

12.13.11	SUSPENSE	ENGINEER DK B	LOGGED IN 12.13.11	TYPE NSL	APP NO. 1134741812
----------	----------	---------------	--------------------	----------	--------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
- Engineering Bureau -  
1220 South St. Francis Drive, Santa Fe, NM 87505



Mowbourne 14744  
Chies 20 Fed Com #3  
30-015-39432

## ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

6537

### Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]  
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

RECEIVED OGD  
DEC 12 2011

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]  
[A] Location - Spacing Unit - Simultaneous Dedication  
☒ NSL ☐ NSP ☐ SD  
Check One Only for [B] or [C]  
[B] Commingling - Storage - Measurement  
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM  
[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR  
[D] Other: Specify \_\_\_\_\_
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply  
[A] ☐ Working, Royalty or Overriding Royalty Interest Owners  
[B] ☒ Offset Operators, Leaseholders or Surface Owner  
[C] ☐ Application is One Which Requires Published Legal Notice  
[D] ☐ Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office  
[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,  
[F] ☐ Waivers are Attached
- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

potash

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

WILLIAM F. CARR  
Print or Type Name

William F. Carr  
Signature

ATTORNEY  
Title

12/12/11  
Date

wcarr@hollandhart.com  
e-mail Address



December 12, 2011

**HAND-DELIVERED**

Jami Bailey, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505

RECEIVED OGD  
2011 DEC 12 P 4:35

**Re: Application of Mewbourne Oil Company for Administrative Approval of an unorthodox well location for its Aries "20" Federal Com #3H to be drilled from a surface location and penetration point 1770 feet from the South line and 220 feet from the West line of Section 20 to a bottomhole location 1980 feet from the South line and 330 feet from the East line of Section 20, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico.**

Dear Ms. Bailey:

Mewbourne Oil Company hereby seeks administrative approval pursuant to the provisions of Division Rules 19.15.15.13 and 19.15.16.14 for an unorthodox well location for its Aries "20" Federal Com #3H Well. This well will be located in Section 20, Township 18 South, Range 30 East, N.M.P.M., Eddy County, New Mexico. This well is to be drilled in the Bone Spring formation, Sand Tank Bone Spring Pool, to evaluate the Second Bone Spring Sand interval from a surface location and penetration point 1770 feet from the South line and 220 feet from the West line to a bottomhole location 1980 feet from the South line and 330 feet from the East line of Section 20, Eddy County, New Mexico. A 160-acre project area has been dedicated to this horizontal well comprised of the N/2 S/2 of said Section 20.

This location is unorthodox because the Bone Spring formation under this acreage is governed by the Division's statewide rules which provide for wells on 40-acre spacing units to be located no closer than 330 feet to the outer boundary of the spacing unit. The proposed well location is unorthodox because the surface location and the penetration point is outside the boundary of the Producing Area, as defined by Division Rule 19.15.16.7. However, the completed interval in the Bone Spring formation will be within the well's producing area and therefore at least a standard set back from all offsetting tracts. The BLM approved the above surface location. Attached hereto as

HOLLAND & HART<sup>LLP</sup>



**Exhibit A** is the BLM-approved Application for Permit to Drill for this well approved on September 12, 2011.

Attached as **Exhibit B** is a plat which shows the subject spacing unit for this well and all adjoining spacing units or leases. Mewbourne is the operator of Section 20 and Section 19. The proposed unorthodox location encroaches on the SE/4 of Section 19. The Working Interest owners in Section 19 are subject to an Operating Agreement dated September 20, 1968 which covers the SE/4 of said Section 19. These owners have been notified of this application. See Exhibit D.

**Exhibit C** is the C-102 for this well.

**Exhibit D** is a list of affected persons as defined in Paragraph (2) of Subsection A of 19.15.4.12 NMAC. A copy of this application, including all attachments, has been mailed to each of these offset operators/affected persons by certified mail-return receipt requested, in accordance with Rule 19.15.4.12 A (2)(a). Each owner has been advised that if it has an objection to this application, it must be filed in writing with the Division's Santa Fe office within twenty days from the date this notice was sent.

Your attention to this application is appreciated.

Very truly yours,

William F. Carr

ATTORNEY FOR MEWBOURNE OIL CO.

Enclosures

cc: OCD District Office – Artesia  
D. Paul Haden



The map displays the Chesapeake Bay region with a grid of numbered sections (1-30). Each section contains detailed information about land ownership, including names of individuals or companies (e.g., EOG Res., HBP, Yates Pet., etc.), acreage, and other relevant data. The map also shows major waterways, islands, and surrounding land areas. The title 'CHESAPEAKE (OP)' is prominently displayed in the center, and 'EXHIBIT B' is located in the top right corner.



FORM APPROVED  
OMB No. 1004-0137  
Expires July 31, 2010UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.  
NMNM 27279, NM 93478 *8/1*

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.  
Aries "20" Fed Corn #3H9. API Well No.  
300153943210. Field and Pool, or Exploratory  
Sand Tank Bone Spring11. Sec., T. R. M. or Blk. and Survey or Area  
Sec 20, T18S, R30E12. County or Parish  
Eddy13. State  
NM1a. Type of work: ☒ DRILL ☐ REENTER1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator Mewbourne Oil Co

3a. Address PO BOX 5270  
Hobbs, NM 882413b. Phone No. (include area code)  
575-393-5905

4. Location of Well (Report location clearly and in accordance with any State requirements.)\*

At surface 1770' FSL &amp; 220' FWL

At proposed prod. zone 1980' FSL &amp; 330' FEL

UNORTHODOX  
LOCATION14. Distance in miles and direction from nearest town or post office\*  
28 miles Northeast of Carlsbad, NM15. Distance from proposed\*  
location to nearest  
property or lease line, ft.  
(Also to nearest drig. unit line, if any) 220'16. No. of acres in lease  
8017. Spacing Unit dedicated to this well  
16018. Distance from proposed location\*  
to nearest well, drilling, completed,  
applied for, on this lease, ft. 1456'19. Proposed Depth  
8235' TVD  
12669' MD20. BLM/BIA Bond No. on file  
NM1693, Nationwide21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
3472'22. Approximate date work will start\*  
10/15/201123. Estimated duration  
42 days

## 24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must 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 must 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 BLM.

25. Signature

*N.M. Young*

Name (Printed/Typed)

N.M. Young

Date

07/01/2011

Title

Hobbs District Manager

Approved by (Signature)

*Jose J. Juarez*

Name (Printed/Typed)

Jose J. Juarez

Date

9/12/2011

Title

ACTING STATE DIRECTOR

Office

NM STATE 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 TWO YEARS

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.

(Continued on page 2)

\*(Instructions on page 2)

Capitan Controlled Water Basin

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

EXHIBIT A

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED

DISTRICT I  
1825 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

Form C-102  
Revised July 16, 2010

Submit one copy to appropriate  
District Office

OIL CONSERVATION DIVISION

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
	96832	<i>unleas</i> Sand Tank Bone Spring
Property Code	Property Name	Well Number
	ARIES "20" FEDERAL COM	3H
OGRID No.	Operator Name	Elevation
14744	MEWBOURNE OIL COMPANY	3472'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	20	18 S	30 E		1770	SOUTH	220	WEST	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
I	20	18 S	30 E		1980	South	330	East	Eddy
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
160									

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

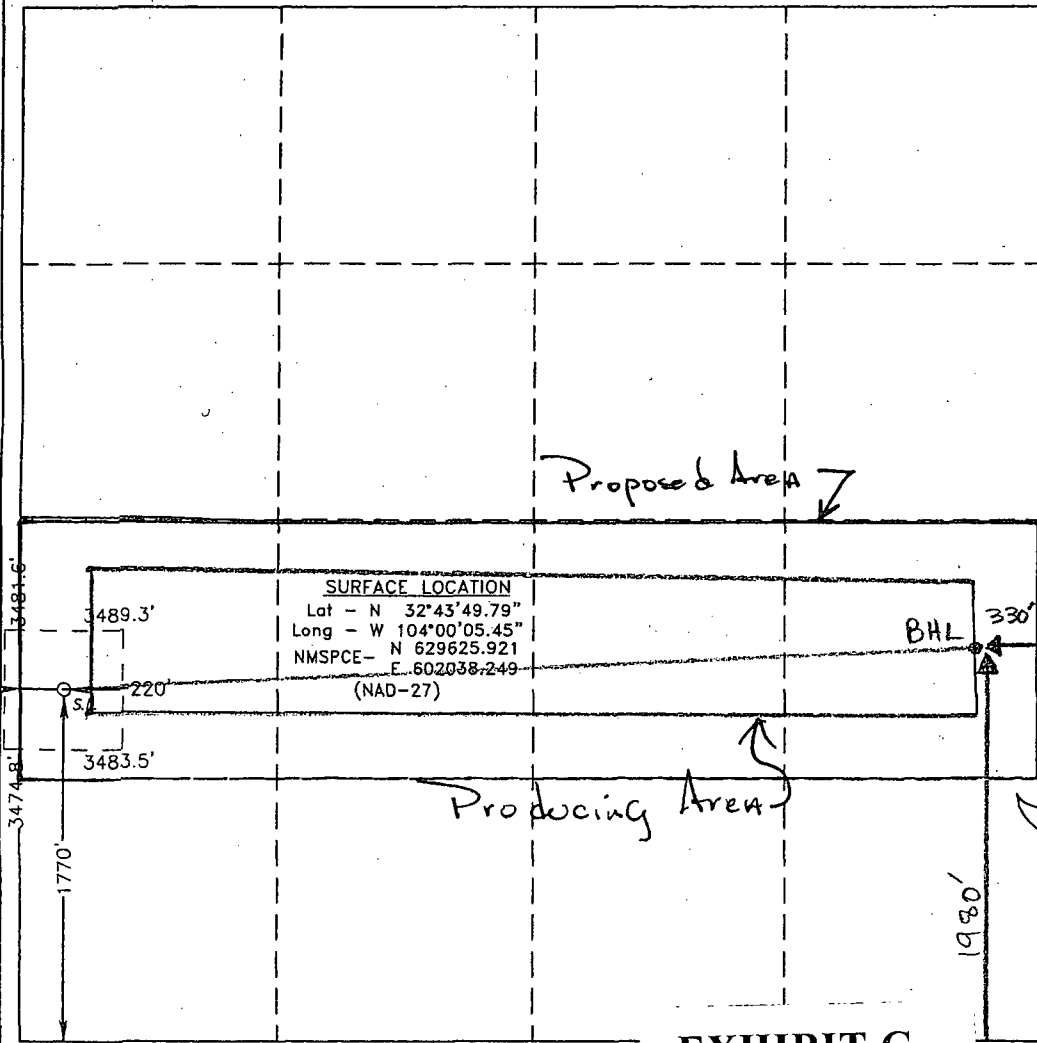
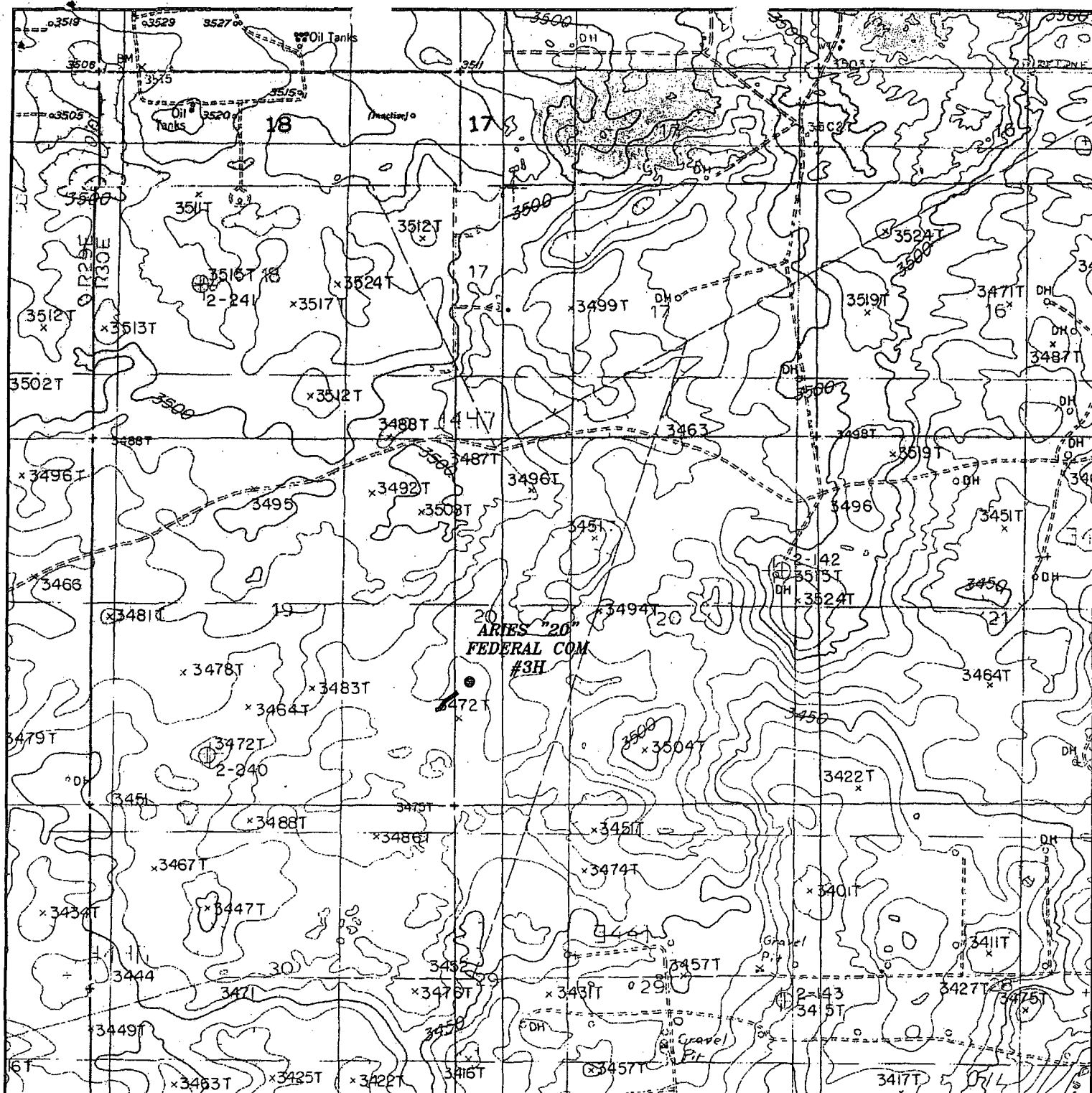
	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this 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.</p> <p><i>[Signature]</i> 7/7/11 Signature Date</p> <p>N. M. Young Printed Name</p> <p>Email Address</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p><i>[Signature]</i> Date Signature &amp; Seal of Professional Surveyor</p> <p>Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS 23533</p>

