

N.M. 1301 W. Grand Avenue
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
ARIZONA, NM 88210

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

FEB 16 2005

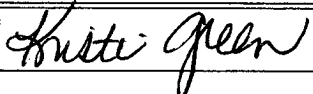
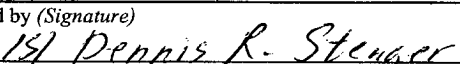
OCB-ARTESIA

1a. Type of Work: ☒ DRILL ☐ REENTER		5. Lease Serial No. LC-068719-A	
1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Mewbourne Oil Company - 14744		7. If Unit or CA Agreement, Name and No.	
3a. Address PO Box 5270 Hobbs, NM 88240		8. Lease Name and Well No. Santo Nino 29 Federal Com #6	
3b. Phone No. (include area code) 505-393-5905		9. API Well No. 30-015-33955	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 2130' FSL & 1830' FWL Unit K At proposed prod. zone Same Secretary's Poolash		10. Field and Pool, or Exploratory Santo Nino Bone Spring	
14. Distance in miles and direction from nearest town or post office* 7 miles South of Loco Hills		11. Sec., T., R., M., or Blk. and Survey or Area Sec 29-T18S-R30E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 500'		12. County or Parish Eddy	
16. No. of Acres in lease 40		13. State NM	
17. Spacing Unit dedicated to this well 80			
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 135'		20. BLM/BIA Bond No. on file NM1693, Nationwide	
19. Proposed Depth 7600'			
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3425' GL		22. Approximate date work will start* ASAP	
		23. Estimated duration 45	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Kristi Green	Date 12/01/04
Title Hobbs Regulatory		
Approved by (Signature) 	Name (Printed/Typed) Dennis R. Stenger	Date FEB 08 2005
Title for STATE DIRECTOR	Office NM STATE OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

Capitan Controlled Water Basin

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Santo Nino Bone Spring
Property Code	Property Name SANTO NINO "29" FEDERAL COM	Well Number 6
OGRID No. 14744	Operator Name MEWBOURNE OIL COMPANY	Elevation 3425'

Surface Location

UL or lot No. K	Section 29	Township 18 S	Range 30 E	Lot Idn	Feet from the 2130	North/South line SOUTH	Feet from the 1830	East/West line WEST	County EDDY
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 80	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. <i>Kristi Green</i> Signature Kristi Green Printed Name Hobbs Regulatory Title 12/01/04 Date SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief. NOVEMBER 18, 2004 Date Surveyed Signature: GARY L. JONES Professional Seal of Professional Surveyor NEW MEXICO 7977 W.C. No. 48 Certificate No. Gary L. Jones 7977 PROFESSIONAL LAND SURVEYOR DRAGON SURVEYS
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Drilling Program
Mewbourne Oil Company
Santo Nino 29 Federal Com #6
2130' FSL & 1830' FWL
Sec 29-T18S-R30E
Eddy County, New Mexico

1. The estimated top of geological markers are as follows:

Bone Spring 7150'

2. Estimated depths of anticipated fresh water, oil, or gas:

Water Approximately 200'
Hydrocarbons All zones below Yates.

3. Pressure control equipment:

A 2000 psi working pressure annular BOP will be installed on the 13-3/8" surface casing. A 3000 psi WP Double Ram BOP and a 1500 psi WP Annular will be installed after running 8 5/8" casing. Pressure tests will be conducted prior to drilling out under all casing strings. BOP controls will be installed prior to drilling under surface casing and will remain in use until completion of drilling operations. BOP's will be inspected and operated daily to insure mechanical integrity and the inspection will be recorded on the daily drilling report. Kelly cock and a sub equipped with a full opening valve sized to fit the drill pipe and collars will be available on the rig floor in the open position when the kelly is not in use.

4. Proposed casing and cementing program:

A. Casing Program:

<u>Hole Size</u>	<u>Casing</u>	<u>Wt/Ft.</u>	<u>Grade</u>	<u>Depth</u>
17 1/2"	13 3/8"	48#	H40	0-400'
12 1/4"	8 5/8"	32#	K55	0-2000'
7 7/8"	5 1/2"	17#	N80	0-7600'

Minimum casing design factors: Collapse 1.125, Burst 1.0, Tensile strength 1.8.

