EA; 520-07-96 ATS-07-31

Form 3160-3 (Sept 2001)

OCD-ARTESIA

RECEIVED OCD - ARTESIA NOV 2006

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

1a. Type of Work: ☑ DRILL ☐ REENTER	5. Lease Serial No. NM-88139
	6. If Indian, Allottee or Tribe Name
	7. If Unit or CA Agreement, Name and No.
1b. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone	8. Lease Name and Well No. Wood Draw 35 Federal #2 (35802)
2. Name of Operator Mewbourne Oil Company - (14744)	9. API Well No. 30-015-35258
3a. Address PO Box 5270 Hobbs, NM 88240	3b. Phone No. *(include area code)* 505-393-5905
	10. Field and Pool, or Exploratory NW Corral Canyon Delaware (96464)
4. Location of Well *(Report location clearly and in accordance with any State requirements. *)* At surface 330' FSL & 1800' FEL, Unit O At proposed prod. zone 2310' FSL & 1980' FEL, Unit J	11. Sec., T., R., M., or Blk. and Survey ~~or Area~~ Sec 35-T24S-R29E
14. Distance in miles and direction from nearest town or post office* 6 miles SE of Malaga, NM	12. County or Parish Eddy / 13. State NM

CARLSBAD CONTROLLED WATER BASIN SUBJECT TO LIKE APPROVAL BY STATE

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 330'	16. No. of Acres in lease 320	17. Spacing Unit dedicated to this well 40
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 180'	19. Proposed Depth 7300' MD 5400' TVD	20. BLM/BIA Bond No. on file NM1693, Nationwide
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3073' GL	22. Approximate date work will start* ASAP	23. Estimated duration 30

24. Attachments

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

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

25. Signature Kristi Green	Name *(Printed/Typed)* Kristi Green	Date 10/17/06
Title Hobbs Regulatory		
Approved by *(Signature)* Cathy Queen	Name *(Printed/Typed)* Cathy Queen	Date NOV 24 2006
Title for FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

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

**(Instructions on reverse)*

SEE ATTACHED FOR CONDITIONS OF APPROVAL

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

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

Statement Accepting Responsibility for Operations

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

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

Lease Number: Lease Number #NM-88139

Legal Description of Land:

Section 35, T-24S, R-29E
Unit O - 330' FSL & 1800' FEL Surface Location
Unit J - 2310' FSL & 1980' FEL Bottom Hole Location
Eddy County, New Mexico.

Formation (if applicable):

Bond Coverage: $150,000

BLM Bond File: NM1693, Nationwide

Authorized Signature: _____

Name: NM (Micky) Young
Title: District Manager
Date: October 17, 2006

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005

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

RECEIVED
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OCD - ARTESIA

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	96464	Corral Canyon Delaware North West

Property Code	Property Name	Well Number
	WOOD DRAW "35" FEDERAL	2

OGRID No.	Operator Name	Elevation
14744	MEWBOURNE OIL COMPANY	3073'

Surface Location

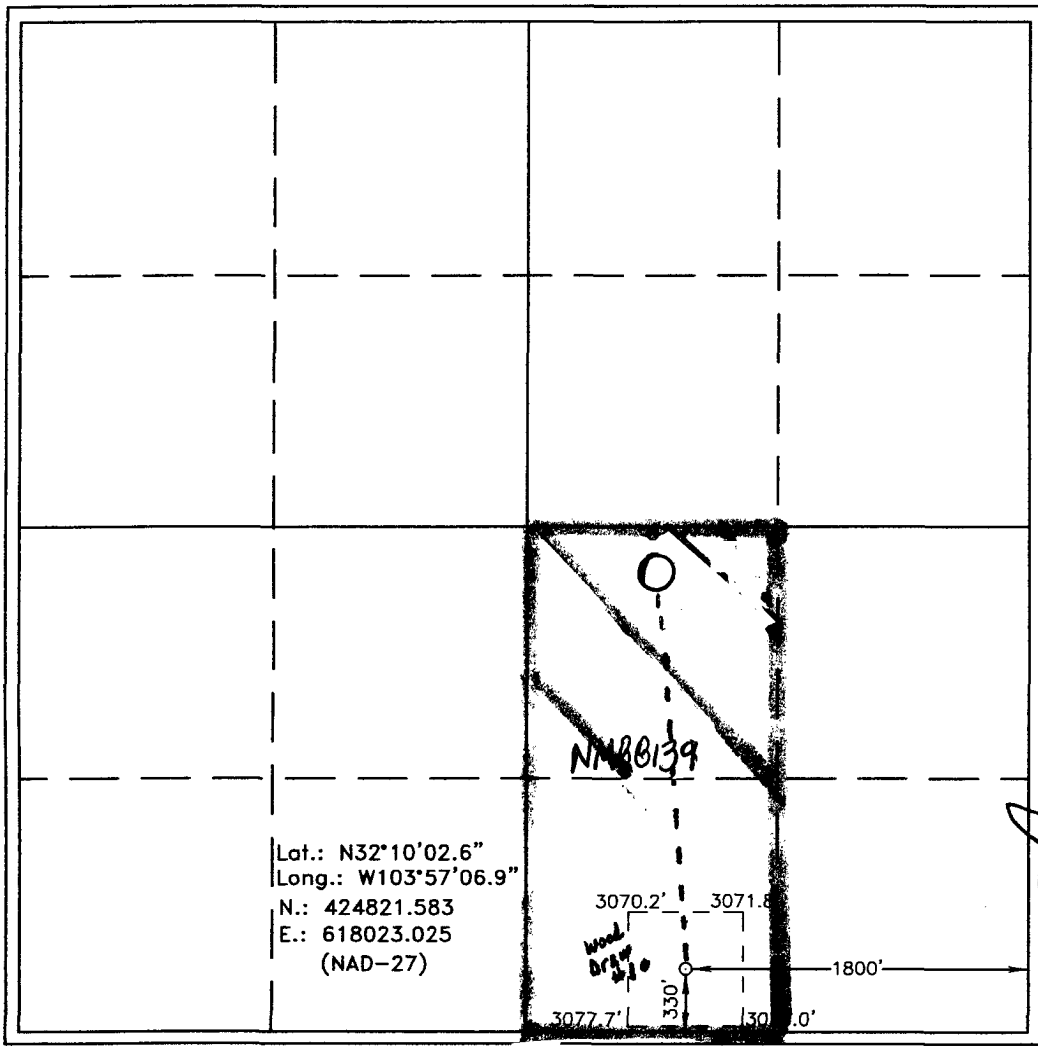
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	35	24 S	29 E		330	SOUTH	1800	EAST	EDDY

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
J	35	24S	29E		2310	SOUTH	1980	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
80			

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



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature — Date: 10/16/06

NM Young

Printed Name

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

OCTOBER 10, 2006

Date Surveyed

Signature & Seal of Professional Surveyor

NEW MEXICO — 7977 — REGISTERED PROFESSIONAL LAND SURVEYOR — BASIN SURVEYS

W.O. No. 1[illegible]279

Certificate No. Gary L. Jones 7977

Mewbourne Oil Company

Field: Wood Draw
Site: Wood Draw 35-~~1H~~ #2
Well: Wood Draw 35-~~1H~~ #2
Wellpath: Orginal
Plan: Plan #1 092906

SITE DETAILS

Wood Draw 35-1H
Eddy County, NM

Ground Level: 0.00
Positional Uncertainty: 0.00
Convergence: 0.00

WELLPATH DETAILS

Orginal

Rig:
Ref. Datum: SITE 0.00ft

V Section Angle	Origin +N/-S	Origin +E/-W	Starting From TVD
354.81°	0.00	0.00	0.00