EXHIBIT C



**ARIES "20" FEDERAL COM #3H**

Located 1770' FSL and 220' FWL

Section 20, Township 18 South, Range 30 East,  
N.M.P.M., Eddy County, New Mexico.

**Exhibit 3A**

**basin**  
**surveys**

focused on excellence  
in the oilfield

P.O. Box 1786  
1120 N. West County Rd.  
Hobbs, New Mexico 88241  
(575) 393-7316 - Office  
(575) 392-2206 - Fax  
basinsurveys.com

W.O. Number: JMS 23533

Survey Date: 10-06-2010

Scale: 1" = 2000'

Date: 10-20-2010

**MEWBOURNE**  
**OIL COMPANY**

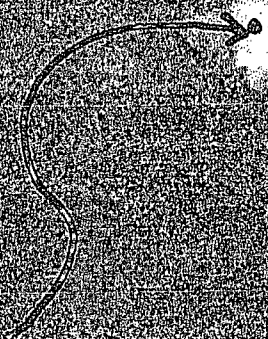
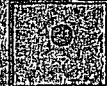




019

Santa Ana H. Rd. #3

10000  
50000



Pipeline

Artes 20 Rd. #3

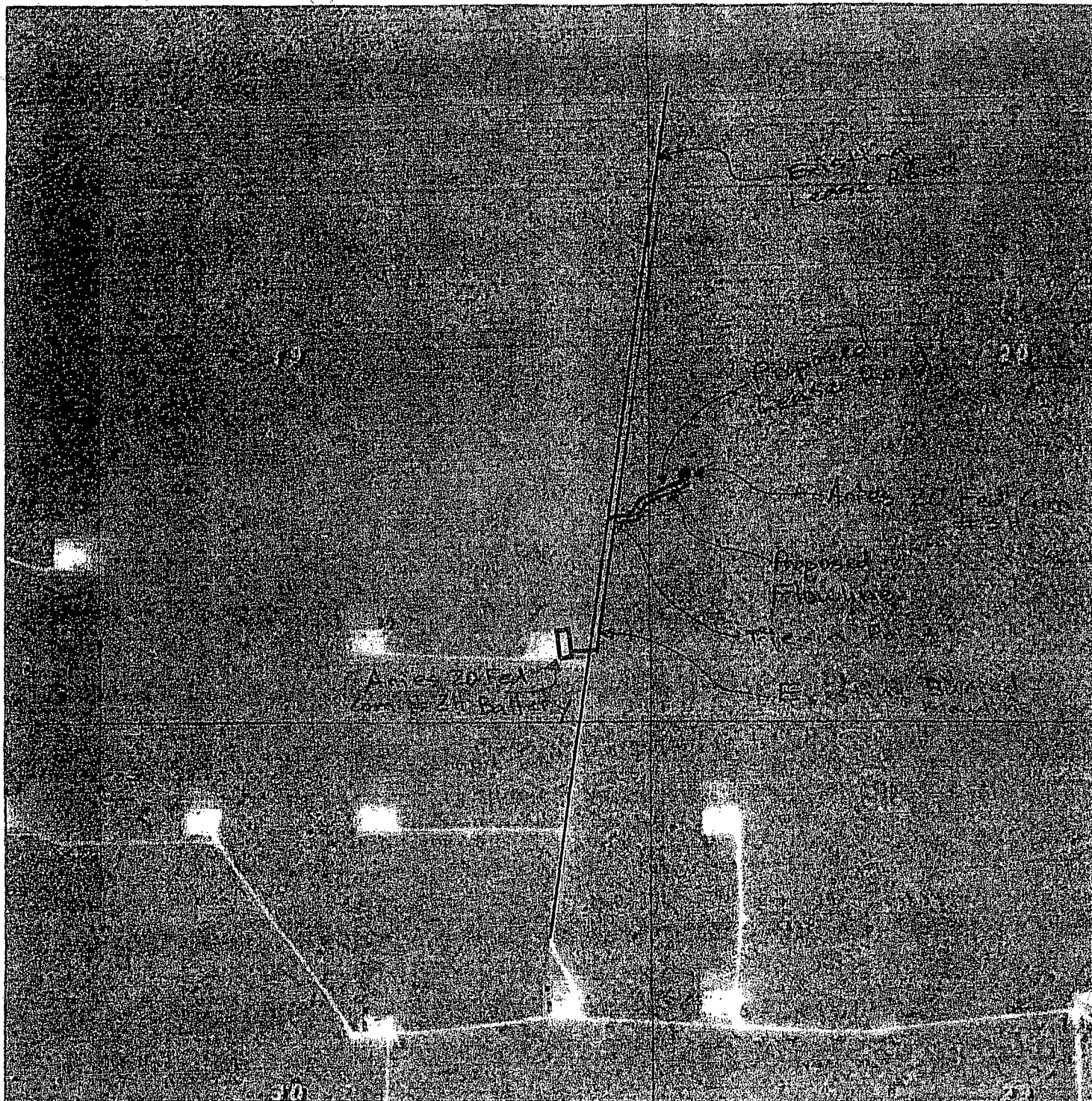
030



029

Ext. 5-1-1





PROPOSED TANK BATTERY FOR THE SANTO NINO 2  
 Section 19, Township 18 South, Range 30 East,  
 N.M.P.M., Eddy County, New Mexico.

Exhibit 3D

**basin**  
**surveys**

focused on excellence  
 in the oilfield

P.O. Box 1786  
 1120 N. West County Rd  
 Hobbs, New Mexico 88241  
 (575) 393-7316 - Office  
 (575) 392-2206 - Fax  
 basin-surveys.com

W.O. Number: JMS 23948

Survey Date: 12-21-2010

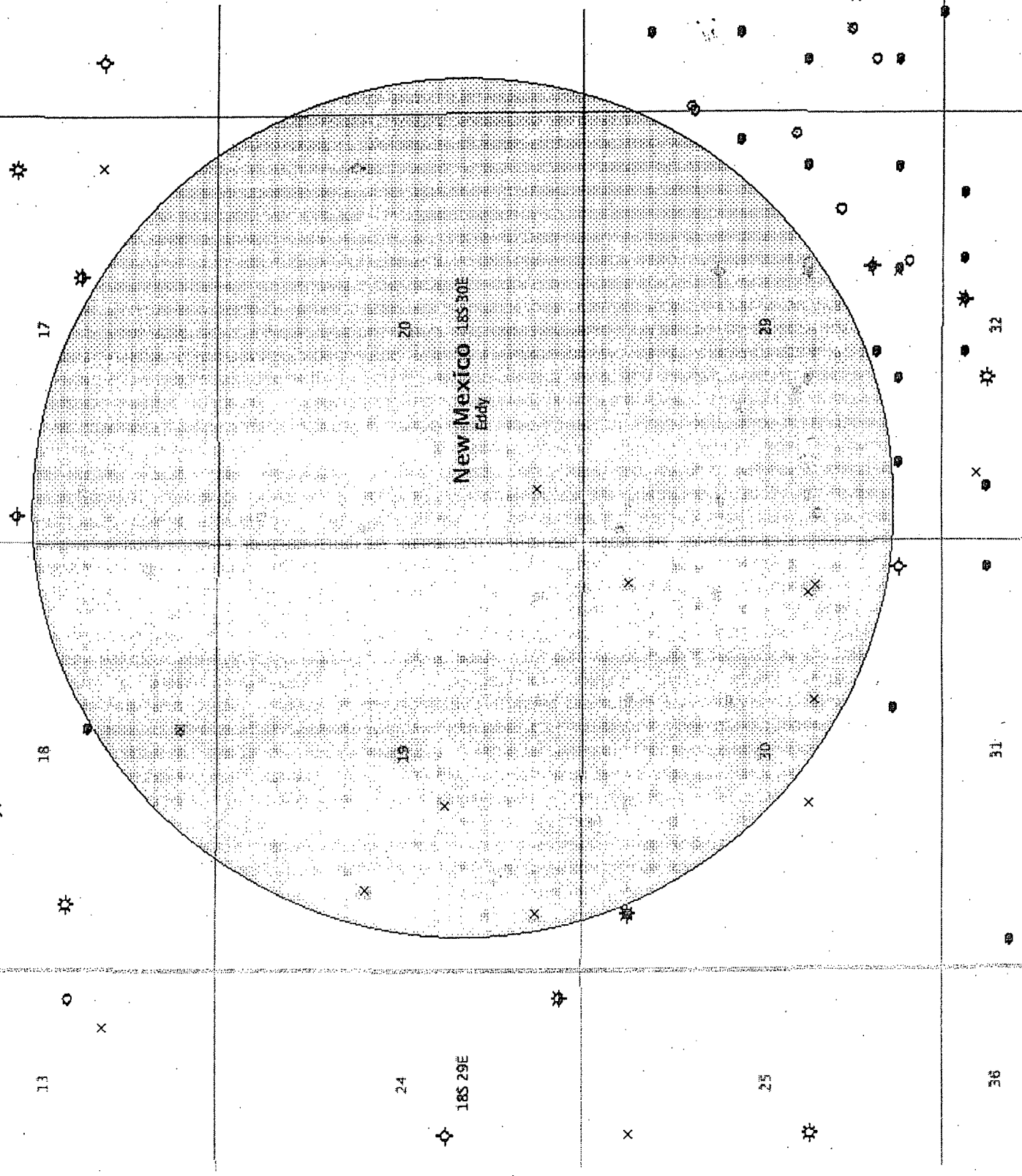
Scale: 1" = 1000'