Drilling Program

Mewbourne Oil Company

Santa Nino 29 Fed Com #6

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WITNESS

B. Cementing Program

- i. Surface Casing: 300 sacks Class "C" light cement containing ½ #/sk cellophane flakes, 2% CaCl, 5 lbs/sack gilsonite. 200 sacks Class "C" cement containing 2% CaCl.
- ii. Intermediate Casing: 500 sacks 35:65 pozmix cement containing 6% gel, 5 lbs/sack gilsonite. 400 sacks Class "C" cement containing 2% CaCl.
- iii. Production Casing: 600 sacks Class "H" cement containing fluid loss additive, friction reducer additive, compressive strength enhancer, and NaCl. Shallower productive zones may be protected by utilizing a multiple stage cementing tool in the production casing below potentially productive zones and cementing with a light cement slurry.

**Mewbourne Oil Company reserves the right to change cement designs as hole conditions may warrant.*

5. Mud Program:

<u>Interval</u>	<u>Type System</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0'-400'	FW spud mud	8.6-9.4	32-34	NA
400'-2000'	Brine water	10.0-10.2	28-30	NA
2000'-TD	Cut brine water	8.8-9.0	28-30	NA

6. Evaluation Program:

Samples: 10'samples from intermediate casing to TD
Logging: Compensated density and dual laterlog from intermediate casing to TD
Coring: As needed for evaluation
Drill Stem Tests: As needed for evaluation

7. Downhole Conditions

Zones of abnormal pressure: None anticipated
Zones of lost circulation: Anticipated in surface and intermediate holes
Maximum bottom hole temperature: 180 degree F
Maximum bottom hole pressure: 8.6 lbs/gal gradient or less

8. Anticipated Starting Date:

Drilling Program

Mewbourne Oil Company

Santa Nino 29 Fed Com #6

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Mewbourne Oil Company intends to drill this well as soon as possible after receiving approval with approximately 20 days involved in drilling operations and an additional 10 days involved in completion operations on the project.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MEWBOURNE OIL COMPANY

Santo Nino 29 Federal Com #6

2130' FSL & 1830' FWL

Sec 29-T18S-R30E

Eddy County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, Covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved, and the procedures to be followed in restoring the surface so that a complete appraisal can be made of the environmental impact associated with the proposed operations.

1. Existing Roads:

- A. Exhibit #3 is a road map showing the location of the proposed well. Exhibit #3A is a topographic map showing the location of the proposed well and access road. Existing roads are highlighted in red and proposed roads are highlighted in yellow.
- B. **From Carlsbad: East on US 62/180 approx 15 miles. Turn left (north) on NM 360 and continue North & NW 11.6 miles. Turn right (north) on Eddy Co 251 ((Duval Shaft Rd) and continue north 2.3 miles. Turn left (east) 1.5 miles to location on left.**

2. Proposed Access Road:

- A. No new road will be needed.
- B. The access to the location will be limited to 16' in width and will adequately drain runoff and control erosion as presently constructed.

3. Location of Existing Wells:

There are producing wells within the immediate vicinity of the well site. Exhibit #4 shows the proposed well and existing wells within a one mile radius.

4. Location of Existing and/or Proposed Facilities:

- A. There are no production facilities on this lease at the present time.
- B. In the event that the well is productive, production facilities will be located on the well pad.
- C. All production vessels left on location will be painted to conform with BLM painting stipulations within 180 days of installation.

Hydrogen Sulfide Drilling Operations Plan

Mewbourne Oil Company

Santo Nino 29 Federal Com #6

2130' FSL & 1830' FWL

Sec 29-T18S-R30E

Eddy County, New Mexico

1. Hydrogen Sulfide Training

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will have received training from a qualified instructor in the following areas prior to entering the drilling pad area of the well:

- A. The hazards and characteristics of hydrogen sulfide gas.
- B. The proper use of personal protective equipment and life support systems.
- C. The proper use of hydrogen sulfide detectors, alarms, warning systems, briefing areas, evacuation procedures.
- D. The proper techniques for first aid and rescue operations.

Additionally, supervisory personnel will be trained in the following areas:

- A. The effects of hydrogen sulfide on metal components. If high tensile tubular systems are utilized, supervisory personnel will be trained in their special maintenance requirements.
- B. Corrective action and shut in procedures, blowout prevention, and well control procedures while drilling a well.
- C. The contents of the Hydrogen Sulfide Drilling Operations Plan.

