

G-05-32

0643 *[Signature]*

N.M. Oil Cons. DIV-Dist. 2

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

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No.	
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. Tamano "10" Federal #9 34108	
2. Name of Operator Mewbourne Oil Company - 14744		9. API Well No. 30-015-34239	
3a. Address PO Box 5270 Hobbs, NM 88240		10. Field and Pool, or Exploratory Bone Spring	
3b. Phone No. (include area code) 505-393-5905		11. Sec., T., R., M., or Blk. and Survey or Area Sec 10-T18S-R31E	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 660' FSL & 1175' FWL, Unit Letter M UNORTHODOX LOCATION At proposed prod. zone same SUBJECT TO LIKE APPROVAL BY STATE		12. County or Parish Eddy	
14. Distance in miles and direction from nearest town or post office* 12 miles SE of Loco Hills, NM		13. State NM	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 145'	16. No. of Acres in lease 240	17. Spacing Unit dedicated to this well 40	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 515'	19. Proposed Depth 9000'	20. BLM/BIA Bond No. on file RECEIVED NM1693, Nationwide MAY 19 2005	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3696' GL	22. Approximate date work will start* ASAP	23. Estimated duration OOD-ARTESIA 30	

24. Attachments **Capitan Controlled Water Basin**

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.
- 2. A Drilling Plan.
- 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).
- 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- 5. Operator certification.
- 6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature <i>Kristi Green</i>	Name (Printed/Typed) Kristi Green	Date 04/13/05
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Hobbs Regulatory		
Approved by (Signature) <i>/s/ Joe G. Lara</i>	Name (Printed/Typed) /s/ Joe G. Lara	Date MAY 18 2005

Title <i>[Signature]</i> FIELD MANAGER	Office CARLSBAD FIELD OFFICE
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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)

NSL-5213

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED**

District I
1625 N. French Dr., Hobbs NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code 58040		³ Pool Name Tamano Bone Spring	
⁴ Property Code		⁵ Property Name Tamano 10 Federal			⁶ Well Number 9
⁷ OGED No. 14744		⁸ Operator Name Mewbourne Oil Company			⁹ Elevation 3696'

¹⁰Surface Location

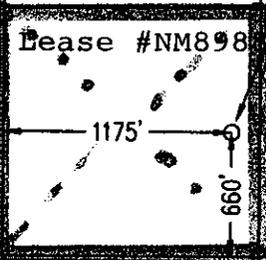
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	10	18 S	31 E		660	South	1175	West	Eddy

¹¹Bottom 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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16	NAD 27 NM East N= 639234 E= 645016 Lat. = 32° 45' 23" Long. = 103° 51' 42"	¹⁷ OPERATOR CERTIFICATION	
		<p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Kristi Green</i> Signature Kristi Green Printed Name Hobbs Regulatory Title and E-mail Address 04/15/05 Date</p>	
 <p>Lease #NM8980 Tamano 10 Federal No. 9 Elev. 3696'</p>		¹⁸ SURVEYOR CERTIFICATION	
		<p><i>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.</i></p> <p>04-04-2005 Date of Survey Signature and Seal of <i>Michael L. Stanford</i> REGISTERED PROFESSIONAL LAND SURVEYOR NEW MEXICO 10324 Certificate Number</p>	

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
MEWBOURNE OIL COMPANY

Tamano "10" Federal #9
660' FSL & 1175' FWL
Section 10-T18S-R31E
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 yellow and proposed roads are highlighted in green.
- B. **Directions to location From Hobbs: West on 62/180 10 miles to Junction of 62/180 and C529. Turn right on 529 and go 31 miles to Junction of C529 and Hwy 82. Turn left on Hwy 82 and go ¾ mile to Junction of 82 and C222. Turn left on C222 and go 4 miles to Westall road. Turn left onto Westall Road and go 1.7 miles. Turn left and go 1.3 miles. Turn left and go 1000'. Turn left and go ¾ mile to new location.**

2. Proposed Access Road:

- A. No new lease 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.
- C. Access to location has an existing grade to facilitate adequate drainage.

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.