Date: 01-03-2011

MEWBOURNE  
 OIL COMPANY

# Exhibit 4

- Location (Permit)
- Drilling (Well Start)
- Abandoned Location (Permit)
- Gas Well
- Oil Well
- Oil and Gas Well
- Other (Observation, etc)
- Injection Well
- Suspended
- Plugged Gas Well
- Plugged Oil Well
- Plugged Oil and Gas
- Dry Hole (No Shows)
- Dry Hole w/Gas Show
- Dry Hole w/Oil Show
- Dry Hole w/Oil and Gas Show



**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-27279 & NM-93478

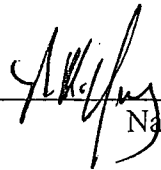
Legal Description of Land: Section 20, T-18S, R-30E Eddy County, New Mexico.  
Location @ 1770' FSL & 220' FWL.

Formation (if applicable): Bone Springs

Bond Coverage: \$150,000

BLM Bond File: NM1693, Nationwide

Authorized Signature: \_\_\_\_\_



Name: NM (Micky) Young  
Title: District Manager  
Date: 7/2/11



**Drilling Program**  
**Mewbourne Oil Company**  
Aries "20" Federal Com #3H  
1770' FSL & 220' FWL (SHL)  
Sec 20-T18S-R30E  
Eddy County, New Mexico

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

Rustler	250'
Top Salt	420'
Base Salt	1000'
Yates	1375'
*Queen	2425'
Grayburg	2850'
San Andres	3325'
*Bone Springs	4440'

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

Water	Fresh water is anticipated @ 180' and will be protected by setting surface casing at 275' 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 5/8" casing. A 3000# WP Double Ram BOP and 3000# WP Annular will be installed after running 7" & 9 5/8" casing. Pressure tests will be conducted prior to drilling out under all casing strings. BOP controls will be installed prior to drilling under surface casing and will remain in use until completion of drilling operations. 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 7" & 9 5/8" BOPE to 3000# and the 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. MOC proposes to drill a vertical wellbore to 7607' & kick off to horizontal @ 8180' TVD. The well will be drilled to 12669' MD (8235' TVD). See attached directional plan.

**5. Proposed casing and cementing program:**

**A. Casing Program:**

<u>Hole Size</u>	<u>Casing</u>	<u>Wt/Ft</u>	<u>Grade</u>	<u>Depth</u>	<u>Jt Type</u>
17 1/2"	13 5/8" (new)	48#	H40	0'-275'	ST&C
12 1/4"	9 5/8" (new)	36#	J55	0'-1475'	LT&C
8 3/4"	7" (new)	26#	P110	0'-7600' MD	LT&C
8 3/4"	7" (new)	26#	P110	7600'-8500' MD	BT&C
6 1/8"	4 1/2" (new)	11.6#	P110	8300'-12669' MD	LT&C

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

\*Subject to availability of casing.

## B. Cementing Program:

- See  
COA
- i. Surface Casing: 285 sks Class "C" cement w/2% CaCl. Yield @ 1.34 cuft/sk. Cmt circulated to surface w/100% excess.
  - ii. Intermediate Casing: 160 sacks Class "C" (35:65:4) light cement w/ salt & LCM additives. Yield @ 2.12 cuft/sk. 200 sacks Class "C" cement w/2% CaCl<sub>2</sub>. Yield at 1.18 cuft/sk. Cmt circulated to surface w/25% excess.
  - iii. Production Casing: 515 sacks Class "H" (35:65:4) light cement w/ salt & LCM additives. Yield @ 2.12 cuft/sk. 400 sacks Class "H" cement. Yield @ 1.18 cuft/sk. Cmt circulated to surface w/25% excess. This casing string will provide lease line isolation.
  - iv. Production Liner: This will be a Packer/Port completion from TD up 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:

<u>Interval</u>	<u>Type System</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0' - 275'	FW spud mud	8.6-9.0	32-34	NA
275' - 1475'	Brine water	10.0-10.2	28-30	NA
1475' - 7600' (KOP)	FW	8.5-8.7	28-30	NA
7600' - TD	FW w/polymer	8.5-8.7	32-35	15

## 7. Evaluation Program:

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

## 8. Downhole Conditions

Zones of abnormal pressure: None anticipated  
Zones of lost circulation: Anticipated in surface and intermediate holes  
Maximum bottom hole temperature: 120 degree F  
Maximum bottom hole pressure: 8.3 lbs/gal gradient or less

## 9. Anticipated Starting Date:

Mewbourne Oil Company intends to drill this well as soon as possible after receiving approval with approximately 40 days involved in drilling operations and an additional 10 days involved in completion operations on the project.

# **Mewbourne Oil Co**

**Eddy County, New Mexico**

**Sec 20-18S-30E**

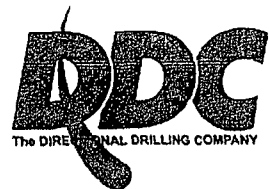
**Aries 20 Fed Com #3H**

**Wellbore #1**

**Plan: Design #1**

## **DDC Well Planning Report**

**09 June, 2011**



# DDC Well Planning Report



Database: EDM 5000.1 Single User Db  
Company: Mewbourne Oil Co  
Project: Eddy County, New Mexico  
Site: Sec 20-18S-30E  
Well: Aries 20 Fed Com #3H  
Wellbore: Wellbore #1  
Design: Design #1

Local Co-ordinate Reference: Well Aries 20 Fed Com #3H  
TVD Reference: WELL @ 3490.0usft (Patterson UTI #45/47)  
MD Reference: WELL @ 3490.0usft (Patterson UTI #45/47)  
North Reference: Grid  
Survey Calculation Method: Minimum Curvature

Project: Eddy County, New Mexico

Map System: US State Plane 1927 (Exact solution)      System Datum: Mean Sea Level  
Geo Datum: NAD 1927 (NADCON CONUS)  
Map Zone: New Mexico East 3001

Site: Sec 20-18S-30E

Site Position:      Northing: 631,082.30 usft      Latitude: 32° 44' 4.205 N  
From: Map      Easting: 602,014.20 usft      Longitude: 104° 0' 5.683 W  
Position Uncertainty: 0.0 usft      Slot Radius: 13-3/16 "      Grid Convergence: 0.18 °

Well: Aries 20 Fed Com #3H

Well Position      +N/-S      -1,456.4 usft      Northing: 629,625.93 usft      Latitude: 32° 43' 49.793 N  
                         +E/-W      24.1 usft      Easting: 602,038.25 usft      Longitude: 104° 0' 5.455 W  
Position Uncertainty: 0.0 usft      Wellhead Elevation:      Ground Level: 3,472.0 usft

Wellbore: Wellbore #1

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF2010	6/9/2011	7.82	60.58	48,875

Design: Design #1

Audit Notes:

Version:      Phase: PLAN      Tie On Depth: 0.0

Vertical Section:	Depth From (TVD) (usft)	+N/-S (usft)	+E/-W (usft)	Direction (°)
	0.0	0.0	0.0	87.39

Plan Sections

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.00	0.00	
7,607.1	0.00	0.00	7,607.1	0.0	0.0	0.00	0.00	0.00	0.00	
8,499.5	89.24	87.39	8,180.0	25.7	564.8	10.00	10.00	9.79	87.39	
12,668.7	89.24	87.39	8,235.0	215.3	4,729.3	0.00	0.00	0.00	0.00	PBHL Aries 20 Fed



# DDC Well Planning Report



Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well Aries 20 Fed Com #3H
Company:	Mewbourne Oil Co	TVDI Reference:	WELL @ 3490.0usft (Patterson UTI #45/47)
Project:	Eddy County, New Mexico	MD Reference:	WELL @ 3490.0usft (Patterson UTI #45/47)
Site:	Sec 20-18S-30E	North Reference:	Grid
Well:	Aries 20 Fed Com #3H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

## Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
0.0	0.00	0.00	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	0.00	0.00	1,300.0	0.0	0.0	0.0	0.00	0.00	0.00
1,400.0	0.00	0.00	1,400.0	0.0	0.0	0.0	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	0.00	0.00	1,700.0	0.0	0.0	0.0	0.00	0.00	0.00
1,800.0	0.00	0.00	1,800.0	0.0	0.0	0.0	0.00	0.00	0.00
1,900.0	0.00	0.00	1,900.0	0.0	0.0	0.0	0.00	0.00	0.00
2,000.0	0.00	0.00	2,000.0	0.0	0.0	0.0	0.00	0.00	0.00
2,100.0	0.00	0.00	2,100.0	0.0	0.0	0.0	0.00	0.00	0.00
2,200.0	0.00	0.00	2,200.0	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	0.00	0.00	3,700.0	0.0	0.0	0.0	0.00	0.00	0.00
3,800.0	0.00	0.00	3,800.0	0.0	0.0	0.0	0.00	0.00	0.00
3,900.0	0.00	0.00	3,900.0	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	0.0	0.00	0.00	0.00
4,100.0	0.00	0.00	4,100.0	0.0	0.0	0.0	0.00	0.00	0.00
4,200.0	0.00	0.00	4,200.0	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

