·		ARTESIA DISTRIC		ATS-14	- 10 -	3
R-111-POT	ASH	MAY J At 201	5		APPROVED	
OM 3160-3 March 2012) UNITED STATES DEPARTMENT OF THE 1 BUREAU OF LAND MAN		RECEIVED		5. Lease Serial No. NMH4066087 (BI-	No. 1004-0137 Detober 31, 2014 HL), V-4803-S	
APPLICATION FOR PERMIT TO	DRILL OR	REENTER		6. If Indian, Allotee	or Tribe Name	;
Ia. Type of work: V DRILL REENTE	R			7 If Unit or CA Agre	eement, Name a	ind No.
b. Type of Well: 🔽 Oil Well 🔲 Gas Well 🗌 Other	🖌 Sin	ngle Zone 🔲 Multip	ole Zone	8. Lease Name and Zircon 12/7 B2ON		н
2. Name of Operator Mewbourne Oil Company				9. API Well No. 30 - 01	5-43	362
a. Address PO Box 5270 Hobbs, NM 88241	3b. Phone No. 575-393-59	. (include area code) 305		10. Field and Pool, or Turkey Track Bone		.60)
. Location of Well (Report location clearly and in accordance with an At surface 2517' FSL & 1863' FWL, Sec. 12 T19S R29E	y State requireme	ents.*)		11. Sec., T. R. M. or E Sec. 12 T19S R29	-	or Area
At proposed prod. zone 330' FSL & 2310' FWL, Sec. 7 T19	S R30E					
Distance in miles and direction from nearest town or post office* 20 miles NE of Carlsbad, NM				12. County or Parish Eddy	13. NA	State A
5. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of ac NMNM-066	cres in lease <del>5087 -</del> 314.63	17. Spacin 159.16	g Unit dedicated to this	well	
B. Distance from proposed location* 204' - MOC's Zircon 12/7 to nearest well, drilling, completed, B2JK Fed Com #1H applied for, on this lease, ft.	19. Proposed 14,535' - M 8,242' - TV	1D		BIA Bond No. on file 3 nationwide, NMB-	000919	
Elevations (Show whether DF, KDB, RT, GL, etc.) 3391' - GL	22 Approxin	nate date work will star 4	rt*	23. Estimated duration	on	
	24. Attac	· · · · · · · · · · · · · · · · · · ·				
e following, completed in accordance with the requirements of Onshor	e Oil and Gas (	Order No.1, must be at	ttached to thi	is form:		
<ul> <li>Well plat certified by a registered surveyor.</li> <li>A Drilling Plan.</li> <li>A Surface Use Plan (if the location is on National Forest System SUPO must be filed with the appropriate Forest Service Office).</li> </ul>	Lands, the	Item 20 above). 5. Operator certific	cation	ns unless covered by an prmation and/or plans a:	-	
5. Signature Bradly Buy		(Printed/Typed) ey Bishop			Date 07/23/2014	1
pproved by (Signature) /s/George MacDonell	Name	(Printed/Typed)			Date MAY -	8 2015
tie FIELD MANAGER	Office		CARLS	BAD FIELD OFFIC	CE	
pplication approval does not warrant or certify that the applicant hold induct operations thereon. onditions of approval, if any, are attached.	s legal or equit	able title to those right		ject lease which would opposed by PROVAL FOF		
itle 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a cr tates any false. fictitious or fraudulent statements or representations as t	ime for any pe o any matter w	erson knowingly and within its jurisdiction.	villfully to m	ake to any department of	or agency of the	e United
(Continued on page 2)	NM	OIL CONSER	VATION	*(Inst	ructions on	page 2)
apitan Controlled Water Basin		MAY 1 8 20	10		s/orgins	
Approval Subject to G	eneral Req	RECEIVEI	)	E ATTACH NDITIONS		

••

- 1) ( .

& Special Stipulations Attached

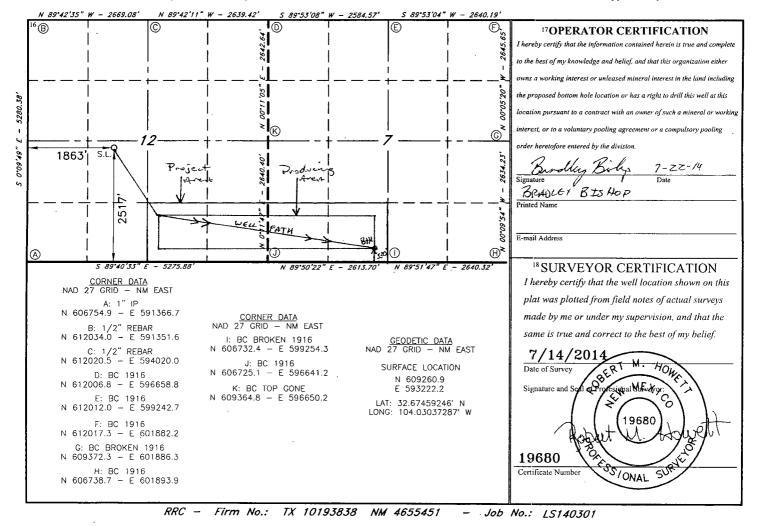
District 1 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 District II 811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720 District III 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170

Phone: (505) 334-6178 Pax: (505) 334-6170 <u>District IV</u> 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462 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 August 1, 2011 Submit one copy to appropriate District Office

AMENDED REPORT

				OCATIO	N AND AC	CREAGE DEDIC	CATION PLA	T		
200	1 API Numbe	43122		2 Pool Code			<sup>3</sup> Pool Na			
30-0	<u>13-</u>	TUICL	, 6	<u>0 66 0</u>		TURKEY Tr.	KK BONE	SPRI	NG	
3148	39		2	ZIRCON	<sup>5</sup> Property 12/7 B2	Name ON Federal C	om			<sup>6</sup> Well Number 1H
	Ψ			MEWE	<sup>8 Operator</sup>	r Name DIL COMPANY				<sup>9</sup> Elevation <b>3391</b>
					<sup>10</sup> Surfac	e Location				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet From the	East/Wo	st line	County
K	12	19S	19S 29E 2517 SOUTH 1863 WEST					ST	EDDY	
			11 ]	Bottom H	Iole Locatio	on If Different Fr	om Surface			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	st line	County
N	7	195	30E		330	SOUTH	2310	wes	Т	EDDY
12 Dedicated Acre	s 13 Joint	or Infill 14	Consolidation	Code 15 (	Order No.					
159.16										

No allowable will be assigned to this completion until all interest have been consolidated or a non-standard unit has been approved by the division.



# Mewbourne Oil Company

PO Box 5270 \* Hobbs, NM 88241 (575) 393-5905

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this <u>zz</u> day of <u>July</u>, 2014.

Name: Robin Terrell

Signature: Bradley Buthop FOR Robin TERROL

Position Title: Hobbs District Manager

Address: PO Box 5270, Hobbs NM 88241

Telephone: 575-393-5905

E-mail: rterrell@mewbourne.com

# United States Department of the Interior Bureau of Land Management Carlsbad Field Office 620 E Greene Street Carlsbad, 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:

, **>** 

¢.

NMNM 066087 (7), V-4803 (12)

Legal Description of Land: Section 12/7, T-19S, R-29E Eddy County, New Mexico. Location @ 2517' FSL & 1863' FWL.

Formation (if applicable): Bone Spring

Bond Coverage: \$150,000

BLM Bond File:

NM1693 nationwide, NMB000919

Authorized Signature: Budley Birly FOR 126 TERALL Name: Robin Terrell Title: District Manager Date: 9-22-14 .

## Drilling Program Mewbourne Oil Company Zircon 12/7 B2ON Fed Com #1H 2517' FSL & 1863' FWL (SHL) Sec 12-T19S-R29E Eddy County

### 1. The estimated tops of geological markers are as follows:

	Rustler	320'	
	Top Salt	420'	
	Base Salt/Tansill	1275'	
•.	Yates	1500'	
	Seven Rivers	1750'	
	Queen	2425'	
	Capitan	NP	
	Grayburg	2675'	
	San Andres	3225'	
	*Delaware	3675'	
	*Bone Spring	4675'	
	*1 <sup>st</sup> Bone Spring Sand	7150'	
	*2 <sup>nd</sup> Bone Spring Sand	7950'	

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

Water

Fresh water is anticipated at 125' and will be protected by setting surface casing at 350' and cementing to surface.

Hydrocarbons

Oil and gas are anticipated in the above (\*) formations. These zones will be protected by casing as necessary.

#### 3. Pressure control equipment:

A 2000# WP Annular will be installed after running 13 %" casing. A 3000# WP Double Ram BOP and 3000# WP Annular will be installed after running 9 %" & 7" casing strings. 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. BOPE will be inspected and operated as recommended in Onshore Order #2. A 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. Will test the 13 %" annular to 1250# and the 9 %" & 7" BOPE to 3000# and annular to 1500# with a third party testing company before drilling below each shoe, but will test again, if needed, in 30 days from the 1<sup>st</sup> test as per BLM Onshore Oil and Gas Order #2.

#### 4. Drilling Program:

MOC proposes to drill a vertical wellbore to 7600' & kick off to horizontal @ 8142' TVD. The well will be drilled to 14535' MD (8242' TVD). See attached directional plan.

	A. Casin	g Program:	<b>.</b>			
	Hole Size	Casing 13 %" (new)	<u>Wt/Ft.</u> 48#	<u>Grade</u> H40	<u>Depth</u> 0'-350'	<u>Jt Type</u> ST&C
	12 ¼"	9 ⁵⁄₃" (new)	36#	J55	0'-1550'/400	LT&C
7A	8 <sup>3</sup> /4" 8 <sup>3</sup> /4"	7" (new) 7" (new)	26# 26#	P110 P110	0'-7600' MD 7600'-9858' MD	LT&C BT&C
	6 1/8"	4 ½" (new)	13.5#	P110	9658'-TD' MD	LT&C

## 5. Proposed casing and cementing program:

Minimum casing design factors: Collapse 1.125, Burst 1.0, Tensile strength 1.8. \*Subject to availability of casing. Drilling Program Mewbourne Oil Company Zircon 12/7 B2ON Fed Com #1H Page 2

#### **B.** Cementing Program:

i.

ii.

Surface Casing: 360 sacks Class "C" cement w/ 2% CaCl2. Yield at 1.34 cuft/sk. Mix water @ 6.33 gal/sk. Cmt circulated to surface w/100% excess. Intermediate Casing: 160 sacks Class "C" (35:65:4) light cement w/ salt and LCM additives. Yield at 2.12 cuft/sk. Mix water @ 11.17 gal/sk. 200 sacks Class "C" cement w/2% CaCl2. Yield at 1.34 cuft/sk. Mix water @ 6.33 gal/sk.Cmt circulated to surface w/25% excess.

Production Casing: 550 sacks Class H light cement (35:65:4) with fluid loss, LCM, & salt additives. Yield at 2.12 cuft/sk. Mix water @ 11.32 gal/sk. 400 sacks Class H cement containing fluid loss additives. Yield at 1.18 cuft/sk. Mix water @ 5.22 gal/sk. Cmt calculated to the back-200' inside 9-5/2" csg-@-1350' w/25% excess. WUSTCEMENT TO Support Production Liner. This will be a Packer/Port completion from TD to 200' inside 7" casing with packer type liner hanger.

\*Referring to above blends of light cement: (wt% fly ash : wt% cement : wt% bentonite of the total of first two numbers). Generic names of additives are used since the availability of specific company and products are unknown at this time.

