

MULTI-POINT SURFACE USE AND OPERATIONS PLAN**MEWBOURNE OIL COMPANY**

Marathon Road 15 PA Federal #1H

300' FSL & 330' FEL (SHL)

Sec 15-T20S-R34E

Lea 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. Exhibits #3-#3C are maps showing the location of the proposed well and access road. Existing and proposed roads are highlighted in black.
- B. Directions to location: From the intersection of New Mexico State Highway 62 and County Road 27-A: Go south on County Road 27-A for 4.5 miles to a lease road right. Turn right on a lease road .6 mile to a lease road left. Turn left and follow lease road for .4 mile to a lease road right. Turn right and follow lease road for .6 mile to proposed road steak and the location flag is ahead 152.1 feet.
- C. Existing roads will be maintained in a condition the same as or better than before operations begin.

2. Proposed Access Road:

- A. Approx. 150 feet of new road construction 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 6" of 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 existing wells within a one mile radius.

4. Location of Existing and/or Proposed Facilities:

- A. There are no production facilities on this lease at the present time.
- B. In the event that the well is productive, production facilities will be built on the Northwest corner of the location. Electric lines and gas lines will be filed for at a later date.
- C. All production vessels left on location will be painted to conform to 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

DEC 30 2013

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 #6. 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.

10. Plans for Restoration of Surface

- A. Within 120 days of cessation of drilling and completion operations, all equipment not necessary for production operations will be removed. The location and surrounding area will be cleaned of all trash and junk to assure the well site is left as esthetically pleasing as reasonably possible.
- B. Interim reclamation:
 - i. All areas not needed for production operations will be reclaimed as shown in the interim reclamation layout, exhibit #5.

- ii. In these areas, caliche will be removed, the land will be recontoured to match the surrounding area, the topsoil from the stockpile will be spread over these areas.
- iii. The disturbed area will be restored by seeding during the proper growing season.
- iv. Any additional caliche required for production facilities will be obtained from the reclaimed areas.

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.
- iii. The entire location will be restored to the original contour as much as reasonable possible.
- iv. The topsoil used for interim reclamation will be spread over the entire location.
- v. The disturbed area will be restored by seeding during the proper growing season.

All restoration work will be completed within 180 days of cessation of activities.

11. Surface Ownership:

The surface is owned by Smith Ranch. A surface use agreement has been reached with the Smith Ranch and a copy of this surface use has been sent to the ranch. Wayne Smith, 575-942-8421, Smith Ranch Road, Hobbs, NM 88241. A copy of the Archaeology study is included in the APD packet.

12. Other Information:

- A. 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

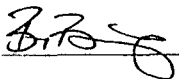
Mewbourne Oil Company

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 2 day of July, 2013.

Name: NM Young

Signature:  FOR NM YOUNG

Position Title: Hobbs District Manager

Address: PO Box 5270, Hobbs NM 88241

Telephone: 575-393-5905

E-mail: myoung@mewbourne.com



United States Department of the Interior
Bureau of Land Management
Carlsbad Field Office



Refer To: 3160-3

COPY

To: AFM, Lands & Minerals, CFO

From: Geologist, CFO

Subject: Geologic Review of Application for Permit to Drill

Operator: **Mewbourne Oil Company**

Well Name and Number: **Marathon Road 15 PA Federal 1H**

Location: SHL: T20S, R34E, Sec. 15; 300' FSL & 330' FEL (Unit P)

BHL: T20S, R34E, Sec. 15; 330' FNL & 850' FEL (Unit A)

