

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-83583	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Mewbourne Oil Company - 14744		7. If Unit or CA Agreement, Name and No.	
3a. Address PO Box 5270 Hobbs, NM 88240		8. Lease Name and Well No. Burton Flat 7 Federal #3	
3b. Phone No. (include area code) 505-393-5905		9. API Well No. 30-015-33337	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1650' FSL & 1800' FWL At proposed prod. zone Same		10. Field and Pool, or Exploratory Burton Flat Morrow	
14. Distance in miles and direction from nearest town or post office* 14 miles NNE of Carlsbad, NM		11. Sec., T., R., M., or Blk. and Survey or Area Sec 7-T20S-R28E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 990'		12. County or Parish Eddy	13. State NM
16. No. of Acres in lease 320		17. Spacing Unit dedicated to this well 320	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2899'		20. BLM/BIA Bond No. on file NM1693, Nationwide	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3309' GL		22. Approximate date work will start* ASAP	
		23. Estimated duration 45	

RECEIVED

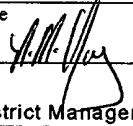
MAR 25 2004

OCD-ARTESIA

24. Attachments

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

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

25. Signature 	Name (Printed/Typed) NM Young	Date 02/16/04
Title Hobbs District Manager		
Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /s/ Joe G. Lara	Date 22 MAR 2004
Title FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

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

*(Instructions on reverse)

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED**

Caution Controlled Water Depth

Witness Surface Casing

DISTRICT II

811 South First, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088Instruction on back
Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
Property Code	Property Name BURTON FLAT "7" FEDERAL		Well Number 3
OGRID No. 14744	Operator Name MEWBOURNE OIL COMPANY		Elevation 3309

Surface Location

UL or lot No. K	Section 7	Township 20S	Range 28E	Lot Idn	Feet from the 1650	North/South line SOUTH	Feet from the 1800	East/West line WEST	County EDDY
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320		Joint or Infill	Consolidation Code		Order No.				

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

	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature NM Young Printed Name District Manager Title February 16, 2004 Date	
	SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. 1/30/2004 Date Surveyed Signature & Seal of Professional Surveyor 3640 Certificate No. Herscher Lozanes RLS 3640 BURTON FLAT "7" PROFESSIONAL SURVEYING COMPANY	

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

Drilling Program
Mewbourne Oil Company
Burton Flat "7" Federal #3
1650' FSL & 1800' FWL
Sec 7-T20S-R28E
Eddy County, New Mexico
Lease #NM-83583

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

Yates	820'
Queen	1170'
San Andres	1738'
Delaware	2985'
Bone Spring	4450'
Wolfcamp	8786'
Strawn	9796'
Atoka	10318'
Morrow	10800'
TD	11300'

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

Water	Approximately 200'
Hydrocarbons	All zones below Queen

3. Pressure control equipment:

A 2000 psi working pressure annular BOP will be installed on the 13-3/8" surface casing. A 5000 psi WP Double Ram BOP and a 3000 psi WP Annular will be installed after running 9 5/8" casing. Pressure tests will be conducted prior to drilling out under all casing strings. BOP controls will be installed prior to drilling under surface casing and will remain in until completion of drilling operations. BOP's will be inspected and operated daily to insure mechanical integrity and the inspection will be recorded on the daily drilling report.

Kelly cock and a sub equipped with a full opening valve sized to fit the drill pipe and collars will be available on the rig floor in the open position when the kelly is not in use.