#### 6. Mud Program:

	Interval	Type System	Weight	Viscosity	Fluid Loss
	0'-350'	FW spud mud	8.6-9.0	32-34	NA
Jek	350'-1550' 1400	Brine water	10.0-10.2	28-30	NA
COA	1,550 <sup>°</sup> - 7600' (KOP)	FW	8.5-8.7	28-30	NA
(ON	7600' - TD	FW w/Polymer	8.5-8.7	-32-35	15
<b>U</b>	45 Phillippi and the second seco	a strategies and all families to be a		· · · · · · · · · · · · · · · · · · ·	and the second sec

\*Visual mud monitoring system shall be in place to detect volume changes indicating loss or gain of circulation fluid volume. Sufficient mud materials will be kept on location at all times to combat abnormal conditions.

#### 7. Evaluation Program:

Samples:	10' samples from surface casing to TD	
Logging:	GR, CN & Gyro 100' above KOP (7500') to surface. GR from 7500' to	0
	TD.	

#### 8. Downhole Conditions

Zones of abnormal pressure: Zones of lost circulation: Maximum bottom hole temperature: Maximum bottom hole pressure:

#### None anticipated

Anticipated in surface and intermediate holes 120 degree F 8.3 lbs/gal gradient or less (.43368 x 8242'=3574.39 psi)

#### 9. Anticipated Starting Date:

Mewbourne Oil Company intends to drill this well as soon as possible after receiving approval with approximately 60 days involved in drilling operations and an additional 20 days involved in completion operations on the project.



# Mewbourne Oil Company

Eddy County, New Mexico Zircon 12/7 B2ON Fed Com 1H Sec 12, T19S, R29E SL: 2517 FSL & 1863 FWL, Sec 12 BHL: 330 FSL & 2310 FWL, Sec 7

Plan: Design #1

# **Standard Planning Report**

22 July, 2014

Database Company Project Site Well: Wellibore: Design:	Eddy Co Zircon 12 Sec 12,	rne Oil Compar ounty, New Mex 2/7 B2ON Fed ( T19S; R29E 0 FSL & 2310 F 11	ico Com 1H		TVD Referen MD Referen North Refer	atsen og hande	WEI WEI Grid	Zircon 12/7 B LL @ 3412.0u: LL @ 3412.0u: i imum Curvatur	sft (Original sft (Original	Well Elev)
Project	Eddy Cou	inty, New Mexic	CO		n nga nanisa ing nga pang na ng ng Nga Bandhat ng nga ng	and a second		. Avairan adalamata		
Map System: Geo Datum: Map Zone:	NAD 1927	lane 1927 (Exa (NADCON CON o East 3001			System Datur	n:	Mean	Sea Level		
Site	Zircon 12	/7 B2ON Fed C	om 1H			an a				
Site Position: From: Position Uncertainty	Map ::	0.0 u	Northir Easting sft Slot Ra	- g:		22.20 usft Lo	titude: ngitude: id Convergenc	e:		32° 40' 28.533 N 104° 1' 49.343 W 0.16 °
Well	Sec:12/T	19S R29E			2.224.25.55.55.55.55.55.55.55.55.55.55.55.55.					
Well Position	+N/-S	0.0	usft Noi	thing:		609,260.90 usf	Latitud	e:	ur san ini san ini	32° 40' 28.533 N
	+E/-W	0.0	usft Eas	sting:		593,222.20 usf	t Longitu	ıde:		104° 1' 49.343 W
Position Uncertainty	,	0.0	usft We	Ilhead Elevatio	on:	3,412.0 usf	t Ground	Level:		3,392.0 usft
Wellbore Magnetics	Mode	NFSL/8(2310)F I(Name GRF200510	Sample		Declinatic (*)	in 7.45	Dip/Angl (*)	e 60.48		Strength nT) 48,576
Design Audit Notes: Version:	Design #1		Phase	: PF	ROTOTYPE	Tie On	Depth:	0.1	0	
Vertical Section:	an a	Dep	th From (TV) (usft) 0.0	D)	+N/-S (usft) 0.0	+E/-W (usft) 0.0		Direct (۴) 111.0	$e_{i} \in \Phi_{i}$	
	nation A	zimuth	ertical Depth (ustt)	+N/-S (usft)	+E/:W	Rate	Rate	Tum Rate 100usiti)	TFO (î)	Target
0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.00	0.00	
7,600.0	0.00	0.00	7,600.0	0.0	0.0	0.00	0.00	0.00	0.00	
8,412.1	89.33	153.59	8,120.8	-461.1	229.0 564.7	11.00	11.00 0.00	0.00	153.59	
0.100.0								0.00	0.00	
9,166.8 9,858.2	89.33 88.77	153.59 98.27	8,129.6 8,142.0	-1,136.9 -1,527.0	1,103.0	0.00 8.00	-0.08	-8.00		LP @ 9858 MD (990 I

. . . .

Hobbs Mewbourne Oil Company Eddy County, New Mexico Zircon 12/7 B2ON Fed Com 1H Sec 12, T19S, R29E BHL: 330 FSL & 2310 FWL, Sec 7 Design #1

Database:

Company: 1 Project: 4

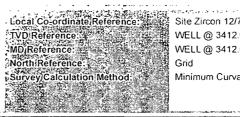
Well: Wellbore:

Design:

Planned Survey

Site:

3000



Site Zircon 12/7 B2ON Fed Com 1H WELL @ 3412.0usft (Original Well Elev) WELL @ 3412.0usft (Original Well Elev) Grid

ILCOMPANIATION CONTRACTOR

Minimum Curvature

Planned Survey	i Alexandron -	an a							i Na sharat tanan sa
Measured			Vertical	en e		ertical	Dogleg	Build	Tum
	clination, 44	Azimuth	Depth	2+N/-S	An an annual the second s		Rate	Rate	Rate
(usft)	(ŝ) 🖓		d(usft)	(usft)			And the second sec		°/100usft)
0.0	0.00	0.00	71. 21. B.O. 0.0	0.0	0.0	0.0	0.00	0.00	0.00
100.0	0.00	0.00	100.0	0.0	0.0	0.0	0.00	0.00	0.00
200.0	0.00	0.00	200.0	0.0	0.0	0.0	0.00	0.00	0.00
300.0	0.00	0.00	300.0	0.0	0.0	0.0	0.00	0.00	0.00
400.0	0.00	0.00	400.0	0.0	0.0	0.0	0.00	0.00	0.00
500.0	0.00	0.00	500.0	0.0	0.0	0.0	0.00	0.00	0.00
600.0	0.00	0.00	600.0	0.0	0.0	0.0	0.00	0.00	0.00
700.0	0.00	0.00	700.0	0.0	0.0	0.0	0.00	0.00	0.00
800.0	0.00	0.00	800.0	0.0	0.0	0.0	0.00	0.00	0.00
900.0	0.00	0.00	900.0	0.0	0.0	0.0	0.00	0.00	0.00
1,000.0	0.00	0.00	1,000.0	0.0	0.0	0.0	0.00	0.00	0.00
1,100.0	0.00	0.00	1,100.0	0.0	0.0	0.0	0.00	0.00	0.00
1,200.0	0.00	0.00	1,200.0	0.0	0.0	0.0	0.00	0.00	0.00
1,300.0 1,400.0	0.00 0.00	0:00 0.00	1,300.0 1,400.0	0.0 0.0	0.0 0.0	0.0 0.0	0.00 0.00	0.00 0,00	0.00 0.00
1,500.0	0.00	0.00	1,500.0	0.0	0.0	0.0	0.00	0.00、	0.00
1,600.0	0.00	0.00	1,600.0	0.0	0.0	0.0	0.00	0.00	0.00
1,700.0 1,800.0	0.00 0.00	0.00 0.00	1,700.0 1,800.0	0.0 0.0	0.0 0.0	0.0 0.0	0.00 0.00	0.00 0.00	0.00 0.00
1,900.0	0.00	0.00	1,800.0	0.0	0.0	0.0	0.00	0.00	0.00
· ·									
2,000.0 2,100.0	0.00 0.00	0.00 0.00	2,000.0 2,100.0	0.0 0.0	0.0 0.0	0.0 0.0	0.00 0.00	0.00 0.00	0.00 0.00
.2,200.0	0.00	0.00	2,100.0	0.0	0.0	0.0	0.00	0.00	0.00
2,300.0	0.00	0.00	2,300.0	0.0	0.0	0.0	0.00	0.00	0.00
2,400.0	0.00	0.00	2,400.0	0.0	0.0	0.0	0.00	0.00	0.00
2,500.0	0.00	0.00	2,500.0	0.0	0.0	0.0	0.00	0.00	0.00
2,600.0	0.00	0.00	2,600.0	0.0	0.0	0.0	0.00	0.00	0.00
2,700.0	0.00	0.00	2,700.0	0.0	0.0	0.0	0.00	0.00	0.00
2,800.0	0.00	0.00	2,800.0	0.0	0.0	0.0	0.00	0.00	0.00
2,900.0	0.00	0.00	2,900.0	0.0	0.0	0.0	0.00	0.00	0.00
3,000.0	0.00	0.00	3,000.0	0.0	0.0	0.0	0.00	0.00	0.00
3,100.0	0.00	0.00	3,100.0	0.0	0.0	0.0	0.00	0.00	0.00
3,200.0	0.00	0.00	3,200.0	0.0	0.0	0.0	0.00	0.00	0.00
3,300.0	0.00	0.00	3,300.0	0.0	0.0	0.0	0.00	0.00	0.00
3,400.0	0.00	0.00	3,400.0	0.0	0.0	0.0	0.00	0.00	0.00
3,500.0	0.00	0.00	3,500.0	0.0	0.0	0.0	0.00	0.00	0.00
3,600.0	0.00	0.00	3,600.0	0.0	0.0	0.0	0.00	0.00	0.00
3,700.0 3,800.0	0.00 0.00	0.00 0.00	3,700.0 3,800.0	0.0 0.0	0.0 0.0	0.0 0.0	0.00 0.00	0.00 0.00	0.00 0.00
3,900.0	0.00	0.00	3,800.0	0.0	0.0	0.0	0.00	0.00	0.00
4,000.0	0.00	0.00	4,000.0	0.0	0.0			0.00	
4,000.0	0.00	0.00	4,000.0	0.0	0.0	0.0	0.00 0.00	0.00	0.00 0.00
4,200.0	0.00	0.00	4,100.0	0.0	0.0	0.0	0.00	0.00	0.00
4,300.0	0.00	0.00	4,300.0	0.0	0.0	0.0	0.00	0.00	0.00
4,400.0	0.00	0.00	4,400.0	0.0	0.0	0.0	0.00	0.00	0.00
4,500.0	0.00	0.00	4,500.0	0.0	0.0	0.0	0.00	0.00	0.00
4,600.0	0.00	0.00	4,600.0	0.0	0.0	0.0	0.00	0.00	0.00
4,700.0	0.00	0.00	4,700.0	0.0	0.0	0.0	0.00	0.00	0.00
4,800.0	0.00	0.00	4,800.0	0.0	0.0	0.0	0.00	0.00	0.00
4,900.0	0.00	0.00	4,900.0	0.0	0.0	0.0	0.00	0.00	0.00
5,000.0	0.00	0.00	5,000.0	0.0	0.0	0.0	0.00	0.00	0,00
5,100.0	0.00	0.00	5,100.0	0.0	0.0	0.0	0.00	0.00	0.00
5,200.0	0.00	0.00	5,200.0	0.0	0.0	0.0	0.00	0.00	0.00
5,300.0	0.00	0.00	5,300.0	0.0	0.0	0.0	0.00	0.00	0.00
					· · · · ·				

#### Planning Report

Company:       Mewbourne Oil Company       TVD Reference:       WELL @ 3412.0usft (Original Well Ele         Project:       Eddy County, New Mexico       MD Reference:       WELL @ 3412.0usft (Original Well Ele         Site:       Zircon 12/7 B2ON Fed Com 1H       North Reference       Grid         Well:       Sec 12, T19S, R29E       Survey Calculation/Method:       Minimum Curvature	214
Site: Zircon 12/7 B2ON Fed Com 1H North Reference: 32 2 2 2 3 Grid	5V)
	ev)
Nell: Sec 12, T19S, R29E Survey Calculation Method: Survey Calculation Method: Survey Calculation Method: Survey Sec 12, T19S, R29E	
Wellbore:         Wellbore: <t< td=""><td></td></t<>	
Design: Design #1	ىرىلىقىر بىرىكى بىرى بىرى بىرى بىرى

ه و .

