

330 X 225
N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

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

0206
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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-14777
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	3b. Phone No. (include area code) 505-393-5905	8. Lease Name and Well No. Pierce Crossing 35 Fed Com #1
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1400' FNL & 660' FEL At proposed prod. zone (H)		9. API Well No. 30-015-33688
14. Distance in miles and direction from nearest town or post office* 6 Miles East of Malaga, NM		10. Field and Pool, or Exploratory Owen Mesa Atoka
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 660'	16. No. of Acres in lease 320	11. Sec., T., R., M., or Blk. and Survey or Area Sec 35-T24S-R29E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2703'	19. Proposed Depth 13000'	12. County or Parish Eddy
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3069' GL	20. BLM/BIA Bond No. on file NM1693, Nationwide	13. State NM
22. Approximate date work will start* ASAP		17. Spacing Unit dedicated to this well 320
23. Estimated duration 30		

24. Attachments

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

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification. |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>A.M. Young</i>	Name (Printed/Typed) NM Young	Date 06/14/04
Title Hobbs District Manager		
Approved by (Signature) <i>IS/ Russ Sorensen</i>	Name (Printed/Typed) <i>IS/ Russ Sorensen</i>	Date OCT 25 2004
Title <i>ACTING</i> 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

Carlsbad Controlled Water Basin

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code	Pool Name
			Owen Mesa Atoka
Property Code	Property Name		Well Number
	PIERCE CROSSING "35" FEDERAL COM.		1
OGED No.	Operator Name		Elevation
14744	MEWBOURNE OIL COMPANY		3069

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	35	24S	29E		1400	NORTH	660	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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**

<p>Lease NM14777</p>		<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein to true and complete to the best of my knowledge and belief.</i></p> <p>Signature <u><i>[Signature]</i></u></p> <p>Printed Name <u>NM Young</u></p> <p>Title <u>Hobbs Manager</u></p> <p>Date <u>06/14/04</u></p>
<p>N.32°10'38.2" W.103°56'55.8"</p> <p>N.428381.8 E.619113.7</p>	<p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Date Surveyed <u>5/28/2004</u></p> <p>Signature & Seal of Professional Surveyor <u><i>[Signature]</i></u></p>	<p>PIERCE CROSSING 35-1</p> <p>GENERAL SURVEYING COMPANY</p>

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

Drilling Program
Mewbourne Oil Company
Pierce Crossing "35" Federal Com #1
1400' FNL & 660' FEL
Section 35-T24S-R29E
Eddy County, New Mexico
Lease # NM-14777

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

Cherry Canyon	4700'
Bonespring	6800'
Wolfcamp	11200'
Atoka	12500'
TD	13000'

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

Water	Approximately 200'
Hydrocarbons	All zones below 4700

3. Pressure control equipment:

Two thousand psi working pressure annular BOP's will be installed on the 13-3/8" surface casing. Five thousand psi working pressure BOP's and two thousand psi working pressure Hydril will be installed on the 9-5/8" intermediate casing. Pressure tests with rig pump will be conducted prior to drilling out under all casing strings. A third party Safety Test Company will pressure test and record on chart the approved testing pressure of the BOP, Choke, Hydril, Kelly Cock Valves before we drill below the 9-5/8" casing.

BOP controls will be installed prior to drilling under surface casing and will remain in use until completion of drilling operations. BOP's will be inspected and operated 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.

Drilling Program

Mewbourne Oil Company

Pierce Crossing "35" Fed Com #1

Page 2

4. 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>
17-1/2"	13-3/8"	48#	H40	0-500'
12-1/4"	9-5/8"	40#	N80/J55	0-4500'
8-3/4"	5-1/2"	17#	L80/P110	0-13000'