TARGET DETAILS

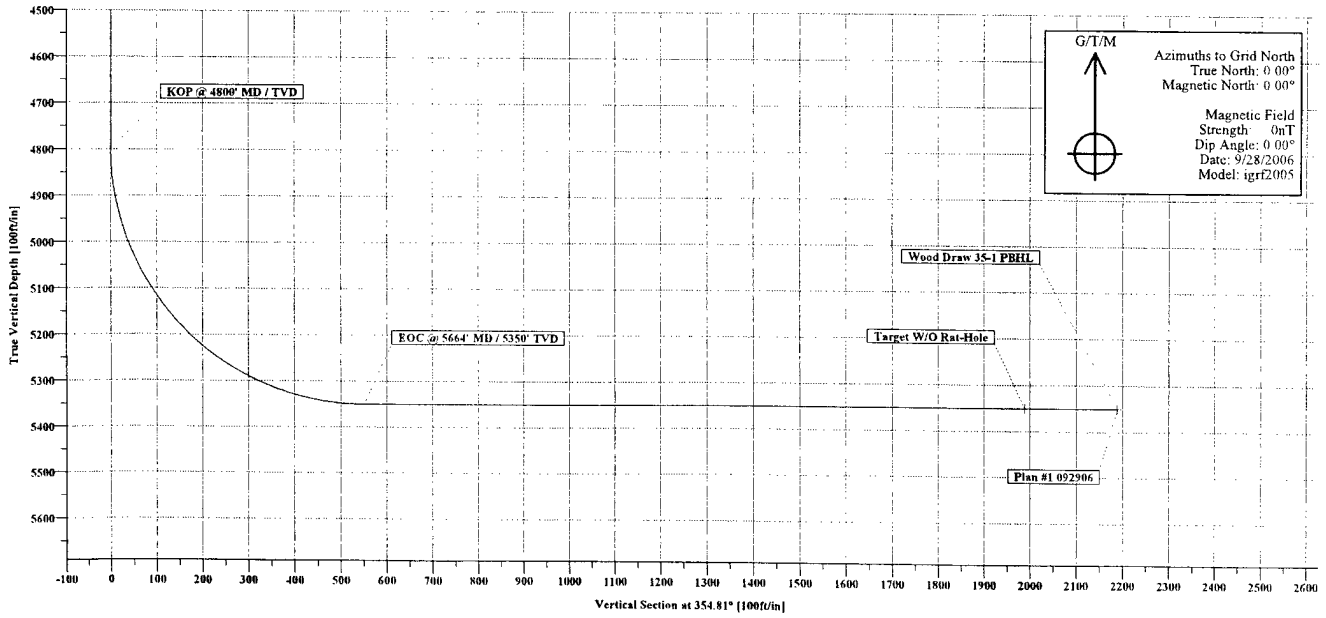
Name	TVD	+N/-S	+E/-W	Shape
Target W/O Rat-Hole	5350.00	1980.00	-180.00	Point
Wood Draw 35-1 PBHL	5350.00	2179.18	-198.13	Point

ANNOTATIONS

No.	TVD	MD	Annotation
1	4800.00	4800.00	KOP @ 4800' MD / TVD
2	5350.00	5663.94	EOC @ 5664' MD / 5350' TVD

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	4800.00	0.00	0.00	4800.00	0.00	0.00	0.00	0.00	0.00	
3	5663.94	90.00	354.81	5350.00	547.75	-49.75	10.42	354.81	550.00	
4	7102.10	90.00	354.80	5350.00	1980.00	-180.00	0.00	-89.99	1988.16	Target W/O Rat-Hole
5	7302.11	90.00	354.80	5350.00	2179.18	-198.13	0.00	90.03	2188.17	Wood Draw 35-1 PBHL



Drilling Program
Mewbourne Oil Company
Wood Draw 35 Federal #2
330' FSL & 1800' FEL Surface Location
2310' FSL & 1980' FEL Bottom Hole Location
Sec 35-T24S-R29E
Eddy County, New Mexico

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

Top Salt	2780'
Base Salt	3040'
Delaware	3244'

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

Water	Below 200'
Hydrocarbons	All zones below Delaware

3. Pressure control equipment:

A 3000 psi WP Double Ram BOP and a 3000 psi WP Annular will be installed after running 9 5/8" casing. Pressure tests will be conducted prior to drilling out under the 9 5/8" casing string. BOP controls will be installed prior to drilling under surface casing and will remain in use until completion of drilling operations. BOP's will be inspected and operated as recommended in Onshore Order #2 to insure mechanical integrity and the inspection will be recorded on the daily drilling report.
Kelly cock and a sub equipped with a full opening valve sized to fit the drill pipe and collars will be available on the rig floor in the open position when the kelly is not in use.

4. Proposed casing and cementing program:

A. Casing Program:

Hole Size	Casing	Wt/Ft.	Grade	Depth
12 1/4"	9 5/8"	32#	J55	0-800'
8 3/4"	5 1/2"	17#	J55	0-7300' (MD)

Minimum casing design factors: Collapse 1.2, Burst 1.1, Tensile strength 2.0.

B. Cementing Program

i. Surface Casing: 400 sacks Class C light cement containing ½#/sk cellophane flakes, 2% CaCl, 5#/sk gilsonite. 200 sks Class C cement containing 2% CaCl.

iii. Production Casing: 1200 sacks Class H cement containing fluid loss additive, friction reducer additive, compressive strength enhancer,and NaCl. Shallower productive zones may be protected by utilizing a multiple stage cementing tool in the production casing below potentially productive zones and cementing with a light cement slurry.

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

5. Mud Program:

Interval	Type System	Weight	Viscosity	Fluid Loss
0'-800'	FW spud mud	8.6-9.4	32-34	NA
800'-7300' (MD)	Brine water	10.0-10.2	28-30	NA

6. Evaluation Program:

Samples:	10' samples from 3000' to TD
Logging:	A Gamma Ray will be run with directional tools. A Cased Hole/Gamma Ray Neutron will be run with the Bond Log.
Coring:	As needed for evaluation
Drill Stem Tests:	As needed for evaluation

7. Downhole Conditions

Zones of abnormal pressure:	None anticipated
Zones of lost circulation:	Anticipated in surface and intermediate holes
Maximum bottom hole temperature:	130 degree F
Maximum bottom hole pressure:	8.6 lbs/gal gradient or less

8. Anticipated Starting Date:

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

Notes Regarding Blowout Preventer

Mewbourne Oil Company
Wood Draw 35 Federal #2
330' FSL & 1800' FEL Surface Location
2310' FSL & 1980' FEL Bottom Hole Location
Sec 35-T24S-R29E
Eddy County, New Mexico

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.

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.

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

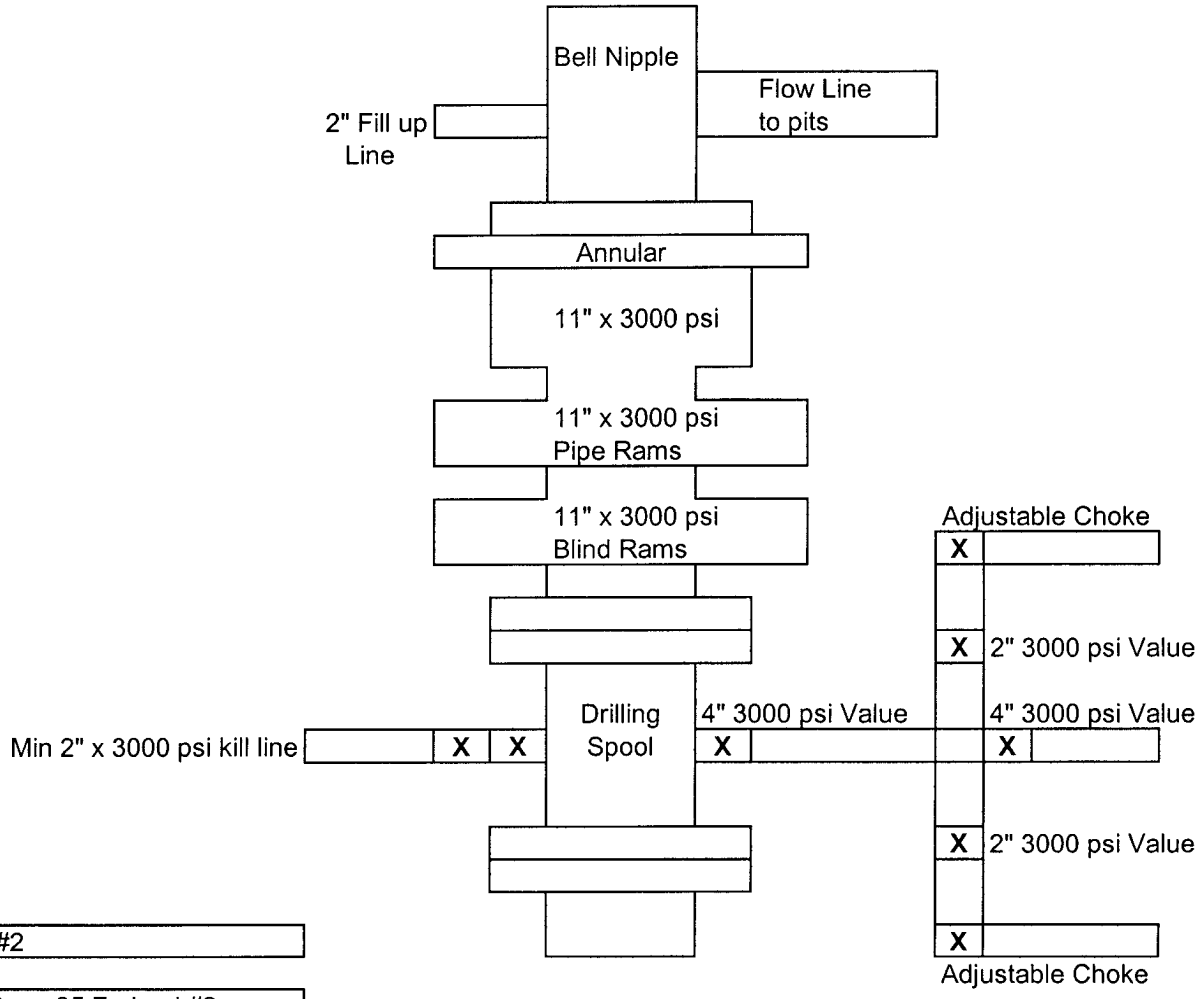


Exhibit #2

Wood Draw 35 Federal #2
330' FSL & 1800' FEL Surface Location
2310' FSL & 1980' FEL Bottom Hole Loca
Sec 35-T24S-R29E
Eddy County, New Mexico

Hydrogen Sulfide Drilling Operations Plan

Mewbourne Oil Company
Wood Draw 35 Federal #2
330' FSL & 1800' FEL Surface Location
2310' FSL & 1980' FEL Bottom Hole Location
Sec 35-T24S-R29E
Eddy County, New Mexico

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 @ 3244' 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 intermediate casing.