4. Proposed casing and cementing program:

A. Casing Program:

<u>Hole Size</u>	<u>Casing Wt/Ft.</u>		<u>Grade</u>	<u>Depth</u>
17-1/2"	13-3/8"	48#	H40	0-400'
12-1/4"	9-5/8"	40#	N80/J55	0-3000'
8-3/4"	5-1/2"	17#	P110/N80	0-11300'

Drilling Program

Mewbourne Oil Company

Burton Flat "7" Federal #3

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

B. Cementing Program

- i. Surface Casing: 300 sacks Class "C" light cement containing ½ #/sk cellophane flakes, 2% CaCl, 5 lbs/sack gilsonite. 200 sacks Class "C" cement containing 2% CaCl.
- ii. Intermediate Casing: 900 sacks 35:65 pozmix cement containing 6% gel, 5 lbs/sack gilsonite. 200 sacks Class "C" cement containing 2% CaCl.
- iii. Production Casing: 600 sacks Class "H" cement containing fluid loss additive, friction reducer additive, compressive strength enhancer, and NaCl. Shallower productive zones may be protected by utilizing a multiple stage cementing tool in the production casing below potentially productive zones and cementing with a light cement slurry.

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

5. Mud Program:

<u>Interval</u>	<u>Type System</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0'-400'	FW spud mud	8.6-9.4	32-34	NA
400'-3000'	Brine water	10.0-10.2	28-30	NA
3000'-10000'	Cut brine water	8.8-9.2	28.30	NA
10000'-11300'	Cut brine water	9.2-9.8	32-42	8-12

(Note: Any Weight Above 8.6#/gallon would be to hold back Wolfcamp shale, rather than abnormal BHP.)

6. Evaluation Program:

Samples: 10'samples from intermediate casing to TD
Logging: Compensated density and dual laterlog from intermediate casing to TD
Coring: As needed for evaluation
Drill Stem Tests: As needed for evaluation

7. Downhole Conditions

Zones of abnormal pressure: None anticipated
Zones of lost circulation: Anticipated in surface and intermediate holes
Maximum bottom hole temperature: 180 degree F
Maximum bottom hole pressure: 9.0 lbs/gal gradient or less

Drilling Program

Mewbourne Oil Company

Burton Flat "7" Federal #3

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8. Anticipated Starting Date:

Mewbourne Oil Company intends to drill this well as soon as possible after receiving approval with approximately 45 days involved in drilling operations and an additional 10 days involved in completion operations on the project.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MEWBOURNE OIL COMPANY

Burton Flat "7" Federal #3

1650' FSL & 1800' FWL

Sec 7-T20S-R28E

Eddy County, New Mexico

Lease #NM-83583

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. Exhibit #3A is a topographic map showing the location of the proposed well and access road. Existing roads are highlighted in yellow and proposed roads are highlighted in green.
- B. **Directions to location: Go North on Illinois Camp Rd 7.2 miles from railroad tracks. Turn east on Angel Ranch Rd, continue east for 2000'. Turn south on old lease road to location.**

2. Proposed Access Road:

- A 500' of old road w/improvements of 6" compacted caliche.

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 no production facilities on this lease at the present time.
- B. In the event that the well is productive, production facilities will be located on the well pad.
- C. If the well is productive, restoration plans are as follows:

- i. The reserve pit will be back-filled after the contents of the pit are allowed to dry (within 180 days after the well is completed).
- ii. 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
- iii. All production vessels left on location will be painted to conform with BLM painting stipulations within 180 days of installation.

5. Location and Type of Water Supply

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

6. Source of Construction Materials

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

7. Methods of Handling Waste Disposal:

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

8. Ancillary Facilities

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

9. Well Site Layout

- A. A diagram of the drill pad is shown in Exhibit #5. Dimensions of the pad, pits, and location of major rig components are shown.
- B. The reserve pit will be lined with a high quality plastic sheeting to prevent migration of fluids.
- C. The pad dimension of 600' X 600' has been staked and flagged.
- D. An archaeological survey has been conducted on the proposed location pad.

10. Plans for Restoration of Surface

- A. Upon cessation of the proposed operations, if the well is abandoned, the location and road will be ripped and re-seeded per BLM guidelines. The reserve pit area, after allowing to dry will be leveled. The entire location will be restored to the original contour as much as reasonable possible. All trash, garbage, and pit lining will be hauled to appropriate disposal to assure the location is aesthetically pleasing as reasonable possible. All restoration work will be completed within 180 days of cessation of activities.
- B. The disturbed area will be restored by re-seeding during the proper growing season with a mixture of native grasses as stipulated by the BLM.
- C. Three sides of the reserve pit will be fenced prior to and during drilling operations. The reserve pit will be fenced on the fourth side after the drilling rig is removed to prevent the endangerment of livestock. The fence will remain in place until the pit area has been leveled and restored.
- D. Upon cessation of the proposed operations, if the well is not abandoned, the reserve pit area will be treated as outlined above within the prescribed amount of time. Any additional caliche required for production facilities will be obtained from a source as described in Section 6.