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

B. Cementing Program

- i. Surface Casing: 200 sacks Class "C" light cement containing .25 lbs/sack cellophane flakes, 2% CaCl, 6% bwoc Bentonite. 200 sacks Class "C" cement containing 2% CaCl.
- ii. Intermediate Casing: 500 sacks 35:65 pozmix cement containing 6% gel, 5 lbs/sack LCM-1. 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 and 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'-500'	FW spud mud	8.6-9.4	32-34	NA
500'-4500'	BW spud mud	10.0	32-34	NA
4500'-10000'	Fresh water	8.8-9.2	28-30	NA
10000'-13000'	Cut brine water	9.2-10.0	32-42	8-12

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

Drilling Program

Mewbourne Oil Company

Pierce Crossing "35" Fed Com #1

Page 3

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:	8.3 lbs/gal gradient or less

8. Anticipated Starting Date:

Mewbourne Oil Company intends to drill this well as soon as possible after receiving approval with approximately 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

Pierce Crossing "35" Federal Com #1

1400' FNL & 660' FEL

Section 35-T24S-R29E

Eddy County, New Mexico

Lease # NM-14777

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 red and proposed roads are highlighted in yellow.
- B. **Directions to location: From Malaga turn east on CR720 (Duarte Rd), go 1.2 miles. Turn right on CR746 (McDonald), go 5.9 miles to Y. Turn left 1.5 miles to Y. Turn right 1.8 miles to Y. Turn right 1.5 miles to Devon sign (Spud 25 #1). Turn right 0.4 miles to cattle guard. Go thru cattle guard to right. Go 2.2 miles to Devon spud sign. Turn left & go 0.5 miles to new location.**

2. Proposed Access Road:

- A The access to our new location will be from existing lease road.

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 10 months 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

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MEWBOURNE OIL COMPANY

Pierce Crossing 35 Federal Com #1

Page 2

- 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/or hauled to the location by transport trucks over existing and proposed roads as indicated in Exhibit #3.

6. Source of Construction Materials

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

7. Methods of Handling Waste Disposal:

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

8. Ancillary Facilities

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

9. Well Site Layout

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

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MEWBOURNE OIL COMPANY

Pierce Crossing 35 Federal Com #1

Page 3

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.

13. Operator's Representative:

- A. Through APD approval and drilling operations:

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

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MEWBOURNE OIL COMPANY

Pierce Crossing 35 Federal Com #1

Page 4

B. Through completion and production operations:

N.M. Young, District Manager

Mewbourne Oil Company

PO Box 5270


Hobbs, NM 88241

505-393-5905

14. Certification

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

Date: 6/15/04

Signature: 

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

**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-14777

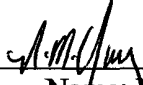
Legal Description of Land: Section 35-T24S-R29E, Eddy County, New Mexico.
Location 1400' FNL & 660' FEL of Section 35

Formation (if applicable):

Bond Coverage: \$150,000

BLM Bond File: NM1693, Nationwide

Authorized Signature: _____


Name: NM Young
Title: Hobbs District Manager
Date: June 14, 2004

Hydrogen Sulfide Drilling Operations Plan

Mewbourne Oil Company

Pierce Crossing "35" Federal Com #1

1400' FNL & 660' FEL

Section 35-T24S-R29E

Eddy County, New Mexico

Lease # NM-14777

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:

- 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.

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.

1. Well Control Equipment

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

2. Protective Equipment for Essential Personnel

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

3. Hydrogen Sulfide Protection and Monitoring Equipment

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

4. Visual Warning Systems

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

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 toolpushers 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 Delaware formations.