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

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

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

4. Visual Warning Systems
A. Wind direction indicators as indicated on the wellsite diagram.
B. Caution signs shall be posted on roads providing access to location. Signs shall be painted a high visibility color with lettering of sufficient size to be readable at reasonable distances from potentially contaminated areas.

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

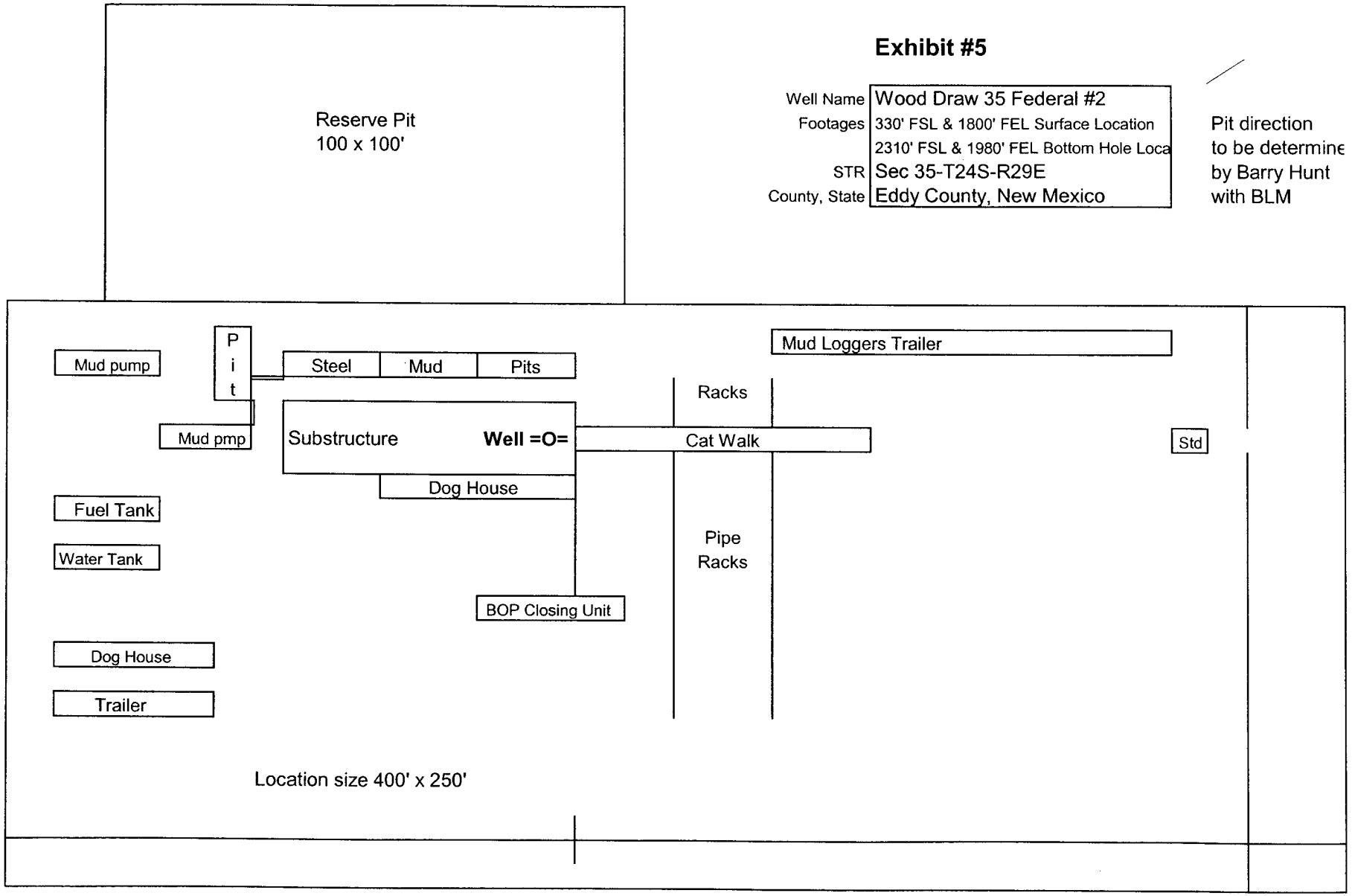
Drill stem testing is not an anticipated requirement for evaluation of this well. A drill stem test is required, it will be conducted with a minimum number of personnel in the immediate vicinity. The test will be conducted during daylight hours only.

Mewbourne Oil Company

Exhibit #5

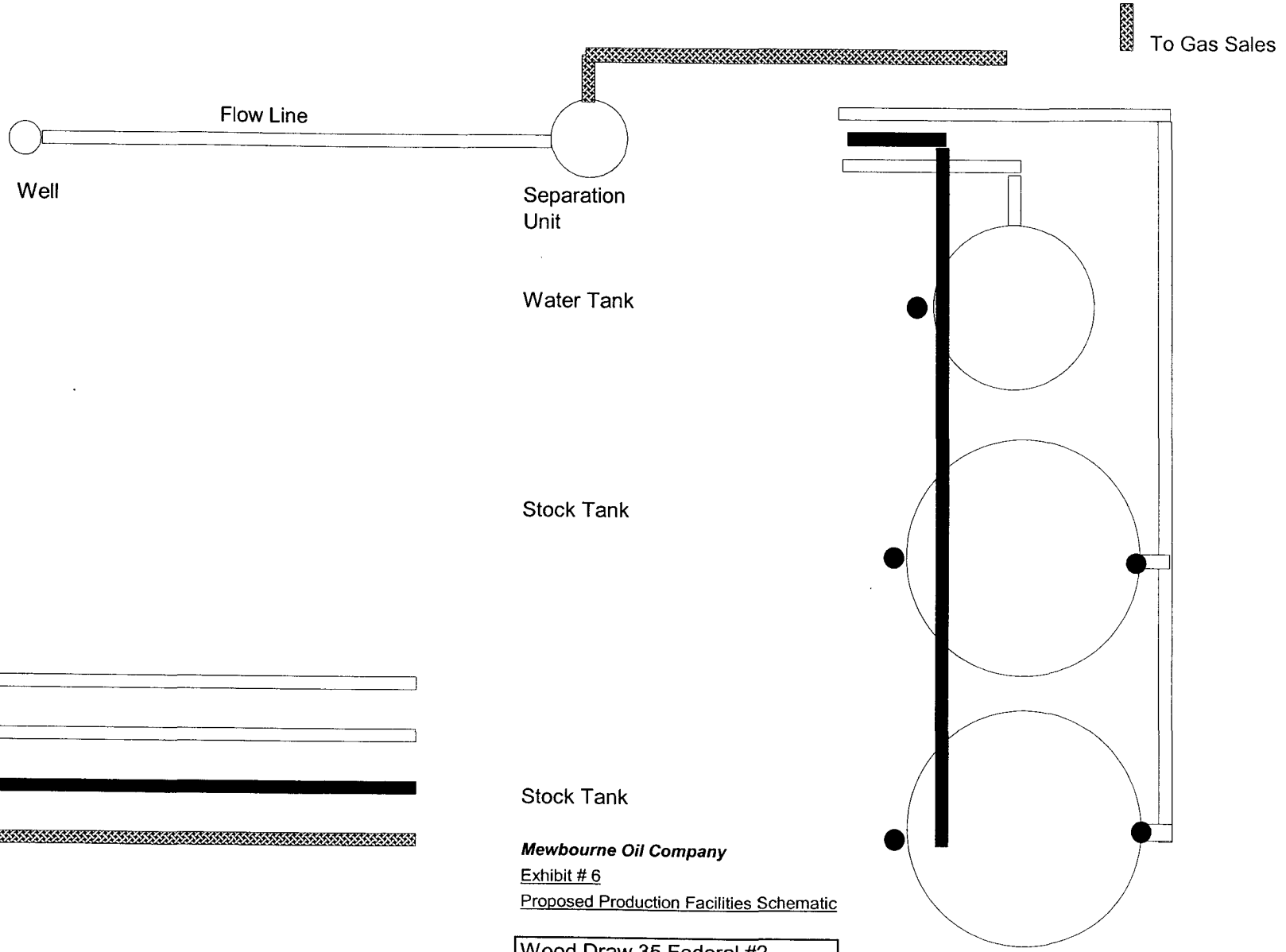
Well Name	Wood Draw 35 Federal #2
Footages	330' FSL & 1800' FEL Surface Location
	2310' FSL & 1980' FEL Bottom Hole Loca
STR	Sec 35-T24S-R29E
County, State	Eddy County, New Mexico