# DDC Well Planning Report



Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well Aries 20 Fed Com #3H
Company:	Mewbourne Oil Co	TVD Reference:	WELL @ 3490.0usft (Patterson UTI #45/47)
Project:	Eddy County, New Mexico	MD Reference:	WELL @ 3490.0usft (Patterson UTI #45/47)
Site:	Sec 20-18S-30E	North Reference:	Grid
Well:	Aries 20 Fed Com #3H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Planned Survey									
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
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
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	0.0	0.00	0.00	0.00
7,600.0	0.00	0.00	7,600.0	0.0	0.0	0.0	0.00	0.00	0.00
Build 10°/100' @ 7607' MD									
7,607.1	0.00	0.00	7,607.1	0.0	0.0	0.0	0.00	0.00	0.00
7,700.0	9.29	87.39	7,699.6	0.3	7.5	7.5	10.00	10.00	0.00
7,800.0	19.29	87.39	7,796.4	1.5	32.1	32.2	10.00	10.00	0.00
7,900.0	29.29	87.39	7,887.4	3.3	73.2	73.2	10.00	10.00	0.00
8,000.0	39.29	87.39	7,969.9	5.9	129.4	129.5	10.00	10.00	0.00
8,100.0	49.29	87.39	8,041.4	9.1	199.1	199.3	10.00	10.00	0.00
8,200.0	59.29	87.39	8,099.7	12.7	280.1	280.4	10.00	10.00	0.00
8,300.0	69.29	87.39	8,143.0	16.8	370.0	370.3	10.00	10.00	0.00
8,400.0	79.29	87.39	8,170.1	21.2	466.0	466.5	10.00	10.00	0.00
EOB @ 8500' MD / 89.24° Inc / 87.39° Azm / 8180' TVD									
8,499.5	89.24	87.39	8,180.0	25.7	564.8	565.4	10.00	10.00	0.00
8,500.0	89.24	87.39	8,180.0	25.7	565.3	565.9	0.00	0.00	0.00
8,600.0	89.24	87.39	8,181.3	30.3	665.2	665.8	0.00	0.00	0.00
8,700.0	89.24	87.39	8,182.7	34.8	765.0	765.8	0.00	0.00	0.00
8,800.0	89.24	87.39	8,184.0	39.4	864.9	865.8	0.00	0.00	0.00
8,900.0	89.24	87.39	8,185.3	43.9	964.8	965.8	0.00	0.00	0.00
9,000.0	89.24	87.39	8,186.6	48.5	1,064.7	1,065.8	0.00	0.00	0.00
9,100.0	89.24	87.39	8,187.9	53.0	1,164.6	1,165.8	0.00	0.00	0.00
9,200.0	89.24	87.39	8,189.2	57.6	1,264.5	1,265.8	0.00	0.00	0.00
9,300.0	89.24	87.39	8,190.6	62.1	1,364.4	1,365.8	0.00	0.00	0.00
9,400.0	89.24	87.39	8,191.9	66.7	1,464.3	1,465.8	0.00	0.00	0.00
9,500.0	89.24	87.39	8,193.2	71.2	1,564.2	1,565.8	0.00	0.00	0.00
9,600.0	89.24	87.39	8,194.5	75.7	1,664.0	1,665.8	0.00	0.00	0.00
9,700.0	89.24	87.39	8,195.8	80.3	1,763.9	1,765.8	0.00	0.00	0.00
9,800.0	89.24	87.39	8,197.2	84.8	1,863.8	1,865.7	0.00	0.00	0.00
9,900.0	89.24	87.39	8,198.5	89.4	1,963.7	1,965.7	0.00	0.00	0.00
10,000.0	89.24	87.39	8,199.8	93.9	2,063.6	2,065.7	0.00	0.00	0.00
10,100.0	89.24	87.39	8,201.1	98.5	2,163.5	2,165.7	0.00	0.00	0.00
10,200.0	89.24	87.39	8,202.4	103.0	2,263.4	2,265.7	0.00	0.00	0.00

# DDC

## Well Planning Report



Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well Aries 20 Fed Com #3H
Company:	Mewbourne Oil Co	TVD Reference:	WELL @ 3490.0usft (Patterson UTI #45/47)
Project:	Eddy County, New Mexico	MD Reference:	WELL @ 3490.0usft (Patterson UTI #45/47)
Site:	Sec 20-18S-30E	North Reference:	Grid
Well:	Aries 20 Fed Com #3H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

### Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
10,300.0	89.24	87.39	8,203.8	107.6	2,363.3	2,365.7	0.00	0.00	0.00
10,400.0	89.24	87.39	8,205.1	112.1	2,463.1	2,465.7	0.00	0.00	0.00
10,500.0	89.24	87.39	8,206.4	116.7	2,563.0	2,565.7	0.00	0.00	0.00
10,600.0	89.24	87.39	8,207.7	121.2	2,662.9	2,665.7	0.00	0.00	0.00
10,700.0	89.24	87.39	8,209.0	125.8	2,762.8	2,765.7	0.00	0.00	0.00
10,800.0	89.24	87.39	8,210.4	130.3	2,862.7	2,865.7	0.00	0.00	0.00
10,900.0	89.24	87.39	8,211.7	134.9	2,962.6	2,965.6	0.00	0.00	0.00
11,000.0	89.24	87.39	8,213.0	139.4	3,062.5	3,065.6	0.00	0.00	0.00
11,100.0	89.24	87.39	8,214.3	144.0	3,162.4	3,165.6	0.00	0.00	0.00
11,200.0	89.24	87.39	8,215.6	148.5	3,262.2	3,265.6	0.00	0.00	0.00
11,300.0	89.24	87.39	8,216.9	153.0	3,362.1	3,365.6	0.00	0.00	0.00
11,400.0	89.24	87.39	8,218.3	157.6	3,462.0	3,465.6	0.00	0.00	0.00
11,500.0	89.24	87.39	8,219.6	162.1	3,561.9	3,565.6	0.00	0.00	0.00
11,600.0	89.24	87.39	8,220.9	166.7	3,661.8	3,665.6	0.00	0.00	0.00
11,700.0	89.24	87.39	8,222.2	171.2	3,761.7	3,765.6	0.00	0.00	0.00
11,800.0	89.24	87.39	8,223.5	175.8	3,861.6	3,865.6	0.00	0.00	0.00
11,900.0	89.24	87.39	8,224.9	180.3	3,961.5	3,965.6	0.00	0.00	0.00
12,000.0	89.24	87.39	8,226.2	184.9	4,061.3	4,065.6	0.00	0.00	0.00
12,100.0	89.24	87.39	8,227.5	189.4	4,161.2	4,165.5	0.00	0.00	0.00
12,200.0	89.24	87.39	8,228.8	194.0	4,261.1	4,265.5	0.00	0.00	0.00
12,300.0	89.24	87.39	8,230.1	198.5	4,361.0	4,365.5	0.00	0.00	0.00
12,400.0	89.24	87.39	8,231.5	203.1	4,460.9	4,465.5	0.00	0.00	0.00
12,500.0	89.24	87.39	8,232.8	207.6	4,560.8	4,565.5	0.00	0.00	0.00
12,600.0	89.24	87.39	8,234.1	212.2	4,660.7	4,665.5	0.00	0.00	0.00
TD @ 12669' MD / 8235' TVD									
12,668.7	89.24	87.39	8,235.0	215.3	4,729.3	4,734.1	0.00	0.00	0.00

### Design Targets

Target Name	Dip Angle (°)	Dip Dir (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
PBHL Aries 20 Fed Co	0.00	0.00	8,235.0	215.3	4,729.3	629,841.20	606,767.50	32° 43' 51.774 N	103° 59' 10.083 W
- hit/miss target									
- Shape									
- plan hits target center									
- Point									

### Plan Annotations

Measured Depth (usft)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Comment
7,607.1	7,607.1	0.0	0.0	Build 10°/100' @ 7607' MD
8,499.5	8,180.0	25.7	564.8	EOB @ 8500' MD / 89.24° Inc / 87.39° Azm / 8180' TVD
12,668.7	8,235.0	215.3	4,729.3	TD @ 12669' MD / 8235' TVD

