

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
August 1, 2011
Permit 197809

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

| | | |
|---|--|-------------------------------|
| 1. Operator Name and Address MEWBOURNE OIL CO 4801 Business Park Blvd. Hobbs, NM 88240 | | 2. OGRID Number 14744 |
| 4. Property Code 319418 | | 3. API Number 30-025-43929 |
| 5. Property Name TORO 36 B3AP STATE | | 6. Well No. 001H |

7. Surface Location

| | | | | | | | | | |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
| A | 36 | 23S | 34E | A | 300 | N | 660 | E | Lea |

8. Proposed Bottom Hole Location

| | | | | | | | | | |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
| P | 36 | 23S | 34E | P | 330 | S | 330 | E | Lea |

9. Pool Information

| | |
|----------------------------|------|
| ANTELOPE RIDGE;BONE SPRING | 2200 |
|----------------------------|------|

Additional Well Information

| | | | | |
|---------------------------|-----------------------------|--|-------------------------|------------------------------------|
| 11. Work Type New Well | 12. Well Type OIL | 13. Cable/Rotary | 14. Lease Type State | 15. Ground Level Elevation 3401 |
| 16. Multiple N | 17. Proposed Depth 16225 | 18. Formation 3rd Bone Spring Sand | 19. Contractor | 20. Spud Date 9/4/2017 |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

☒ We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|--------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 17.5 | 13.375 | 48 | 900 | 670 | 0 |
| Int1 | 12.25 | 9.625 | 40 | 5125 | 1060 | 0 |
| Prod | 8.75 | 7 | 26 | 11970 | 810 | 4925 |
| Liner1 | 6.125 | 4.5 | 13.5 | 16225 | 205 | 11220 |

Casing/Cement Program: Additional Comments

| |
|---|
| MOC proposed to drill & test the Bone Springs formation. H2S rule 118 does not apply because MOC has researched the area & no high concentrations were found. Will have on location & working all H2S safety equipment before Yates formation for safety & insurance purposes. Will stimulate as needed for production. |
|---|

22. Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Annular | 2000 | 1500 | Schaffer |
| Double Ram | 3000 | 3000 | Schaffer |
| Annular | 3000 | 1500 | Schaffer |

| | |
|--|--|
| 23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable. Signature: | OIL CONSERVATION DIVISION |
| Printed Name: Electronically filed by Monty Whetstone | Approved By: Paul Kautz |
| Title: Vice President Operations | Title: Geologist |
| Email Address: prodmgr@mewbourne.com | Approved Date: 8/21/2017 Expiration Date: 8/21/2019 |
| Date: 8/18/2017 Phone: 903-561-2900 | Conditions of Approval Attached |

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Form APD Comments

Permit 197809

PERMIT COMMENTS

| | | |
|---|--|-----------------------------------|
| Operator Name and Address: MEWBOURNE OIL CO [14744] 4801 Business Park Blvd. Hobbs, NM 88240 | | API Number: 30-025-43929 |
| | | Well: TORO 36 B3AP STATE #001H |

| | | |
|------------|---------|--------------|
| Created By | Comment | Comment Date |
|------------|---------|--------------|

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Form APD Conditions

Permit 197809

State of New Mexico
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PERMIT CONDITIONS OF APPROVAL

| | |
|---|-----------------------------------|
| Operator Name and Address: MEWBOURNE OIL CO [14744] 4801 Business Park Blvd. Hobbs, NM 88240 | API Number: 30-025-43929 |
| | Well: TORO 36 B3AP STATE #001H |

| OCD Reviewer | Condition |
|--------------|---|
| pkautz | Will require a directional survey with the C-104 |
| pkautz | Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string |
| pkautz | If using a pit for drilling and completion operations, must have an approved pit from prior to spudding the well. |
| pkautz | 1) SURFACE & INTERMEDIATE CASING - Cement must circulate to surface -- 2) PRODUCTION CASING - Cement must tie back into intermediate casing -- |
| pkautz | If cement does not circulate to surface, must run temperature survey or other log to determine top of cement |
| pkautz | Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water |
| pkautz | Operator shall notify appropriate District office when setting conductor pipe. |
| pkautz | 1)- The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of the well being spud 2)- Drilling Sundries Form C-103 (Casing and Cement test are to be submitted within 10 days 3)- Completion Reports & Logs are to be submitted within 20 days 4)- Deviation / Directional Drill Survey are to be filed with or prior to C-104 |
| pkautz | It is the operator's responsibility to monitor cancellation dates of approved APDs. APD's are good for 2 years and may be extended for one year. Only one 1 year extension will be granted if submitted by C-103 before expiration date. After expiration date or after a 1 year extension must submit new APD. |
| pkautz | If an APD expires and if site construction has occurred, site remediation is required. |
| pkautz | Lost Circulation - Must notify OCD Hobbs Office if lost circulation is encountered at 575-370-3186 |
| pkautz | Stage Tool - 1) Must notify OCD Hobbs Office prior to running Stage Tool at 575-370-3186 2) If using Stage Tool on Surface casing, Stage Tool must be set greater than 350' from surface and a minimum of 200 feet above surface shoe. 3) When using a Stage Tool on Intermediate or Production Casing Stage must be a minimum of 50 feet below previous casing shoe. |
| pkautz | Gas Capture Plan - Operator to Submit Gas Capture Plan form prior spud |