County: Lea

State: NM

Lease No.: NMNM-06570

Date Received: 11 July 2013

1. Surface Elevation: **3649' GR** Surface Geology: **Quat. Eolian/Piedmont Alluvium**

2. Geologic Marker Tops (from reports on surrounding wells):

Well:	Laurie D Federal 1	Mud Slide Slim 15 Federal 1	Lynch 23 Federal Com 1H	Marathon Road 15 PA Federal 1H
	3002529365 T20S R34E Sec 15 660 FNL 990 FEL Unit A KB 3661	3002538469 T20S R34E Sec 15 1980 FNL 1980 FWL Unit F GR 3662	3002540115 T20S R34E Sec 23 330 FNL 1830 FEL Unit B GR 3655	PROPOSED WELL T20S R34E Sec 15 300 FSL 330 FEL Unit P GR 3649
Geologic Marker	Depth*	Depth*	Depth*	Estimated Depth†
Rustler	1595	1590	1598	1550
Top of Salt	1955	1953	1953	1930
Bottom of Salt	3190	3324		
Tansill	3280	3399	3556	3360
Yates	3418	3527	3696	3480
Capitan	3780	3956	~4274	4025
Base of Capitan	5255	5050	5520	
Bone Spring	8297	8327	8320	8330
1 st Bone Spring	9510	9475	9547	
2 nd Bone Spring	10065	9983	10339	
3 rd Bone Spring	10675	10680		10730
Wolfcamp	11025	11000		11055
Strawn	12185	12220		12225

*Depths primarily from IHS database.

†Determined from IHS contouring.

3. Fresh Water Information: According to well data from the New Mexico Office of the State Engineer's Water Rights Reporting System, there are three wells within a six-

mile radius of the proposed well, with recorded water levels. Water level depths range from 65 feet to 460 feet. The deepest well depth of these four wells is 540 feet.

Deepest Expected Fresh Water: above 1650 feet.

Does Surface Casing cover all anticipated usable fresh water zones? No; ensure surface casing is set in a competent bed below the Magenta Dolomite Member of the Rustler Formation, at approximately 1660-1680 feet deep. If salt is encountered, set casing at least 25 feet above the salt.

Operator's proposed intermediate casing set point of 5400 feet within the base of the Capitan Reef and below porous zones is acceptable.

Controlled Water Basin:

Capitan X Carlsbad Roswell Lea

4. Geologic Hazards?

H₂S X Karst Abnormal Pressures X Other X

Remarks: H₂S has been reported within one mile in Section 10 (NESW) of T20S, R34E; measuring 500 ppm in the gas stream within the Delaware Formation.

There is a possibility of lost circulation in the Red Beds, Delaware, and Bone Springs and in the Capitan Reef.

The proposed project may encounter abnormally explosive pressure when penetrating the Wolfcamp Formation at an approximate depth of 11,055 feet with SHP at 2660 psi and BHP at 5170 psi.

5. Other Mineral Deposits: Potash minerals may be present in the Salado Group.

6. Potash:

Secretary's Oil-Potash Area X R-111-P Area Not Applicable

7. Other References:

H₂S GIS Data.

IHS Enerdeq® Well Data.

New Mexico Office of the State Engineer::New Mexico Water Rights Reporting System, 02 September 2013,