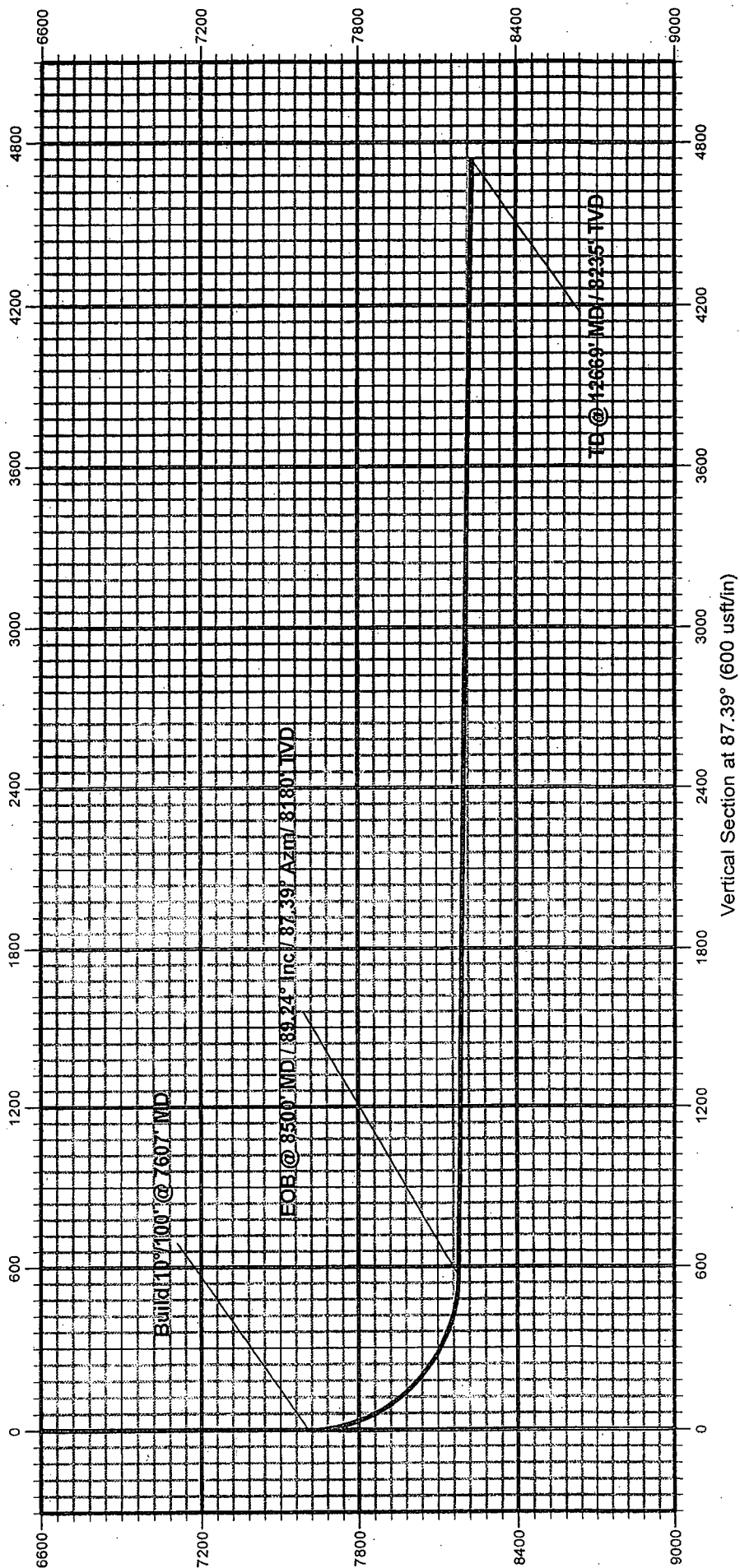
# Mewbourne Oil Company



Eddy County, New Mexico

Aries 20 Fed Com #3H

Quote 110421





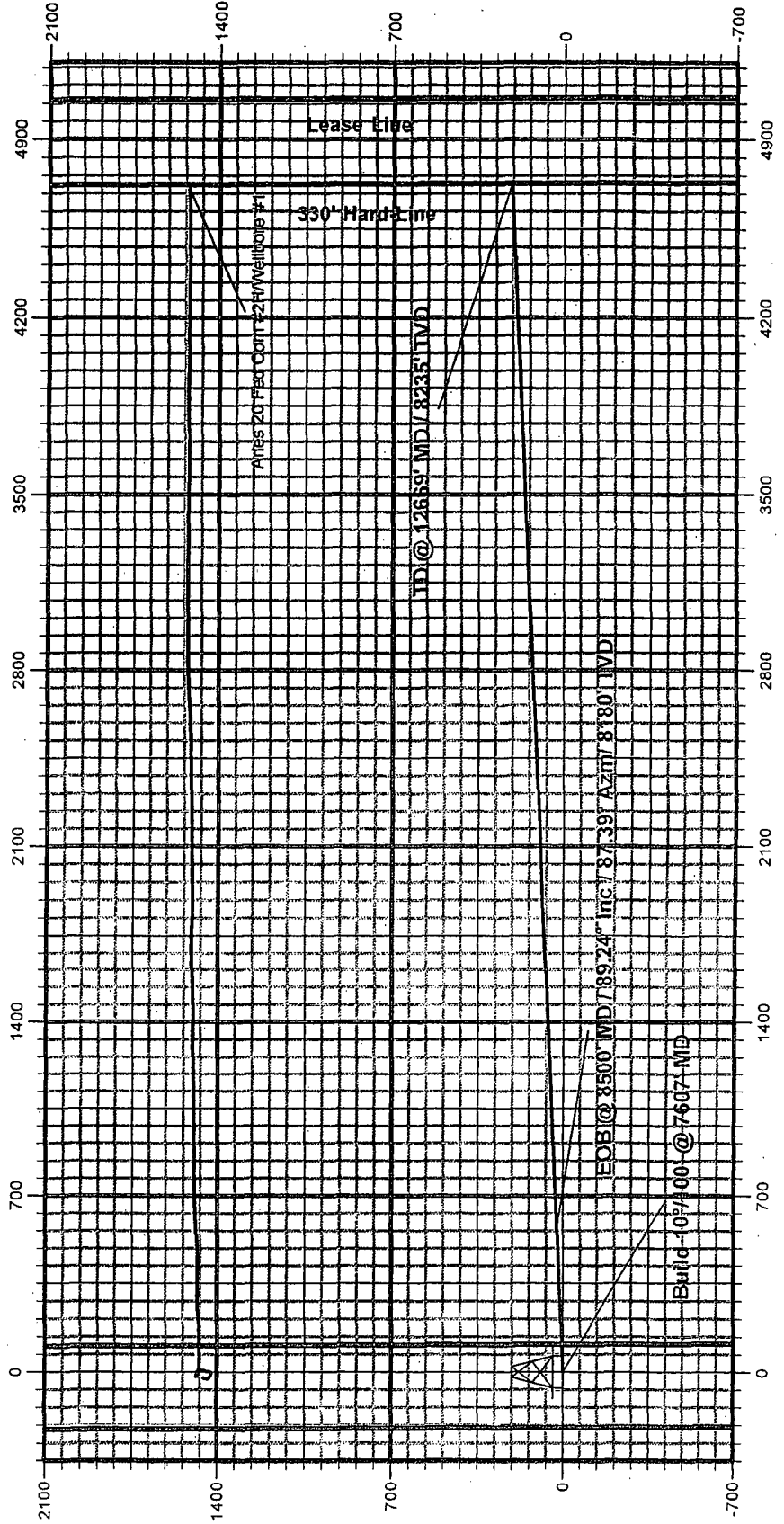
# Mewbourne Oil Company



Eddy County, New Mexico

Aries 20 Fed Com #3H

Quote 110421



**Notes Regarding Blowout Preventer**

**Mewbourne Oil Company**

Aries "20" Federal Com #3H

1770' FSL & 220' FWL (SHL)

Sec 20-T18S-R30E

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 2000 psi working pressure on 13  $\frac{3}{8}$ " casing and 3000 psi working pressure on 9  $\frac{5}{8}$ " & 7" casing strings.
- 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  
12 1/4" Hole

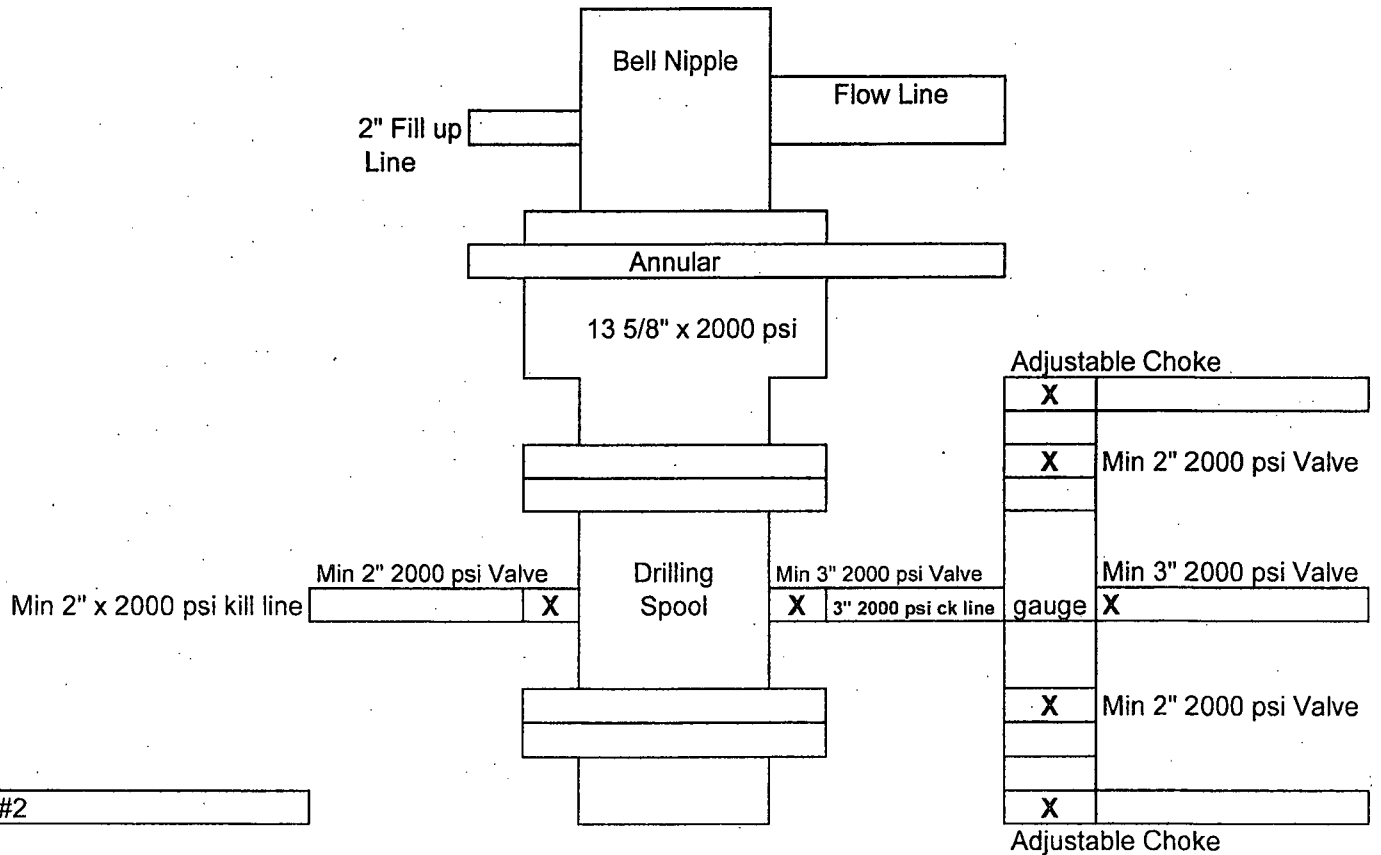


Exhibit #2

Aries "20" Fed Com #3H  
1770' FSL & 220' FWL  
Sec 20-T18S-R30E  
Eddy, County  
New Mexico

Mewbourne Oil Company  
BOP Schematic for  
6 1/8" & 8 3/4" Holes

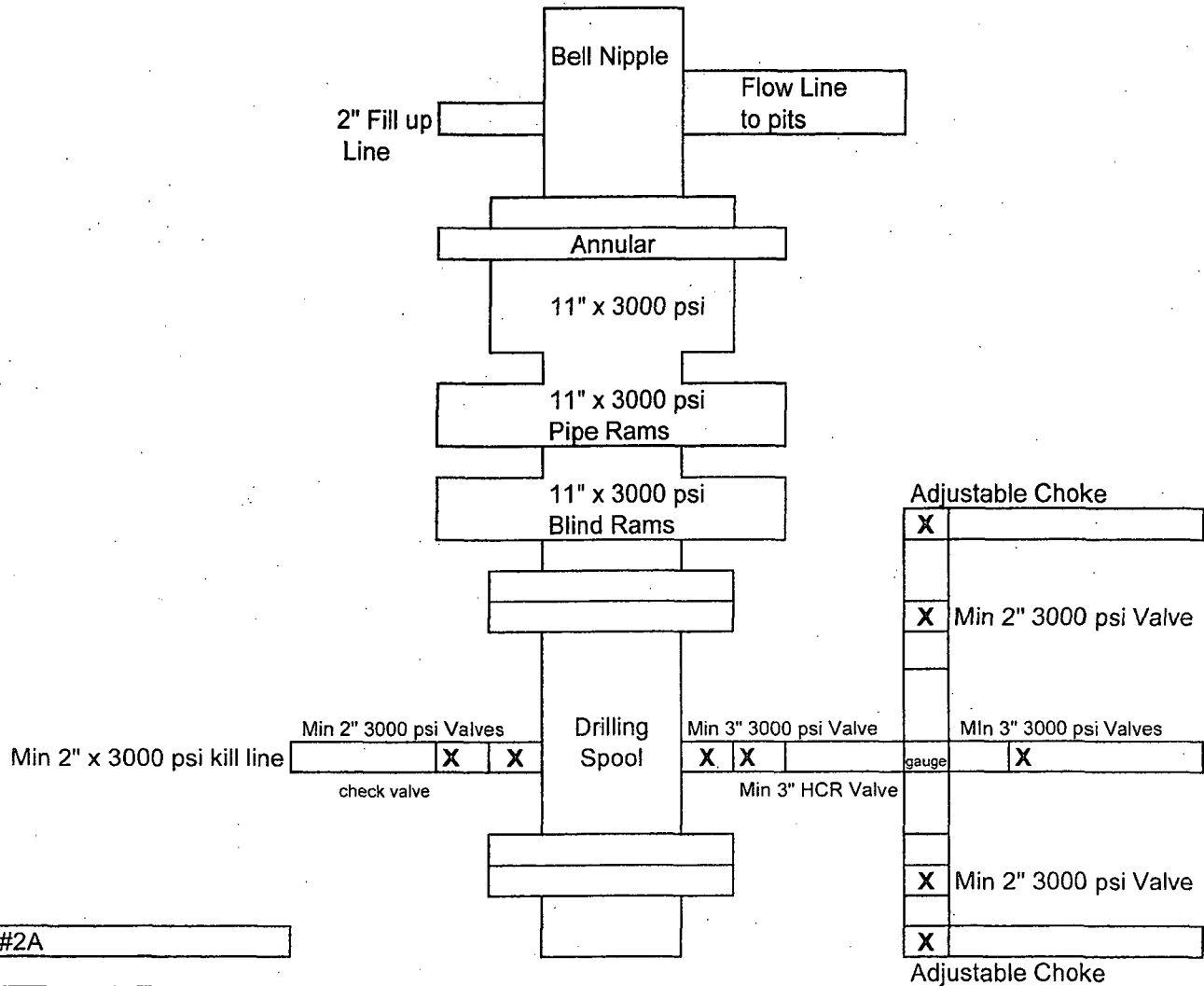
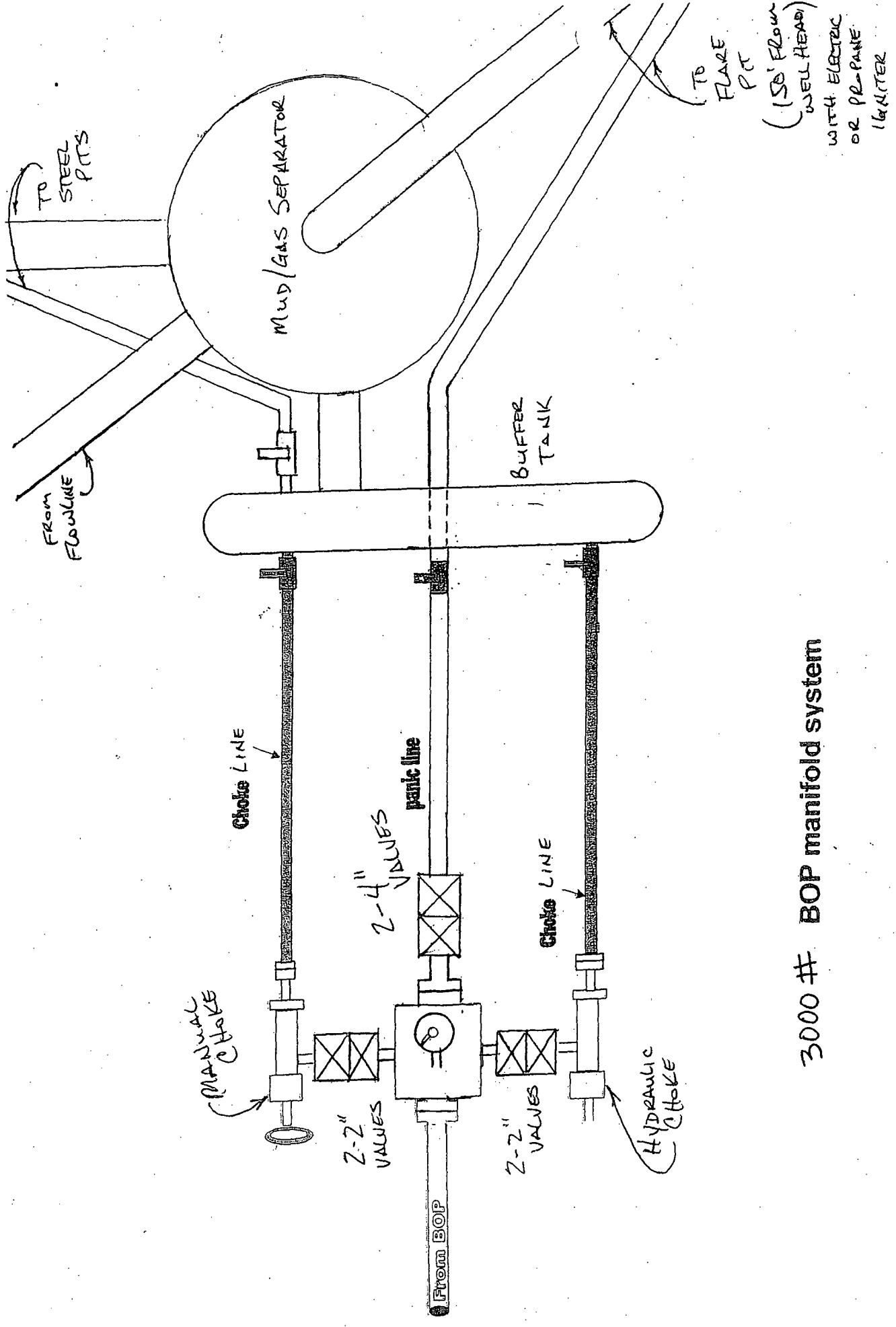