Drilling Program
Mewbourne Oil Company

Tamano "10" Federal #9
660' FSL & 1175' FWL
Sec 10-T18S-R31E
Eddy County, New Mexico

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

Yates	2,100'
Delaware	4,600'
Bone Spring	5,544'
TD	9,000'

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

Water	Approximately 200'
Hydrocarbons	All zones below Delaware

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 3000 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	0-700'
12 1/4"	8 5/8"	32#	J55	0-2200'
7 7/8"	5 1/2"	17#	L80	0-9000'

WITNESS

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

Drilling Program

Mewbourne Oil Company

Tamano "10" Federal #9

Page 2

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: 900 sacks 35:65 pozmix cement containing 6% gel, 5 lbs/sack gilsonite. 200 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'-700'	FW spud mud	8.6-9.4	32-34	NA
700'-2250'	Brine water	10.0-10.2	28-30	NA
2250'-9000'	Cut brine water	8.8-9.2	28.30	8-12

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: 150 degree F
Maximum bottom hole pressure: 8.6 lbs/gal gradient or less

8. Anticipated Starting Date:

Mewbourne Oil Company intends to drill this well as soon as possible after receiving approval with approximately 30 days involved in drilling operations and an additional 10 days involved in completion operations on the project.

Hydrogen Sulfide Drilling Operations Plan
Mewbourne Oil Company
Tamano "10" Federal #9
660' FSL & 1175' FWL
Sec 10-T18S-R31E
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 r annular type blowout preventer.
- B. Protective Equipment for Essential Personnel

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

C. 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.

D. 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 formations.

Notes Regarding Blowout Preventer

Mewbourne Oil Company

Tamano "10" Federal #9

660' FSL & 1175' FWL

Sec 10-T18S-R31E

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.

****Due to low BHP and well density in this area, Mewbourne Oil Company request BOP testing be done by rig pump as below:

