South line and 560 feet from the West line (Unit L) of Section 24 and then in a southerly direction in the Bone Spring formation to a terminus 2310 feet from the North line and 560 feet from the West line (Unit E) of said Section 25, and (2) pooling all mineral interests in the Undesignated Yaso formation, in this non-standard spacing and proration unit / project area. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Mewbourne Oil Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2.5 miles northwest of Lakewood, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Division at Santa Fe, New Mexico on this 4th day August 2010.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
Mark E. Fesmire, P.E., Director

Published in the Artesia Daily Press, Artesia, N.M., August 8, 2010. Legal No. 21322.