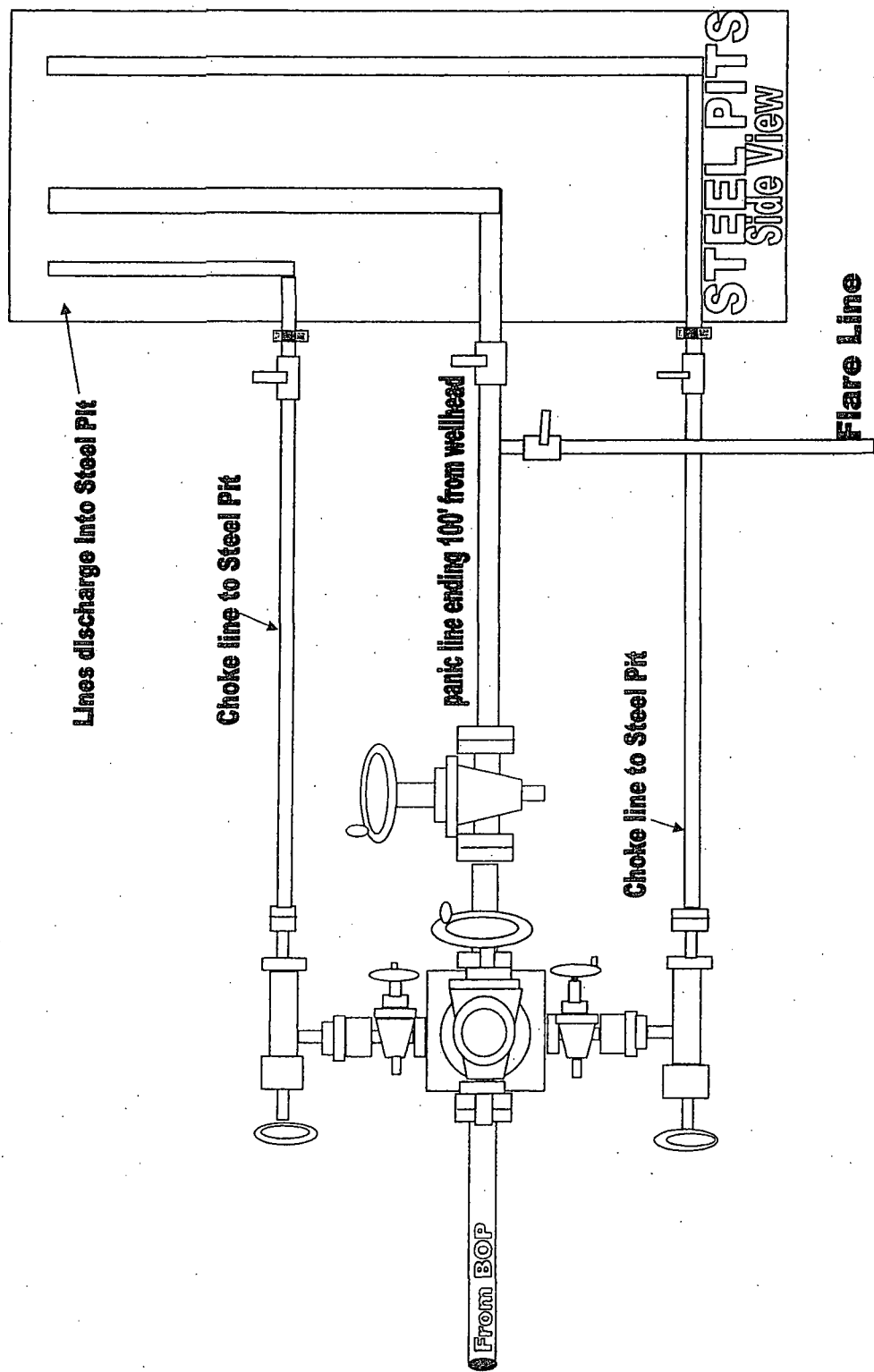
Exhibit #2A

Aries 20 Federal Com #3H  
1770' FSL & 220' FWL  
Sec 20-T18S-R30E  
Eddy, County  
New Mexico





3000 # BOP manifold system



3000# BOP manifold system for Exhibit 2 & 2A

Closed Loop Pad Dimensions 280' x 320'

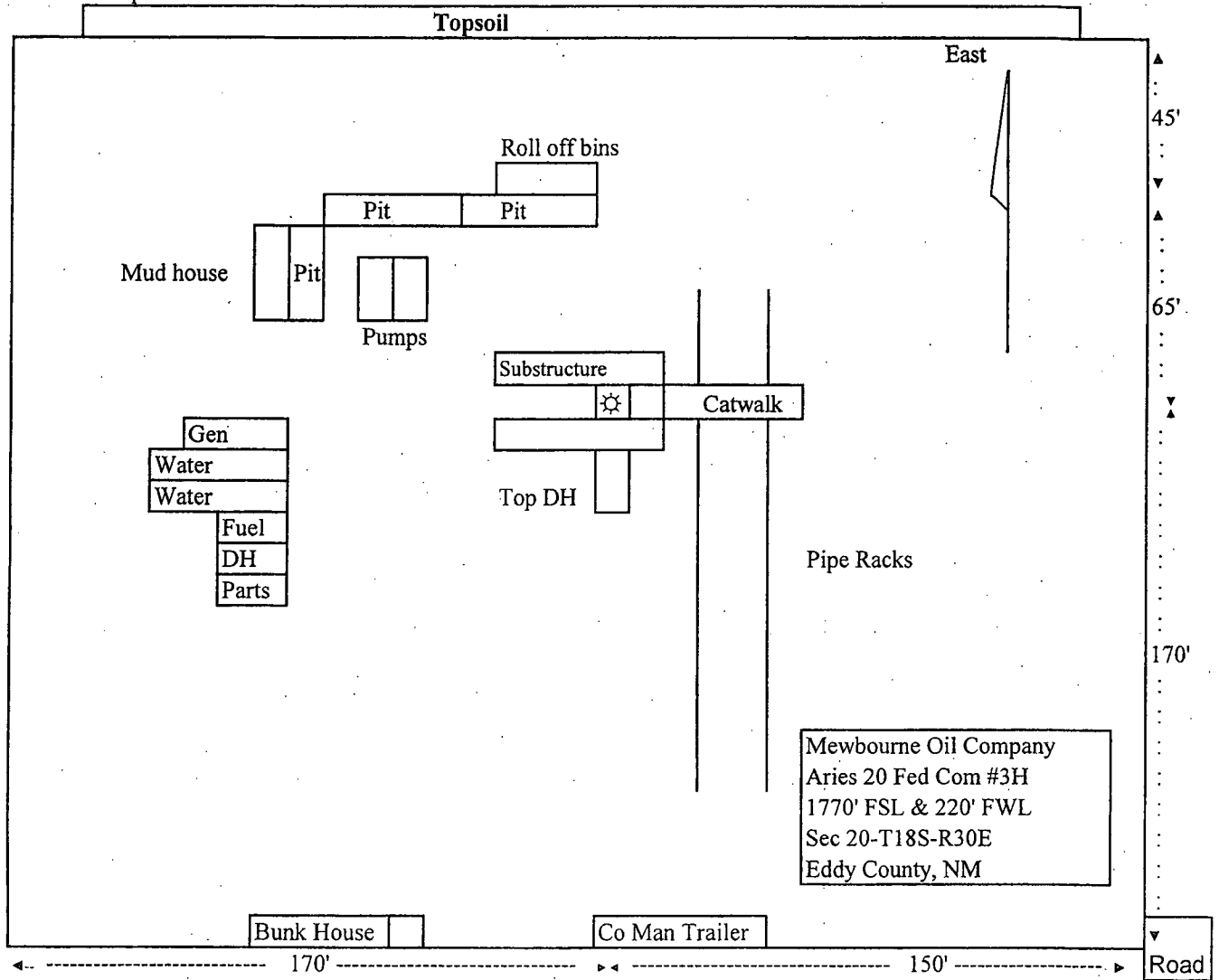


Exhibit 5

## Hydrogen Sulfide Drilling Operations Plan

**Mewbourne Oil Company**  
**Aries "20" Federal Com #3H**  
**1770' FSL & 220' FWL**  
**Sec 20-T18S-R30E**  
**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 H<sub>2</sub>S were found. MOC will have on location and working all H<sub>2</sub>S safety equipment before the Yates 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 known 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. Choke manifold with minimum of one adjustable 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. Protective Equipment for Essential Personnel

Thirty minute self contained work unit located in the dog house and at briefing areas.