1000# on 13 3/8" Casing and BOPE

1500# on 8 5/8" Casing and BOPE

Mewbourne Oil Company
BOP Schematic for
12 1/4" Hole

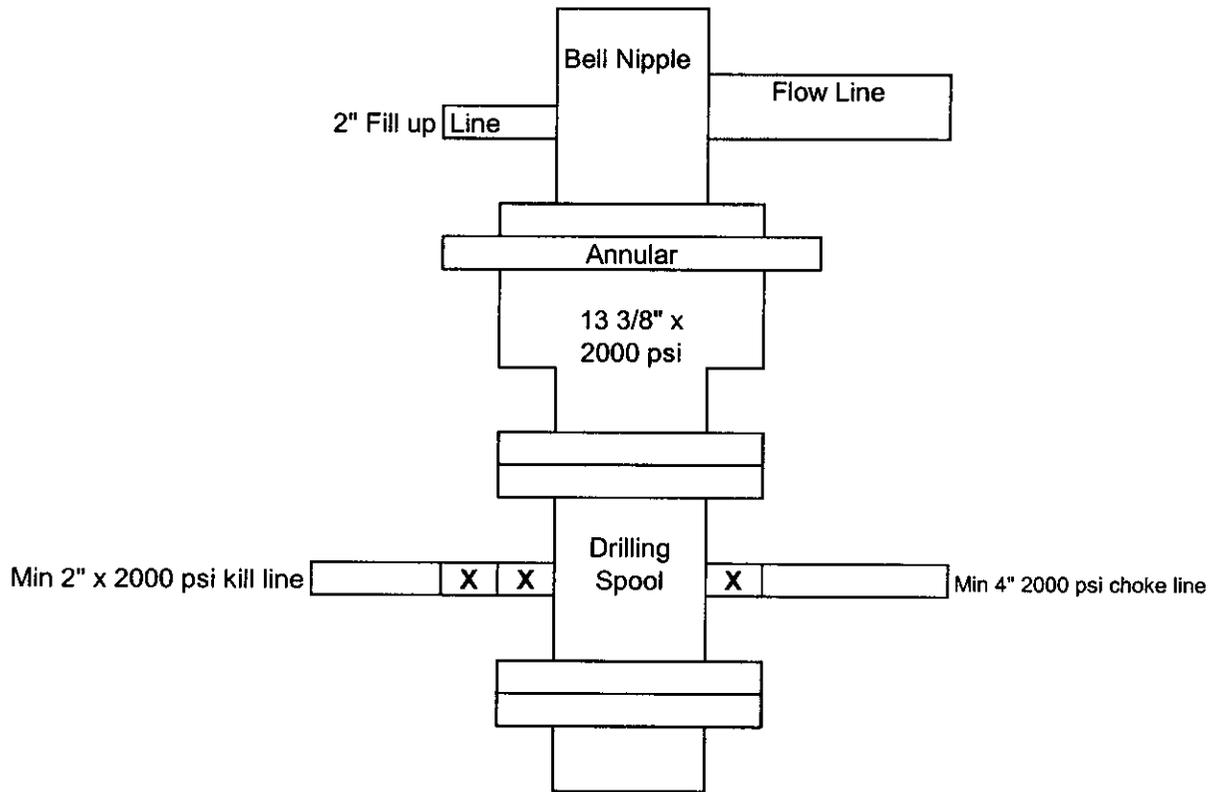


Exhibit #2

Tamano "10" Federal #9
660' FSL & 1175' FWL
Sec 10-T18S-R31E
Eddy, County New Mexico