11. Surface Ownership:

The surface is owned by: Bureau of Land Management

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.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MEWBOURNE OIL COMPANY

Burton Flat "7" Federal #3

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13. Operator's Representative:

A. Through APD approval and drilling operations:

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

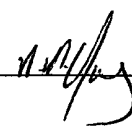
B. Through completion and production operations:

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

14. Certification

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

Date: 2/16/04

Signature: 

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

Notes Regarding Blowout Preventer

Mewbourne Oil Company

Burton Flat "7" Federal #3

1650' FSL & 1800' FWL

Sec 7-T20S-R28E

Eddy County, New Mexico

Lease #NM-83583

1. 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.
2. Blowout preventer and all fittings must be in good condition with a minimum 5000 psi working pressure.
3. 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 5000 psi working pressure.
4. Equipment through which bit must pass shall be at least as large as internal diameter of the casing.
5. A kelly cock shall be installed on the kelly at all times.
6. 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.

Hydrogen Sulfide Drilling Operations Plan

Mewbourne Oil Company

Burton Flat "7" Federal #3
1650' FSL & 1800' FWL
Sec 7-T20S-R28E
Eddy County, New Mexico
Lease #NM-83583

1. Hydrogen Sulfide Training

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

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

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

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

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

2. Hydrogen Sulfide Safety Equipment and Systems

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

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

Protective Equipment for Essential Personnel

Thirty minute self contained work unit located at briefing area as indicated on well site diagram.

B. 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.

C. Visual Warning Systems

1. Wind direction indicators as indicated on the well site diagram.
2. Caution signs shall be posted on roads providing access to location. Signs shall be painted a high visibility color with lettering of sufficient size to be readable at reasonable distances from potentially contaminated areas.

3. **Mud Program**

The mud program has been designed to minimize the amount of hydrogen sulfide entrained in the mud system. Proper mud weight, safe drilling practices, and the use of hydrogen sulfide scavengers will minimize hazards while drilling the well.

4. **Metallurgy**

All tubular systems, wellheads, blowout preventers, drilling spools, kill lines, choke manifolds, and valves shall be suitable for service in a hydrogen sulfide environment when chemically treated.

5. **Communications**

State & County Officials phone numbers are posted on rig floor and supervisors trailer. Communications in company vehicles and tool pushers are either two way radios or cellular phones.

6. **Well Testing**

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

7. **General Requirements**

MOC has researched this area and no high concentrations of H₂S was found. MOC will have on location and working all H₂S safety equipment before Yates and Delaware formations.

**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-83583


Legal Description of Land: Section 7, T-20S, R-28E Eddy County, New Mexico. Location
1650' FSL & 1800' FWL.

Formation (if applicable):

