

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

State of New Mexico
Energy Minerals and Natural Resources

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

Form C-101
Revised June 10, 2003

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

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

| | | |
|---|--|---|
| ¹ Operator Name and Address Mewbourne Oil Company P.O. Box 5270 Hobbs, New Mexico 88241 | | ² OGRID Number 14744 |
| ³ Property Code | | ³ API Number 30 - 015 - 32851 |
| ⁵ Property Name Esperanza "14" State Com | | ⁶ Well No. #3 |

⁷ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| O | 14 | 21S | 27E | | 660 | South | 1980 | East | Eddy |

⁸ Proposed Bottom Hole Location If Differ

| | | | | | | |
|--|---------|----------|-------|---------|---------------|---|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/S |
| | | | | | | |
| ⁹ Proposed Pool 1 Burton Flat Morrow | | | | | | Cement to cover all oil, gas and water bearing zones. |

| | | | | |
|-----------------------------------|---|-----------------------------------|-------------------------------------|---|
| ¹¹ Work Type Code N | ¹² Well Type Code G | ¹³ Cable/Rotary R | ¹⁴ Lease Type Code S | ¹⁵ Ground Level Elevation 3205' |
| ¹⁶ Multiple No | ¹⁷ Proposed Depth 11,900' | ¹⁸ Formation Morrow | ¹⁹ Contractor Unknown | ²⁰ Spud Date ASAP |

²¹ Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|--|
| 17 1/2" | 13 3/8" | 48# | 400' | 400 | Circ to surface |
| 12 1/4" | 8 5/8" | 32# | 2600' | 1200 | Circ to surface |
| 7 7/8" | 5 1/2" | 17# | 11,900' | 800 | 500' to Wolfcamp |
| | | | | | |
| | | | | | |

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone.

Describe the blowout prevention program, if any. Use additional sheets if necessary.

BOP Program: 2k 13 5/8" Annular preventer from surface casing to intermediate TD. 3k 11" Double-ram hydraulic BOP and 3k 11" Annular preventer from intermediate casing to TD. Rotating head, PVT, Flow Monitor and mud/gas separator from the Wolfcamp to TD.

Mud Program: 0-400' Fresh water spud mud with lime for pH control and LCM as needed for seepage.

400-2600' Fresh water with lime for pH control and LCM as needed for seepage.

2600-TD 8.6-10# cut brine with caustic for pH control, starch for WL control and LCM as needed for seepage.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *F.C. Lathan*

Printed name: F.C. Lathan

Title: Drilling Foreman

E-mail Address:

Date: 06/26/2003

Phone: (505) 393-5905

OIL CONSERVATION DIVISION

Approved by:

Jim W. Gunn

Title:

District Supervisor

Approval Date:

JUL 01 2003

Expiration Date:

JUL 01 2004

Conditions of Approval

Attached ☐

NOTIFY OCD SPUD & TIME
TO WITNESS 8 5/8" CASING

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|---------------|---------------------------|-----------|---------------------|
| API Number | | Pool Code | Pool Name |
| | | | Burton Flats Morrow |
| Property Code | Property Name | | Well Number |
| | ESPERANZA "14" STATE COM. | | 3 |
| OGRIID No. | Operator Name | | Elevation |
| 14744 | MEWBOURNE OIL COMPANY | | 3205 |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 0 | 14 | 21S | 27E | | 660 | SOUTH | 1980 | EAST | EDDY |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|

| | | | |
|-----------------|-----------------|--------------------|-----------|
| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
| 320 | | | |

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

| | | | |
|--|--------------|---|--|
| <p>N.32°28'29.1" W.104°09'29.6"</p> <p>Lease #L-1899 3201 3195</p> <div style="display: flex; align-items: center; justify-content: center;"><div style="border: 1px solid black; width: 80px; height: 80px; position: relative;"><div style="position: absolute; top: 0; right: 0; width: 50%; height: 50%; border: 1px solid black; margin: 2px;"></div></div><div style="margin-left: 10px;">1980'</div></div> <p>3204 3197</p> <p>660'</p> | <p>1980'</p> | <div><div>OPERATOR CERTIFICATION</div><p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p><div style="display: flex; justify-content: space-between;"><div><div><div>F.C. Lathan</div><div>Signature</div></div><div><div>F.C. Lathan</div><div>Printed Name</div></div><div><div>Drilling Foreman</div><div>Title</div></div></div><div style="display: flex; justify-content: space-between;"><div></div><div><div>06/26/2003</div><div>Date</div></div></div></div><div><div>SURVEYOR CERTIFICATION</div><p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p><div style="display: flex; justify-content: space-between;"><div></div><div><div>6/19/2003</div><div>Date Surveyed</div></div></div><div style="display: flex; justify-content: space-between;"><div><div>Signature of Seal of Professional Surveyor</div><div><div>HERSHEL JONES</div><div>NEW MEXICO</div><div>REGISTERED PROFESSIONAL SURVEYOR</div><div>3640</div></div></div><div><div>Certificate No. Hershel Jones RLS 3640</div><div>ESPERANZA, NM 874-3</div><div>GENERAL SURVEYING COMPANY</div></div></div></div></div> | |
| | | | |
| | | | |
| | | | |