Pit direction to be determine by Barry Hunt with BLM



Rig Location Schematic

Proposed Production Facilities Schematic



Mewbourne Oil Company
Exhibit # 6
Proposed Production Facilities Schematic

Wood Draw 35 Federal #2
330' FSL & 1800' FEL Surface Location
2310' FSL & 1980' FEL Bottom Hole Loca
Sec 35-T24S-R29E
Eddy County, New Mexico

Pathfinder Energy
Planning Report

Company:	Mewbourne Oil Company	**Date:** 9/28/2006 **Time:** 16:53:46	**Page:** 1
Field:	Wood Draw	**Co-ordinate(NE) Reference:**	Site: Wood Draw 35-1H, Grid North
Site:	Wood Draw 35-1H	**Vertical (TVD) Reference:**	SITE 0.0
Well:	Wood Draw 35-1H	**Section (VS) Reference:**	Well (0.00N,0.00E,354.81Azi)
Wellpath:	Orginal	**Plan:**	Plan #1 092906

Field: Wood Draw
Eddy County, NM

Map System:	US State Plane Coordinate System 1927	**Map Zone:**	New Mexico, Eastern Zone
Geo Datum:	NAD27 (Clarke 1866)	**Coordinate System:**	Site Centre
Sys Datum:	Mean Sea Level	**Geomagnetic Model:**	igrf2005

Site: Wood Draw 35-1H

Eddy County, NM

Site Position:		**Northing:**	ft	**Latitude:**	
From:	Lease Line	**Easting:**	ft	**Longitude:**	
Position Uncertainty:	0.00 ft			**North Reference:**	Grid
Ground Level:	0.00 ft			**Grid Convergence:**	0.00 deg

Well: Wood Draw 35-1H **Slot Name:**

Well Position:	+N/-S	0.00 ft	**Northing:**	0.00 ft	**Latitude:**	30	59	24.512	N
	+E/-W	0.00 ft	**Easting :**	0.00 ft	**Longitude:**	105	55	44.137	W
Position Uncertainty:		0.00 ft							

Wellpath: Orginal **Drilled From:** Surface
Tie-on Depth: 0.00 ft
Current Datum: SITE **Height** 0.00 ft **Above System Datum:** Mean Sea Level
Magnetic Data: 9/28/2006 **Declination:** 0.00 deg
Field Strength: 0 nT **Mag Dip Angle:** 0.00 deg

Vertical Section: Depth From (TVD) ft	+N/-S ft	+E/-W ft	Direction deg
0.00	0.00	0.00	354.81

Plan: Plan #1 092906 **Date Composed:** 9/28/2006
Version: 1
Principal: No **Tied-to:** From Surface

Plan Section Information

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4800.00	0.00	0.00	4800.00	0.00	0.00	0.00	0.00	0.00	0.00	
5663.94	90.00	354.81	5350.00	547.75	-49.75	10.42	10.42	0.00	354.81	
7102.10	90.00	354.80	5350.00	1980.00	-180.00	0.00	0.00	0.00	-89.99	Target W/O Rat-Hole
7302.11	90.00	354.80	5350.00	2179.18	-198.13	0.00	0.00	0.00	90.03	Wood Draw 35-1 PBHL

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	
200.00	0.00	0.00	200.00	0.00	0.00	0.00	0.00	0.00	0.00	
300.00	0.00	0.00	300.00	0.00	0.00	0.00	0.00	0.00	0.00	
400.00	0.00	0.00	400.00	0.00	0.00	0.00	0.00	0.00	0.00	
500.00	0.00	0.00	500.00	0.00	0.00	0.00	0.00	0.00	0.00	
600.00	0.00	0.00	600.00	0.00	0.00	0.00	0.00	0.00	0.00	
700.00	0.00	0.00	700.00	0.00	0.00	0.00	0.00	0.00	0.00	
800.00	0.00	0.00	800.00	0.00	0.00	0.00	0.00	0.00	0.00	
900.00	0.00	0.00	900.00	0.00	0.00	0.00	0.00	0.00	0.00	
1000.00	0.00	0.00	1000.00	0.00	0.00	0.00	0.00	0.00	0.00	
1100.00	0.00	0.00	1100.00	0.00	0.00	0.00	0.00	0.00	0.00	
1200.00	0.00	0.00	1200.00	0.00	0.00	0.00	0.00	0.00	0.00	
1300.00	0.00	0.00	1300.00	0.00	0.00	0.00	0.00	0.00	0.00	
1400.00	0.00	0.00	1400.00	0.00	0.00	0.00	0.00	0.00	0.00	
1500.00	0.00	0.00	1500.00	0.00	0.00	0.00	0.00	0.00	0.00	

Exhibit 7

Pathfinder Energy
Planning Report

Company: Mewbourne Oil Company	**Date:** 9/28/2006	**Time:** 16:53:46	**Page:** 2
Field: Wood Draw	**Co-ordinate(NE) Reference:** Site: Wood Draw 35-1H, Grid North		
Site: Wood Draw 35-1H	**Vertical (TVD) Reference:** SITE 0.0		
Well: Wood Draw 35-1H	**Section (VS) Reference:** Well (0.00N,0.00E,354.81Azi)		
Wellpath: Orginal	**Plan:** Plan #1 092906		

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
1600.00	0.00	0.00	1600.00	0.00	0.00	0.00	0.00	0.00	0.00	
1700.00	0.00	0.00	1700.00	0.00	0.00	0.00	0.00	0.00	0.00	
1800.00	0.00	0.00	1800.00	0.00	0.00	0.00	0.00	0.00	0.00	
1900.00	0.00	0.00	1900.00	0.00	0.00	0.00	0.00	0.00	0.00	
2000.00	0.00	0.00	2000.00	0.00	0.00	0.00	0.00	0.00	0.00	
2100.00	0.00	0.00	2100.00	0.00	0.00	0.00	0.00	0.00	0.00	
2200.00	0.00	0.00	2200.00	0.00	0.00	0.00	0.00	0.00	0.00	
2300.00	0.00	0.00	2300.00	0.00	0.00	0.00	0.00	0.00	0.00	
2400.00	0.00	0.00	2400.00	0.00	0.00	0.00	0.00	0.00	0.00	
2500.00	0.00	0.00	2500.00	0.00	0.00	0.00	0.00	0.00	0.00	
2600.00	0.00	0.00	2600.00	0.00	0.00	0.00	0.00	0.00	0.00	
2700.00	0.00	0.00	2700.00	0.00	0.00	0.00	0.00	0.00	0.00	
2800.00	0.00	0.00	2800.00	0.00	0.00	0.00	0.00	0.00	0.00	
2900.00	0.00	0.00	2900.00	0.00	0.00	0.00	0.00	0.00	0.00	
3000.00	0.00	0.00	3000.00	0.00	0.00	0.00	0.00	0.00	0.00	
3100.00	0.00	0.00	3100.00	0.00	0.00	0.00	0.00	0.00	0.00	
3200.00	0.00	0.00	3200.00	0.00	0.00	0.00	0.00	0.00	0.00	
3300.00	0.00	0.00	3300.00	0.00	0.00	0.00	0.00	0.00	0.00	
3400.00	0.00	0.00	3400.00	0.00	0.00	0.00	0.00	0.00	0.00	
3500.00	0.00	0.00	3500.00	0.00	0.00	0.00	0.00	0.00	0.00	
3600.00	0.00	0.00	3600.00	0.00	0.00	0.00	0.00	0.00	0.00	
3700.00	0.00	0.00	3700.00	0.00	0.00	0.00	0.00	0.00	0.00	
3800.00	0.00	0.00	3800.00	0.00	0.00	0.00	0.00	0.00	0.00	
3900.00	0.00	0.00	3900.00	0.00	0.00	0.00	0.00	0.00	0.00	
4000.00	0.00	0.00	4000.00	0.00	0.00	0.00	0.00	0.00	0.00	
4100.00	0.00	0.00	4100.00	0.00	0.00	0.00	0.00	0.00	0.00	
4200.00	0.00	0.00	4200.00	0.00	0.00	0.00	0.00	0.00	0.00	
4300.00	0.00	0.00	4300.00	0.00	0.00	0.00	0.00	0.00	0.00	
4400.00	0.00	0.00	4400.00	0.00	0.00	0.00	0.00	0.00	0.00	
4500.00	0.00	0.00	4500.00	0.00	0.00	0.00	0.00	0.00	0.00	
4600.00	0.00	0.00	4600.00	0.00	0.00	0.00	0.00	0.00	0.00	
4700.00	0.00	0.00	4700.00	0.00	0.00	0.00	0.00	0.00	0.00	
4800.00	0.00	0.00	4800.00	0.00	0.00	0.00	0.00	0.00	0.00	KOP @ 4800' MD / TVD
4850.00	5.21	354.81	4849.93	2.26	-0.21	2.27	10.42	10.42	0.00	
4900.00	10.42	354.81	4899.45	9.03	-0.82	9.07	10.42	10.42	0.00	
4950.00	15.63	354.81	4948.15	20.24	-1.84	20.33	10.42	10.42	0.00	
5000.00	20.83	354.81	4995.62	35.82	-3.25	35.96	10.42	10.42	0.00	
5050.00	26.04	354.81	5041.48	55.62	-5.05	55.85	10.42	10.42	0.00	
5100.00	31.25	354.81	5085.34	79.48	-7.22	79.81	10.42	10.42	0.00	
5150.00	36.46	354.81	5126.85	107.21	-9.74	107.66	10.42	10.42	0.00	
5200.00	41.67	354.81	5165.66	138.58	-12.59	139.16	10.42	10.42	0.00	
5250.00	46.88	354.81	5201.45	173.33	-15.74	174.05	10.42	10.42	0.00	
5300.00	52.09	354.81	5233.92	211.18	-19.18	212.05	10.42	10.42	0.00	
5350.00	57.30	354.81	5262.81	251.80	-22.87	252.83	10.42	10.42	0.00	
5400.00	62.50	354.81	5287.88	294.86	-26.78	296.08	10.42	10.42	0.00	
5450.00	67.71	354.81	5308.91	340.02	-30.88	341.42	10.42	10.42	0.00	
5500.00	72.92	354.81	5325.75	386.89	-35.14	388.48	10.42	10.42	0.00	
5550.00	78.13	354.81	5338.24	435.08	-39.52	436.88	10.42	10.42	0.00	
5600.00	83.34	354.81	5346.29	484.21	-43.98	486.21	10.42	10.42	0.00	
5650.00	88.55	354.81	5349.82	533.87	-48.49	536.06	10.42	10.42	0.00	
5663.94	90.00	354.81	5350.00	547.75	-49.75	550.00	10.42	10.42	0.00	EOC @ 5664' MD / 5350' TV
5700.00	90.00	354.81	5350.00	583.66	-53.01	586.06	0.00	0.00	0.00	
5800.00	90.00	354.81	5350.00	683.25	-62.06	686.06	0.00	0.00	0.00	
5900.00	90.00	354.81	5350.00	782.84	-71.11	786.06	0.00	0.00	0.00	