Bond Coverage: \$150,000

BLM Bond File: NM1693, Nationwide

Authorized Signature: _____


Name: NM (Micky) Young
Title: District Manager
Date: February 16, 2004

Mewbourne Oil Company

BOP Schematic for
12 1/4" Hole

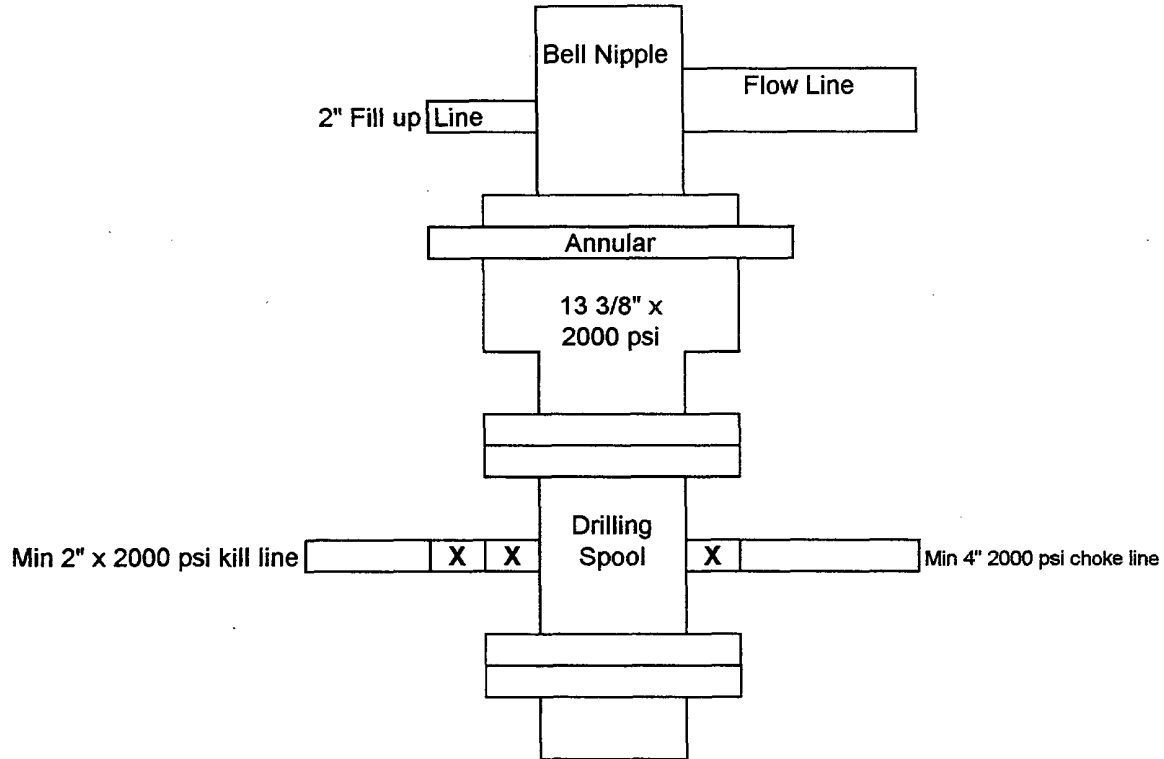


Exhibit #2

Burton Flat "7" Federal #3
1650' FSL & 1800' FWL
Sec 7-T20S-R28E
Eddy County, New Mexico
Lease #NM-83583

