

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. 14517

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 S/2 S/2 equivalent of Section 29, Township 18 South, Range 30 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 160-acre non-standard spacing unit comprised of the S/2 S/2 of Section 29, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico which will be a 160-acre Horizontal Well Project Area and pooling all mineral interests in the Bone Spring formation, Santo Nino-Bone Spring Pool (**Pool Code 54600**) in this non-standard spacing and proration unit.

3. Mewbourne owns working interest in the S/2 S/2 of said Section 29 and proposes to dedicate the pooled unit to its Bradley "29" Federal Com Well No. 1H (**API No. 30-015-37481**) that will be re-entered at a non-standard surface location 1,050 feet from the South line and 1,905 feet from the East line (Unit O) and then drilled in a westerly direction approximately 3,050 feet in the Bone Spring formation to a terminus 972 feet from the South line and 343 feet from the West line (Unit M) of said Section 29. **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 Federal Leases [Lease No. NMNM 27282, Lease No. NMNM 0318474 and Lease No. NMLC 068402]. **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.

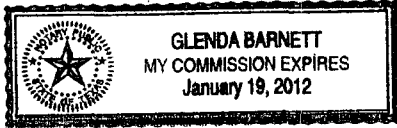
BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 14517 Exhibit No. 1
Submitted by:
MEWBOURNE OIL COMPANY
Hearing Date: July 22, 2010

- A. The well was initially proposed via certified mail with AFE enclosed on June 16, 2009 as a Morrow test well. Pursuant to Pooling Order No. R-13189 dated November 2, 2009, the S/2 was pooled for all formations spaced on 320 acres, the SE/4 was pooled for all formations spaced on 160 acres and the S/2 SE/4 was pooled for the Bone Spring formation. The Bradley "29" Federal Com No. 1 Well was commenced January 22, 2010 and was drilled to a total depth of 12,050 feet beneath the surface on February 28, 2010 with the Strawn, Atoka and Morrow formations deemed as being nonproductive and plugged back to 7,635 feet beneath the surface on March 4, 2010 to attempt drilling a horizontal well in a westerly direction to test the Second Bone Spring Sand interval in the Bone Spring formation. The Bradley "29" Federal Com No. 1H Well was proposed to the parties subject to this Pooling Case on July 9, 2010 via certified mail with AFE enclosed dated March 1, 2010.
- 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 \$ 6,500 per month while drilling and \$650 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 \$486, 200 and a completed cost of \$1,345,900.
10. Mewbourne requests that a 200% risk charge be assessed against any non-consenting interest owner.
11. Mewbourne has drilled the Bradley "29" Federal Com Well No. 1H and said well is currently being completed in the Second Bone Spring Sand interval in the Bone Spring formation.
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 S/2 S/2 of Section 29 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 14th day of July, 2010.



Glenda Barnett
Notary Public, State of Texas

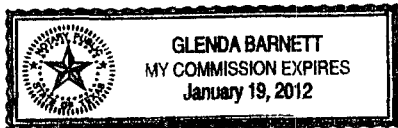
My Commission Expires:

1-19-2012

ACKNOWLEDGMENT

[illegible]

The foregoing instrument was acknowledged before me on July 14, 2010
by D. Paul Haden.



Glenda Barrett
Notary Public, State of Texas

My Commission Expires:

1-19-2012