Mewbourne Oil Company
BOP Schematic for
12 1/4" Hole

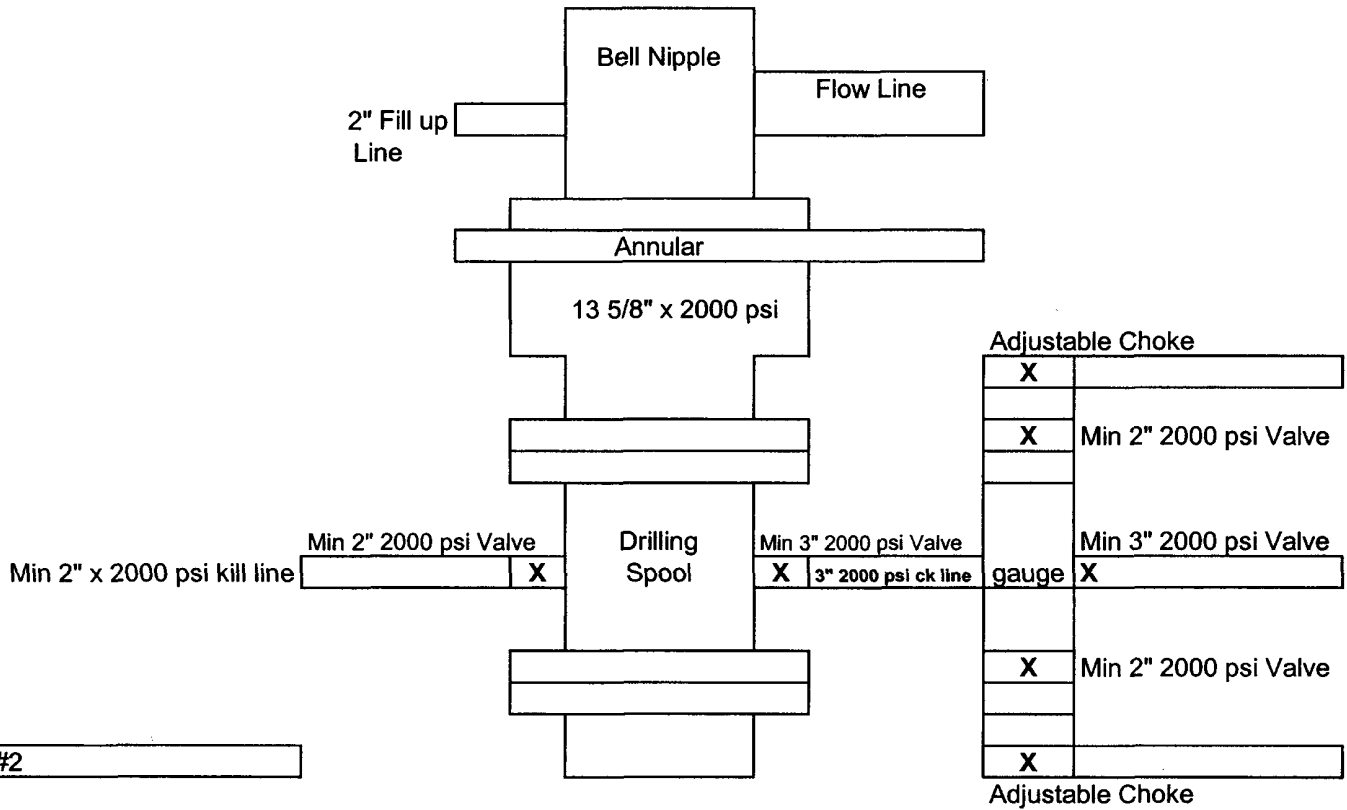


Exhibit #2

Pierce Crossing 35 Fed Com #1
Sec 35-T24S-R29E
1400' FNL & 660' FEL
Eddy County, NM

