

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

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

CASE NO. 14516

AFFIDAVIT OF D. PAUL HADEN

STATE OF TEXAS                    )  
                                          ) ss.  
COUNTY OF MIDLAND            )

I, D. Paul Haden, being first duly sworn on oath, states as follows:

1. My name is D. Paul Haden. 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 the N/2 N/2 equivalent of Section 4, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico. I am a Landman with over 29 years experience in the Permian Basin. I received my Bachelor of Science degree from Southwest Texas State University in 1978.

2. Mewbourne seeks the creation of a 169.64-acre non-standard spacing unit comprised of the N/2 N/2 equivalent of Section 4, Township 20 South, Range 29 East, N.M.P.M., Eddy County, New Mexico which will be a 169.64-acre Horizontal Well Project Area and pooling all mineral interests in the Bone Spring formation, Undesignated Parkway-Bone Spring Pool (**Pool Code 49622**) in this non-standard spacing and proration unit.

3. Mewbourne owns working interest in the N/2 N/2 of said Section 4 and proposes to dedicate the pooled unit to its Burton "4" Federal No. 3H Well (**API No. 30-015-37816**) to be drilled from a non-standard surface location 810 feet from the North line and 200 feet from the East line (Unit A) to a true vertical depth of approximately 7,909 feet (estimated measured depth of approximately 12,442 feet) and then in a westerly direction approximately 4172.56 feet in the Bone Spring formation to a terminus 660 feet from the North line and 330 feet from the West line (Unit D) of said Section 4. **Attachment A** is a plat of the subject lands showing the proposed spacing unit and the well location.

4. The proposed spacing unit consists of one Federal Lease [Lease No. NMNM 0209083]. **Attachment B** lists the nature and percentage of the ownership interests in the subject spacing unit.

5. This pooling application only pools the interests of working interest owners who do not oppose the application.

6. Mewbourne has made a good faith effort to locate and gain the voluntary participation of all working interests owners in the proposed spacing unit.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico  
Case No. 14516    Exhibit No. 1  
Submitted by:  
MEWBOURNE OIL COMPANY  
Hearing Date: July 22, 2010

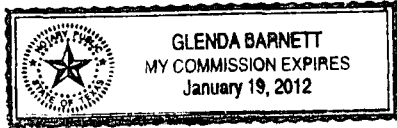
- A. The well was proposed to Bivins Energy Corporation, the Howard C. Warren Estate and Mill Neck Associates via certified mail March 1, 2010 with AFEs enclosed. Marion Gardiner Miller individually and as Trustee of the Boyd and Marion Gardiner Laughlin Management Trust was notified via certified mail dated May 10, 2010 of the well proposal with AFE enclosed. Follow letters to all owners were subsequently sent.
- B. Notice of this application has been provided to all interest owners subject to pooling unless their whereabouts cannot be determined and notice in these cases has been provided by publication in accordance with Division Rules.
- C. None of these owners has voluntarily committed their interests to the proposed well.
- D. A copy of the well proposal letter and relevant correspondence is included as **Attachment C**.
7. Mewbourne requests these interest owners be pooled and Mewbourne Oil Company be designated operator of the wells and the spacing unit.
8. Mewbourne proposes overhead charges (combined fixed rates) of \$ 6,000 per month while drilling and \$600 per month while producing. These rates are fair and reasonable, and are in line with the rates charged by other operators in this area for wells drilled to this depth and have been accepted by the other joint interest owners in the spacing unit. Applicant also requests that the order contain a provision adjusting the rates pursuant to the COPAS Accounting procedures that has been signed by all.
9. **Attachment D** is a copy of the authorization for expenditure (AFE) for the well which estimates costs to casing point to be \$2,080,000 and a completed cost of \$3,035,800.
10. Mewbourne requests that a 200% risk charge be assessed against any non-consenting interest owner.
11. Mewbourne has drilled the Burton "4" Federal No. 3H Well and the well is waiting on an available Completion Unit to commence completion operations.
12. **Attachment E** consists of an affidavit of publication given pursuant to Division rules.
13. 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 N/2 N/2 of Section 4 an opportunity to obtain their just and fair share of the oil and gas under the subject lands.

FURTHER AFFIANT SAYETH NOT.

  
D. Paul Haden

SUBSCRIBED AND SWORN before me on this 19th day of July, 2010.

SUBSCRIBED AND SWORN before me on this 19th day of July, 2010.



Glenda Barnett  
Notary Public, State of Texas

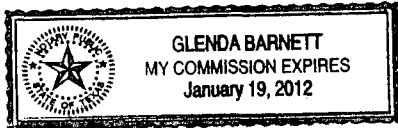
My Commission Expires:

1-19-2012

**ACKNOWLEDGMENT**

STATE OF TEXAS                                 )  
                                                              ) ss.  
COUNTY OF MIDLAND                         )

The foregoing instrument was acknowledged before me on July 19th, 2010  
by D. Paul Haden.



Glenda Barnett  
Notary Public, State of Texas

My Commission Expires:

1-19-2012



