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

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED
APR 28 2005
OCD-ARTESIA

Form C-101
May 27, 2004

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

[1] Operator Name and Address	[2] OGRID Number
Mewbourne Oil Company Po Box 5270 Hobbs, NM 88241	14744 [3] API Number 30 - 015 - 34148

[5] Property Code	[5] Property Name	[6] Well No.
34873	Aspen 32 State Com	1

[9] Proposed Pool 1	[10] Proposed Pool 2
Empire Morrow 76400	

[7] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	32	17S	28E		1370'	S	1609'	E	Eddy

[No8] Proposed 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

Additional Well Information

[11] Work Type Code	[12] Well Type Code	[13] Cable/Rotary	[14] Lease Type Code	[15] Ground Level Elevation
N	G	R	P	3669'
[16] Multiple	**[17] Proposed Depth**	**[18] Formation**	**[19] Contractor**	**[20] Spud Date**
No	10500'	Morrow	TBA	As Soon as possible

Depth to Groundwater	Distance from nearest fresh water well	Distance from nearest surface water
50' or more but less than 100 (100+ feet)	Less than 1000 from all other wtr sources (no)	1000' or more yes

Pit: Liner: Synthetic ☒ 12 mils thick Clay ☐ Pit Volume: 24000 bbls Type: Drilling ☒ Closed-Loop System ☐

0 Points B Fresh Water ☒ Brine ☒ Diesel/Oil-based ☐ Gas/Air ☐

[21] Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 ½"	13 ⅜"	48#	400'	500	Surface
12 ¼"	9 ⅝"	40#	2650'	1000	Surface
8 ¾"	5 ½"	17#	10500'	600	8000'

[22] Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

BOP Program: 2k Hydril (see Exhibit #2) from surface casing to intermediate TD. Schaffer LWS or equivalent (Double-Ram Hydraulic) 5k series with Hydril 5k Series (See Exhibit #2A) from intermediate casing to total depth. Rotating head, PVT, flow monitors and mud gas Separator from the Wolfcamp to TD.

Mud Program:

0' to 400' Fresh Water, spud mud, lime for PH and LCM as needed for seepage.
400' to 2650' Brine Water, lime for PH and LCM as needed for seepage.
2650' to 9500' Fresh Water, lime for PH and LCM as needed for seepage
9500' to TD Cut brine. 9.3 #/g, Caustic for PH, Starch for WL control and LCM as needed for seepage

[23] I hereby certify that the information given above is true and complete to the best of my knowledge and belief. **I further certify that the drilling pit will be constructed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**

Printed name: Kristi Green Kristi Green

Title: Hobbs Regulatory

E-mail Address: kgreen@mewbourne.com

Date: 04/27/05 Phone: 505-393-5905

OIL CONSERVATION DIVISION

Approved by: Jim W. Green

Title: District II Supervisor

Approval Date: JUN 13 2005 Expiration Date: JUN 13 2006

Conditions of Approval Attached ☐

> 9.5

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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	[3]Pool Name
		Empire Morrow