Mewbourne Oil Company

BOP Schematic for

8 3/4" or 7 7/8" Hole

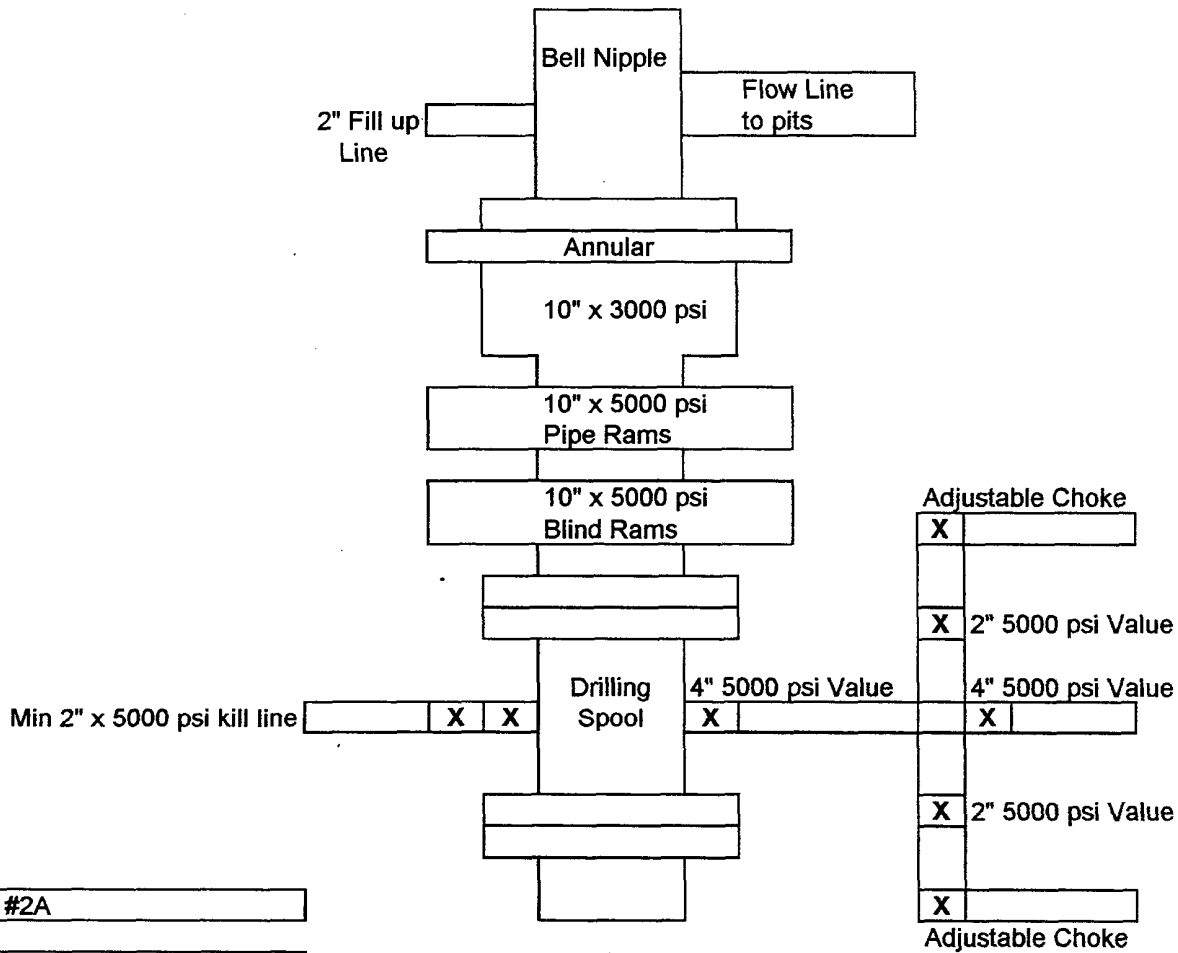


Exhibit #2A

Burton Flat "7" Federal #3
1650' FSL & 1800' FWL
Sec 7-T20S-R28E
Eddy County, New Mexico
Lease #NM-83583