	Measured		267 Q.S	Vertical	1. 1. St. 1.	新闻·甘草 《	Vertical	Dogleg	Build:	Tum
		Inclination	Azimuth	Depth	+'N/-S	+E/-W	Section	Rate	Rate	Rate
3-9	し、、(usft)的。 (usft)	(°)	(°)	(usft)	(usft)	(usft)	(usft)	· 如何可以 《 例如 》 21-5-10	/100usft) 👘	(°/100usft)
		er 81 - M	17.1		(usit)	(usit)				
	5,400.0	0.00	0.00	5,400.0	0.0	0.0	0.0	0.00	0.00	0.00
	5,500.0	0.00	0.00	5,500.0	0.0	0.0	0.0	0.00	0.00	0.00
	5,600.0	0.00	0.00	5,600.0	0.0	0.0	0.0	0.00	0.00	0.00
	5,700.0	0.00	0.00	5,700.0	0.0	0.0	0.0	0.00	0.00	0.00
	5,800.0	0.00	0.00	5,800.0	0.0	0.0	0.0	0.00	0.00	0.00
	5,900.0	0.00	0.00	5,900.0	0.0	0.0	0.0	0.00	0.00	0.00
1										
	6,000.0	0.00	0.00	6,000.0	0.0	0.0	0.0	0.00	0.00	0.00
	6,100.0	0.00	0.00	6,100.0	0.0	0.0	0.0	0.00	0.00	0.00
	6,200.0	0.00	0.00	6,200.0	0.0	0.0	0.0	0.00	0.00	0.00
	6,300.0	0.00	0.00	6,300.0	0.0	0.0	0.0	0.00	0.00	0.00
	6,400.0	0.00	0.00	6,400.0	0.0	0.0	0.0	0.00	0.00	0.00
	6,500.0	0.00	0.00	6,500.0	0.0	0.0	0.0	0.00	0.00	0.00
	6,600.0	0.00	0.00	6,600.0	0.0	0.0	0.0	0.00	0.00	0.00
	6,700.0	0.00	0.00	6,700.0	0.0	0.0	0.0	0.00	0.00	0.00
	6,800.0	0.00	0.00	6,800.0	0.0	0.0	0.0	0.00	0.00	0.00
	6,900.0	0.00	0.00	6,900.0	0.0	0.0	0.0	0.00	0.00	0.00
	7,000.0	0.00	0.00	7,000.0	0.0	0.0	0.0	0.00	0.00	0.00
	7,100.0	0.00	0.00	7,100.0	0.0	0.0	0.0	0.00	0.00	0.00
	7,200.0	0.00	0.00	7,200.0	0.0	0.0	0.0	0.00	0.00	0.00
	7,300.0	0.00	0.00	7,300.0	0.0	0.0	0.0	0.00	0.00	0.00
	7,400.0	0.00	0.00	7,400.0	0.0	0.0	0.0	0.00	0.00	0.00
	7 500 0	0.00	0.00	7 500 0	0.0	0.0		0.00	0.00	0.00
	7,500.0 7,600.0	0.00 0.00	0.00 0.00	7,500.0 7,600.0	0.0 0.0	0.0	0.0 0.0	0.00	0.00	0.00
		0.00		1,000.0	0.0 Dunimunouri .	0.0	·	0.00	0.00	
	KOP@ 7600					4.0	1	44.00		
	7,700.0	11.00	153.59	7,699.4	-8.6 -34.0	4.3	7.0	11.00 11.00	11.00 11.00	0.00 0.00
	7,800.0 7,900.0	22.00 33.00	153.59 153.59	7,795.1 7,883.7	-34.0 -75.3	16.9 37.4	27.9 61.9	11.00	11.00	0.00
	8,000.0	44.00	153.59	7,961.8	-130.9	65.0	107.6	11.00	11.00	0.00
	8,100.0	55.00	153.59	8,026.7	-198.9	98.8	163.5	11.00	11.00	0.00
	8,200.0	66.00	153.59	8,075.8	-276.8	137.5	227.5	11.00	11.00	0.00
	8,300.0	77.00	153.59	8,107.5	-361.6	179.6	297.2	11.00	11.00	0.00
	8,400.0	88.00	153.59	8,120.6	-450.2	223.6	370.1	11.00	11.00	0.00
	8,412.1	89.33	153.59	8,120.8	-461.1	229.0	379.0	11.00	11.00	0.00
	8,500.0	89.33	153.59	8,121.9 <sup>-</sup>	-539.8	268.1	443.7	0.00	0.00	0.00
	8,600.0	89.33	153.59	8,123.0	-629.3	312.6	517.3	0.00	0.00	0.00
	8,700.0	89.33	153.59	8,124.2	-718.9	357.1	590.9	0.00	0.00	0.00
	8,800.0	89.33	153.59	j 8,125.3	-808.4	401.5	664.6	0.00	0.00	0.00
1	8,900.0	. 89.33	153.59	8,126.5	-898.0	446.0	738.2	0.00	0.00	0.00
	9,000.0	89.33	153.59	8,127.7	-987.5	490.5	811.8	0.00	0.00	0.00
	9,100.0	89.33	153.59	8,128.8	-1,077.1	535.0	885.4	0.00	0.00	0.00
	9,166.8	89.33	153.59	8,129.6	-1,136.9	564.7	934.6	0.00	0.00	0.00
	9,200.0	89.29	150.93	8,130.0	-1,166.3	580.2	959.5	8.00	-0.14	-8.00
	9,300.0	89.16	142.93	8,131.4	-1,250.0	634.7	1,040.4	8.00	-0.13	-8.00
	9,400.0	89.04	134.93	8,132.9	-1,325.3	700.3	1,128.7	8.00	-0.12	-8.00
	9,500.0	88.94	126.93	8,134.7	-1,390.8	775.8	1,222.6	8.00	-0.10	-8.00
	9,600.0	88.87	118.93	8,136.6	-1,445.1	859.6	1,320.4	8.00	-0.08	-8.00
	9,700.0	88.81	110.93	8,138.7	-1,487.2	950.2	1,420.0	8.00	-0.05	-8.00
	9,800.0	88.78	102.93	8,140.8	-1,516.3	1,045.8	1,519.7	8.00	-0.03	-8.00
	9,858.2	88.77	98.27	8,142.0	-1,527.0	1,103.0	1,576.9	8.00	-0.01	-8.00
	-	(990 FSL & 231		04.000	4 500 0					0.00
	9,900.0	88.77	98.27	8,142.9	-1,533.0	1,144.3	1,617.7	0.00	0.00	0.00
	10,000.0	88.77	98.27	8,145.0	-1,547.4	1,243.3	1,715.2	0.00	0.00	0.00
	10,100.0	88.77	98.27	8,147.2	-1,561.8	1,342.2	1,812.7	0.00	0.00	0.00

征错措

Database Company 114 Project Site Well: Wellbore Design:

Planned/Survey

Hobbs Mewbourne Oil Company Eddy County, New Mexico Zircon 12/7 B2ON Fed Com 1H Sec 12, T19S, R29E BHL: 330 FSL & 2310 FWL, Sec 7 Design #1

Construction of the second second

Local Co-ordinate Reference: Site Zircon 12/7 B2ON Fed Com 1H TVD Reference: WELL @ 3412.0usft (Original Well Elev) WELL @ 3412.0usft (Original Well Elev) Worth Reference: Grid Survey Calculation Method 574

T THE OTHER DOWN AND AND AND ADDRESS OF A DECK. MAN

and the second state of the second state is

Minimum Curvature

**新福**省

Measured	dente a la constante de la cons		Vertical	·在1991年2月21日		Vertical	Dogleg	Build	Tum
Depth - Sec	Inclination	Azimuth	Depth	+N/-S	+E/-Wi	Section	Rate	Rate	Rate
s r (usft) -	÷	(°)	(usft)	(usft)	(usft)	(usft)	(°/100usft)	(*/100uŝft)	(°/100usft)
10,200.0	88.77	98.27	8,149.3	-1,576.1	1,441.1	1,910.2	0.00	0.00	0.00
10,200.0	88.77	98.27	8,149.3 8,151.4	-1,576.1	1,441.1	2,007.7	0.00	0.00	0.00
10,300.0	88.77	98.27	8,151.4 8,153.6	-1,604.9	1,540.1	2,007.7	0.00	0.00	0.00
10,500.0	88.77	98.27	8,155.7	-1,619.3	1,738.0	2,202.8	0.00	0.00	0.00
10,600.0	88.77	98.27	8,157.9	-1,633.6	1,836.9	2,300.3	0.00	0.00	0.00
10,700.0	88.77	98.27	8,160.0	-1,648.0	1,935.8	2,397.8	0.00	0.00	0.00
10,800.0	88.77	98.27	8,162.1	-1,662.4	2,034.8	2,495.3	0.00	0.00	0.00
10,900.0	88.77	98.27	8,164.3	-1,676.8	2,133.7	2,592.9	0.00	0.00	. 0.00
11,000.0	88.77	98.27	8,166.4	-1,691.1	2,232.6	2,690.4	0.00	0.00	0.00
11,100.0	88.77	98.27	8,168.6	-1,705.5	2,331.6	2,787.9	0.00	0.00	0.00
11,200.0	88.77	98.27	8,170.7	-1,719.9	2,430.5	2,885.4	0.00	0.00	0.00
11,300.0	88.77	98.27	8,172.8	-1,734.3	2,529.5	2,982.9	0.00	0.00	0.00
11,400.0	88.77	98.27	8,175.0	-1,748.6	2,628.4	3,080.4	0.00	0.00	0.00
11,500.0	88.77	98.27	8,177.1	-1,763.0	2,727.3	3,178.0	0.00	0.00	0.00
11,600.0	88.77	98.27	8,179.2	-1,777.4	2,826.3	3,275.5	0.00	0.00	0.00
•			,						
11,700.0	88.77	98.27	8,181.4	-1,791.8	2,925.2	3,373.0	. 0.00	0.00	0.00
11,800.0	88.77	98.27	8,183.5	-1,806.1	3,024.2	3,470.5	0.00	0.00	0.00
11,900.0	88.77	98.27	8,185.7	-1,820.5	3,123.1	3,568.0	0.00	0.00	0.00
12,000.0	88.77	98.27	8,187.8	-1,834.9	3,222.0	3,665.6	0.00	0.00	0.00
12,100.0	88.77	98.27	8,189.9	-1,849.3	3,321.0	3,763.1	0.00	0.00	0.00
12,200.0	88.77	98.27	8,192.1	-1,863.6	3,419.9	3,860.6	0.00	0.00	0.00
. 12,300.0	88.77	98.27	8,194.2	-1,878.0	3,518.8	3,958.1	0.00	0.00	0.00
12,400.0	88.77	98.27	8,196.3	-1,892.4	3,617.8	4,055.6	0.00	0.00	0.00
12,500.0	88.77	98.27	8,198.5	-1,906.8	3,716.7	4,153.2	0.00	0.00	0.00
12,600.0	88.77	98.27	8,200.6	-1,921.1	3,815.7	4,250.7	0.00	0.00	0.00
12,700.0	88.77	98.27	8,202.8	-1,935.5	3,914.6	4,348.2	0.00	0.00	0.00
12,800.0	88.77	98.27	8,204,9	-1,949,9	4,013.5	4,445.7	0.00	0.00	0.00
12,900.0	88.77	98.27	8,207.0	-1,964.3	4,112.5	4,543.2	0.00	0.00	0.00
13,000.0	88.77	98.27	8,209.2	-1,978.6	4,211.4	4,640.8	0.00	0.00	0.00
13,100.0	88.77	98.27	8,211.3	-1,993.0	4,310.3	4,738.3	0.00	0.00	0.00
13,200.0	88.77	98.27	8,213.5	-2,007.4	4,409.3	4,835.8	0.00	0.00	0.00
13,300.0	88.77	98.27	8,215.6	-2,021.8	4,508.2	4,933.3	0.00	0.00	0.00
13,400.0	88.77	98.27	8,217.7	-2,021.0	4,607.2	5,030.8	0.00	0.00	0.00
13,500.0	88.77	98.27	8,219.9	-2,050.5	4,706.1	5,128.4	0.00	0.00	0.00
13,600.0	88.77	98.27	8,222.0	-2,064.9	4,805.0	5,225.9	0.00	0.00	0.00
13,700.0	88.77	98.27	8,224.1	-2,079.3	4,904.0	5,323.4	0.00	0.00	0.00
13,800.0	88.77	98.27	8,226.3	-2,093.7	5,002.9	5,420.9	0.00	0.00	0.00
13,900.0	88.77	98.27	8,228.4	-2,108.0	5,101.9	5,518.4	0.00	0.00	0.00
14,000.0	88.77	98.27	8,230.6	-2,122.4	5,200.8	5,616.0	0.00	0.00	0.00
14,100.0	88.77	98.27	8,232.7	-2,136.8	5,299.7	5,713.5	0.00	0.00	0.00
14,200.0	88.77	98.27	8,234.8	-2,151.2	5,398.7	5,811.0	0.00	0.00	0.00
14,300.0	88.77	98.27	8,237.0	-2,165.5	5,497.6	5,908.5	0.00	0.00	0.00
14,400.0	88.77	98.27	8,239.1	-2,179.9	5,596.5	6,006.0	0.00	0.00	0.00
14,500.0	88.77	98.27	8,241.3	-2,194.3	5,695.5	6,103.6	0.00	0.00	0.00
14,535.1	88.77	98.27	8,242.0	-2,199.3	5,730.2	6,137.7	0.00	0.00	0.00
BHL: 330 FSL	& 2310 FWL								