[4]Property Code	[5]Property Name	[6]Well Number
	Aspen 32 State Com	1

[7]OGRID No.	[8]Operator Name	[9]Elevation
14744	Mewbourne Oil Company	3669

[10]Surface Location

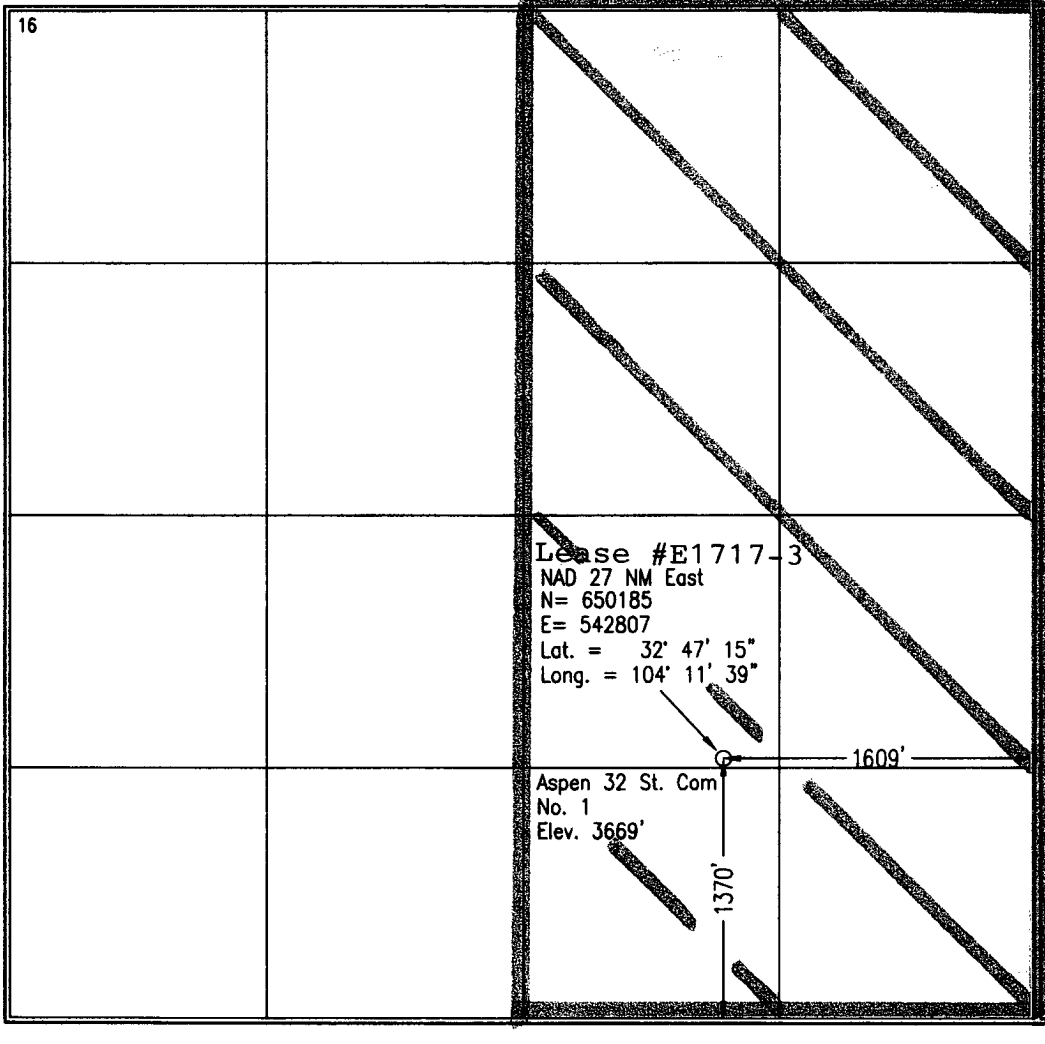
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	32	17 S	28 E		1370	South	1609	East	Eddy

[11]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

[12]Dedicated Acres	[13]Joint or Infill	[14]Consolidation Code	[15]Order No.
320			

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



[17]OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Kristi Green

Printed Name

Hobbs Regulatory

Title and E-mail Address

04/26/05

Date

[18]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.

04-05-2005

Date of Survey

Signature and Seal of Professional Surveyor:

MICHAEL L. STANFORD
NEW MEXICO
10324
REGISTERED PROFESSIONAL LAND SURVEYOR

Certificate Number

15 Miles SE of Artesia, New Mexico.

File No. A-2722.DWG

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MEWBOURNE OIL COMPANY
Aspen 32 State Com #1
1370' FSL & 1609' FEL
Section 32-T17S-R28E
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 topographic map showing the location of the proposed well and access road. Exhibit #3A, existing roads are highlighted in blue and proposed roads are highlighted in pink.

B. From Artesia, NM: East on US/82 12.3 miles. Turn right (south) on CR206 (Illinois Camp Rd) and continue south 0.7 miles. Turn left (east) on CR228 and continue east 0.4 miles. Turn left (north) 200' to new location.

2. Proposed Access Road:

A. No new road will be needed. The road will enter location on the SW corner.

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 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.

4. Location and Type of Water Supply

The well will be drilled with a combination of fresh water and brine water based mud systems. The water will be obtained from commercial suppliers in the area and/or hauled to the location by transport trucks over existing and proposed roads as indicated in Exhibit #3.

5. Source of Construction Materials

All material required for construction of the drill pad and access roads will be obtained from private, state, or federal pits. The construction contractor will be solely responsible for securing construction materials required for this operation and paying any royalties that may be required on those materials.

6. **Methods of Handling Waste Disposal:**

A. Drill cuttings not retained for evaluation purposed will be disposed of in the reserve pit.
B. Drilling fluids will be allowed to evaporate in the reserve pit prior to closure.
C. Water produced during operations will be disposed of in the reserve pit.
D. If any liquid hydrocarbons are produced during operations, those liquids will be stored in suitable tanks until sold.
E. Current regulations regarding the proper disposal of human waste will be followed.
F. All trash, junk, and other waste materials will be stored in proper containers to prevent dispersal and will be removed to an appropriate facility within one week of cessation of drilling and completion activities.

7. **Ancillary Facilities**

There are no ancillary facilities within the immediate vicinity of the proposed well site.

8. **Well Site Layout**

A A diagram of the drill pad is shown in Exhibit #5. Dimensions of the pad and location of major rig components are shown.
B. The reserve pit will be lined with a high quality plastic sheeting to prevent migration of fluids as per OCD regulations.
B. The pad dimension of 400' X 250' has been staked and flagged.