There will be an initial training session prior to encountering a known hydrogen sulfide source. The initial training session shall include a review of the site specific Hydrogen Sulfide Drilling Operations Plan.

2. Hydrogen Sulfide Safety Equipment and Systems

All hydrogen sulfide safety equipment and systems will be installed, tested, and operational prior to drilling below the intermediate casing.

- A. Well Control Equipment
 - 1. Flare line with automatic igniter or continuous ignition source.
 - 2. Choke manifold with minimum of one adjustable choke.
 - 3. Blowout preventers equipped with blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit
 - 4. Auxiliary equipment including rotating head and annular type blowout preventer.

Protective Equipment for Essential Personnel

Thirty minute self contained work unit located at briefing area as indicated on well site diagram.

B. Hydrogen Sulfide Protection and Monitoring Equipment

Two portable hydrogen sulfide monitors positioned on location for optimum coverage and detection. The units shall have audible sirens to notify personnel when hydrogen sulfide levels exceed 20 ppm.

C. Visual Warning Systems

1. Wind direction indicators as indicated on the well site diagram.
2. Caution signs shall be posted on roads providing access to location. Signs shall be painted a high visibility color with lettering of sufficient size to be readable at reasonable distances from potentially contaminated areas.

3. Mud Program

The mud program has been designed to minimize the amount of hydrogen sulfide entrained in the mud system. Proper mud weight, safe drilling practices, and the use of hydrogen sulfide scavengers will minimize hazards while drilling the well.

4. Metallurgy

All tubular systems, wellheads, blowout preventers, drilling spools, kill lines, choke manifolds, and valves shall be suitable for service in a hydrogen sulfide environment when chemically treated.

5. Communications

State & County Officials phone numbers are posted on rig floor and supervisors trailer. Communications in company vehicles and tool pushers are either two way radios or cellular phones.

6. Well Testing

Drill stem testing is not an anticipated requirement for evaluation of this well. A drill stem test is required, it will be conducted with a minimum number of personnel in the immediate vicinity. The test will be conducted during daylight hours only.

7. General Requirements

MOC has researched this area and no high concentrations of H₂S was found. MOC will have on location and working all H₂S safety equipment before Yates formation.

**United States Department of the Interior
Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-1287**

Statement Accepting Responsibility for Operations

Operator Name: Mewbourne Oil Company
Street or Box: P.O. Box 5270
City, State: Hobbs, New Mexico
Zip Code: 88241

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted of the leased land or portion thereof, as described below.

Lease Number: Lease Number #LC-068719-A

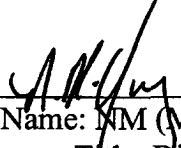
Legal Description of Land: Section 29, T-18S, R-30E Eddy County, New Mexico.
Location @ 2130' FSL & 1830' FWL.

Formation (if applicable):

Bond Coverage: \$150,000

BLM Bond File: NM1693, Nationwide

Authorized Signature: _____


Name: NM (Micky) Young
Title: District Manager
Date: December 1, 2004

Notes Regarding Blowout Preventer

Mewbourne Oil Company

Santo Nino 29 Federal Com #6

2130' FSL & 1830' FWL

Sec 29-T18S-R30E

Eddy County, New Mexico

1. Drilling nipple (bell nipple) to be constructed so that it can be removed without the use of a welder through the opening of the rotary table, with minimum internal diameter equal to blowout preventer bore.
2. Blowout preventer and all fittings must be in good condition with a minimum 3000 psi working pressure.
3. Safety valve must be available on the rig floor at all times with proper connections to install in the drill string. Valve must be full bore with minimum 3000 psi working pressure.
4. Equipment through which bit must pass shall be at least as large as internal diameter of the casing.
5. A kelly cock shall be installed on the kelly at all times.
6. Blowout preventer closing equipment to include and accumulator of at least 40 gallon capacity, two independent sources of pressure on closing unit, and meet all other API specifications.