## tabase: Hobbs



Design Targets

Mewbourne Oil Company Eddy County, New Mexico Zircon 12/7 B2ON Fed Com 1H Sec 12, T19S, R29E BHL: 330 FSL & 2310 FWL, Sec 7 Design #1 Local Co-ordinate Reference TVD Reference MDIReference North Reference Survey Calculation Method

Site Zircon 12/7 B2ON Fed Com 1H WELL @ 3412.0usft (Original Well Elev) WELL @ 3412.0usft (Original Well Elev) Grid

104° 1' 49.343 W

104° 1' 36.490 W

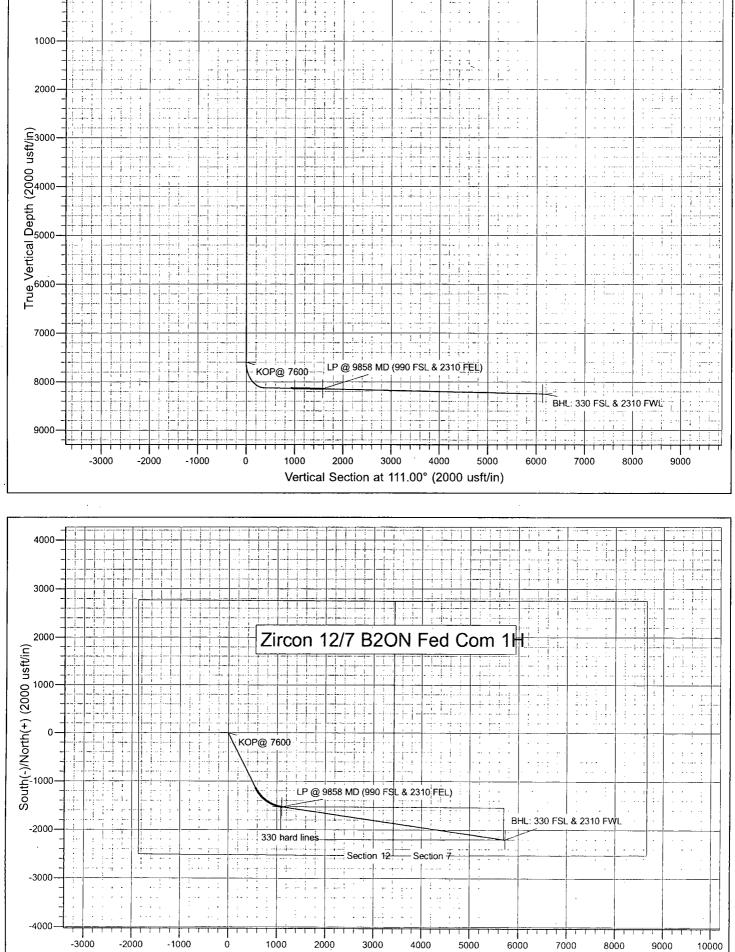
104° 0' 42.381 W

Minimum Curvature

Target Name hit/miss target Dip - Shape		24-11-14 - W. 20 - 517 - 51 - 55 - 55	1000 Tan. A . B. I . L	+N/-S (usft)	the case of the case of the case of the	Northing (usft)	Easting (usft)	Latitude
KOP@ 7600 - plan hits target center - Point	0.00	0.00	7,600.0	0.0	0.0	609,260.90	593,222.20	32° 40' 28.533 N
LP @ 9858 MD (990 FSI - plan hits target center - Point	0.00	0.00	8,142.0	-1,527.0 /	1,103.0	607,733.90	594,325.20	32° 40' 13.391 N
BHL: 330 FSL & 2310 FI	0.00	0.00	8,242.0	-2,199.3	5,730.2	607,061.58	598,952.37	32° 40' 6.603 N

plan hits target center
 Point

7/22/2014 9:47:56AM



West(-)/East(+) (2000 usft/in)

n

5 100

SURFACE USE PLAN OF OPERATIONS MEWBOURNE OIL COMPANY Zircon 12/7 B2ON Fed Com #111

# SURFACE USE PLAN OF OPERATIONS MEWBOURNE OIL COMPANY

Zircon 12/7 B2ON Fed Com #1H 2517' FSL & 1863' FWL (SHL) Sec. 12 – T19S-R29E Eddy County, New Mexico

## Introduction

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. The existing access road route to the proposed project is depicted on <u>Exhibit 3E</u>. Improvements to the driving surface will be done where necessary. No new surface disturbance will be done, unless otherwise noted in the New or Reconstructed Access Roads section of this surface use plan.
- b. The existing oil and gas roads utilized to access the proposed project will be maintained by crowning, clearing ditches, and fixing potholes. All existing structures on the entire access route such as cattleguards, other range improvement projects, culverts, etc. will be properly repaired or replaced if they are damaged or have deteriorated beyond practical use.
- c. Mewbourne Oil Co. will cooperate with other operators in the maintenance of lease roads.

## 2. New or Reconstructed Access Roads

- a. An access road will be needed for this proposed project. See the survey plat(s) for the location of the access road.
- b. The length of access road needed to be constructed for this proposed project is about <u>250</u> <u>feet</u>.
- c. The access road will be 14 feet wide and will be constructed with 6 inches of compacted caliche. A 25 foot wide area would be needed to construct the road.
- d. When the road travels on fairly level ground, the road will be crowned and ditched with a 2% slope from the tip of the road crown to the edge of the driving surface. The ditches will be 3 feet wide with 3:1 slopes.
- e. The access road will be constructed with a ditch on each side of the road.
- f. The maximum grade for the access road will be 5 percent.
- g. If the road is longer than 1,000 feet, turnouts will be constructed with an interval of 1,000 feet. Turnouts will be intervisible and will be 10 feet wide and 100 feet long.
- h. Low water crossings will be constructed where drainages cross the access road.

- i. Construction of new or reconstructed roads, on surface under the jurisdiction of the Bureau of Land Management will include ditching, draining, crowning and capping or sloping and dipping the roadbed as necessary to provide a well-drained and safe road.
- j. An appropriately sized cattle guard will be installed where the proposed access road crosses a fence line.
- k. A BLM right-of-way grant is needed for the construction of this access road and one will be acquired prior to construction.
- 1. Lead-off ditches will be constructed for the proposed access road, but will not extend more than 15 feet outside the road edge.

# 3. Location of Existing Wells

a. <u>Exhibit 4, 4A</u> of the APD depicts all known wells within a one mile radius of the proposed well.

# 4. Location of Existing and/or Proposed Production Facilities

- a. All permanent, lasting more than 6 months, above ground structures including but not limited to pumpjacks, storage tanks, pipeline risers, meter housing, etc. that are not subject to safety requirements will be painted a non-reflective paint color that blends in with the surrounding landscape. The paint color will be one of the colors from the BLM Standard Environmental Colors chart selected by the BLM authorized officer.
- b. All proposed production facilities that are located on the well pad will be strategically placed to allow for maximum interim reclamation, recontouring, and revegetation of the well location.
- c. Production from the proposed well will be on the West edge of location.
- d. A pipeline to transport gas will be installed from the proposed well to the existing facility.
  - i. Mewbourne Oil Co. plans to install about 6,760 feet of surface pipeline.
  - Mewbourne Oil Co. plans to install a <u>4 inch steel</u> pipeline from the proposed well to the master meter. The working pressure of the pipeline will be about 200 <u>psi</u>. If the pipeline route follows an existing road, the surface pipeline will be installed no farther than 15 feet from the edge of the road. All construction and maintenance activity will use the existing road where available.
  - iii. <u>Exhibit 3</u> depicts the proposed production pipeline route from the well to the production facility.
- e. If any plans change regarding the production facility or other infrastructure (pipeline, electric line, etc.), we will submit a sundry notice or right of way (if applicable) prior to installation of construction.

f. An electric line will be applied for through a sundry notice or BLM right of way at a later date.

# 5. Location and Types of Water

a. 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 identified above in this surface use plan.

# 6. Construction Materials

- a. Construction material that will be used to build the well pad and road will be caliche.
- b. 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.
- c. Obtaining caliche: One way of obtaining caliche to build locations and roads will be by "turning over" the location. This means, caliche will be obtained from the actual well site. A caliche permit will be obtained from BLM prior to obtaining caliche. Amount of caliche will vary for each pad. The procedure below has been approved by BLM personnel:
  - i. The top 6 inches of topsoil is pushed off and stockpiled along the side of the location.
  - ii. An approximate 160' X 160' area is used within the proposed well site to remove caliche.
  - iii. Subsoil is removed and stockpiled within the surveyed well pad.
  - iv. When caliche is found, material will be stock piled within the pad site to build the location and road.
  - v. Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road.
  - vi. Once well is drilled, the stock piled top soil will be used for interim reclamation and spread along areas where caliche is picked up and the location size is reduced.
  - vii. Neither caliche, nor subsoil will be stock piled outside of the well pad. Topsoil will be stockpiled along the edge of the pad as depicted in the Well Site Layout or survey plat.

In the event that no caliche is found onsite, caliche will be hauled in from a BLM, state, or private mineral pit. A BLM mineral material permit will be acquired prior to obtaining any mineral material from BLM pits or land.

# 7. Methods of Handling Waste

- a. The well will be drilled utilizing a closed loop system. Drill cuttings will be properly contained in steel tanks and taken to an NMOCD approved disposal facility.
- b. Drilling fluids and produced oil and water from the well during completion operations will be stored safely in closed containers and disposed of properly in an NMOCD approved disposal facility.
- c. Garbage and trash produced during drilling and completion operations will be collected in trash containers and disposed of properly at a state approved site. All trash on and around the well site will be collected for disposal.
- d. All human waste and grey water from drilling and completion operations will be properly contained and disposed of properly at a disposal facility.
- e. After drilling and completion operations, trash, chemicals, salts, frac sand and other waste material will be removed and disposed of properly at a disposal site.