9. **Plans for Restoration of Surface**

A. Upon cessation of the proposed operations, if the well is abandoned, the location and road will be ripped and re-seeded. The reserve pit area, after allowing to dry will be leveled. The entire location will be restored to the original contour as much as reasonable possible. All trash, garbage, and pit lining will be hauled to appropriate disposal to assure the location is aesthetically pleasing as reasonable possible. All restoration work will be completed within 180 days of cessation of activities.
B. The disturbed area will be restored by re-seeding during the proper growing season.
C. Three sides of the reserve pit will be fenced prior to and during drilling operations. The reserve pit will be fenced on the fourth side after the drilling rig is removed to prevent the endangerment of livestock. The fence will remain in place until the pit area has been leveled and restored.
D. Upon cessation of the proposed operations, if the well is not abandoned, the reserve pit area will be restored as per OCD guidelines. Any additional caliche required for production facilities will be obtained from a source as described in Section 6.
E. Within 90 days of cessation of drilling and completion operations, all equipment not necessary for production operations will be removed. The location will be cleaned of all trash and junk to assure the well site is left as aesthetically pleasing as reasonably possible

10. Surface Ownership:

The surface is owned by: Bogle Company
PO Box 460
Dexter, NM 88231
(505) 885-5597

11. Other Information

A. Topography: Refer to the archaeological report for a detailed description of flora, fauna, soil characteristics, dwellings, and historical or cultural sites.

B. The primary use of the surface at the location is for grazing of livestock.

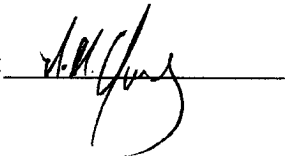
12. Operator's Representative:

A. Through APD approval and drilling operations:
N.M. Young, District Manager
Mewbourne Oil Company
PO Box 5270
Hobbs, NM 88241
505-393-5905

B. Through completion and production operations:
N.M. Young, District Manager
Mewbourne Oil Company
PO Box 5270
Hobbs, NM 88241
505-393-5905

13. Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by Mewbourne Oil Company, its contractors and subcontractors, in accordance with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date: 04/27/05 Signature: 

NM Young
Mewbourne Oil Company
PO Box 5270
Hobbs, NM 88241
(505) 393-5905

Hydrogen Sulfide Drilling Operations Plan

Mewbourne Oil Company
Aspen 32 State Com #1
1370' FSL & 1609' FEL
Section 32-T17S-R28E
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:

1 The hazards and characteristics of hydrogen sulfide gas.
2 The proper use of personal protective equipment and life support systems.
3 The proper use of hydrogen sulfide detectors, alarms, warning systems, briefing areas, evacuation procedures.
4 The proper techniques for first aid and rescue operations.

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

1 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.
2 Corrective action and shut in procedures, blowout prevention, and well control procedures while drilling a well.
3 The contents of the Hydrogen Sulfide Drilling Operations Plan.

There will be an initial training session prior to encountering a know 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.

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

2. Protective Equipment for Essential Personnel
Thirty minute self contained work unit located at briefing area as indicated on wellsite diagram.

3. 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.

4. Visual Warning Systems
A. Wind direction indicators as indicated on the wellsite diagram.
B. 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 toolpushers 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 Queen formation at 1200'.

Notes Regarding Blowout Preventer
Mewbourne Oil Company
Aspen 32 State Com #1
1370' FSL & 1609' FEL
Section 32-T17S-R28E
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 5000 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 5000 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.