<http://nmwrrs.ose.state.nm.us/nmwrrs/waterColumn.html>

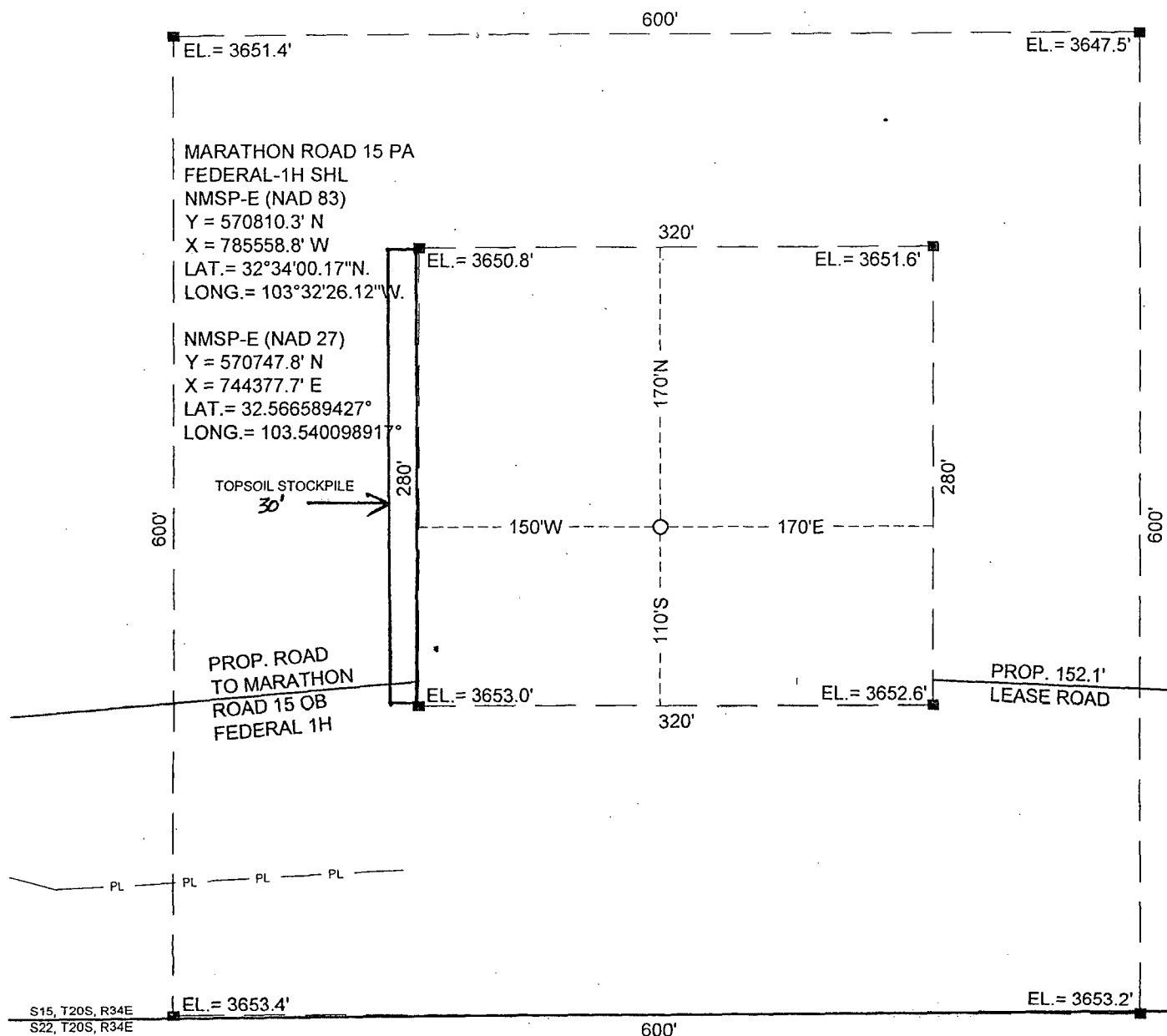
Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department well log and well file imaging website, 02 September 2013, <http://ocdimage.emnrd.state.nm.us/imaging/>

8. No known active mining claims are located in this vicinity.

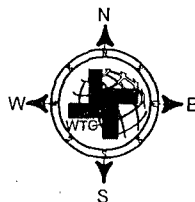
Geologist : James Rutley

Date: 16 September 2013

SITE LOCATION



SECTION 15, T 20 S, R 34 E, N.M.P.M.

COUNTY: LEA STATE: NMDESCRIPTION: 300' FSL & 330' FELOPERATOR: MEWBOURNE OIL COMPANYWELL NAME: MARATHON ROAD 15 PA FEDERAL-1H

DRIVING DIRECTIONS:

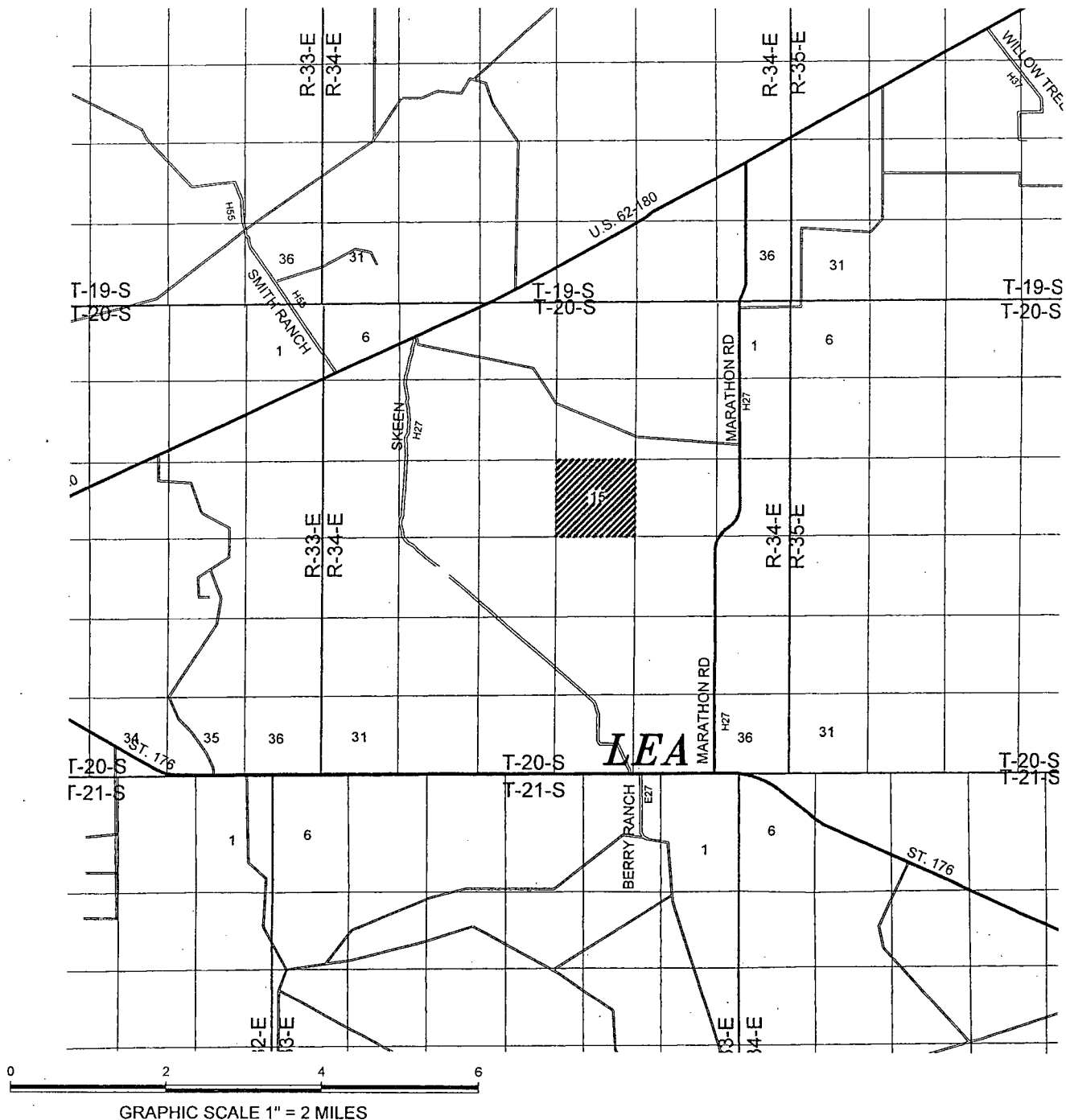
From the intersection of New Mexico State Highway 62 and County Road 27-A located xx miles west of Hobbs, New Mexico. Go south on County Road 27-A for 4.5 miles to a lease road right. Go right and follow lease road for 0.6 mile to a lease road left. Go left and follow lease road for 0.4 mile to a lease road right. Go right and follow lease road for 0.6 mile to proposed road stake and the location flag is ahead 152.1 feet.



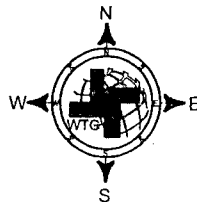
WEST TEXAS CONSULTANTS, INC.
ENGINEERS PLANNERS SURVEYORS
405 S.W. 1st STREET
ANDREWS, TEXAS 79714
(432) 523-2181

MEWBOURNE OIL COMPANY

VICINITY MAP



SECTION 15, T 20 S, R 34 E, N.M.P.M.

COUNTY: LEA STATE: NMDESCRIPTION: 300' FSL & 330' FELOPERATOR: MEWBOURNE OIL COMPANYWELL NAME: MARATHON ROAD 15 PA FEDERAL-1H