Pathfinder Energy
Planning Report

Company:	Mewbourne Oil Company	**Date:** 9/28/2006 **Time:** 16:53:46	**Page:** 3
Field:	Wood Draw	**Co-ordinate(NE) Reference:**	Site: Wood Draw 35-1H, Grid North
Site:	Wood Draw 35-1H	**Vertical (TVD) Reference:**	SITE 0.0
Well:	Wood Draw 35-1H	**Section (VS) Reference:**	Well (0.00N,0.00E,354.81Azi)
Wellpath:	Orginal	**Plan:**	Plan #1 092906

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
6000.00	90.00	354.81	5350.00	882.43	-80.16	886.06	0.00	0.00	0.00	
6100.00	90.00	354.81	5350.00	982.02	-89.21	986.06	0.00	0.00	0.00	
6200.00	90.00	354.81	5350.00	1081.61	-98.27	1086.06	0.00	0.00	0.00	
6300.00	90.00	354.80	5350.00	1181.20	-107.32	1186.06	0.00	0.00	0.00	
6400.00	90.00	354.80	5350.00	1280.79	-116.38	1286.06	0.00	0.00	0.00	
6500.00	90.00	354.80	5350.00	1380.37	-125.43	1386.06	0.00	0.00	0.00	
6600.00	90.00	354.80	5350.00	1479.96	-134.49	1486.06	0.00	0.00	0.00	
6700.00	90.00	354.80	5350.00	1579.55	-143.55	1586.06	0.00	0.00	0.00	
6800.00	90.00	354.80	5350.00	1679.14	-152.61	1686.06	0.00	0.00	0.00	
6900.00	90.00	354.80	5350.00	1778.73	-161.68	1786.06	0.00	0.00	0.00	
7000.00	90.00	354.80	5350.00	1878.32	-170.74	1886.06	0.00	0.00	0.00	
7102.10	90.00	354.80	5350.00	1980.00	-180.00	1988.16	0.00	0.00	0.00	Target W/O Rat-Hole
7200.00	90.00	354.80	5350.00	2077.49	-188.88	2086.06	0.00	0.00	0.00	
7302.11	90.00	354.80	5350.00	2179.18	-198.13	2188.17	0.00	0.00	0.00	Wood Draw 35-1 PBHL

Targets

Name	Description Dip.	Dir.	TVD ft	+N/-S ft	+E/-W ft	Map Northing ft	Map Easting ft	<---- Latitude ----> Deg Min Sec	<--- Longitude ---> Deg Min Sec
Target W/O Rat-Hole			5350.00	1980.00	-180.00	1980.00	-180.00	30 59 44.077 N	105 55 46.531 W
Wood Draw 35-1 PBHL			5350.00	2179.18	-198.13	2179.18	-198.13	30 59 46.045 N	105 55 46.772 W

Annotation

MD ft	TVD ft	
4800.00	4800.00	KOP @ 4800' MD / TVD
5663.94	5350.00	EOC @ 5664' MD / 5350' TVD

Mewbourne Oil Company

Field: Wood Draw
Site: Wood Draw 35-1H
Well: Wood Draw 35-1H
Wellpath: Orginal
Plan: Plan #1 092906

SITE DETAILS

Wood Draw 35-1H
Eddy County, NM

Ground Level: 0.00
Positional Uncertainty: 0.00
Convergence: 0.00

WELLPATH DETAILS

Orginal

Rig:
Ref. Datum: SITE 0.00ft

V.Section Angle	Origin +N/-S	Origin +E/-W	Starting From TVD
354.81°	0.00	0.00	0.00

TARGET DETAILS

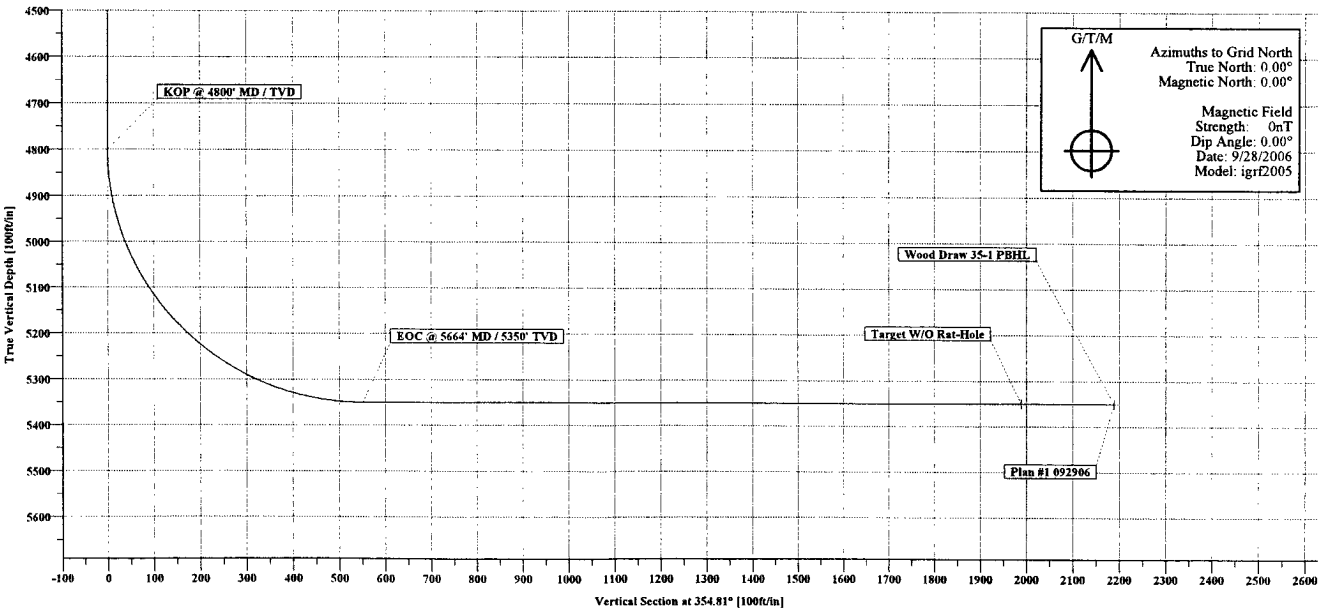
Name	TVD	+N/-S	+E/-W	Shape
Target W/O Rat-Hole	5350.00	1980.00	-180.00	Point
Wood Draw 35-1 PBHL	5350.00	2179.18	-198.13	Point

ANNOTATIONS

No.	TVD	MD	Annotation
1	4800.00	4800.00	KOP @ 4800' MD / TVD
2	5350.00	5663.94	EOC @ 5664' MD / 5350' TVD

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	4800.00	0.00	0.00	4800.00	0.00	0.00	0.00	0.00	0.00	
3	5663.94	90.00	354.81	5350.00	547.75	-49.75	10.42	354.81	550.00	
4	7102.10	90.00	354.80	5350.00	1980.00	-180.00	0.00	-89.99	1988.16	Target W/O Rat-Hole
5	7302.11	90.00	354.80	5350.00	2179.18	-198.13	0.00	90.03	2188.17	Wood Draw 35-1 PBHL



MULTI-POINT SURFACE USE AND OPERATIONS PLAN
MEWBOURNE OIL COMPANY
Wood Draw 35 Federal #2
330' FSL & 1800' FEL Surface Location
2310' FSL & 1980' FEL Bottom Hole Location
Sec 35-T24S-R29E
Eddy County, New Mexico

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

1. Existing Roads:

A. Exhibit #3 is a road map showing the location of the proposed well (existing roads are highlighted in black and proposed roads are highlighted in black). Exhibit #3A is a topographic map showing the location of the proposed well and access road (proposed road is highlighted in black).