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

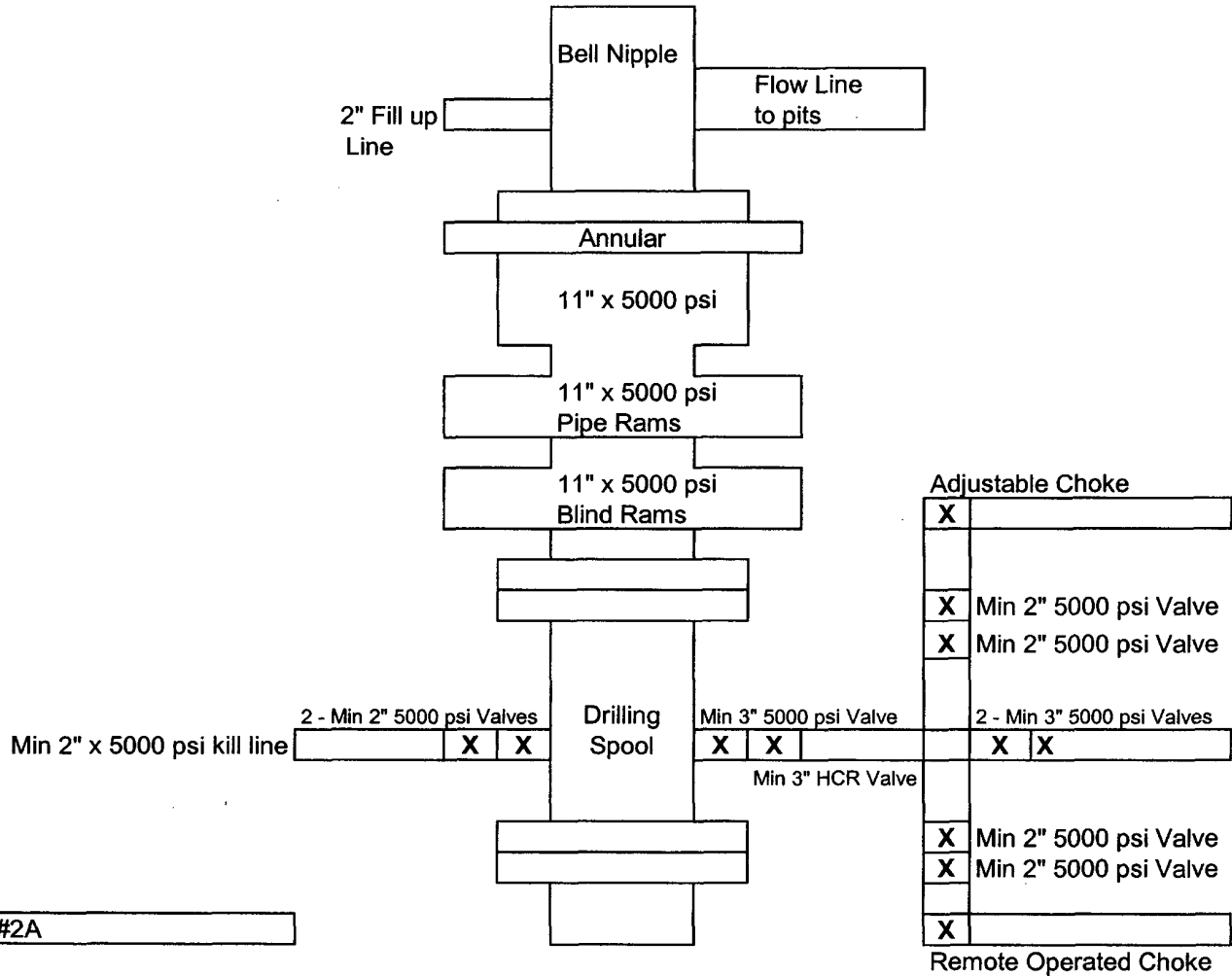
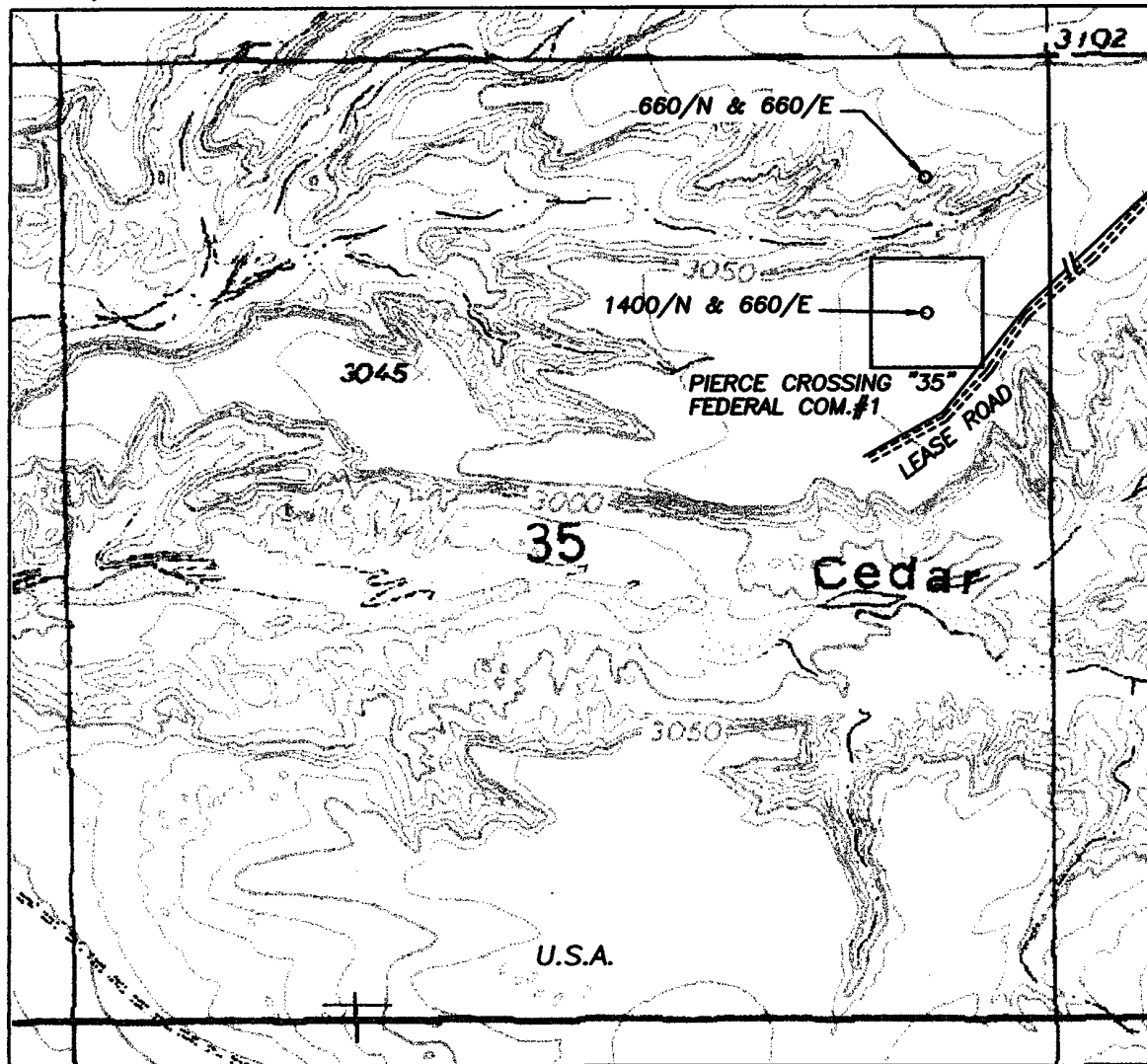