# 8. Ancillary Facilities

a. No ancillary facilities will be needed for this proposed project.

# 9. Well Site Layout

- a. The proposed drilling pad to be built was staked and surveyed by a professional surveyor. The attached survey plat of the well site depicts the drilling pad layout as staked.
- b. A title of a well site diagram is **Exhibit 5**. This diagram depicts the rig layout.
- c. In areas to be heavily disturbed, the top 6 inches of soil material, will be stripped and stockpiled on the perimeter of the well location to keep topsoil viable, and to make redistribution of topsoil more efficient during interim reclamation.
  Stockpiled topsoil should include vegetative material. Topsoil will be clearly segregated and stored separately from subsoils. Contaminated soil will not be stockpiled, but properly treated and handled prior to topsoil salvaging.

# 10. Plans for Surface Reclamation

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.

a. Interim Reclamation (well pad)

- Interim reclamation will be performed on the well site after the well is drilled and completed. <u>Exhibit 6</u> depicts the location and dimensions of the planned interim reclamation for the well site.
- ii. The well location and surrounding areas will be cleared of, and maintained free of, all materials, trash, and equipment not required for production.
- iii. In areas planned for interim reclamation, all the surfacing material will be removed and returned to the original mineral pit or recycled to repair or build roads and well pads.
- iv. The areas planned for interim reclamation will then be recontoured to the original contour if feasible, or if not feasible, to an interim contour that blends with the surrounding topography as much as possible. Where applicable, the fill material of the well pad will be backfilled into the cut to bring the area back to the original contour. The interim cut and fill slopes prior to re-seeding will not be steeper than a 3:1 ratio, unless the adjacent native topography is steeper. Note: Constructed slopes may be much steeper during drilling, but will be recontoured to the above ratios during interim reclamation.
- v. Topsoil will be evenly respread and aggressively revegetated over the entire disturbed area not needed for all-weather operations including cuts & fills. To seed the area, the proper BLM seed mixture, free of noxious weeds, will be used. Final seedbed preparation will consist of contour cultivating to a depth of 4 to 6 inches within 24 hours prior to seeding, dozer tracking, or other imprinting in order to break the soil crust and create seed germination micro-sites.
- vi. Proper erosion control methods will be used on the area to control erosion, runoff and siltation of the surrounding area.
- vii. The interim reclamation will be monitored periodically to ensure that vegetation has reestablished and that erosion and invasive/noxious weeds are controlled.
- b. Final Reclamation (well pad, buried pipelines, etc.)
  - i. Prior to final reclamation procedures, the well pad, road, and surrounding area will be cleared of material, trash, and equipment.
  - ii. All surfacing material will be removed and returned to the original mineral pit or recycled to repair or build roads and well pads.
  - iii. All disturbed areas, including roads, pipelines, pads, production facilities, and interim reclaimed areas will be recontoured to the contour existing prior to initial construction or a contour that blends indistinguishably with the surrounding landscape. Topsoil that was spread over the interim reclamation areas will be stockpiled prior to recontouring. The topsoil will

be redistributed evenly over the entire disturbed site to ensure successful revegetation.

- iv. After all the disturbed areas have been properly prepared, the areas will be seeded with the proper BLM seed mixture, free of noxious weeds. Final seedbed preparation will consist of contour cultivating to a depth of 4 to 6 inches within 24 hours prior to seeding, dozer tracking, or other imprinting in order to break the soil crust and create seed germination micro-sites.
- v. Proper erosion control methods will be used on the entire area to control erosion, runoff and siltation of the surrounding area.
- vi. All unused equipment and structures including pipelines, electric line poles, tanks, etc. that serviced the well will be removed.
- vii. All reclaimed areas will be monitored periodically to ensure that revegetation occurs, that the area is not redisturbed, and that erosion and invasive/noxious weeds are controlled.

## 11. Surface Ownership

a. The surface ownership of the proposed project is state and federal.

## 12. Other Information

a. No other information is needed at this time.

## **13.** Operator's Representative

a. Through APD approval, drilling, completion and production operations:

## Robin Terrell, District Manager

Mewbourne Oil Company PO Box 5270 Hobbs, NM 88241 575-393-5905 Hydrogen Sulfide Drilling Operations Plan Mewbourne Oil Company Zircon 12/7 B2ON Fed Com #1H 2517' FSL & 1863' FWL (SHL) Sec 12-T19S-R29E Eddy County, NM

## 1. General Requirements

.

Rule 118 does not apply to this well because MOC has researched this area and no high concentrations of H2S were found. MOC will have on location and working all H2S safety equipment before the Delaware formation for purposes of safety and insurance requirements.

## 2. 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.

## 3. Hydrogen Sulfide Safety Equipment and Systems

All hydrogen sulfide safety equipment and systems will be installed, tested, and operational prior to drilling below the 9 5/8" intermediate casing.

- 1. <u>Well Control Equipment</u>
  - A. Choke manifold with minimum of one adjustable choke/remote choke.
  - B. Blowout preventers equipped with blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit
  - C. Auxiliary equipment including annular type blowout preventer.
- 2. <u>Protective Equipment for Essential Personnel</u>

Thirty minute self contained work unit located in the dog house and at briefing areas. Additionally: If H2S is encountered in concentrations less than 10 ppm, fans will be placed in work areas to prevent the accumulation of hazardous amounts of poisonous gas. If higher concentrations of H2S are detected the well will be shut in MOC will follow Onshore Order 6 and install a rotating head, mud/gas separator, remote choke and flare line with igniter will be installed. Hydrogen Sulfide Drilling Operations Plan Mewbourne Oil Company Zircon 12/7 B2ON Fed Com #1H Page 2

## 3. <u>Hydrogen Sulfide Protection and Monitoring Equipment</u> 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. <u>Visual Warning Systems</u>

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.

### 4. 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.

## 5. 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.

#### 6. 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.

## 7. 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.

## 8. Emergency Phone Numbers

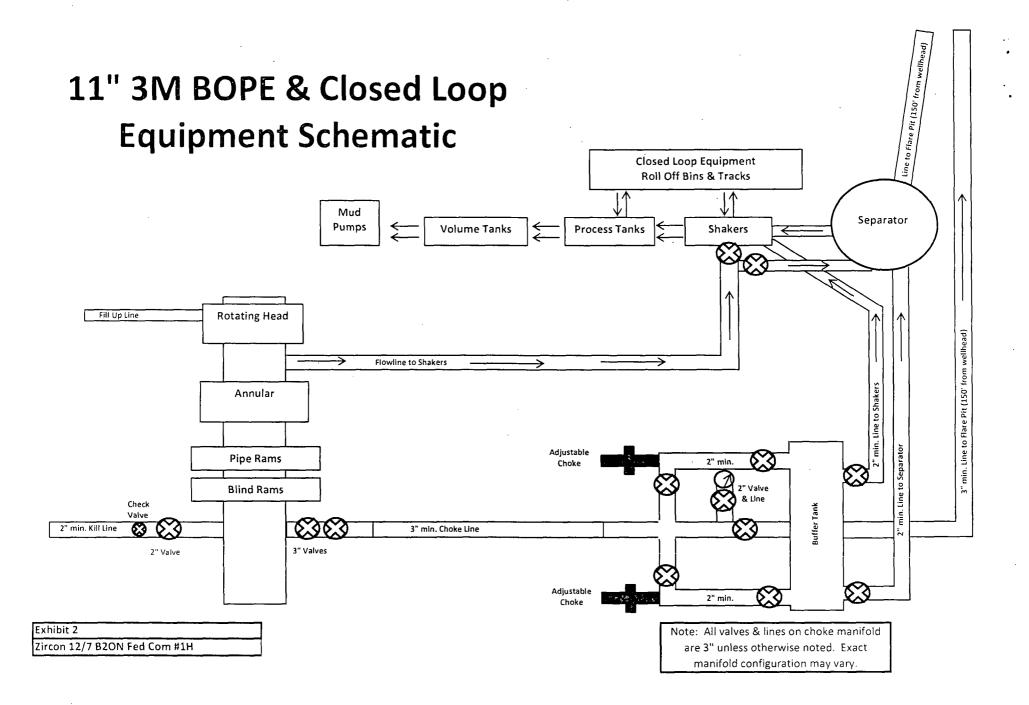
Lea County Sheriff's Office	911 or 575-396-3611
Ambulance Service	911 or 575-885-2111
Carlsbad Fire Dept	911 or 575-885-2111
<b>Closest Medical Facility - Columbia Medica</b>	al Center of Carlsbad 575-492-5000

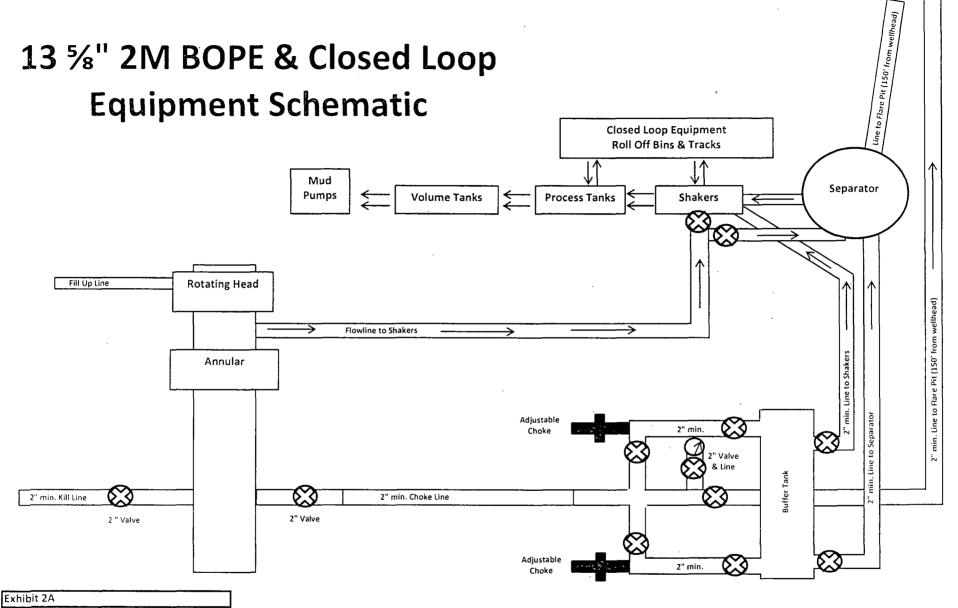
Mewbourne Oil Company	Hobbs District Office Fax 2 <sup>nd</sup> Fax	575-393-5905 575-397-6252 575-393-7259
District Manager	<b>Robin Terrell</b>	575-390-4816
Drilling Superintendent	Frosty Lathan	575-390-4103
-	Bradley Bishop	575-390-6838
Drilling Foreman	Wesley Noseff	575-441-0729

# Notes Regarding Blowout Preventer Mewbourne Oil Company Zircon 12/7 B2ON Fed Com #1H 2517' FSL & 1863' FWL (SHL) Sec 12-T19S-R29E Eddy County