SECTION 7, TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

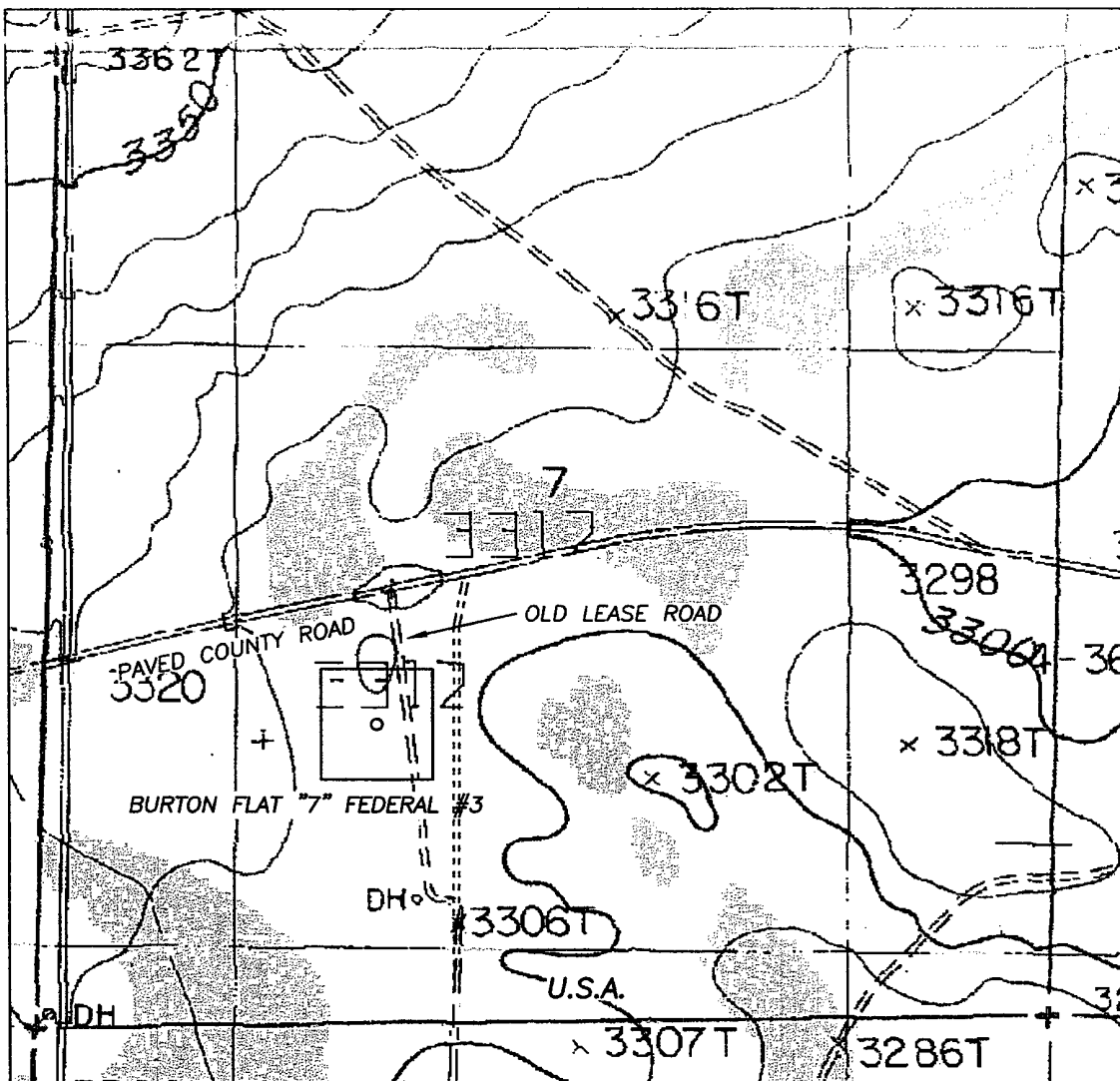


Exhibit #3

Burton Flat "7" Federal #3
1650' FSL & 1800' FWL
Sec. 7-T20S-R28E
Eddy County, New Mexico
Lease #NM-83583

1000' 0 1000' 2000'
Scale 1" = 1000'

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

3640
HERSCHEL L. JONES, P.E., L.S. No. 3640

GENERAL SURVEYING COMPANY P.O. BOX 1928
LOVINGTON, NEW MEXICO 88260

MEWBOURNE OIL COMPANY

LEASE ROAD TO ACCESS THE MEWBOURNE BURTON FLAT "7" FEDERAL #3 WELL, LOCATED IN SECTION 7, TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 1/30/2004	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 1/30/04	Scale 1" = 1000' BURTON.7-3

Exhibit #4
Status of Wells in Immediate Vicinity
Mewbourne Oil Company
Burton Flat "7" Federal #3
1650' FSL & 1800' FWL
Sec 7-T20S-R28E
Eddy County, New Mexico
Lease #NM-83583

Section 7 T-20S R-28E

Operator: Mewbourne Oil Company
Well Name: Burton Flat 7 Federal Com #1
Unit letter: I
Status: Producing
Field: Burton Flat Morrow

Operator: Mewbourne Oil Company
Well Name: Burton Flat 7 Federal Com #2
Unit letter: B
Status: Producing
Field: Angell Ranch Atoka Morrow