12 1/4" Hole

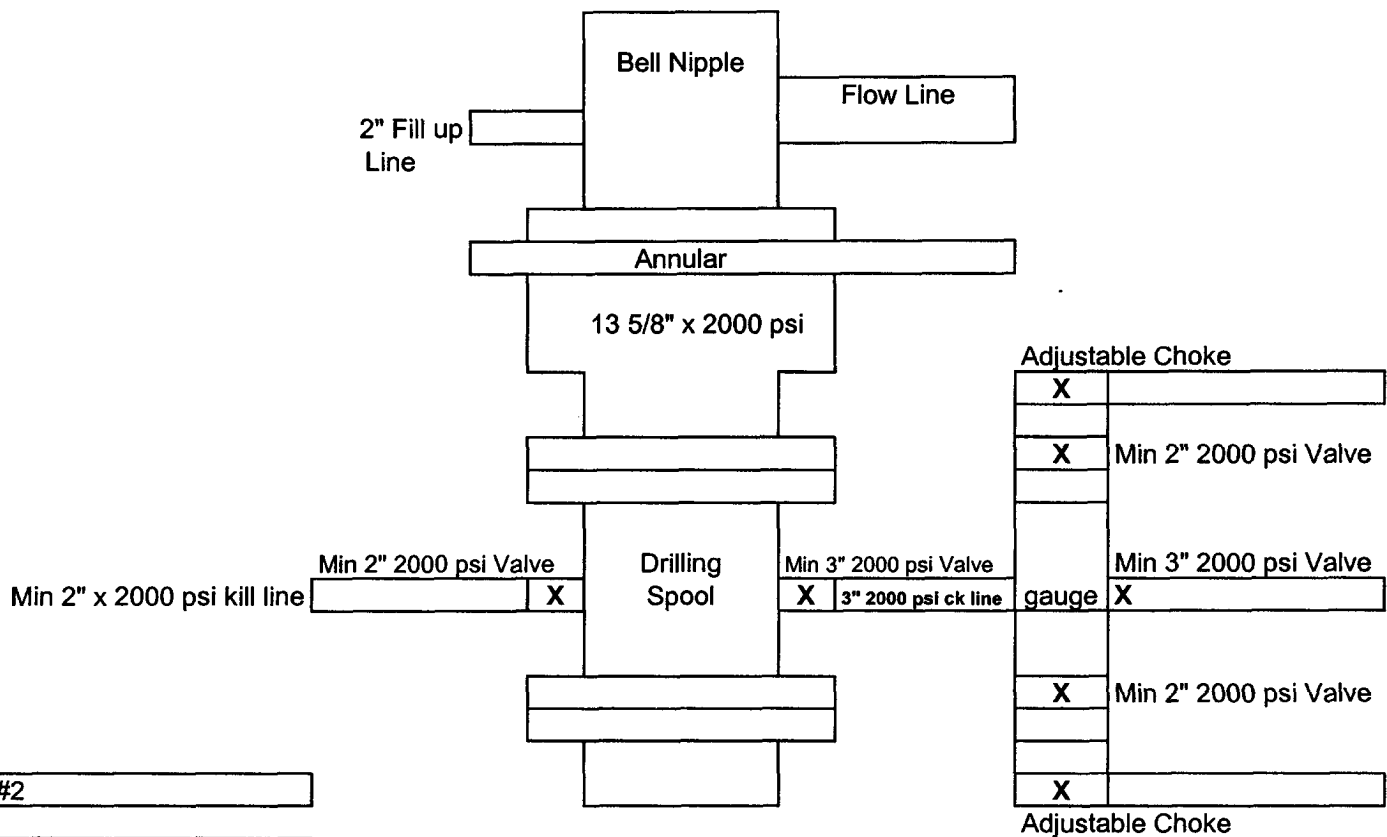


Exhibit #2

Santo Nino 29 Federal Com #6
2130' FSL & 1830' FWL
Sec 29-T18S-R30E
Eddy, County
New Mexico