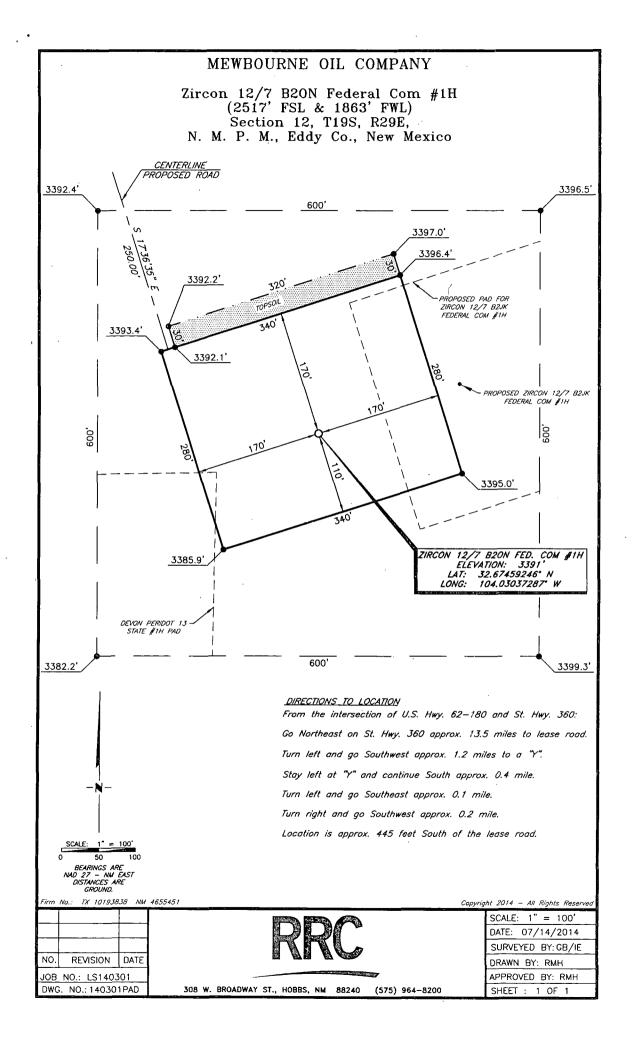
- I. Drilling nipple (bell nipple) to be constructed so that it can be removed without the use of a welder through the opening of the rotary table, with minimum internal diameter equal to blowout preventer bore.
- II. Blowout preventer and all fittings must be in good condition with a minimum 3000 psi working pressure on 9 5/8" and 7" casing.
- III. 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.
- IV. Equipment through which bit must pass shall be at least as large as internal diameter of the casing.
- V. A kelly cock shall be installed on the kelly at all times.

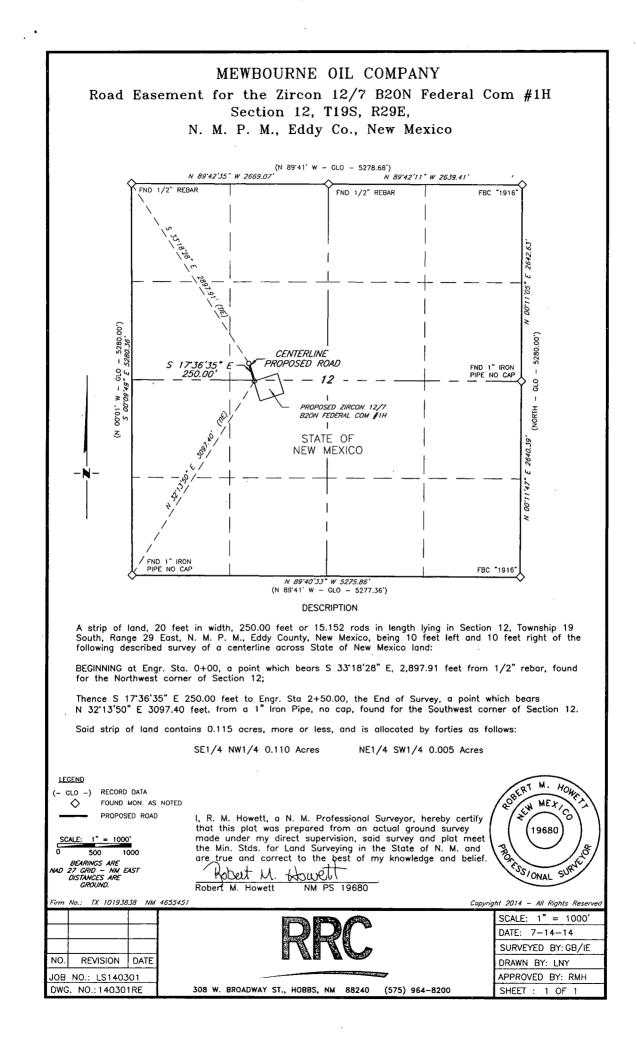
Blowout preventer closing equipment to include and accumulator of at least 40 gallon capacity, two independent sources of pressure on closing unit, and meet all other API specifications.