B. Directions to location from: Go south from Carlsbad on US Hwy 285 to approx MM4 and to Jct of Hwy 285 & CR 725 (Longhorn Road). Turn left (NE) go 3.9 miles. Turn left onto lease road. Go NE 1.8 miles. Turn left (north) and go approx 5.2 miles. Stay right and go 1 mile east. Turn north and go 0.6 miles. Turn left and go 0.3 miles. Turn north onto lease road and continue into new location.

2. Proposed Access Road:

A No new road will be needed.

B. The access to the location will be limited to 16' in width and will adequately drain runoff and control erosion as presently constructed.

3. Location of Existing Wells:

There are producing wells within the immediate vicinity of this well site shown on Exhibit 4.

4. Location of Existing and/or Proposed Facilities:

A. There are production facilities on this lease at the present time.

B. In the event that the well is productive, MOC will use the existing facilities.

C. All production vessels left on location will be painted to conform with BLM painting stipulations within 180 days of installation.

5. Location and Type of Water Supply

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

6. Source of Construction Materials

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

7. Methods of Handling Waste Disposal:

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

8. Ancillary Facilities

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

9. Well Site Layout

A A diagram of the drill pad is shown in Exhibit #5. Dimensions of the pad, pits, and location of major rig components are shown.
B. The reserve pit will be lined with a high quality plastic sheeting to prevent migration of fluids.
C. The pad dimension of 400' X 250' has been staked and flagged.
D. An archaeological survey has been conducted on the proposed access road and location pad.

10. Plans for Restoration of Surface

A. Upon cessation of the proposed operations, if the well is abandoned, the location and road will be ripped and re-seeded. The reserve pit area, after allowing to dry will be leveled. The entire location will be restored to the original contour as much as reasonable possible. All trash, garbage, and pit lining will be hauled to appropriate disposal to assure the location is aesthetically pleasing as reasonable possible. All restoration work will be completed within 180 days of cessation of activities.
B. The disturbed area will be restored by re-seeding during the proper growing season.
C. Three sides of the reserve pit will be fenced prior to and during drilling operations. The reserve pit will be fenced on the fourth side after the drilling rig is removed to prevent the endangerment of livestock. The fence will remain in place until the pit area has been leveled and restored.

D. Upon cessation of the proposed operations, if the well is not abandoned, the reserve pit area will be restored as per BLM/OCD guidelines. Any additional caliche required for production facilities will be obtained from a source as described in Section 6.

E. Within 90 days of cessation of drilling and completion operations, all equipment not necessary for production operations will be removed. The location will be cleaned of all trash and junk to assure the well site is left as aesthetically pleasing as reasonably possible.

11. Surface Ownership:

The surface is owned by: Located entirely on Federal Surface

12. Other Information:

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

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

C. Enclosed is the Directional Plan for the horizontal section (Exhibit 7).

13. Operator's Representative:

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

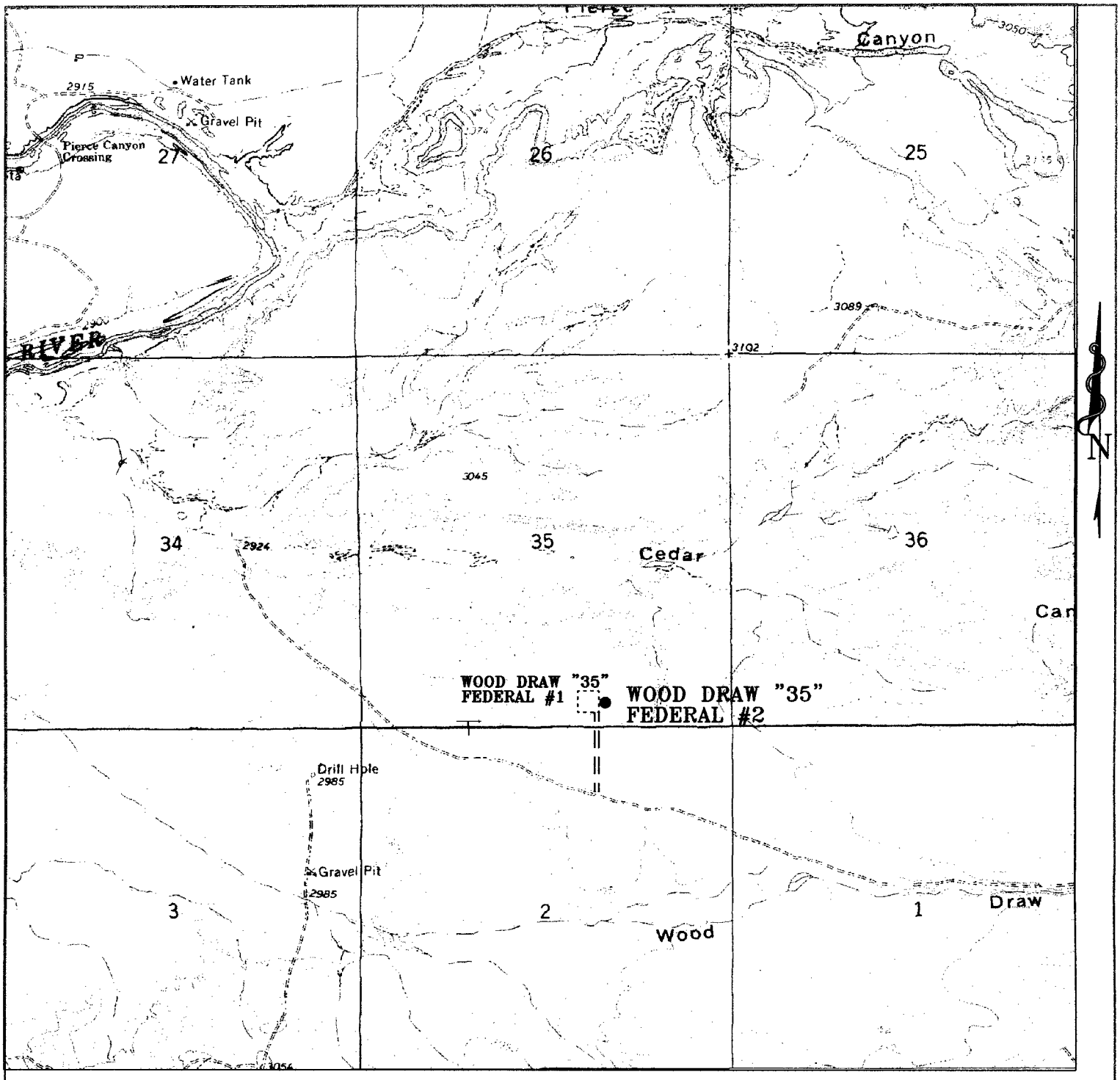
N.M. Young, District Manager
Mewbourne Oil Company
PO Box 5270
Hobbs, NM 88241
505-393-5905

14. Certification

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

Date: 10/17/06 Signature:

N.M. Young, District Manager
Mewbourne Oil Company
PO Box 5270
Hobbs, NM 88241
(505) 393-5905



WOOD DRAW "35" FEDERAL #2
Located 330' FSL and 1800' FEL
Section 35, Township 24 South, Range 29 East,
N.M.P.M., EDDY County, New Mexico.