Mewbourne Oil Company

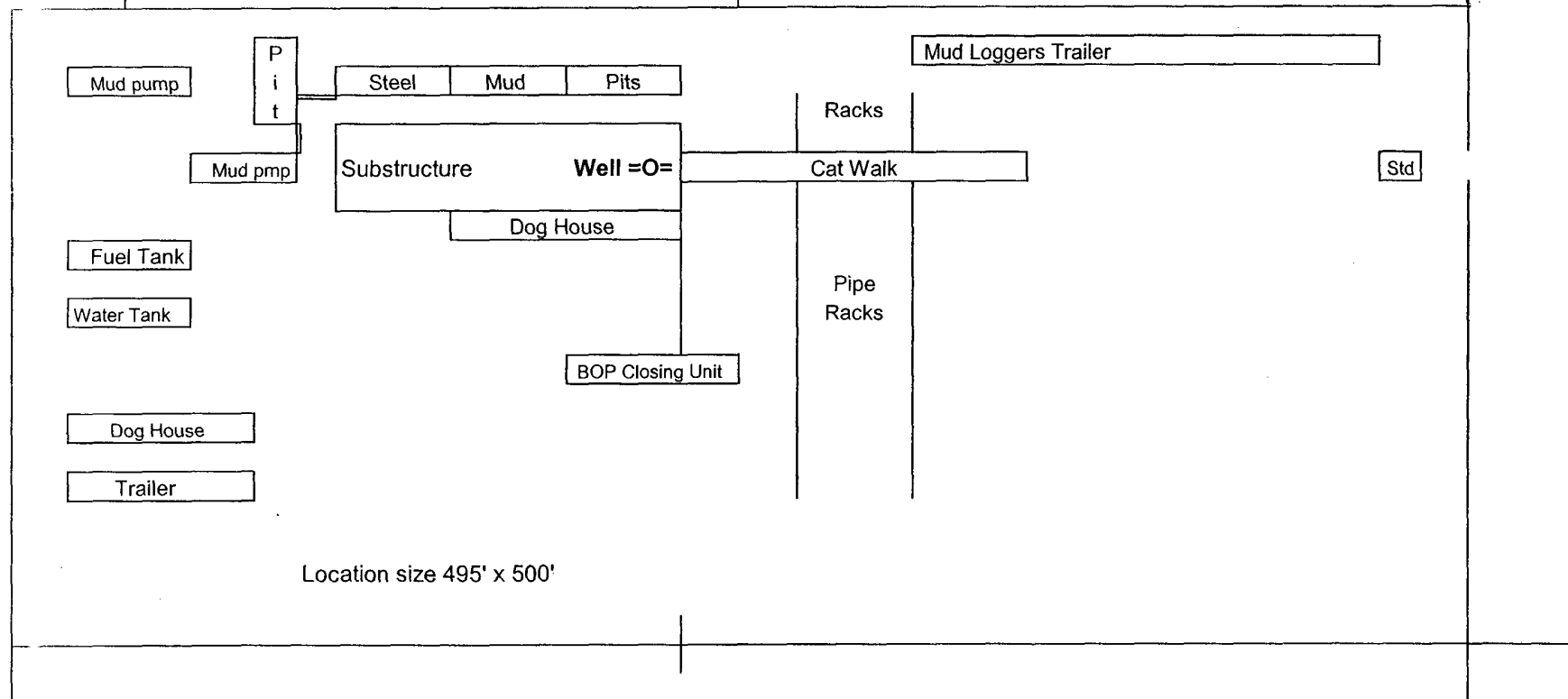
Exhibit #5

Well Name Burton Flat "7" Federal #3
Footages 1650' FSL & 1800' FWL
STR Sec 7 T-20S R-28E
County Eddy, County
State New Mexico

Reserve Pit
150 x 150'