0 330' 660' 990' 1650' 1980' 2310'

2310' 1980' 1650' 990' 660' 330' 0'

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

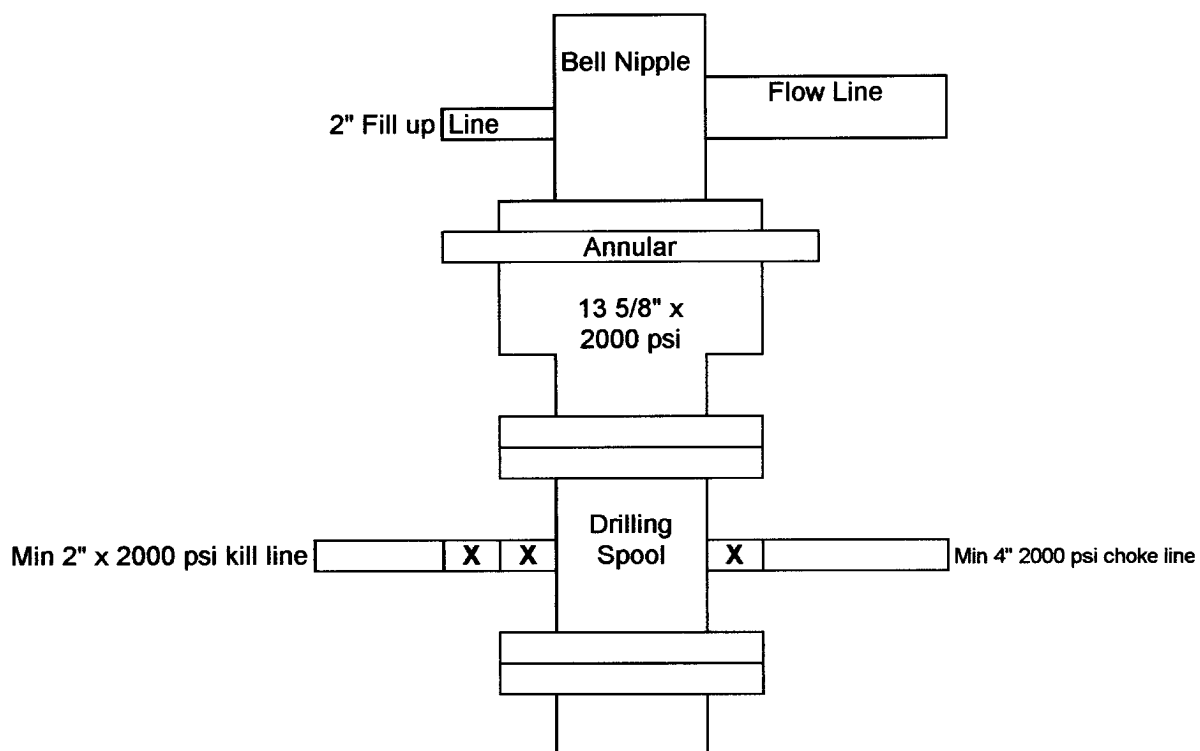


Exhibit #2

Esperanza "14" State Com #3
660' FSL & 1980' FEL
Sec 14, T21S, R27E
Eddy County, New Mexico