Exhibit #2A

Pierce Crossing 35 Fed Com #1
Sec 35-T24S-R29E
1400' FNL & 660' FEL
Eddy County, NM

SECTION 35, TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

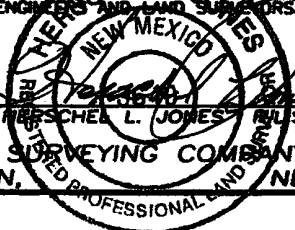


62

Exhibit 3A

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.



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

MEWBOURNE OIL COMPANY

LEASE ROAD TO ACCESS THE MEWBOURNE PIERCE CROSSING "35" FEDERAL COM. #1 WELL, LOCATED IN SECTION 35, TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 5/28/2004	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 5/28/04	Scale 1" = 1000' PIERCE.35-1

Exhibit #4
Status of Wells in Immediate Vicinity
Mewbourne Oil Company
Pierce Crossing "35" Federal Com #1
1400' FNL & 660' FEL
Section 35-T24S-R29E
Eddy County, New Mexico
Lease # NM-14777

Section 35-T24S-R29E

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

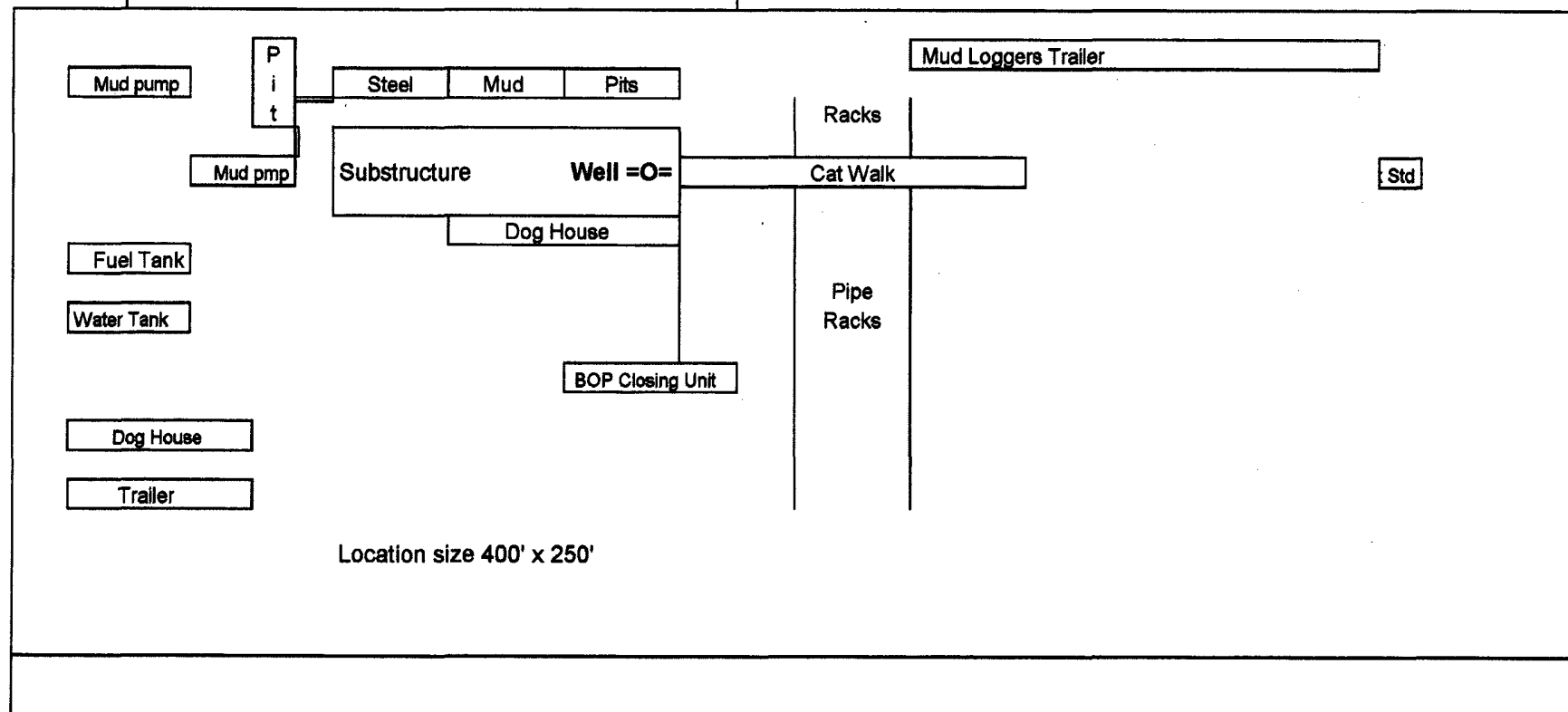
Mewbourne Oil Company



Exhibit # 5

Well Name Pierce Crossing 35 Fed Com #1
Footages Sec 35-T24S-R29E
STR 1400' FNL & 660' FEL
County Eddy County
State New Mexico