Access
Road

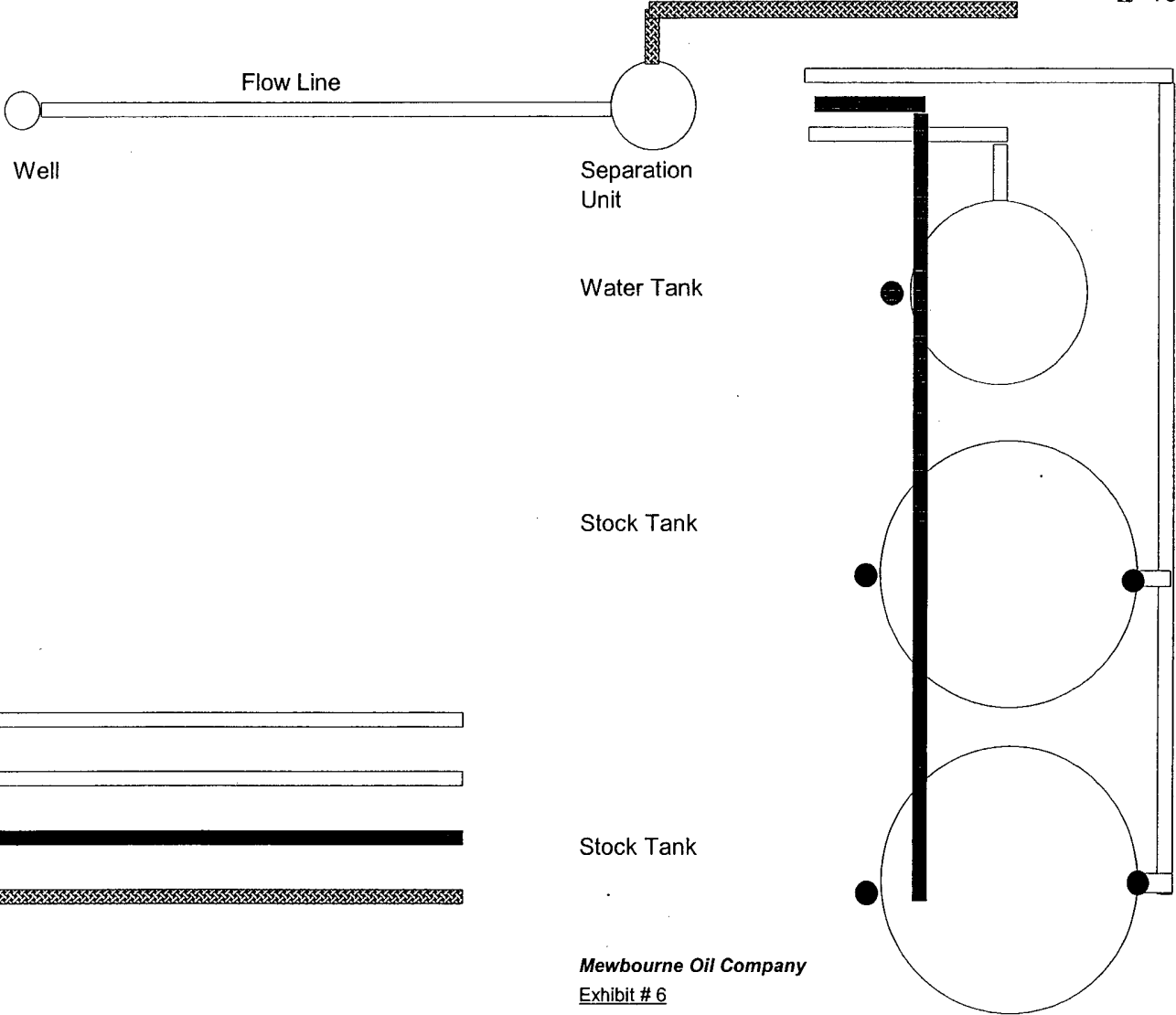


Location size 495' x 500'

Rig Location Schematic

Proposed Production Facilities Schematic

 To Gas Sales



Mewbourne Oil Company
Exhibit # 6
Proposed Production Facilities Schematic

Burton Flat "7" Fed #3
1650' FSL & 1800' FWL
Sec 7 T-20S R-28E
Eddy, County New Mexico