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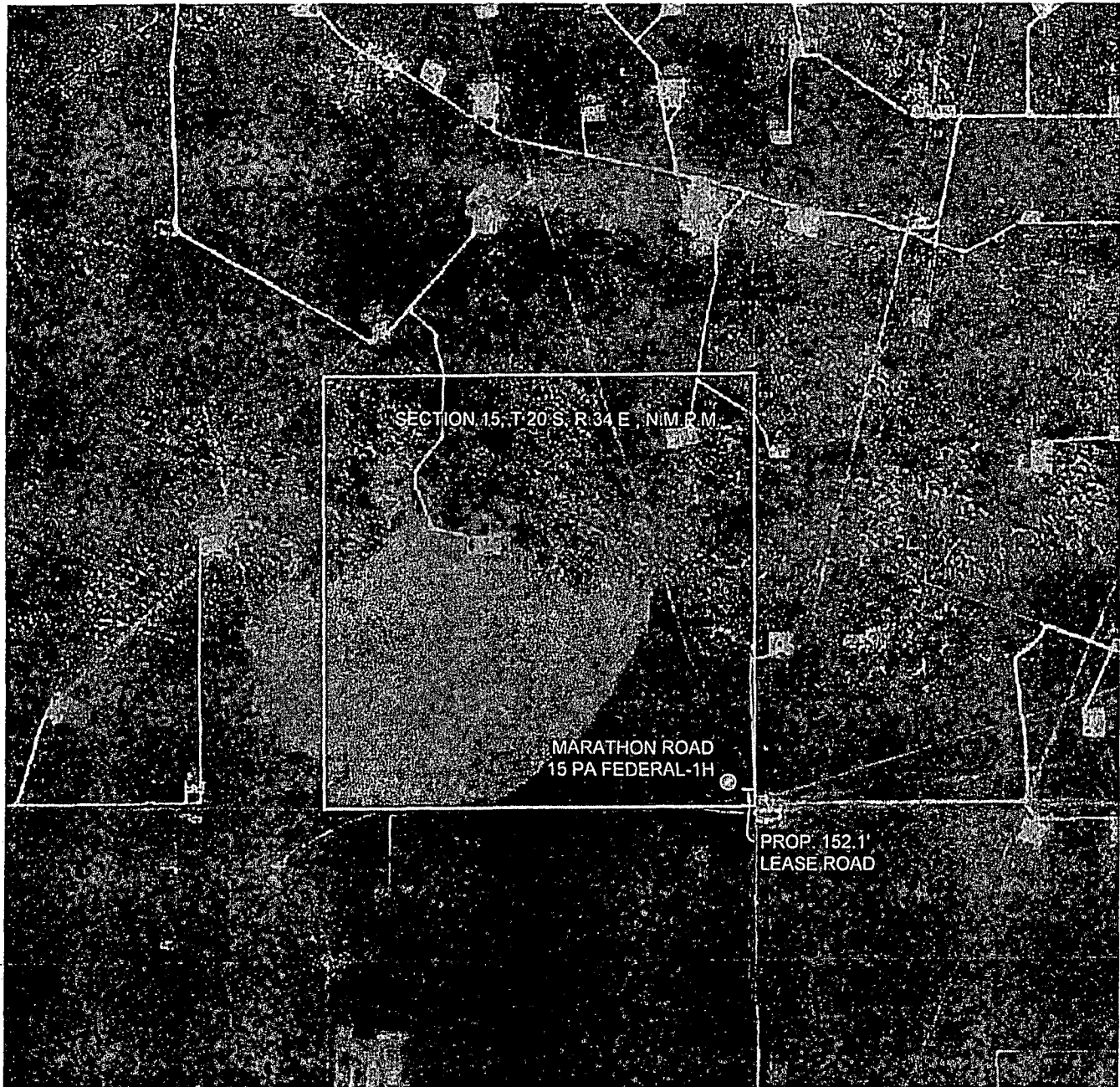


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ANDREWS, TEXAS 79714
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MEWBOURNE OIL COMPANY

JOB No.: WTC48972

AERIAL MAP



0 1000 2000 4000

GRAPHIC SCALE 1" = 2000'

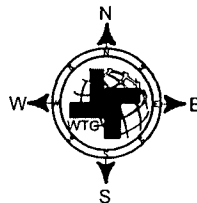
SECTION 15, T 20 S, R 34 E, N.M.P.M.