Exhibit 3

basin surveys
focused on excellence in the oilfield

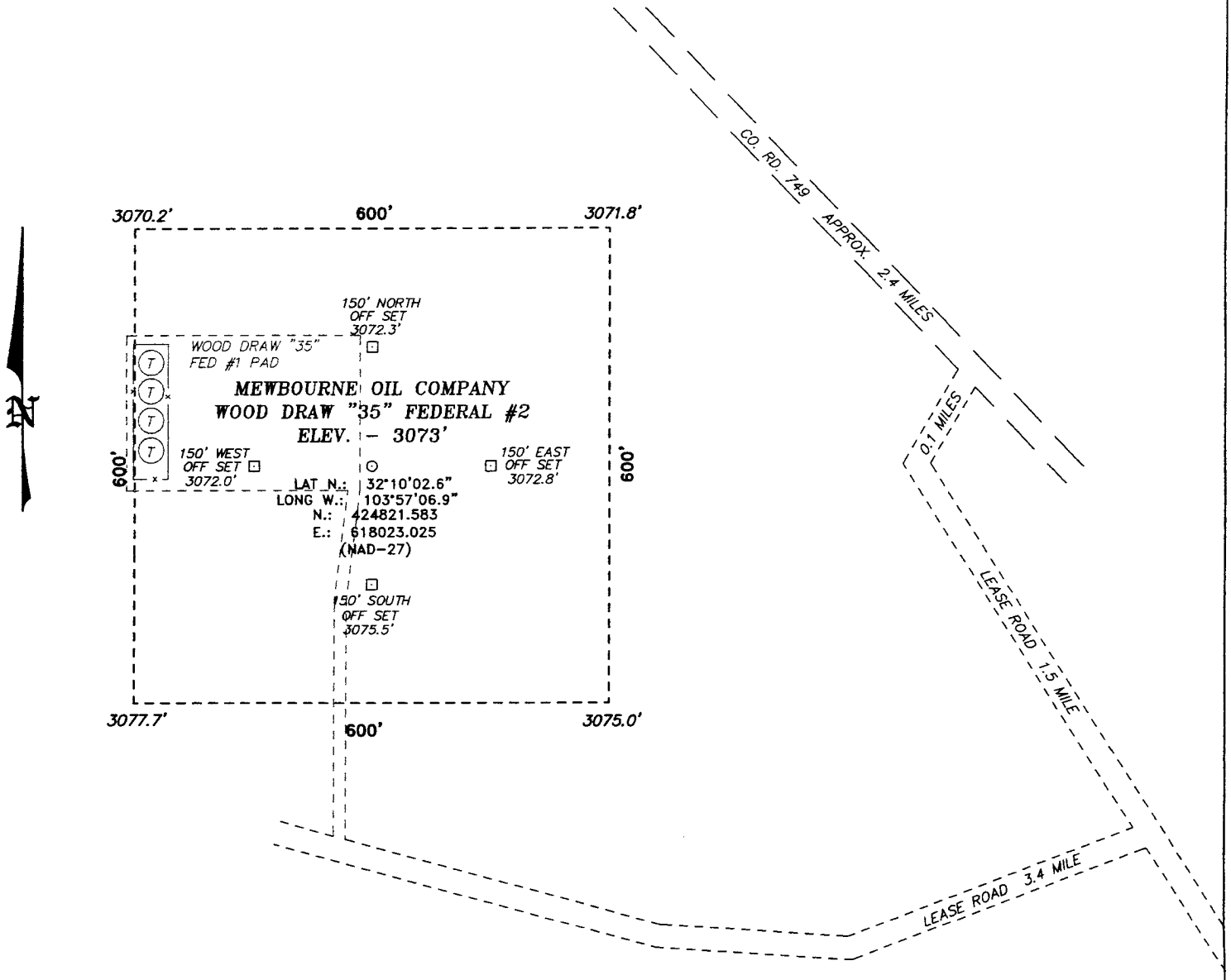
P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number:	17279T JMS
Survey Date:	10-12-2006
Scale:	1" = 2000'
Date:	10-16-2006

MEWBOURNE OIL CO.

SECTION 35, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M.,

EDDY COUNTY, NEW MEXICO.



200 0 200 400 FEET

SCALE: 1" = 200'

DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF CO. RD. 746A (GAVILAN) AND CO. RD. 748 (McDONALD), PROCEED SOUTHEAST ON CO. RD. 746 FOR APPROX 2.4 MILES TO AN EXISTING LEASE ROAD, ON LEASE ROAD PROCEED SOUTHWEST 0.1 MILE WINDING SOUTHEAST 1.5 MILE TO LEASE ROAD, ON LEASE ROAD PROCEED 3.4 MILE WEST TO LEASE ROAD TO THE WOOD DRAW "35" FED. #1 AND PROPOSED WELL LOCATION.

BASIN SURVEYS P.O. BOX 1786 – HOBBS, NEW MEXICO

MEWBOURNE OIL COMPANY

REF: WOOD DRAW "35" FEDERAL #2 / WELL PAD TOPO

THE WOOD DRAW "35" FEDERAL No. 2 LOCATED 330' FROM THE SOUTH LINE AND 1800' FROM THE EAST LINE OF SECTION 35, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M., EDDT COUNTY, NEW MEXICO.

W.O. Number: 17279	Drawn By: J. SMALL		
Date: 10-16-2006	Disk: JMS 17279W	Survey Date: 10-12-2006	Sheet 1 of 1 Sheets

Exhibit 3A

Exhibit #4
Status of Wells in Immediate Vicinity
Mewbourne Oil Company
Wood Draw 35 Federal #2
330' FSL & 1800' FEL Surface Location
2310' FSL & 1980' FEL Bottom Hole Location
Sec 35-T24S-R29E
Eddy County, New Mexico

Section 35-T24S-R29E

Operator:	Mewbourne Oil Company
Well Name:	Wood Draw 35 Federal #1
Unit letter:	O
Status:	Pumping
Field:	Delaware

Section 35-T24S-R29E

Operator:	Mewbourne Oil Company
Well Name:	Pierce Crossing 35 Federal #1
Unit letter:	H
Status:	Flowing
Field:	Owen Mesa Atoka

Operator:	Devon Energy Production
Well Name:	Corral Fly 35 Fed Com #1
Unit letter:	F
Status:	Producing Disposal Well
Field:	Owen Mesa

SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name: Mewbourne Oil Company Well Name & #: Wood Draw 35 Federal # 2
Location of Surface Hole: 330' F S L & 1800' F E L; Sec. 35, T. 24 S., R. 29 E.
Bottom Hole: 2310' F S L & 1980' F E L; Sec. 35, T. 24 S., R. 29 E.
Lease #: NM-88139 County: Eddy State: New Mexico

The Special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CFR 3165.3 AND 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

I. SPECIAL ENVIRONMENT REQUIREMENTS

( ) Lesser Prairie Chicken (stips attached)
( ) San Simon Swale (stips attached)
( ) Flood plain (stips attached)
(X) Other Visual Resource Stipulation, and Areas of Critical Environmental Concerns For Cultural Resources

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(X) The BLM will monitor construction of this drill site. Notify the (X) Carlsbad Field Office at (505) 234-5972 ( ) Hobbs Office (505) 393-3612, at least 3 working days prior to commencing construction.

(X) Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche upon completion of well and it is determined to be a producer.

( ) All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____inches in depth. Approximately _____cubic yards of topsoil material will be stockpiled for reclamation.

(X) Other. **Pits East V-Door South**

III. WELL COMPLETION REQUIREMENTS

( ) A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

(x) Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at depth of ½ inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre. If broadcasting, the seeding rate must be doubled.

( ) A. Seed Mixture 1 (Loamy Sites)
Side Oats Grama (*Bouteloua curtipendula*) 5.0
Sand Dropseed (*Sporobolus cryptandrus*) 1.0
Plains lovegrass (*Eragrostis intermedia*) 0.5

(X) B. Seed Mixture 2 (Sandy Sites)
Sand Dropseed (*Sporobolus crptandrus)* 1.0
Sand Lovegrass (*Eragostis trichodes*) 1.0
Plains Bristlegrass (*Setaria magrostachya*) 2.0

( ) C. Seed Mixture 3 (Shallow Sites)
Side oats Grama (*Bouteloua curtipendula)* 5.0
Green Spangletop (*Leptochloa dubia*) 2.0
Plains Bristlegrass (*Setaria magrostachya*) 1.0

( ) D. Seed Mixture 4 (Gypsum Sites)
Alkali Sacaton (*Sporobolus airoides*) 1.0
Four-Wing Saltbush (*Atriplex canescens*) 5.0

( ) OTHER SEE ATTACHED SEED MIXTURE

Seeding should be done either late in the fall (September 15 - November 15, before freeze up, or early as possible the following spring to take advantage of available ground moisture.

( ) Other

RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6-mil plastic.
Mineral material extracted from within the boundary of the APD during construction of the well pad and reserve pits and be used for the construction of this well pad and its immediate access road only, as long as that portion of the access road it is use on remains on-lease. Removal of any additional material from this location for construction or improvement of other well pads and other access or lease roads must first be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.
The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

OPTIONAL PIT CONSTRUCTION STANDARDS

The reserve pit may be constructed in predominantly fill material if:

(1) Lined as specified above and

(2) A temporary or emergency pit may be constructed immediately adjacent to the reserve pit as long as the pit remains within the APD boundary. Mineral material removed from this pit may be used for the construction of this well pad only and its immediate access road, as long as that portion of the access road the material is used on remains on-lease. Removal of any material from the APD boundary for use on other well locations or roads must first be purchased from BLM.