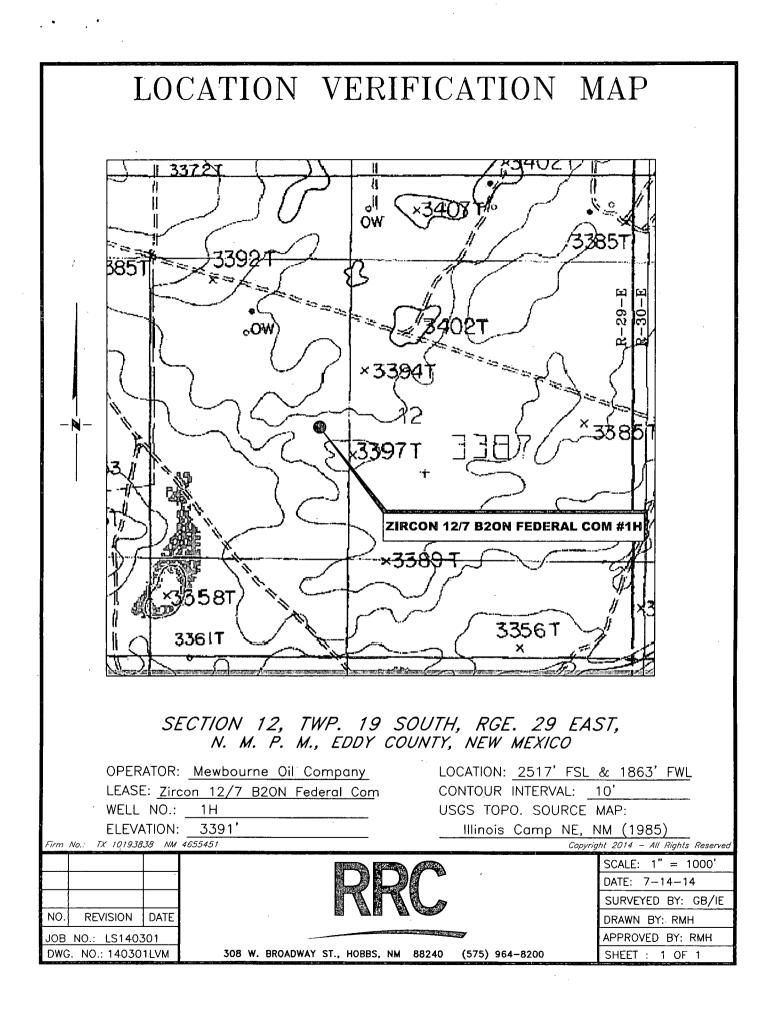


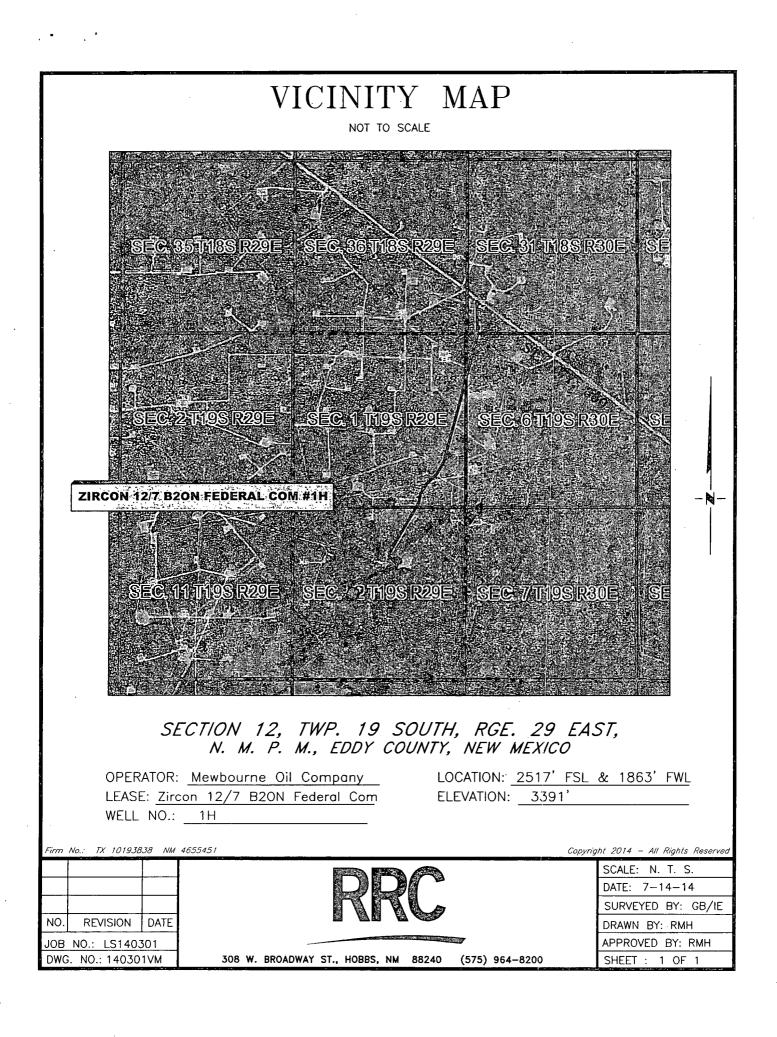


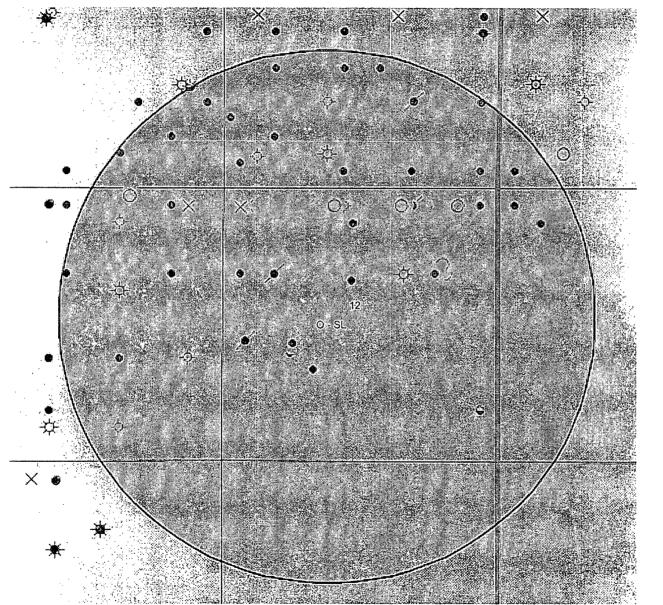
Zircon 12/7 B2ON Fed Com #1H











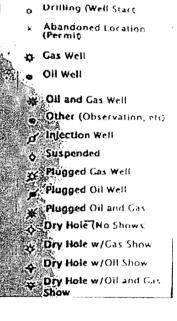
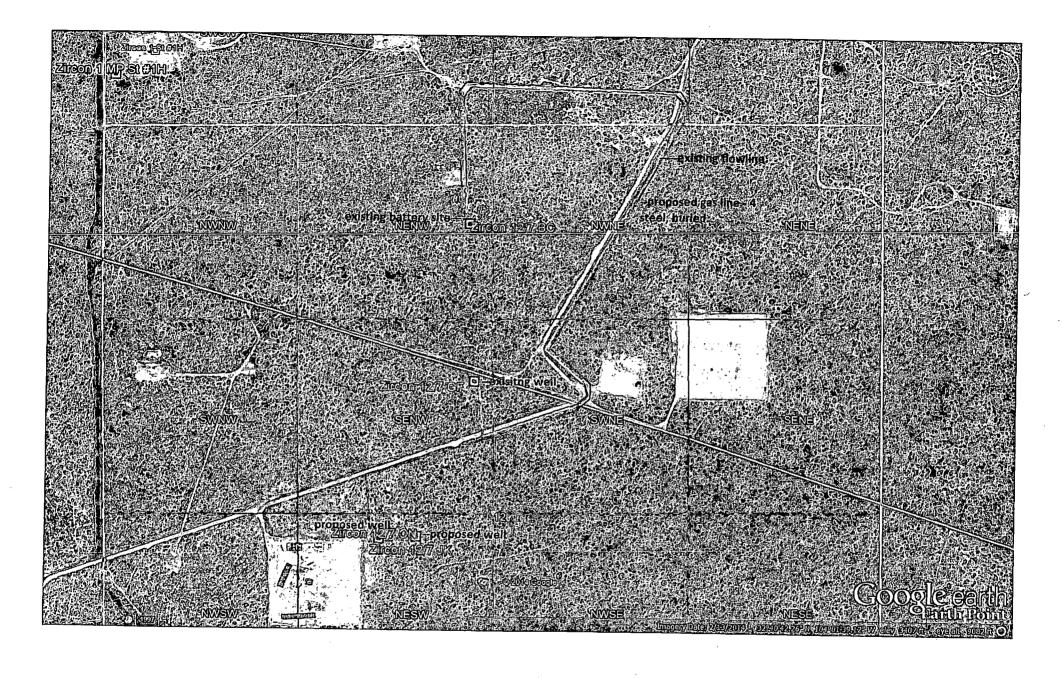
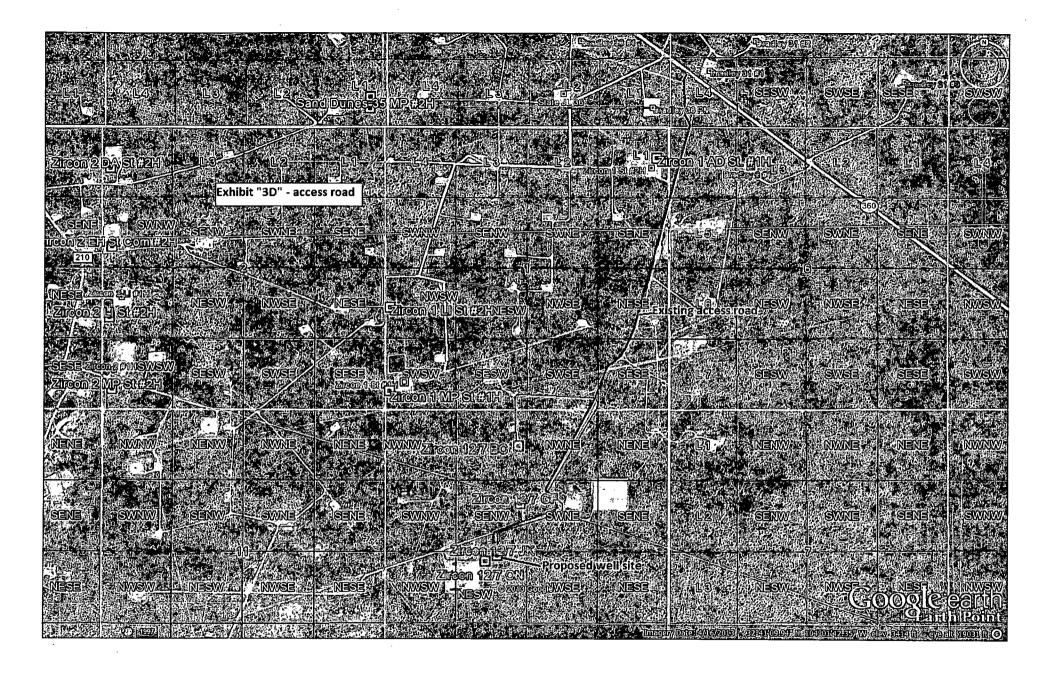


Exhibit "4" - SL - Zircon 12/7 B2ON Fed Com #1H - Sec. 12 T19S R29E, Eddy Co. NM





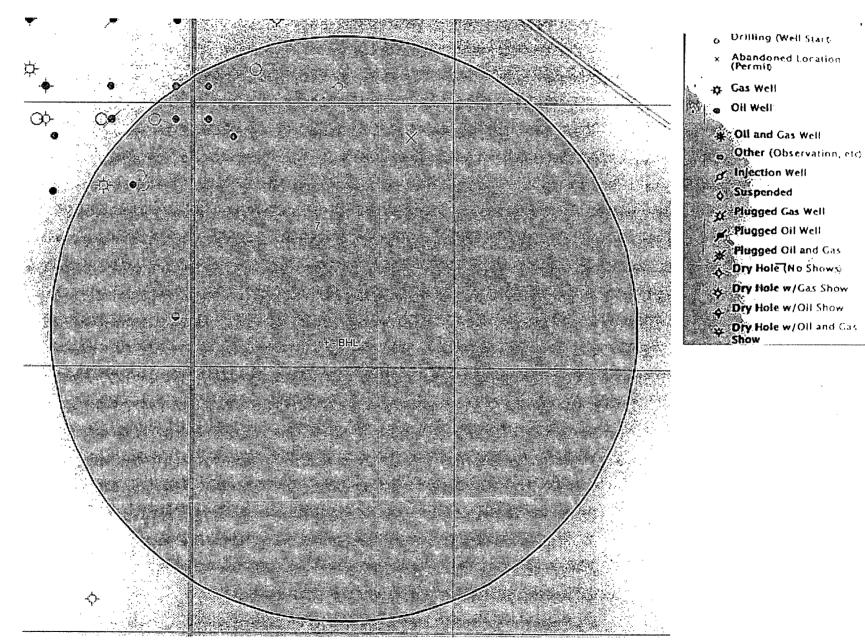
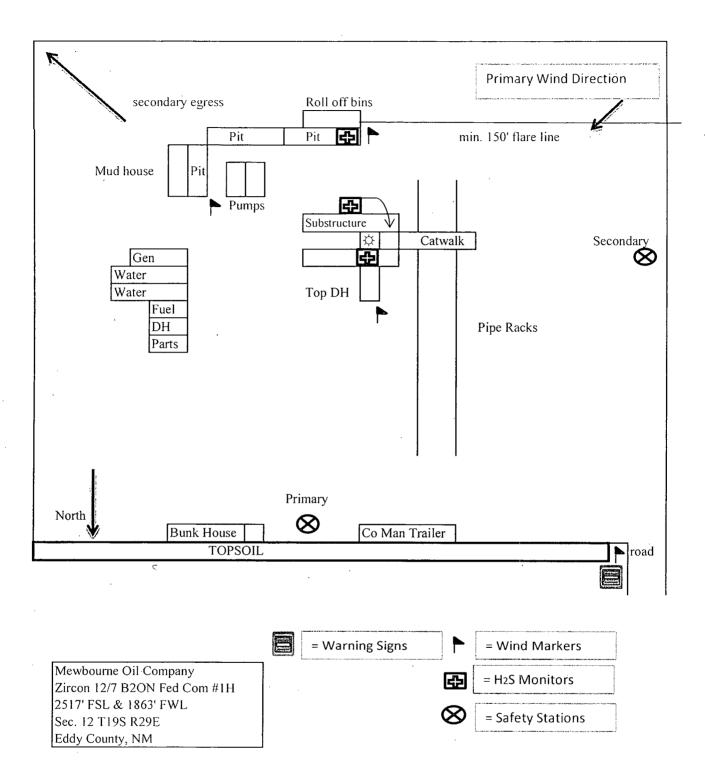
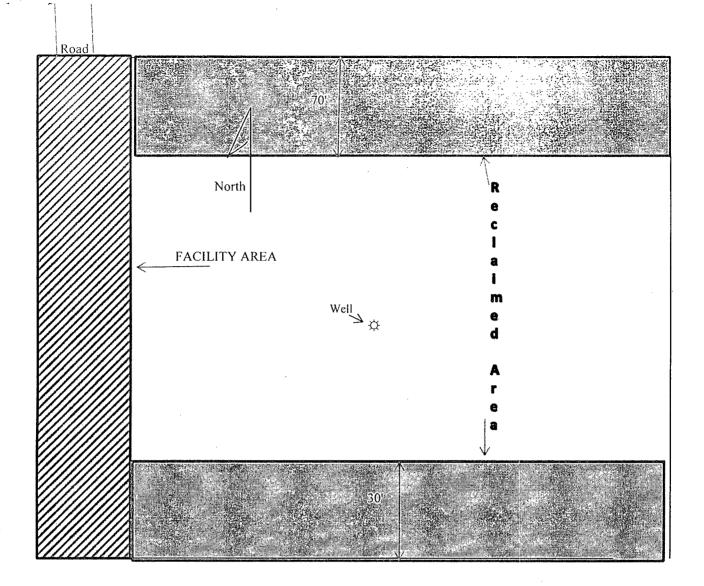


Exhibit "4A" - BHL - Zircon 12/7 B2ON Fed Com #1H - Sec. 7 T19S R30E, Eddy Co. NM





Mewbourne Oil Company Zircon 12/7 B2ON Fed Com #1H 2517' FSL & 1863' FWL (SHL) Sec 12-T19S-R29E Eddy County, NM

# PECOS DISTRICT CONDITIONS OF APPROVAL

<b>OPERATOR'S NAME:</b>	Mewbourne Oil Company
LEASE NO.:	NMLC-066087
WELL NAME & NO.:	Zircon 12 7 B2ON Fed Com 1H
SURFACE HOLE FOOTAGE:	2517' FSL & 1863' FWL
BOTTOM HOLE FOOTAGE	0330' FSL & 2310' FWL Sec. 07, T. 19 S., R 30 E.
LOCATION:	Section 12, T. 19 S., R 29 E., NMPM
COUNTY:	Eddy County, New Mexico

# **TABLE OF CONTENTS**

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

**General Provisions Permit Expiration** Archaeology, Paleontology, and Historical Sites **Noxious Weeds** Special Requirements Cave/Karst Cultural **Communitization Agreement Construction** Notification Topsoil Closed Loop System Federal Mineral Material Pits Well Pads Roads **Road Section Diagram** 🛛 Drilling **Cement Requirements** R-111-P Potash H2S Requirements Medium Cave/Karst Logging Requirements Waste Material and Fluids **Production (Post Drilling)** Well Structures & Facilities **Interim Reclamation Final Abandonment & Reclamation** 

## I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

# **II. PERMIT EXPIRATION**

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

# **III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES**

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

# **IV. NOXIOUS WEEDS**

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

# V. SPECIAL REQUIREMENT(S)

# Conditions of Approval Cave and Karst

\*\* Depending on location, additional Drilling, Casing, and Cementing procedures may be required by engineering to protect critical karst groundwater recharge areas.

### **Cave/Karst Surface Mitigation**

The following stipulations will be applied to minimize impacts during construction, drilling and production.

### **Construction:**

In the advent that any underground voids are opened up during construction activities, construction activities will be halted and the BLM will be notified immediately.

#### CHOOSE ONE OF TWO OPTIONS:

**Delayed Blasting:** Any blasting will be phased and time delayed.

#### No Blasting:

No blasting will be utilized for pad construction. The pad will be constructed and leveled by adding the necessary fill and caliche.

### Pad Berming:

The pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the pad. (Describe which sides.)

#### CHOOSE ONE OF THREE MUD SYSTEM OPTIONS:

### **Closed Mud System with Buried Cuttings Pit/Drying Area:**

All fluids will be held in steel tanks and hauled off. A 70X100 (verify size of cuttings pit specified in operator's drill plan; if lesser, user the lesser footages) foot cutting's pit may be utilized for this location. The cutting's pit will be lined with 4 oz. felt and a layer of 20 mil. plastic. Upon completion of the well all excess fluids will be vacuumed off the cuttings pit and allowed to dry. The pit liner will then be folded over the washed cuttings, covered with a 20 mil plastic cover and then covered with at least three feet of top soil. In order to help minimize the total surface disturbance an equipment storage area and parking off-site of caliche or mineral material areas will be allowed.