COUNTY: LEA STATE: NM

DESCRIPTION: 300' FSL & 330' FEL

OPERATOR: MEWBOURNE OIL COMPANY

WELL NAME: MARATHON ROAD 15 PA FEDERAL-1H



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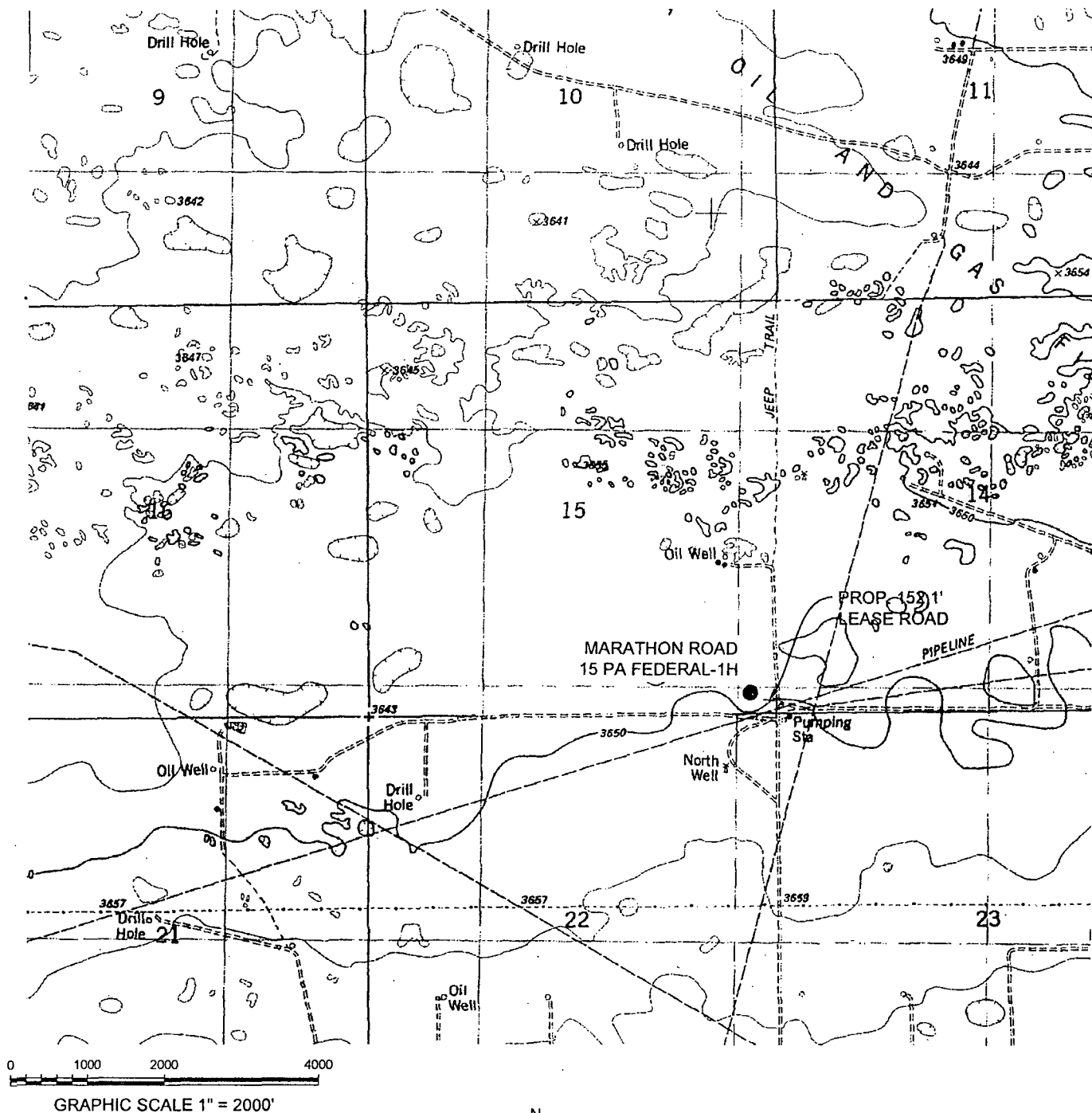


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MEWBOURNE OIL COMPANY

JOB No.: WTC48972

LOCATION VERIFICATION MAP



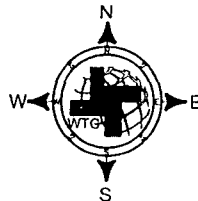
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MEWBOURNE OIL COMPANY

- × 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

EXHIBIT "4"