Mewbourne Oil Company

BOP Schematic for

8 3/4" or 7 7/8" Hole

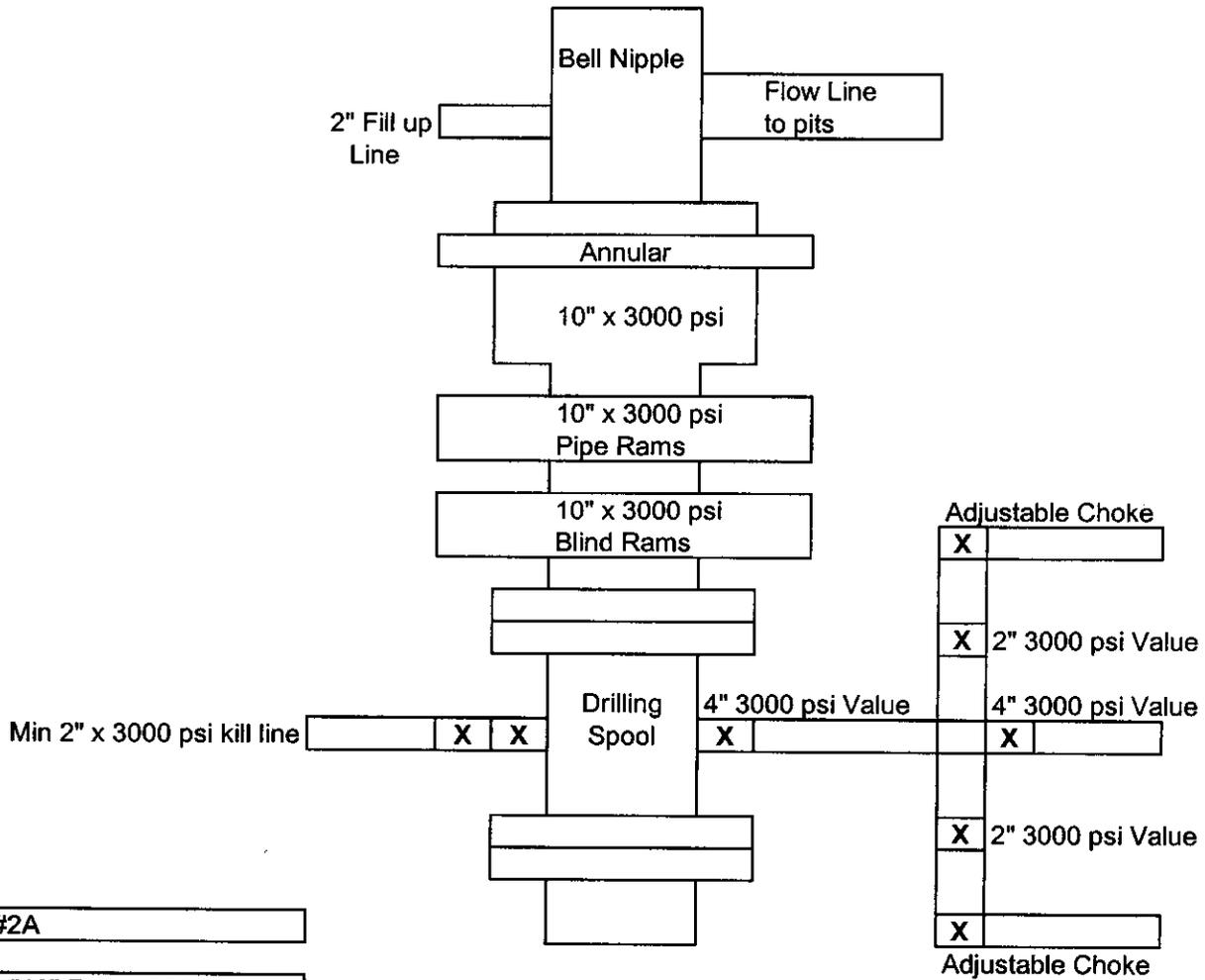


Exhibit #2A

Tamano "10" Federal #9
 660' FSL & 1175' FWL
 Sec 10-T18S-R31E
 Eddy, County New Mexico

Exhibit #4
Status of Wells in Immediate Vicinity
Mewbourne Oil Company
Tamano "10" Federal #9
660' FSL & 1175' FWL
Section 10-T18S-R31E
Eddy County, New Mexico

Section 10-T18S-R31E

Operator: Mewbourne Oil Company
Well Name: Tamano 10 Federal Com #1
Unit letter: K
Status: Producing
Field: Tamano Bone Spring

Operator: Mewbourne Oil Company
Well Name: Tamano 10 Federal Com #2
Unit letter: D
Status: Producing
Field: Shugart Morrow North

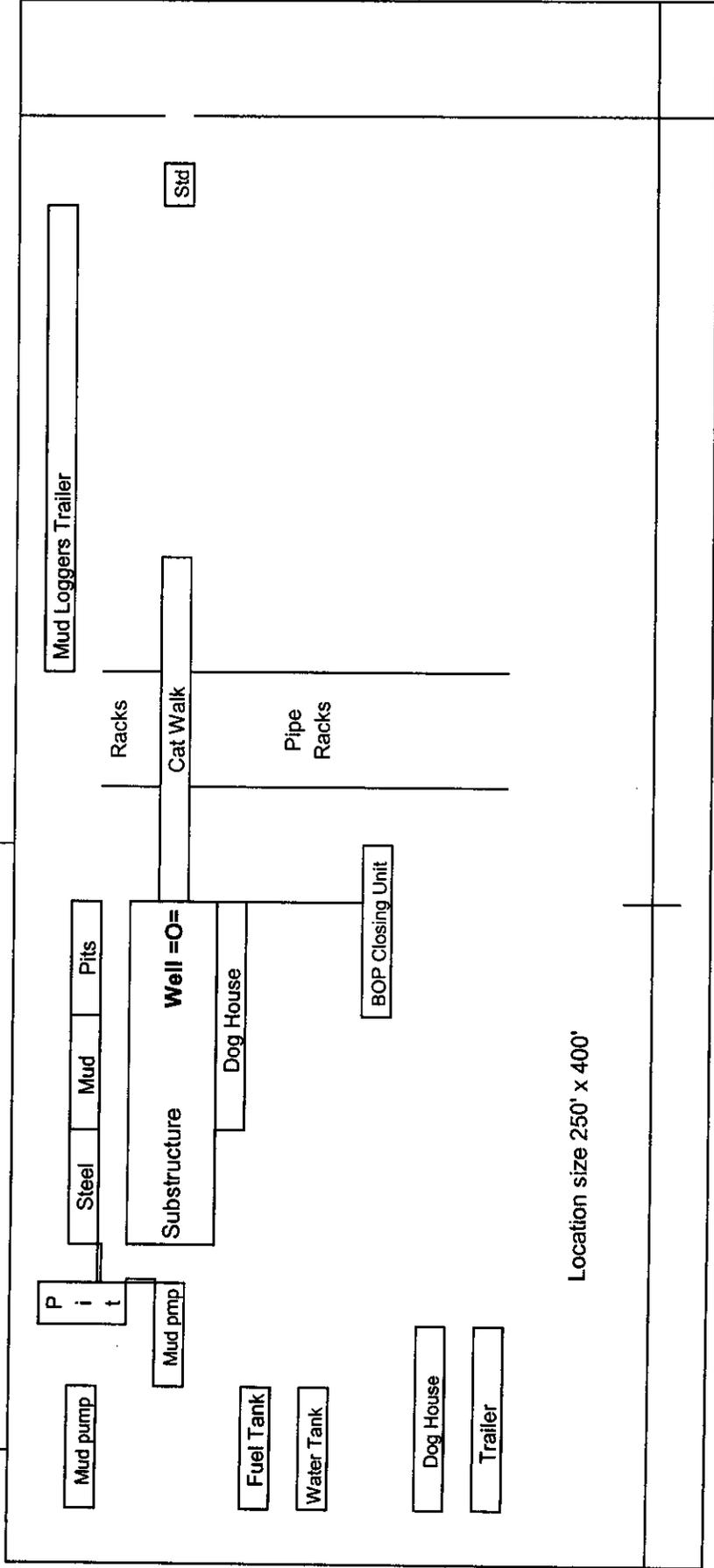
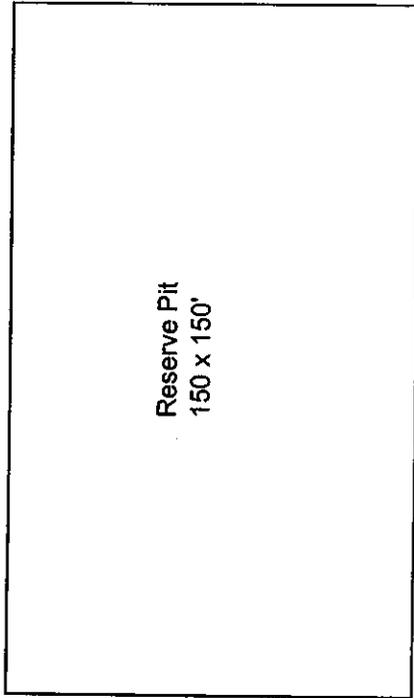
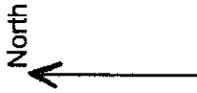
Operator: Mewbourne Oil Company
Well Name: Tamano 10 Federal Com #3
Unit letter: L
Status: Producing
Field: Tamano BoneSpring