Mewbourne Oil Company

BOP Scematic for
12 1/4" Hole

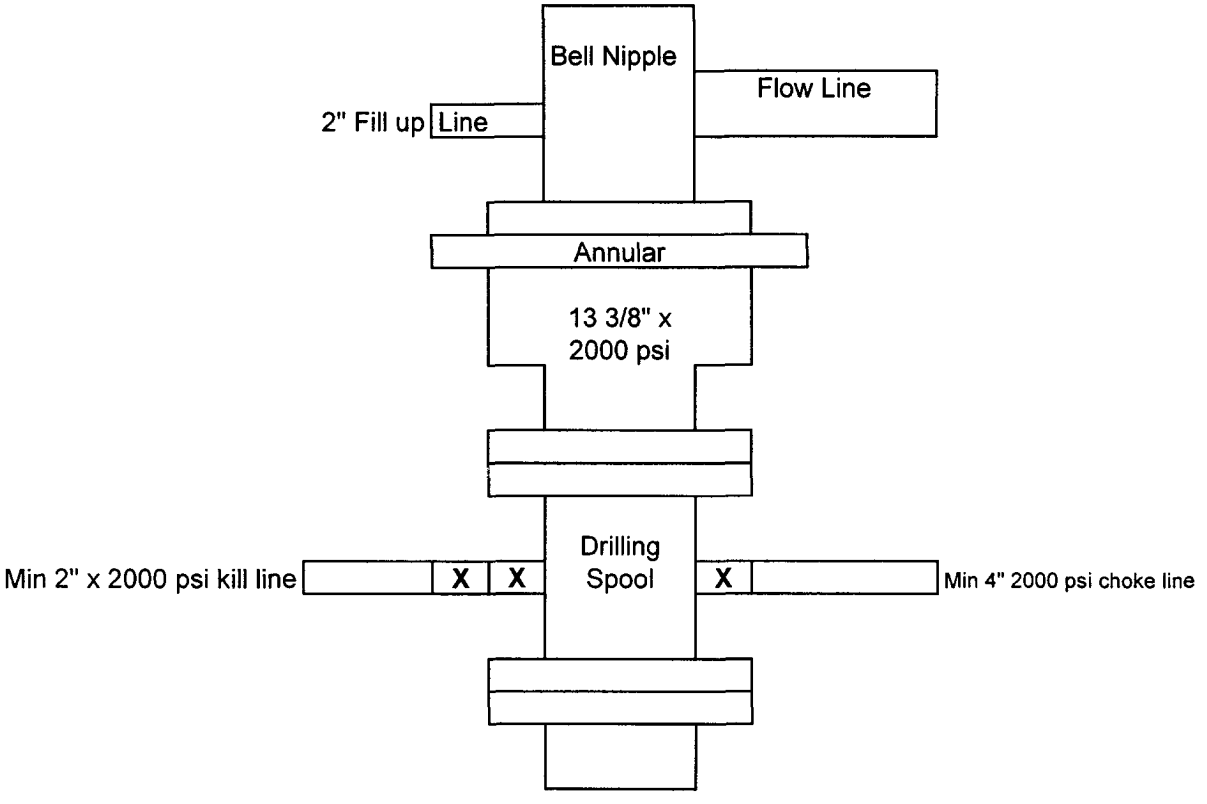


Exhibit #2

Aspen 32 State Com #1
Sec 32-T17S-R28E
1370' FSL & 1609' FEL