MARATHON ROAD 15

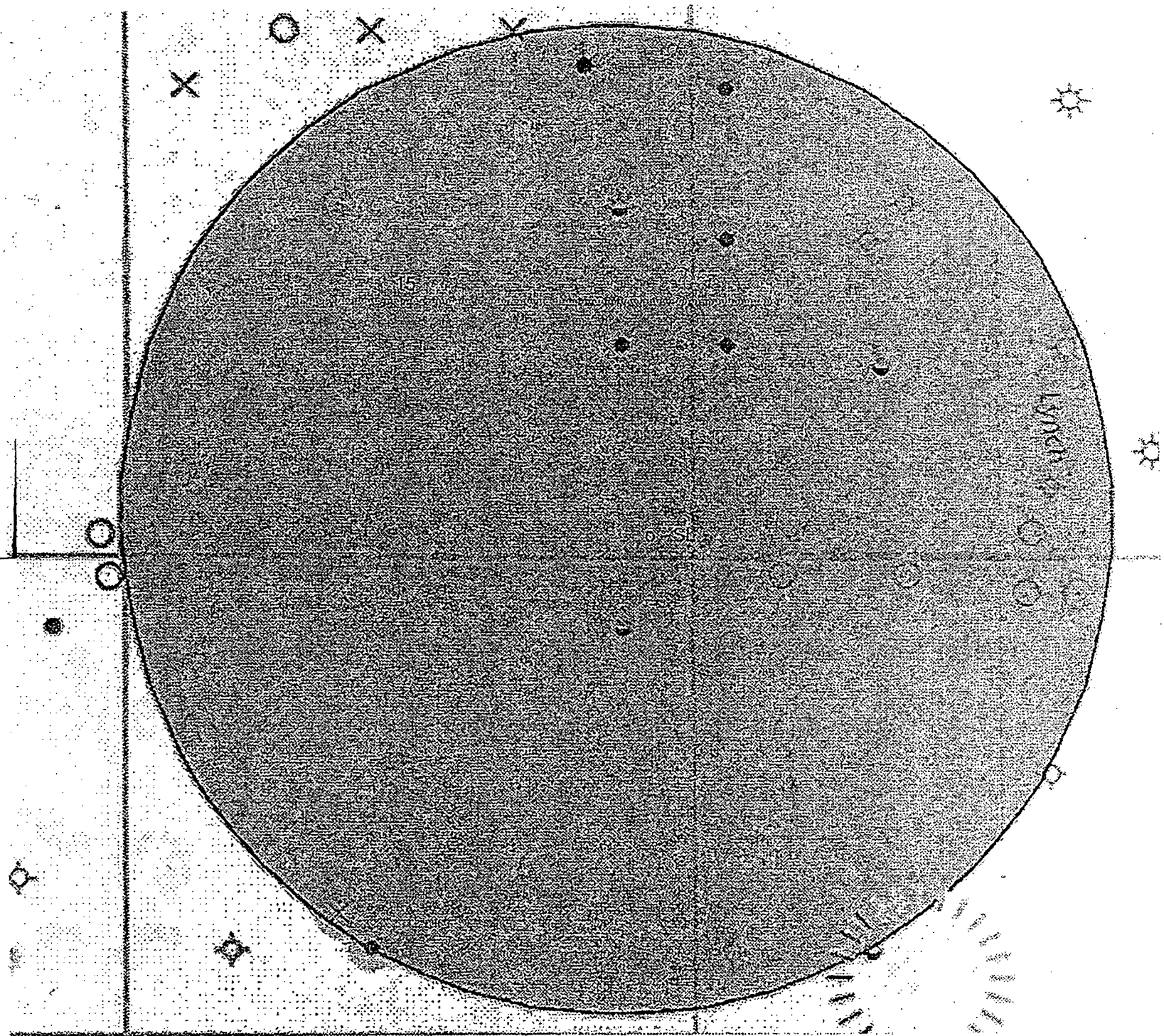
PA FED #1H

SL

300' FSL & 330' FEL

Sec. 15 T20S R34E

Lea County, NM



x 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

EXHIBIT "4A"