Operator: Mewbourne Oil Company
Well Name: Tamano 10 Federal Com #4
Unit letter: E
Status: Producing
Field: Tamano BoneSpring

Mewbourne Oil Company

Exhibit #5

Well Name: Tamano "10" Federal #9
 Footages: 660' FSL & 1175' FWL
 STR: Sec 10-T18S-R31E
 County: Eddy
 State: New Mexico



Rig Location Schematic



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

June 2, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Mewbourne Oil Company
c/o **Holland & Hart, L. L. P.**
P. O. Box 2208
Santa Fe, New Mexico 87504-2208

RECEIVED

JUN 08 2005

OCD-ARTESIA

Attention: **Ocean Munds-Dry**
omundsdry@hollandhart.com

Administrative Order NSL-5213

Dear Ms. Munds-Dry:

Reference is made to the following: (i) your application on behalf of the operator, Mewbourne Oil Company ("MOC") that was submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on May 12, 2005 (**administrative application reference No. pSEM0-513349873**); and (ii) the Division's records in Artesia and Santa Fe: all concerning MOC's request for an unorthodox Bone Spring oil well location for its proposed Tamano "10" Federal Well No. 5 to be drilled 660 feet from the South line and 1175 feet from the West line (Unit M) of Section 10, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico. The SW/4 SW/4 of Section 10 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit within the Tamano-Bone Spring Pool (**58040**).

Your application for MOC has been duly filed under the provisions of Division Rules 104.F and 1207.A (2).

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox oil well location will be at a more favorable geologic position within the potentially productive interval within "zone A reservoir of the Second Bone Spring sand than a well drilled at a location considered to be standard within the proposed standard 40-acre oil spacing and proration unit.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Bone Spring oil well location is hereby approved.

Sincerely,

Mark E. Fesmire, P. E.
Director

MEF/ms

cc: **New Mexico Oil Conservation Division -- Artesia**
U. S. Bureau of Land Management - Carlsbad