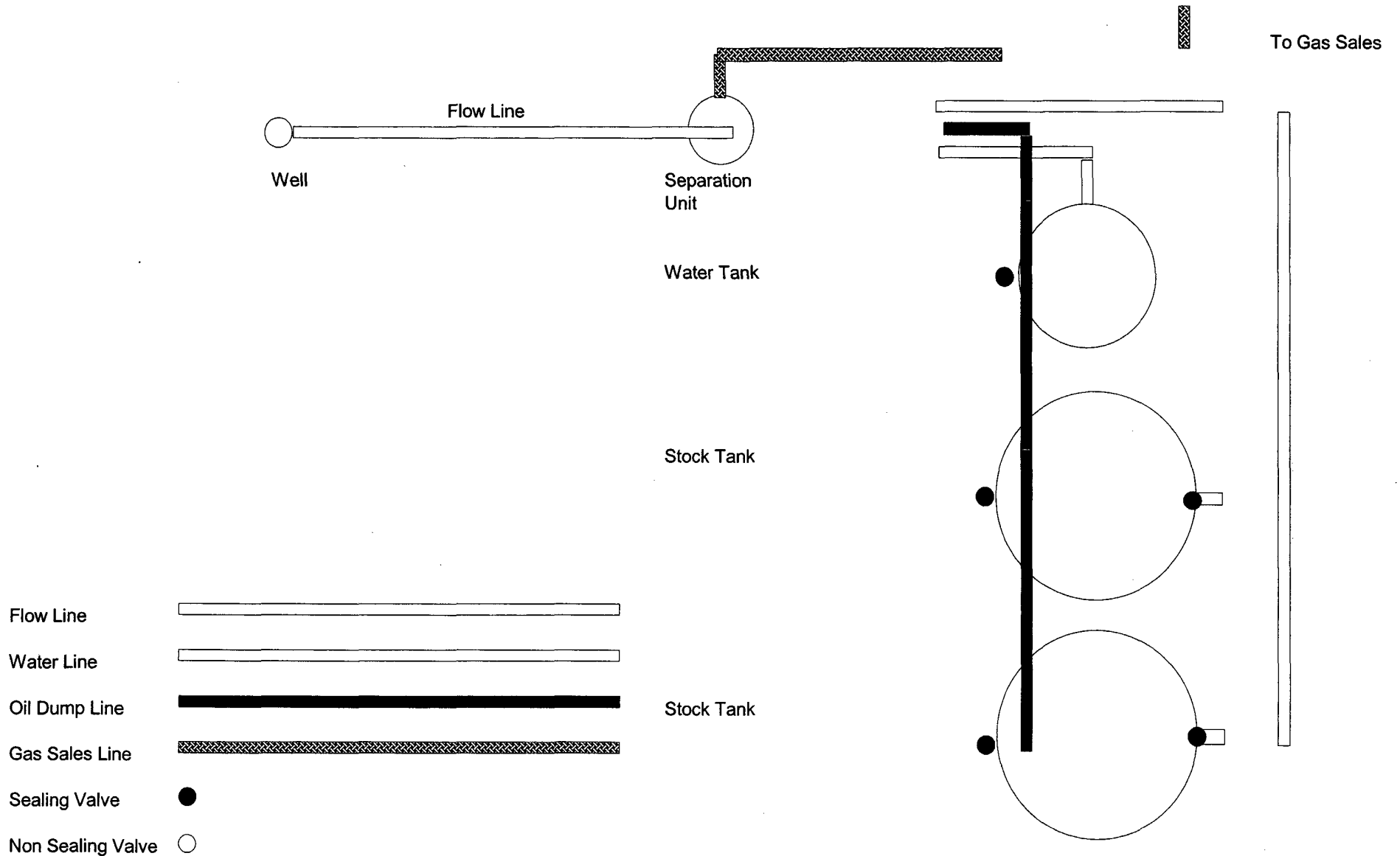
Reserve Pit
150 x 150'



Location size 400' x 250'

Rig Location Schematic

Proposed Production Facilities Schematic



Mewbourne Oil Company

Exhibit # 6

Proposed Production Facilities Schematic

Pierce Crossing 35 Fed Com #1

Sec 35-T24S-R29E

1400' FNL & 660' FEL

Eddy County, NM