MARATHON ROAD

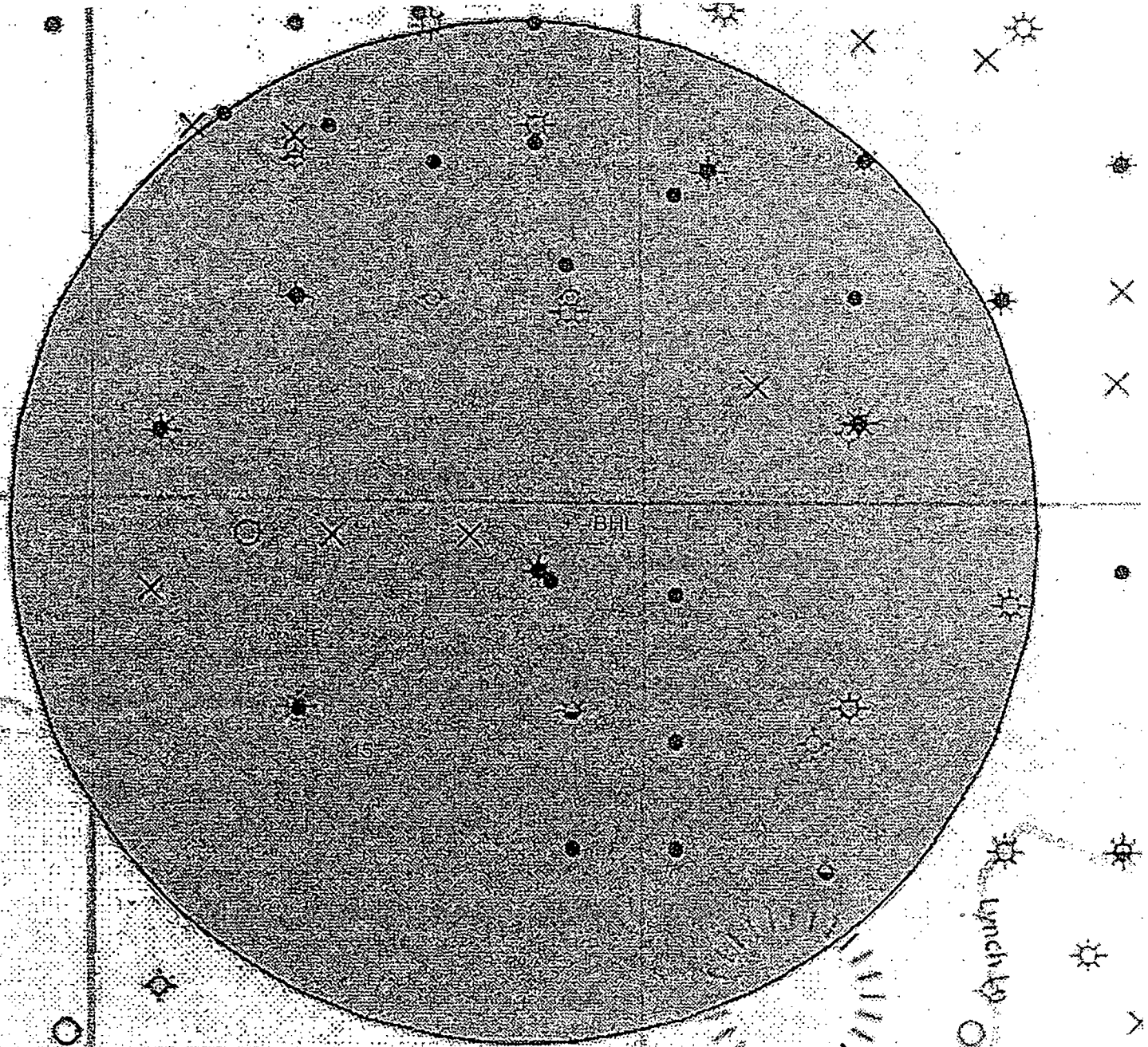
15 PA FEDERAL #1H

BHL

330' FNL & 850' FEL

Sec. 15 T20S R34E

Lea County, NM



Attachment: Marathon Road 15 PA Fed #1H

BLM Serial No.: NMNM 06570 – T20S, R34E, Section 15: E/2, Lea County, NM

Mewbourne Oil Company will earn an Assignment of Operating Rights from Read & Stevens Inc., et al
once our well is drilled and production has been established.

Read & Stevens, Inc., Post Office Box 1518, Roswell, NM 80202-1518, 575-622-3770