Mewbourne Oil Company
BOP Schematic for
7 7/8" Hole

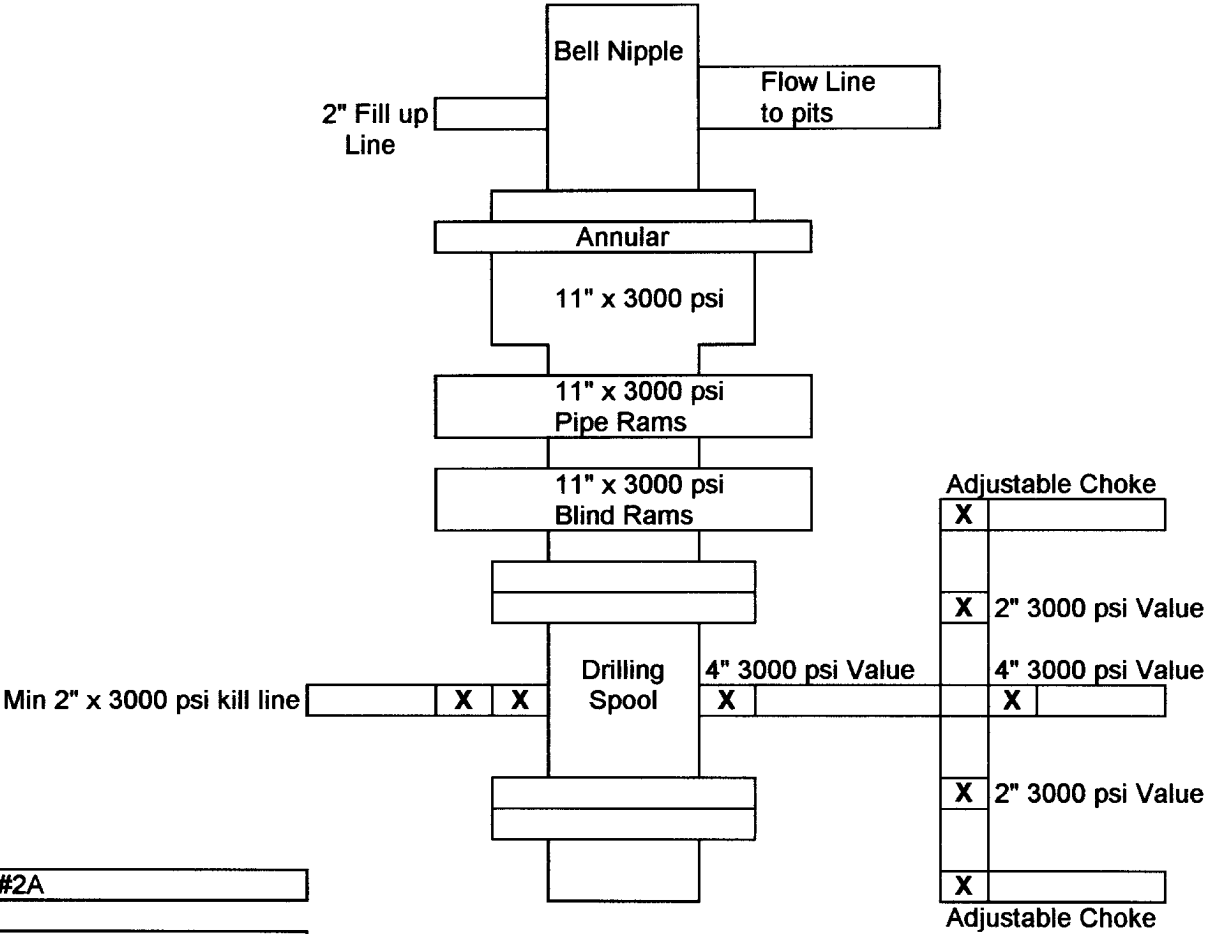


Exhibit #2A

Esperanza "14" State Com #3
660' FSL & 1980' FEL
Sec 14, T21S, R27E
Eddy County, New Mexico

Hydrogen Sulfide Drilling Operations Plan

Mewbourne Oil Company

Esperanza "14" State Com #3

660' FSL & 1980' FEL

Section 14 - T21S - R27E

Eddy County, New Mexico

API# 30-015-

1. Hydrogen Sulfide Training

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

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

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

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

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

2. Hydrogen Sulfide Safety Equipment and Systems

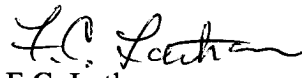
All hydrogen sulfide safety equipment and systems will be installed, tested, and operational prior to drilling below the intermediate casing.

A. Well Control Equipment

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

- B. Protective Equipment for Essential Personnel
Thirty minute self contained work unit located at briefing area as indicated on well site diagram.
- C. Hydrogen Sulfide Protection and Monitoring Equipment
Two portable hydrogen sulfide monitors positioned on location for optimum coverage and detection. The units shall have audible sirens to notify personnel when hydrogen sulfide levels exceed 20 ppm.
- D. Visual Warning Systems
1. Wind direction indicators as indicated on the well site diagram.
 2. Caution signs shall be posted on roads providing access to location. Signs shall be painted a high visibility color with lettering of sufficient size to be readable at reasonable distances from potentially contaminated areas.
3. **Mud Program**
The mud program has been designed to minimize the amount of hydrogen sulfide entrained in the mud system. Proper mud weight, safe drilling practices, and the use of hydrogen sulfide scavengers will minimize hazards while drilling the well.
4. **Metallurgy**
All tubular systems, wellheads, blowout preventers, drilling spools, kill lines, choke manifolds, and valves shall be suitable for service in a hydrogen sulfide environment when chemically treated.
5. **Communications**
Communications in company vehicles and tool pushers are either two way radios or cellular phones.
6. **Well Testing**
Drill stem testing is not an anticipated requirement for evaluation of this well. A drill stem test is required, it will be conducted with a minimum number of personnel in the immediate vicinity. The test will be conducted during daylight hours only.

Upon review of past drilling in this area, no appreciable amounts of H₂S should be encountered while drilling this well. This plan will be kept in place while drilling, however, to increase the overall safety for the personnel on site.


F.C. Lathan
Drilling Foreman