#### Closed Mud System with Cutting's Pit/Drying Area and Cuttings Removed:

A closed mud system with a cutting's 70X100 (verify size of cuttings pit specified in operator's drill plan; if lesser, user the lesser footages) foot lined (4 oz. felt, 20 mil plastic) pit/drying area will be utilized to drill the well. All fluids will be held in steel tanks. All fluids and cuttings will be hauled off site for disposal.

### Closed Mud System Using Steel Tanks with All Fluids and Cuttings Hauled Off.

A closed mud system using steel tanks for all cuttings and fluids is required. All fluids <u>and cuttings will be hauled off site for disposal</u>. <u>No pits are allowed</u>.

#### Tank Battery Liners and Berms:

Tank battery locations will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain  $1\frac{1}{2}$  times the content of the largest tank.

### Leak Detection System:

A method of detecting leaks is required. The method could incorporate gauges to measure loss, situating values and lines so they can be visually inspected, or installing electronic sensors to alarm when a leak is present. Leak detection plan will be submitted to BLM for approval.

### Automatic Shut-off Systems:

Automatic shut off, check values, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

### **Cave/Karst Subsurface Mitigation**

The following stipulations will be applied to protect cave/karst and ground water concerns:

#### **Rotary Drilling with Fresh Water:**

Fresh water will be used as a circulating medium in zones where caves or karst features are expected. SEE ALSO: Drilling COAs for this well.

### **Directional Drilling:**

Kick off for directional drilling will occur at least 100 feet below the bottom of the cave occurrence zone. SEE ALSO: Drilling COAs for this well.

# EDIT AND ADD FOR SPECIFIC DYE TRACE AREAS: Fluorescent Dyes:

Nontoxic Fluorescent dyes will be added to the drilling fluid when the hole is spudded and will be circulated to the bottom of the karst layers. BLM must witness the dye being injected.

### Florescene Dye (Acid Yellow 73):

Thirty-two (32) ounces dry powder Florescene (Acid Yellow 73) dye will be added to the drilling fluid before the well is spudded AND to the pre-flush fluids of the surface interval of casing.

These dyes will track the fluids if lost circulation occurs.

Arrangements will be made to have BLM witness the dye being injected prior to spudding the hole and before the pre-flush of the surface casing. Contact the BLM Cave Specialist at (575) 361-3566 to make arrangements.

### Florescene Dye (Eosin Y Orange):

Thirty-two (32) ounces dry powder Orange (Eosin Y) Florescene dye will be added to the drilling fluid before the well is spudded AND to the pre-flush fluids of the surface and/or intermediate interval of casing down to the base of the Capitan Massif.

These dyes will track the fluids if lost circulation occurs.

Arrangements will be made to have BLM witness the dye being injected prior to spudding the hole and before the pre-flush of the surface casing. Contact the BLM drilling on call phone at (575) 361-2822 to make arrangements.

### Lost Circulation:

ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported in the drilling report.

Regardless of the type of drilling machinery used, if a void of four feet or more and circulation losses greater than 70 percent occur simultaneously while drilling in any cavebearing zone, the BLM will be notified immediately by the operator. The BLM will assess the situation and work with the operator on corrective actions to resolve the problem.

### Abandonment Cementing:

Upon well abandonment in high cave karst areas additional plugging conditions of approval may be required. The BLM will assess the situation and work with the operator to ensure proper plugging of the wellbore.

### **Pressure Testing:**

Annual pressure monitoring will be performed by the operator on all casing annuli and reported in a sundry notice. If the test results indicated a casing failure has occurred, remedial action will be undertaken to correct the problem to the BLM's approval.

### **Drilling:**

### **Communitization Agreement**

A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales. In addition, the well sign shall include the surface and bottom hole lease numbers. If the Communitization Agreement number is known, it shall also be on the sign. If not, it shall be placed on the sign when the sign is replaced.

# **VI. CONSTRUCTION**

Es

### A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

### B. TOPSOIL

The operator shall strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

### C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

### D. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

### E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation. The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

### F. EXCLOSURE FENCING (CELLARS & PITS)

### **Exclosure Fencing**

The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

### G. ON LEASE ACCESS ROADS

#### Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed twenty-five (25) feet.

#### Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

#### Crowning

Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

#### Ditching

Ditching shall be required on both sides of the road.

#### Turnouts

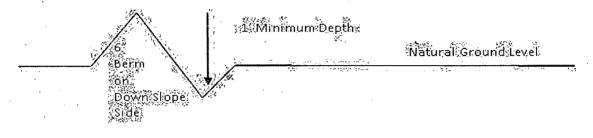
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

#### Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

### **Cross Section of a Typical Lead-off Ditch**



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

### Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

400 foot road with 4% road slope: 400' + 100' = 200' lead-off ditch interval 4%

### Cattleguards

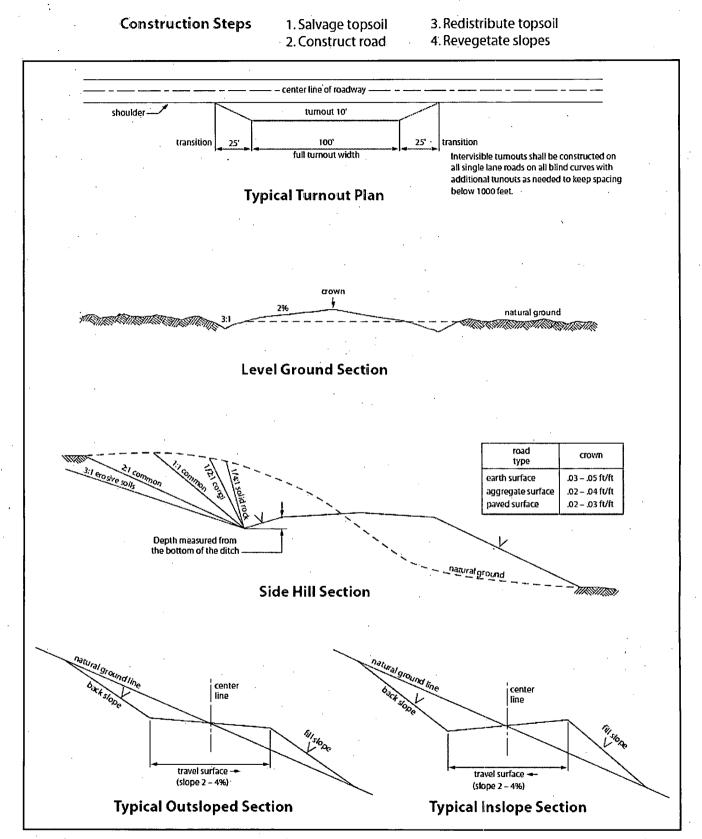
An appropriately sized cattleguard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattleguards on the access road route shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguards that are in place and are utilized during lease operations.

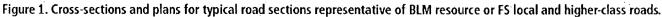
#### **Fence Requirement**

Where entry is granted across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fences.

#### **Public Access**

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.





# VII. DRILLING

### A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

### **Eddy County**

- Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (575) 361-2822
- 1. Hydrogen Sulfide (H2S) monitors shall be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the Hydrogen Sulfide area shall meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, provide measured values and formations to the BLM.
- Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a "Major" violation.
- 3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.
- 4. The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.

### **B. CASING**

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

#### Wait on cement (WOC) for Potash Areas:

After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi for all cement blends, 2) until cement has been in place at least <u>24 hours</u>. WOC time will be recorded in the driller's log.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

#### **R-111-P** Potash

Medium Cave/Karst

Possibility of water flows in the Salado, Tansill, Yates, Seven Rivers, and Cherry Canvon.

Possibility of lost circulation in the Rustler, Tansill, Yates, Seven Rivers, Capitan Reef, and Cherry Canyon.

- 1. The 13-3/8 inch surface casing shall be set at approximately 350 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. If salt is encountered, set casing at least 25 feet above the salt.
  - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
  - b. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.

- c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
- d. If cement falls back, remedial cementing will be done prior to drilling out that string.
- 2. The minimum required fill of cement behind the 9-5/8 inch intermediate casing, which shall be set at approximately 1400 feet (base of the Tansill formation), is:

Cement to surface. If cement does not circulate see B.1.a, c-d above. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst and potash.

### Centralizers required through the curve and a minimum of one every other joint.

- 3. The minimum required fill of cement behind the 7 inch production casing is:
  - CEMENT TO SURFACE. If cement does not circulate, contact the appropriate BLM office. Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to potash. Excess calculates to 8% Additional cement may be required.
- 4. Cement not required on the 4-1/2" casing. Packer system being used.
- 5. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.
- 6. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

# C. PRESSURE CONTROL

- 1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API 53.
- 2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 2000 (2M) psi (Operating installing 2M annular).
  - a. For surface casing only: If the BOP/BOPE is to be tested against casing, the wait on cement (WOC) time for that casing is to be met (see WOC statement at start of casing section). Independent service company required.

- Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the 9-5/8 intermediate casing shoe shall be 3000 (3M) psi.
- 4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
  - a. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time.
  - b. The tests shall be done by an independent service company utilizing a test plug not a cup or J-packer. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (8 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
  - c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.
  - d. The results of the test shall be reported to the appropriate BLM office.
  - e. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
  - f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

### **D. DRILL STEM TEST**

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

### E. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

### JAM 050615

٥

# VIII. PRODUCTION (POST DRILLING)

### A. WELL STRUCTURES & FACILITIES

#### **Placement of Production Facilities**

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

### **Exclosure Netting (Open-top Tanks)**

Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

### **Chemical and Fuel Secondary Containment and Exclosure Screening**

The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

#### **Open-Vent Exhaust Stack Exclosures**

The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

#### **Containment Structures**

Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the

largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

### **Painting Requirement**

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, **Shale Green** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

### **B. PIPELINES**

#### STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the application (Grant, Sundry Notice, APD) and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 <u>et seq</u>. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.

3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, <u>et seq</u>. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, <u>et seq</u>.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

- a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.
- b. Activities of other parties including, but not limited to:
  - (1) Land clearing.
  - (2) Earth-disturbing and earth-moving work.
  - (3) Blasting.
  - (4) Vandalism and sabotage.
- c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars (\$1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-ofway width of 20 feet. If the pipeline route follows an existing road or buried pipeline right-of-way, the surface pipeline must be installed no farther than 10 feet from the edge of the road or buried pipeline right-of-way. If existing surface pipelines prevent this distance, the proposed surface pipeline must be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity will be confined to existing roads or right-of-ways.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky of duney areas, the pipeline will be "snaked" around hummocks and dunes rather then suspended across these features.

9. The pipeline shall be buried with a minimum of <u>24</u> inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will

be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

16. The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, powerline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

17. Surface pipelines must be less than or equal to 4 inches and a working pressure below 125 psi.

# IX. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

# X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

### **SEED MIXTURE 1 (LOAMY LOCATIONS)**

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)\* per acre. There shall be <u>no</u> primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine months prior to purchase. Commercial seed will be certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop to the bottom of the drill and are planted first; the holder shall take appropriate measures to ensure this does not occur). Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be double the amounts listed below. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed\* per acre (note: if broadcasting seed, amounts are to be doubled):

Species	Pound/acre
Plains Lovegrass (Eragrostis intermedia)	0.5
Sand Dropseed (Sporobolus cryptandrus)	. 1.0
Sideoats grama (Bouteloua curtipendula)	5.0

\* Pounds of pure live seed = (Pounds of seed) x (Percent purity) x (Percent germination)