Reclamation of the reserve pit consists of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be re-contoured, all trash removed, and reseeded as specified in this permit.

CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to process by BLM.

TRASH PIT STIPS

All trash, junk, and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

VISUAL RESOURCES STIPULATIONS

The proposed project is located within a Class Three Visual Resource Area. The project will be built in a manner to minimize visibility. The proposed project will be a linear feature for the life of the project, impacting visual resources.

Surface Mitigation
The following stipulations will apply to minimize impacts during construction, drilling and production.

1. The proposed construction will be limited to the approved pad size.
2. All above ground facilities, structures, appurtenances, and pipelines will be low profile (less than 10 feet in height).
3. All above ground facilities, structures, appurtenances, and pipelines will be painted with the non-reflective (flat) paint color Shale Green.
4. Any existing tanks will be replaced with a low profile tank and painted the same color as the proposed tanks.
5. Upon completion of the well and installation of the production facilities (if the well is a producer) the pad will be reclaimed back to a size necessary for production operations only. The edges will be recontoured and the extra caliche and pad material will be hauled off-site. After one year, the BLM may require reclamation.
6. The reclaimed area will be grid rolled and reseeded.

EXHIBIT NO. 1

Date of Issue:
11/20/2006

Bureau of Land Management, Carlsbad Field Office
620 E. Greene Street Carlsbad, NM 88220

Cultural and Archaeological Resources

BLM Report No.
07-NM-523-137

NOTICE OF STIPULATIONS

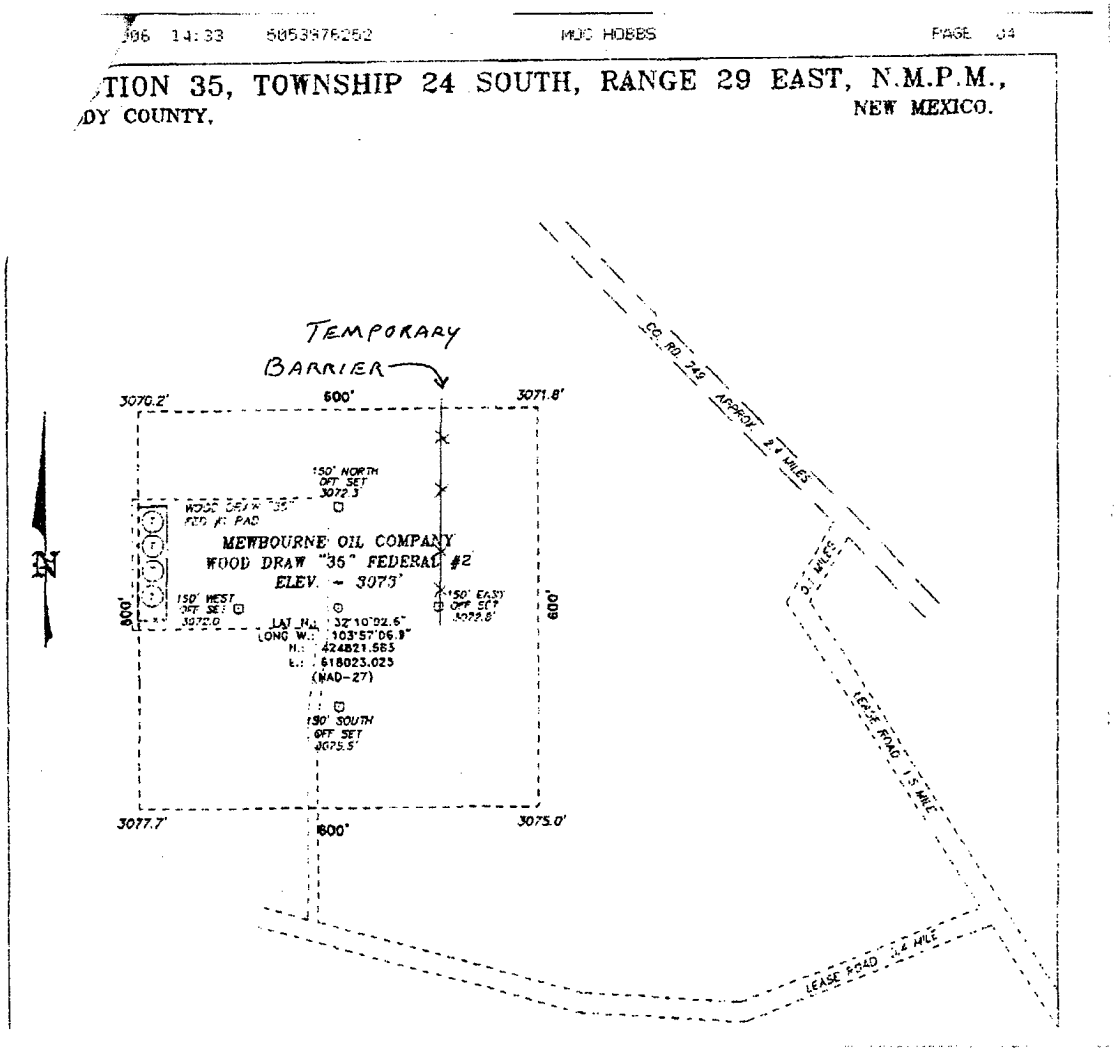
Historic properties in the vicinity of this project are protected by federal law. In order to ensure that they are not damaged or destroyed by construction activities, the project proponent and construction supervisors shall ensure that the following stipulations are implemented.

Project Name:	**Wood Draw "35" Federal Number 2 Well**
REQUIRED	***1). A 3-day preconstruction call-in notification.*** Contact BLM Inspection and Enforcement at (505) 234-5977, 5909, or 5995, to establish a construction start date.
REQUIRED	***2. Professional archaeological monitoring***. Contact your project archaeologist, or BLM's Cultural Resources Section at (505) 234-5980, 5917, or 5986, for assistance.
A. ☒	These stipulations must be given to your monitor at least **5 days** prior to the start of construction.
B. ☐	No construction, including vegetation removal or other site prep may begin prior to the arrival of the monitor.
REQUIRED	***3. Cultural site barrier fencing.*** (Your monitor will assist you).
A. ☒	**A temporary site protection barrier(s)** shall be erected prior to all ground-disturbing activities. The minimum barrier(s) shall consist of upright wooden survey lath spaced no more than ten (10) feet apart and marked with blue ribbon flagging or blue paint. There shall be no construction activities or vehicular traffic past the barrier(s) at any time.
B. ☐	**A permanent, 4-strand barbed wire fence** strung on standard "T-posts" shall be erected prior to all ground-disturbing activities. No construction activities or vehicle traffic are allowed past the fence.
	4. The archaeological monitor shall:
A. ☒	Ensure that all site protection barriers are located as indicated on the attached map(s).
B. ☒	Observe all ground-disturbing activities within 100 feet of cultural site no. (s) LA125180 , as shown on the attached map(s).
C. ☐	Ensure that all reroutes are adhered to avoid cultural site no.(s) LA
D. ☐	Ensure the proposed is/are located as shown on the attached map(s).
E. ☒	Submit a brief monitoring report within 30 days of completion of monitoring.
Other:	The monitor should place a temporary barrier 150 feet from the drill hole on the east side of the pad to protect site LA125180 from any damage resulting from constructing the pits or from piling backdirt on the eastern side of the pad.

Site Protection and Employee Education: It is the responsibility of the project proponent and his construction supervisor to inform all employees and subcontractors that cultural and archaeological sites are to be avoided by all personnel, vehicles, and equipment; and that it is illegal to collect, damage, or disturb cultural resources on Public Lands.

For assistance, contact BLM Cultural Resources: Martin Stein (505) 234-5967 Bruce Boeke (505) 234-5917 James Smith (505) 234-5986

Exhibit 2 – Map of Temporary Barrier Placement



CONDITIONS OF APPROVAL - DRILLING

Well Name & No. Wood Draw 35 Federal # 2
Operator's Name: Mewbourne Oil Co
Location: 330' FSL, 1800' FEL, SEC 35,
2310 FSL, 1980FEL, T24S, R29E, Eddy County, NM
Lease: NM-88139

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 9 5/8 inch 5 1/2 inch

C. BOP tests

2. A Hydrogen Sulfide (H2S) Drilling Plan should be activated prior to drilling into the N/A Formation. A copy of the plan shall be posted at the drilling site.

3 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.

4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

6. 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.

7. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. The 9 5/8 inch surface casing shall be set **ABOVE THE SALT, AT LEAST 25 feet INTO THE RUSTLER ANHYDRITE @ APPROXIMATELY 800 FEET** , below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 5-1/2 inch production casing is **cement shall be brought up to at least 200 feet above the base of the 9 5/8 inch casing shoe.**

5. Whenever a casing string is cemented in the R-111-P Potash Area, cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the **9 5/8** inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) is 2000 psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
- A variance to test the _____ to the reduced pressure of ____psi with the rig pumps is approved.
- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.

Engineers can be reached at 505-706-2779 for any variances that might be necessary.

F Wright 10/25/06