Eddy County, NM

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

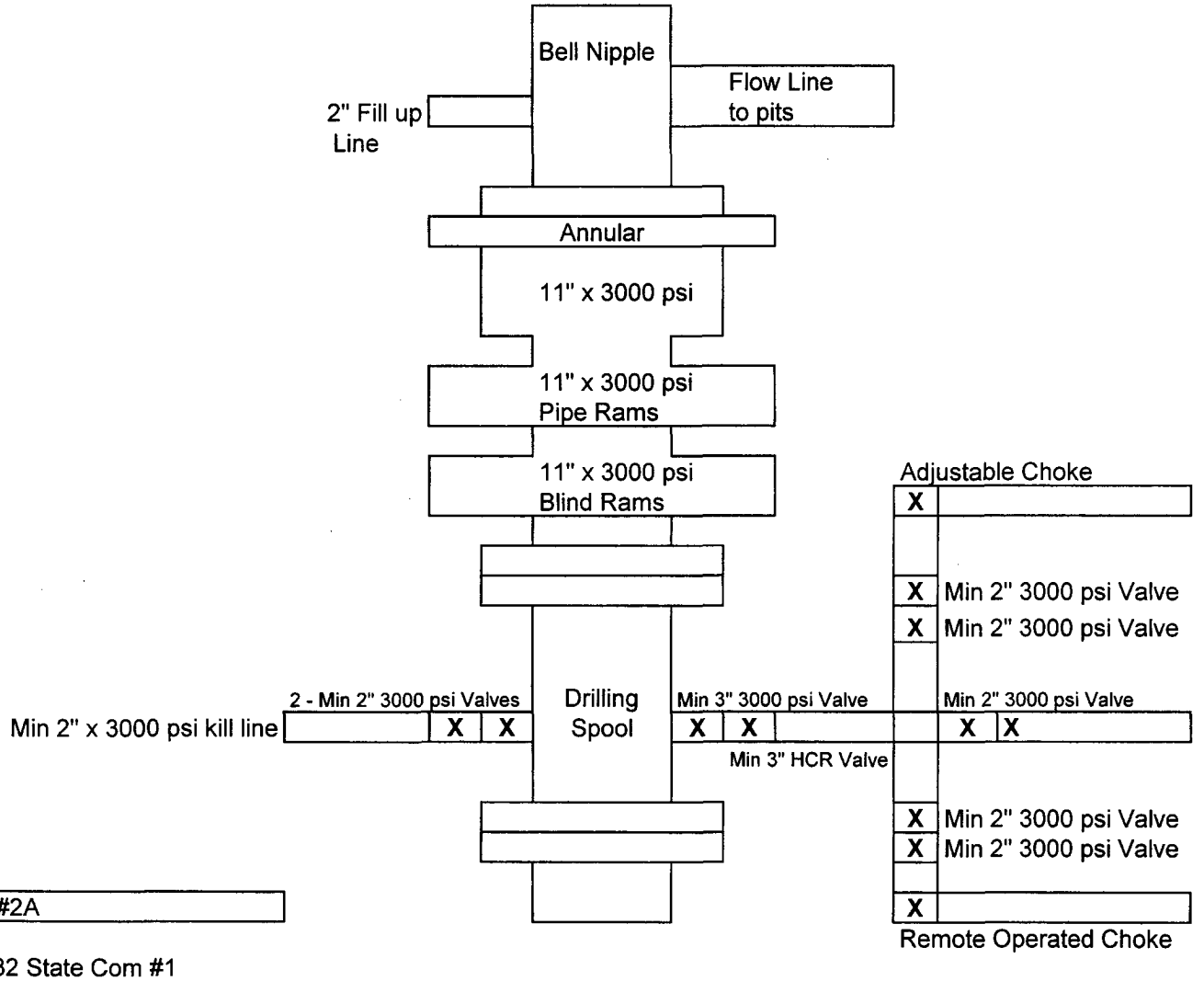
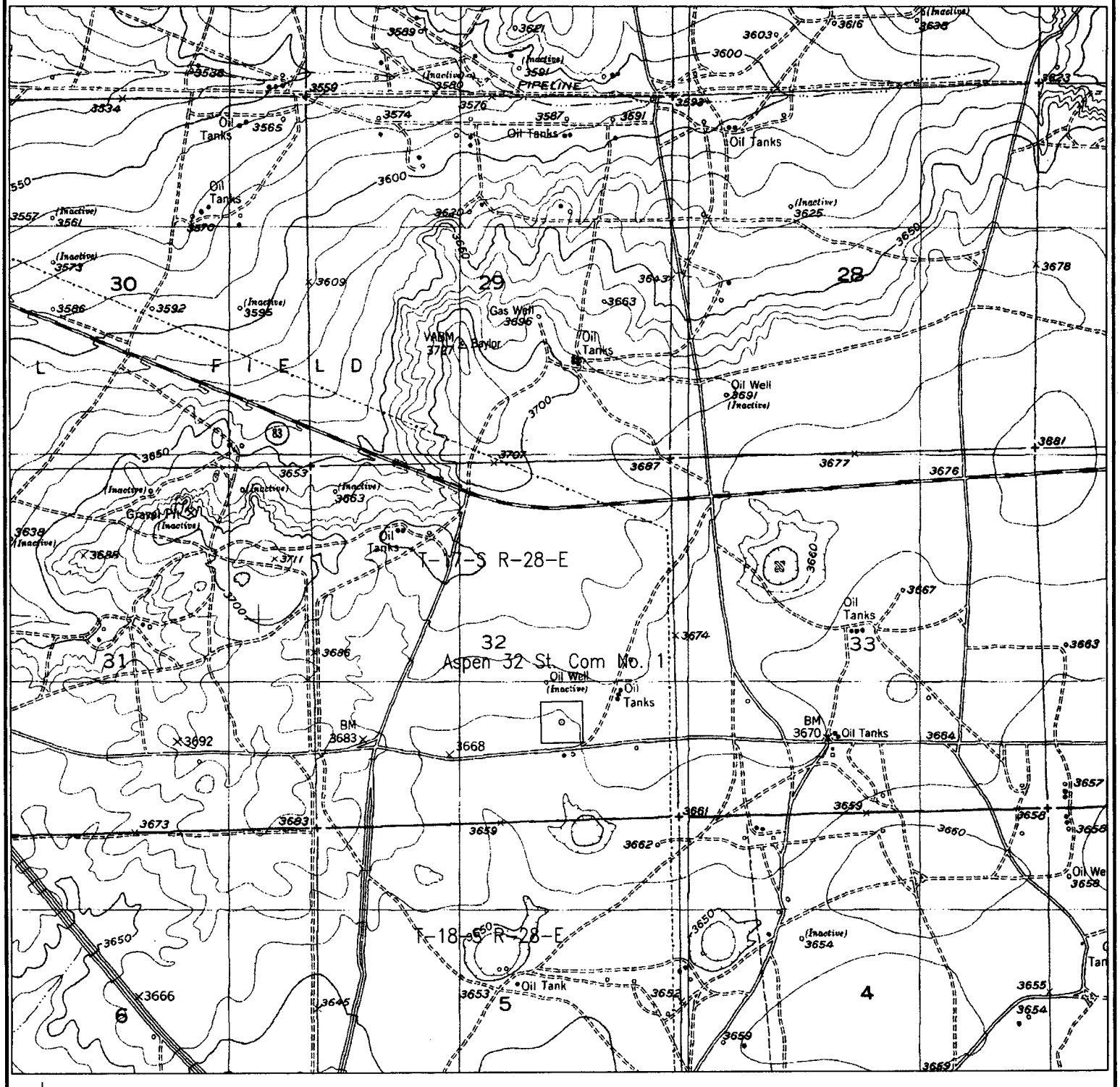