Mewbourne Oil Company
BOP Scematic for
8 3/4" or 7 7/8" Hole

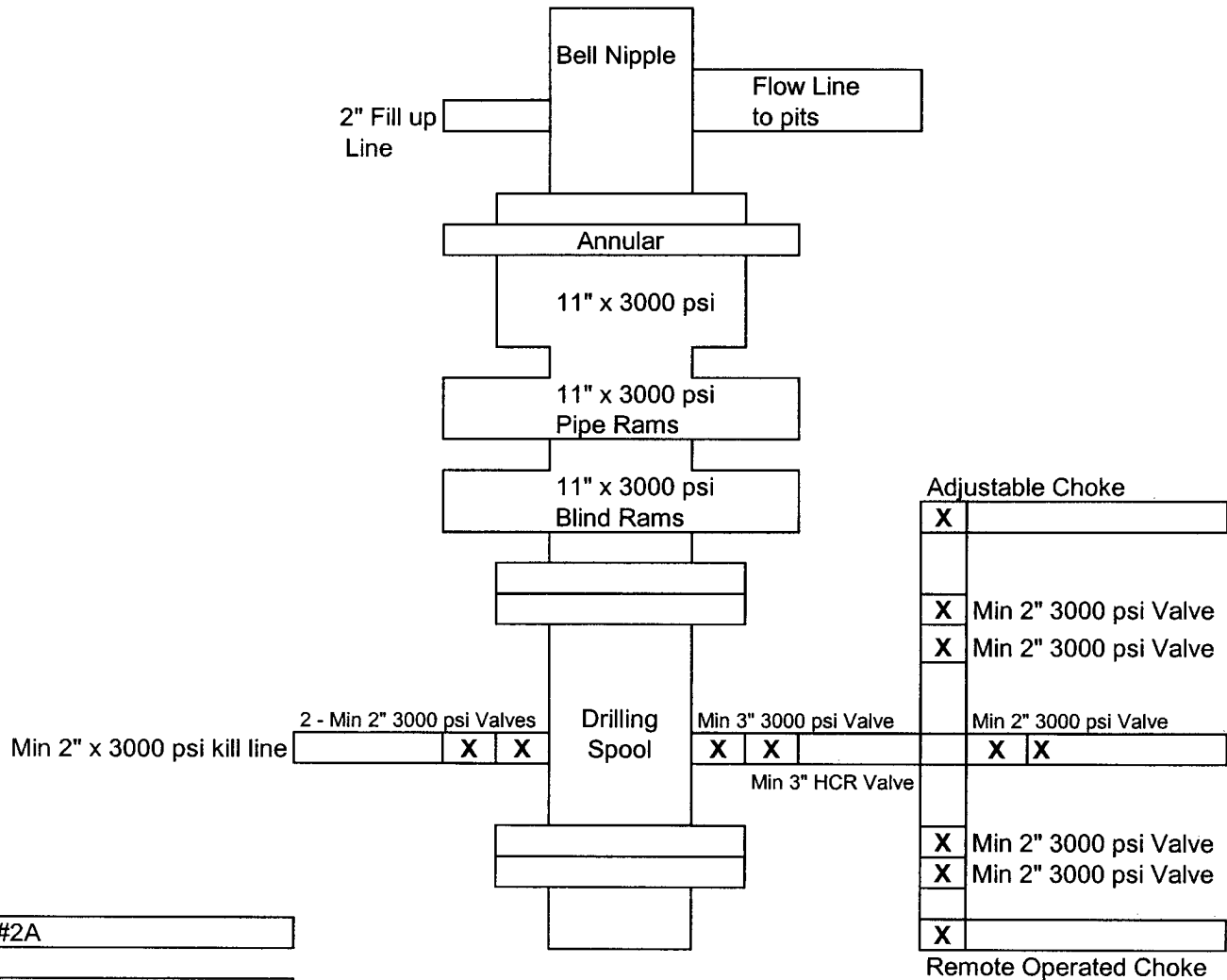


Exhibit #2A

Santo Nino 29 Federal Com #6
2130' FSL & 1830' FWL
Sec 29-T18S-R30E
Eddy, County
New Mexico

Exhibit #4
Status of Wells in Immediate Vicinity
Mewbourne Oil Company
Santo Nino 29 Federal Com #6
2130' FSL & 1830' FWL
Sec 29-T18S-R30E
Eddy County, New Mexico

Section 29-T18S-R30E

Operator: Mewbourne Oil Company
Well Name: Santa Nino 29 Federal #3
Unit letter: L
Status: Producing
Field: Bone Spring

Operator: Mewbourne Oil Company
Well Name: Santa Nino 29 Federal #4
Unit letter: N
Status: Producing
Field: Bone Spring

Operator: Arena Resources, Inc
Well Name: North Benson Queen Unit #11
Unit letter: K
Status: Well is TA
Field: Benson North Queen Grayburg

Operator: Arena Resources, Inc
Well Name: North Benson Queen Unit #12
Unit letter: J
Status: Well is TA
Field: Benson North Queen Grayburg