Additionally: If H<sub>2</sub>S 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 H<sub>2</sub>S are detected the well will be shut in and a rotating head, mud/gas separator, and flare line with igniter will be installed.

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.

8. **Emergency Phone Numbers**

Eddy County Sheriff's Office	911 or 575-887-7551
Ambulance Service	911 or 575-885-2111
Artesia Fire Dept	911 or 575-616-7155
Loco Hills Volunteer Fire Dept.	911 or 575-677-3266
Closest Medical Facility – Artesia General Hospital	575-748-3333

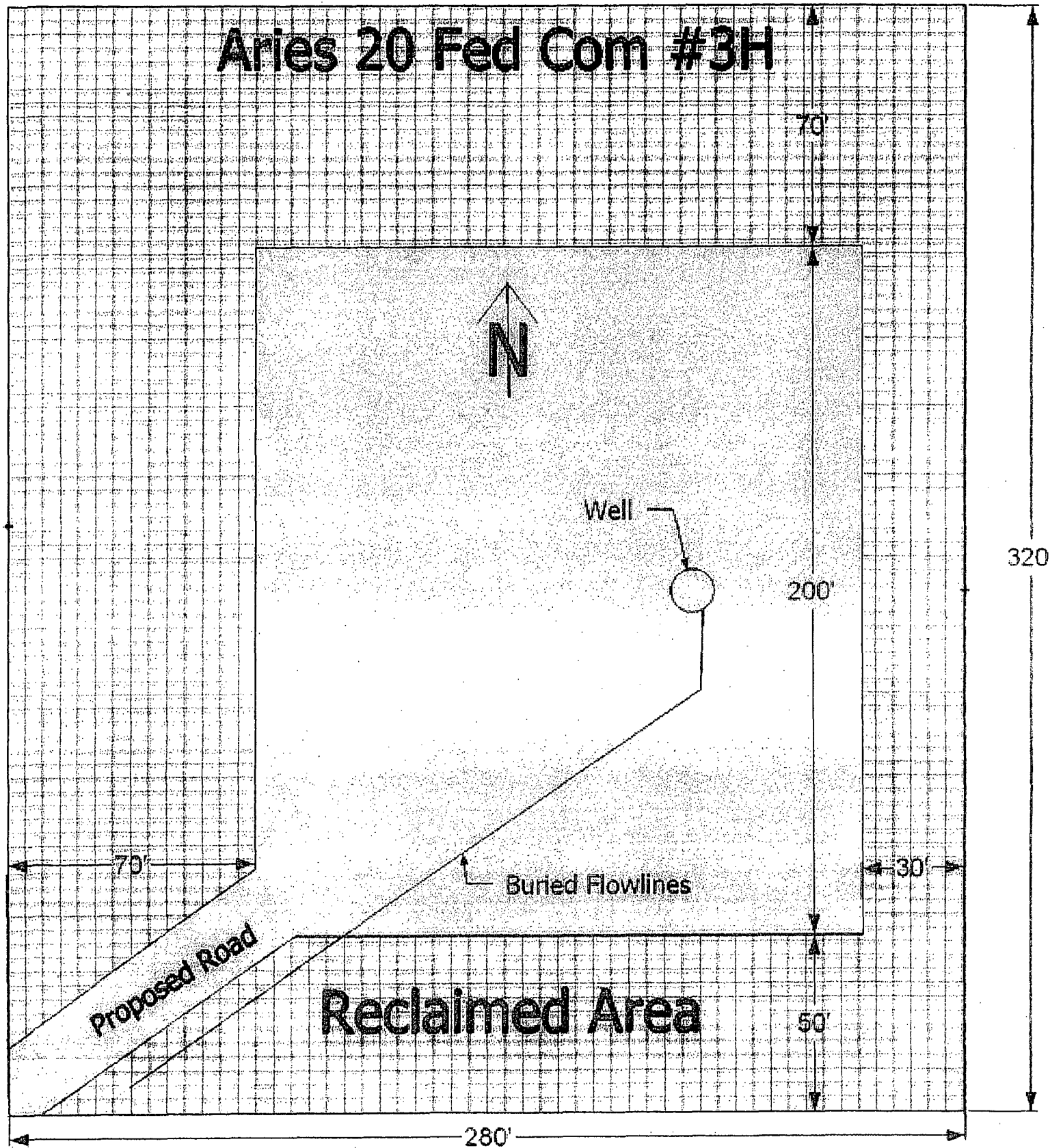
Mewbourne Oil Company	Hobbs District Office	575-393-5905
	Fax	575-397-6252
	2 <sup>nd</sup> Fax	575-393-7259

District Manager	Micky Young	575-390-0999
Drilling Superintendent	Frosty Lathan	575-390-4103
Drilling Foreman	Wesley Noseff	575-441-0729
Engineer	Charles Martin	575-390-4365

# Exhibit 6

50'

## Aries 20 Fed Com #3H





## **MULTI-POINT SURFACE USE AND OPERATIONS PLAN**

### **MEWBOURNE OIL COMPANY**

Aries "20" Federal Com #3H

1770' FSL & 220' FWL (SHL)

Sec 20-T18S-R30E

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 & #3C is a road map showing the location of the proposed well. Existing roads are highlighted in black. Exhibits #3-#3D are maps showing the location of the proposed well and access road. Existing and proposed roads are highlighted in black.
- B. Directions to location: Go NE on Hwy 62/180 for 15 miles to Hwy 360. Turn North and go 13 miles to Grubbs Rd (CR 250). Turn right and go 1 mile. Turn left (West) on lease Road 0.2 mile. Turn right (North) and go 1.5 miles. Turn left (West) and go 0.7 miles. Turn right (North) ¼ mile to location.
- C. Existing roads will be maintained in a condition the same as or better than before operations begin.

#### **2. Proposed Access Road:**

- A. Approx 400' of new road will be needed.
- B. The maximum width of the driving surface will be 14 feet. The road will be crowned and ditched with a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 1 foot deep with 3:1 slopes. The road will be surfaced with rolled and compacted caliche.
- C. Mewbourne Oil Co. will cooperate with other operators in the maintenance of lease roads.

#### **3. Location of Existing Wells:**

There are producing wells within the immediate vicinity of the well site. Exhibit #4 shows the proposed well and existing wells within a one mile radius.

#### **4. Location of Existing and/or Proposed Facilities:**

- A. There are production facilities on this lease at the present time.
- B. In the event that the well is productive, production facilities will be located at the existing Aries "20" Fed Com #2H battery located in SE/4 of Sec 19, T18S, R30E, as shown in Exhibit #3D. A 65 psi 4" polypipe flowline carrying all well fluids will be buried on the Southeast side of the proposed road and tie into an existing buried flowline on the East edge of the existing lease road, as shown on exhibit #3 and #3D. Produced gas will be used in place of electricity. No electrical installations will be required.
- C. Production equipment that will remain on this location will be painted to conform to BLM painting stipulations within 180 days of installation.

*See Attached Email 7/27/11*

**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 hauled to an off-site permitted facility.
- B. Water produced during operations will be hauled to an off-site permitted SWD in the area.
- C. If any liquid hydrocarbons are produced during operations, those liquids will be stored in suitable tanks until sold.
- D. Sewage and gray water will be safely contained on-site, and then waste will be disposed at an approved off-site facility.
- E. 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 and location of major rig components are shown.
- B. The pad dimension of 280' x 320' has been staked and flagged.
- C. An archaeological survey has been conducted on the proposed location pad.

**10. Plans for Restoration of Surface**

- A. 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.
- B. Interim reclamation:
  - i. All areas not needed for production operations will be reclaimed.
  - ii. Caliche will be removed, the land will be recontoured, the top soil from stockpile will be spread over these areas.

- iii. The disturbed area will be restored by re-seeding during the proper growing season.
- iv. Any additional caliche required for production facilities will be obtained from the area shown in exhibit #6 as interim reclamation.

**C. Final Reclamation:**

- i. Upon cessation of the proposed operations, if the well is abandoned, all equipment and trash will be removed and taken to a proper facility.
- ii. The location and road surfacing material will be removed and used to patch area lease roads. The entire location will be restored to the original contour as much as reasonable possible. The top soil used for interim reclamation will be spread over the entire location. All restoration work will be completed within 180 days of cessation of activities.

**11. Surface Ownership:**

The surface is owned by BLM.

**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.

**13. Operators Representative:**

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

N.M. Young, District Manager  
Mewbourne Oil Company  
PO Box 5270  
Hobbs, NM 88241  
575-393-5905



**Brett Bednarz**  
<bbednarz@mewbourne  
.com>

07/27/2011 10:27 AM

To tnygren@blm.gov

cc

bcc

Subject: Aries 20 #3 Corrections

(See attached file: Exhibit 6.pdf)

Tanner,

It is unknown at this time if any Artificial Lift Methods will be utilized for the initial production of this well. In the event that Gas Lift is needed, an off-site gas compressor will be used and a buried steel pipeline will lay in the same ditch as the buried flowlines. No generators will be used. In the event that a pumping unit will be needed, a gas engine will power the unit using produced casing gas.

Thanks,

(Embedded image moved to file:  
pic02995.gif) Brett Bednarz  
Petroleum Engineer  
Mewbourne Oil Company  
701 South Cecil  
Street  
Hobbs, NM 88241 US

Phone: (575) 393-5905 | Fax: (575) 397-6252  
Cell: (575) 390-6838  
Email: bbednarz@mewbourne.com



Exhibit 6.pdf pic02995.gif

Plan for Production Facilities.

TEN  
3/9/11

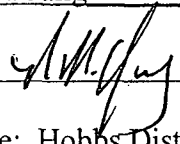
## Mewbourne Oil Company

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 7 day of July, 2011.

Name: NM Young

Signature: 

Position Title: Hobbs District Manager

Address: PO Box 5270, Hobbs NM 88241

Telephone: 575-393-5905

E-mail: myoung@mewbourne.com



# PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Mewbourne Oil Co.
LEASE NO.:	NM93478
WELL NAME & NO.:	Aries 20 Fed Com 3H
SURFACE HOLE FOOTAGE:	1770' FSL & 220' FWL
BOTTOM HOLE FOOTAGE:	1980' FSL & 330' FEL
LOCATION:	Section 20, T. 18 S., R. 30 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
  - Buried Pipeline Placement
  - Lesser Prairie-Chicken Timing Stipulations
  - Ground-level Abandoned Well Marker
  - Communitization Agreement
- ☒ Construction
  - Notification
  - Topsoil
  - Closed Loop System
  - Federal Mineral Material Pits
  - Well Pads
  - Roads
- ☐ Road Section Diagram
- ☒ Drilling
  - Secretary's Potash
  - H<sub>2</sub>S - Onshore Order #6
  - Waste Material and Fluids
- ☒ Production (Post Drilling)
  - Well Structures & Facilities
  - Pipelines
- ☐ 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)**

### **Buried Pipeline Placement:**

The pipeline applied for in the APD shall be installed no farther than 3 feet from and parallel to the entire length of the proposed access road for the Aries 20 Fed Com #3H well. Disturbance (blading, traffic, etc.) shall not exceed 10 feet on the southeast side of the access road for installation of the pipeline.