Exhibit #2A

Aspen 32 State Com #1
Sec 32-T17S-R28E
1370' FSL & 1609' FEL
Eddy County, NM

Location & Elevation Verification Plat



U.S.G.S. TOPOGRAPHIC MAP	Red Lake, New Mexico
CONTOUR INTERVAL	10 FEET
LOCATION COORDINATES	NAD 27: LAT. 32° 47' 15" LONG. 104° 11' 39"
LOCATION ELEVATION	3669 FEET

Exhibit 3

Mewbourne Oil Company
Aspen 32 State Com No. 1
Section 32, T17S, R28E, NMPM
Eddy County, New Mexico

STANFORD SURVEYING COMPANY
P.O. BOX 8490
MIDLAND, TEXAS 79708-8490
432-699-5708

DRAWN BY	DATE	SCALE	FILE NAME
Mike Stanford	4-13-2005	1" = 2000'	A-2722T

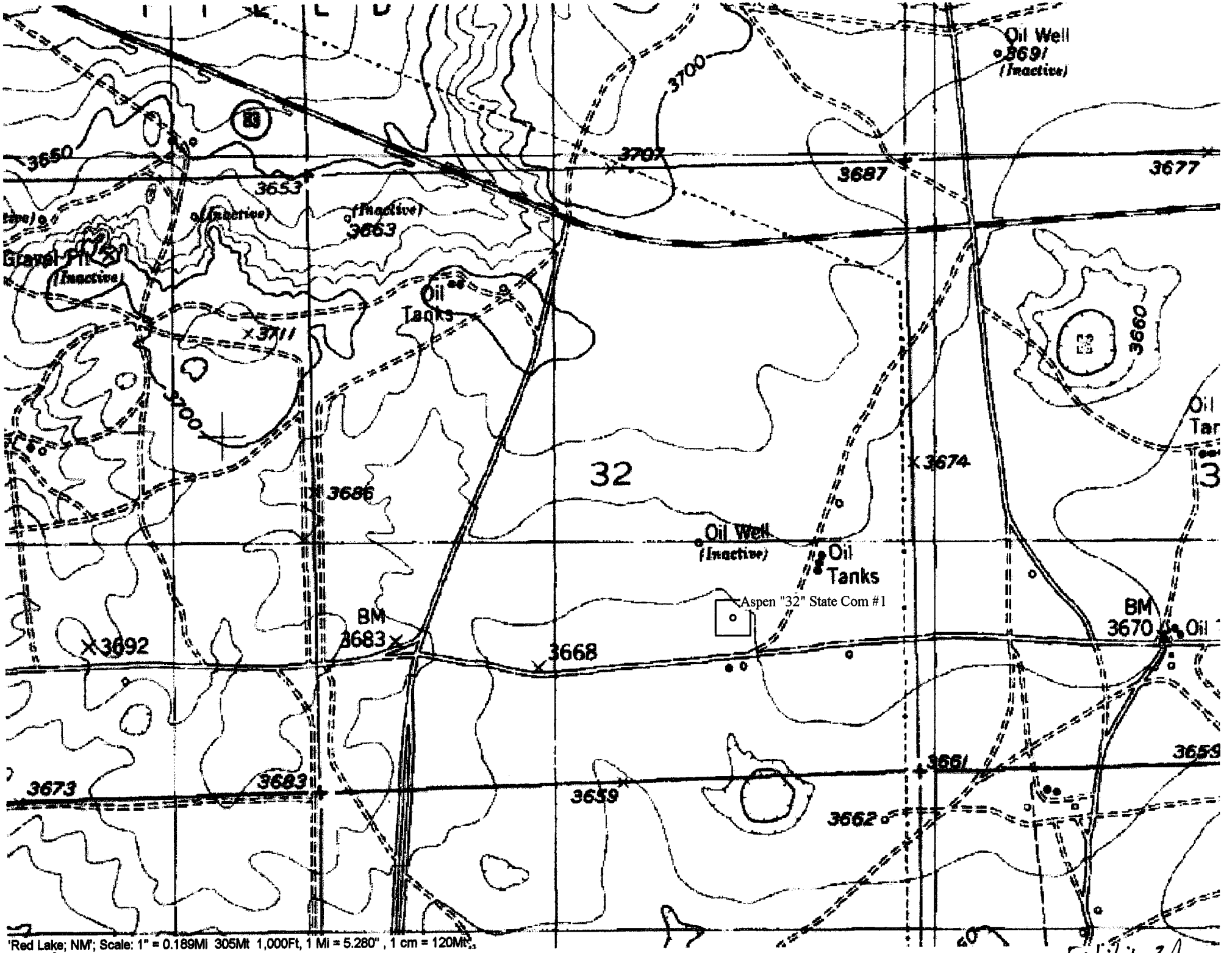
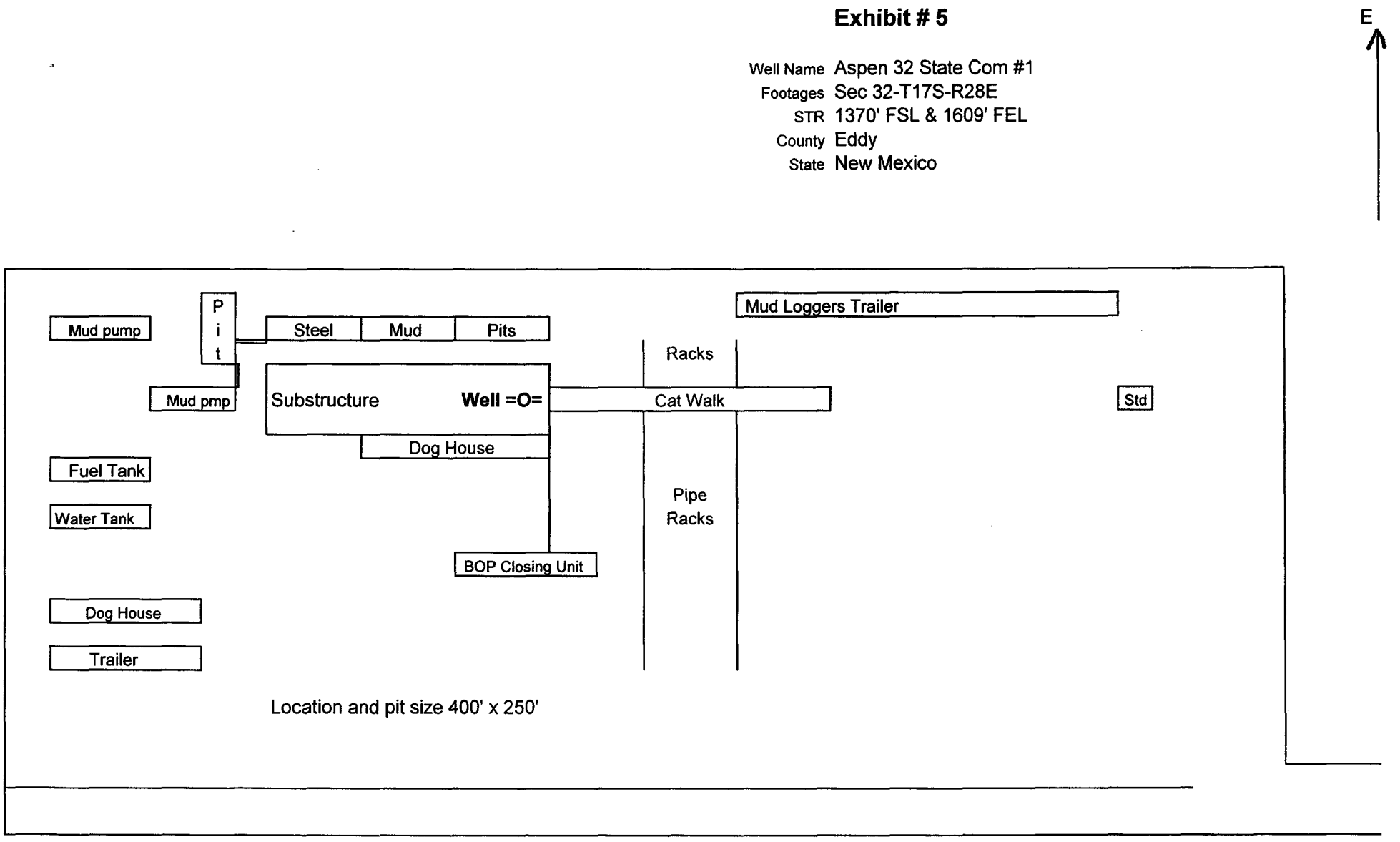

Oil Well
3691
(Inactive)
3700
3650
3653
3707
3687
3677
(Inactive)
3663
Gravel Pit
(Inactive)
Oil
Tanks
3711
3700
3660
32
3686
3674
Oil Well
(Inactive)
Oil
Tanks
Aspen "32" State Com #1
BM
3683
3692
3668
BM
3670
3673
3683
3659
3661
3659
3662
'Red Lake; NM'; Scale: 1" = 0.189MI 305Mt 1,000Ft, 1 Mi = 5.280" , 1 cm = 120Mt