### **Timing Limitation Stipulation / Condition of Approval for lesser prairie-chicken:**

Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

**Ground-level Abandoned Well Marker to avoid raptor perching:** Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well. For more installation details, contact the Carlsbad Field Office at 575-234-5972.

### **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.

## **VI. CONSTRUCTION**

### **A. NOTIFICATION**

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5972 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 stockpile the topsoil in a low profile manner in order to prevent wind/water erosion of the topsoil. The topsoil to be stripped is approximately 6 inches in depth. The topsoil will be used 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. 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 (20) feet.

##### **Surfacing**

Surfacing material is required on the new access road driving surface.

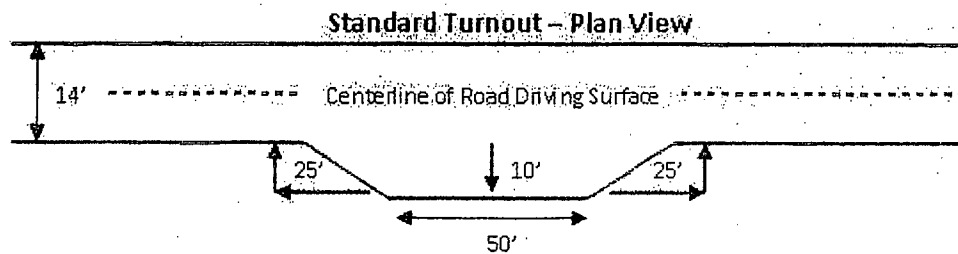
The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing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

##### **Turnouts**

Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:

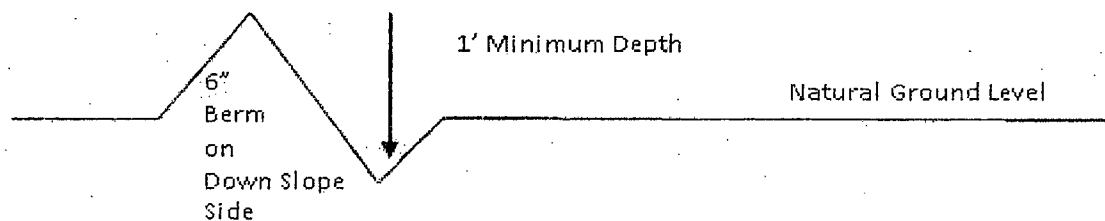


## Drainage

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:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

## Cattleguards

An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

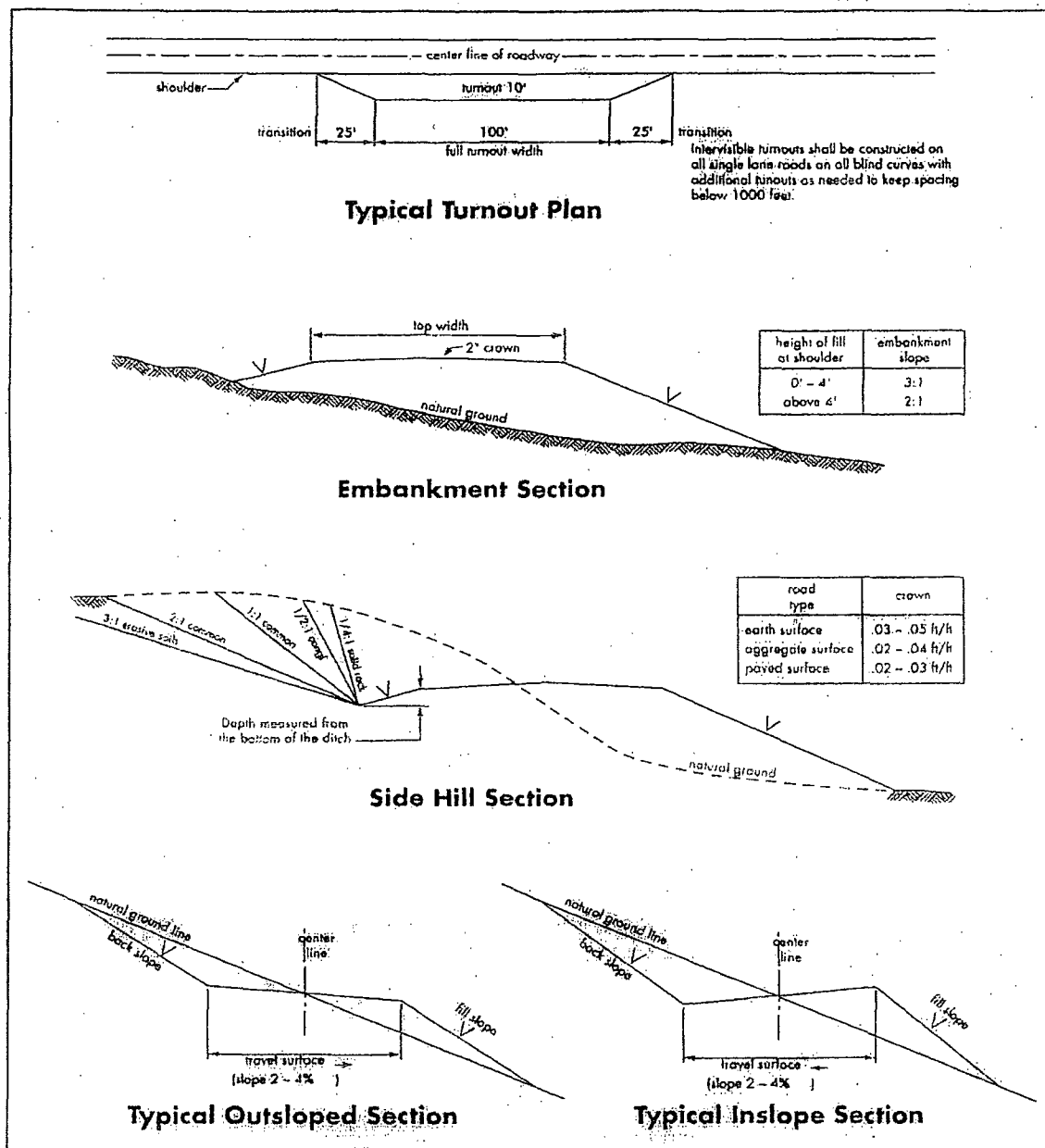
Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

## Public Access

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

**Figure 1 – Cross Sections and Plans For Typical Road Sections**





## VII. DRILLING

### A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,  
(575) 361-2822

1. A Hydrogen Sulfide (H<sub>2</sub>S) Drilling Plan should be activated 500 feet prior to drilling into the **Bone Springs** formation. **As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.**
2. 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 and cement program require submitting a sundry and receiving approval prior to work. Failure to obtain approval prior to work will result in an Incident of Non-Compliance being issued.**

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

Wait on cement (WOC) time prior to drilling out for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

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

**Secretary's Potash**

Possible brine flows in the Salado and Artesia groups.

Possible lost circulation in the Artesia group.

1. The 13-3/8 inch surface casing shall be set at approximately 275 feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface.
  - 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 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 potash. Additional cement may be required - excess calculates to 15%.

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. Additional cement may be required – excess calculates to 19%.

4. The minimum required fill of cement behind the 4-1/2 inch production liner is:

☒ Cement not required – Port/Packer system to be 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.

### 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 RP 53 Sec. 17.

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.

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.

3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the 9-5/8 inch 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 (18 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 results of the test shall be reported to the appropriate BLM office.
- d. 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.**
- e. 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.

#### 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.

CRW 083011

## **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.

#### **Containment Structures**

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

#### **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, Munsell Soil Color Chart # 5Y 4/2

### **B. PIPELINES**

#### **BURIED PIPELINE STIPULATIONS**

A copy of the APD and attachments, including conditions of approval, 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 et seq. (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, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to 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. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil 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 or other pollutant, wherever found, shall be the responsibility of holder, regardless of fault. Upon failure of 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 holder of any responsibility as provided herein.

5. All construction and maintenance activity will be confined to the authorized right-of-way.

6. The pipeline will be buried with a minimum cover of **36** inches between the top of the pipe and ground level.

7. The maximum allowable disturbance for construction in this right-of-way will be **10** feet south of the edge of the access road:

- Blading of vegetation within the right-of-way will be allowed: maximum width of blading operations will not exceed **10** feet. The trench is included in this area. (*Blading is defined as the complete removal of brush and ground vegetation.*)
- Clearing of brush species within the right-of-way will be allowed: maximum width of clearing operations will not exceed **10** feet. The trench and bladed area are included in this area. (*Clearing is defined as the removal of brush while leaving ground vegetation (grasses, weeds, etc.) intact. Clearing is best accomplished by holding the blade 4 to 6 inches above the ground surface.*)

8. The holder shall stockpile an adequate amount of topsoil where blading is allowed. The topsoil to be stripped is approximately **6** inches in depth. The topsoil will be segregated from other spoil piles from trench construction. The topsoil will be evenly distributed over the bladed area for the preparation of seeding.

9. 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.

10. Vegetation, soil, and rocks left as a result of construction or maintenance activity will be randomly scattered on this right-of-way and will not be left in rows, piles, or berms, unless otherwise approved by the Authorized Officer. The entire right-of-way shall be recontoured to match the surrounding landscape. The backfilled soil shall be compacted and a 6 inch berm will be left over the ditch line to allow for settling back to grade.

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. The holder will reseed all disturbed areas. Seeding will be done according to the attached seeding requirements, using the following seed mix.

- |  |  |
|--|--|
| <input type="checkbox"/> seed mixture 1                | <input type="checkbox"/> seed mixture 3          |
| <input type="checkbox"/> seed mixture 2                | <input type="checkbox"/> seed mixture 4          |
| <input checked="" type="checkbox"/> seed mixture 2/LPC | <input type="checkbox"/> Aplomado Falcon Mixture |

13. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2.

14. 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. All signs and information thereon will be posted in a permanent, conspicuous manner, and will be maintained in a legible condition for the life of the pipeline.

15. 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 before maintenance begins. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway. A two-track road is not permitted with this pipeline. As determined necessary during the life of the pipeline, the Authorized Officer may ask the holder to construct temporary deterrence structures.

16. Any cultural and/or paleontological resources (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 actions to prevent the loss of significant 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.

17. 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 associated roads, 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.

## **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.

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 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 doubled. 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:

<u>Species</u>	<u>lb/acre</u>
Plains Bristlegrass	5lbs/A
Sand Bluestem	5lbs/A
Little Bluestem	3lbs/A
Big Bluestem	6lbs/A
Plains Coreopsis	2lbs/A
Sand Dropseed	1lbs/A

\*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed

**EXHIBIT D**

Application of Mewbourne Oil Company  
for administrative approval of an unorthodox well location,  
Aries "20" Federal Com #3H  
Section 20, Township 18 South, Range 30 East, NMPM  
Eddy County, New Mexico.

**NOTICE LIST**

Operator: Mewbourne Oil Company

**Working Interest Owners:**

Yates Petroleum Corp.  
105 South Fourth Street  
Artesia, New Mexico 88210-2118  
Attn: Chuck Moran

Read & Stevens, Inc.  
Post Office Box 1518  
Roswell, New Mexico 88202-1518