Exhibit 3A

Mewbourne Oil Company

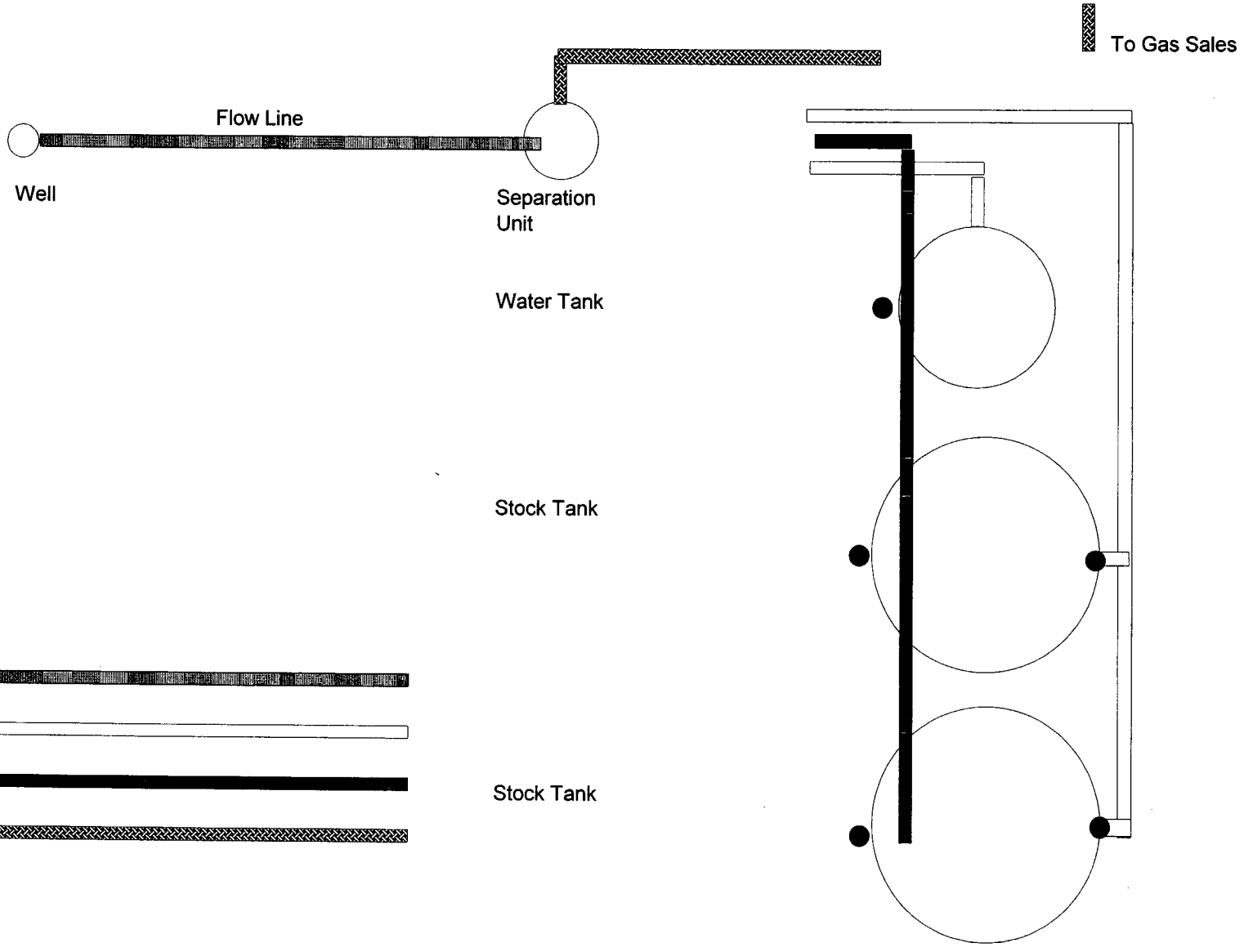
Exhibit # 5

Well Name Aspen 32 State Com #1
Footages Sec 32-T17S-R28E
STR 1370' FSL & 1609' FEL
County Eddy
State New Mexico



Rig Location Schematic

Proposed Production Facilities Schematic



Flow Line

Water Line

Oil Dump Line

Gas Sales Line

Sealing Valve

Non Sealing Valve

Mewbourne Oil Company
Exhibit # 6
Proposed Production Facilities Schematic
Aspen 32 State Com #1
Sec 32-T17S-R28E
1370' FSL & 1609' FEL
Eddy County, NM