

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD Artesia

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED  
OMB No. 1004-0137  
Expires July 31, 2010  
ATS-12-1271

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. SL-NM-89880, BHL- NMLC-029388C
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input 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 <i>tes</i> <i>12/6/2012</i>
2. Name of Operator Mewbourne Oil Company		7. If Unit or CA Agreement, Name and No. <i>32676</i> <i>37708</i>
3a. Address PO Box 5270 Hobbs, NM 88241	3b. Phone No. (include area code) 575-393-5905	8. Lease Name and Well No. Tamano "10" Fed Com #9H
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 355' FSL & 230' FWL - Sec. 10 T18S R31E At proposed prod. zone 355' FSL & 330' FEL - Sec. 10 T18S R31E		9. API Well No. <i>30-015-40869</i>
14. Distance in miles and direction from nearest town or post office* 32 miles SW of Lovington, NM		10. Field and Pool, or Exploratory Tamano Bone Spring ( <i>32676</i> ) <i>LS8040</i>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 230'	16. No. of acres in lease SL-240, BHL-160	11. Sec., T. R. M. or Blk. and Survey or Area Sec. 10 T18S R31E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 330' (Johnson A Fed #1, Legacy Operating, LP)	19. Proposed Depth 13,000' MD 8487' TVD	12. County or Parish Eddy
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3692' GL	22. Approximate date work will start* 11/01/2012	13. State NM
17. Spacing Unit dedicated to this well 160		
20. BLM/BIA Bond No. on file NM-1693 Nationwide, NMB-000919		
23. Estimated duration 60 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:

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

25. Signature <i>Bradley Bishop</i>	Name (Printed/Typed) Bradley Bishop	Date 09/20/2012
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Title

Approved by (Signature) <i>/s/ Don Peterson</i>	Name (Printed/Typed)	Date <b>DEC 2 2012</b>
Title <b>FIELD MANAGER</b>	Office <b>CARLSBAD FIELD OFFICE</b>	

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**

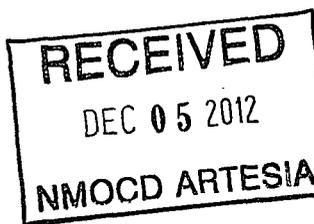
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

\*(Instructions on page 2)

Capitan Controlled Water Basin.

Approval Subject to General Requirements  
& Special Stipulations Attached



SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

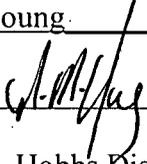
# Mewbourne Oil Company

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 21 day of Sept, 2012.

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

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: SL -NM-89880 & BHL - NMLC 029388C

Legal Description of Land: Section 10, T-18S, R-31E Eddy County, New Mexico.  
Location @ 355' FSL & 230' FWL.

Formation (if applicable): Bone Springs

Bond Coverage: \$150,000

BLM Bond File: NM1693 Nationwide, NMB - 000919

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

  
Name: NM (Micky) Young

Title: District Manager

Date: 9/21/12

DISTRICT I  
1625 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 18, 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 <b>30-015-40869</b>	Pool Code <b>32676</b> <b>58040</b>	Pool Name Tamano Bone Spring
Property Code <b>34108</b> <b>32676</b>	Property Name TAMANO "10" FEDERAL COM	Well Number 9H
OGRID No. <b>1A7AA</b>	Operator Name MEWBOURNE OIL COMPANY	Elevation 3692'

Surface Location

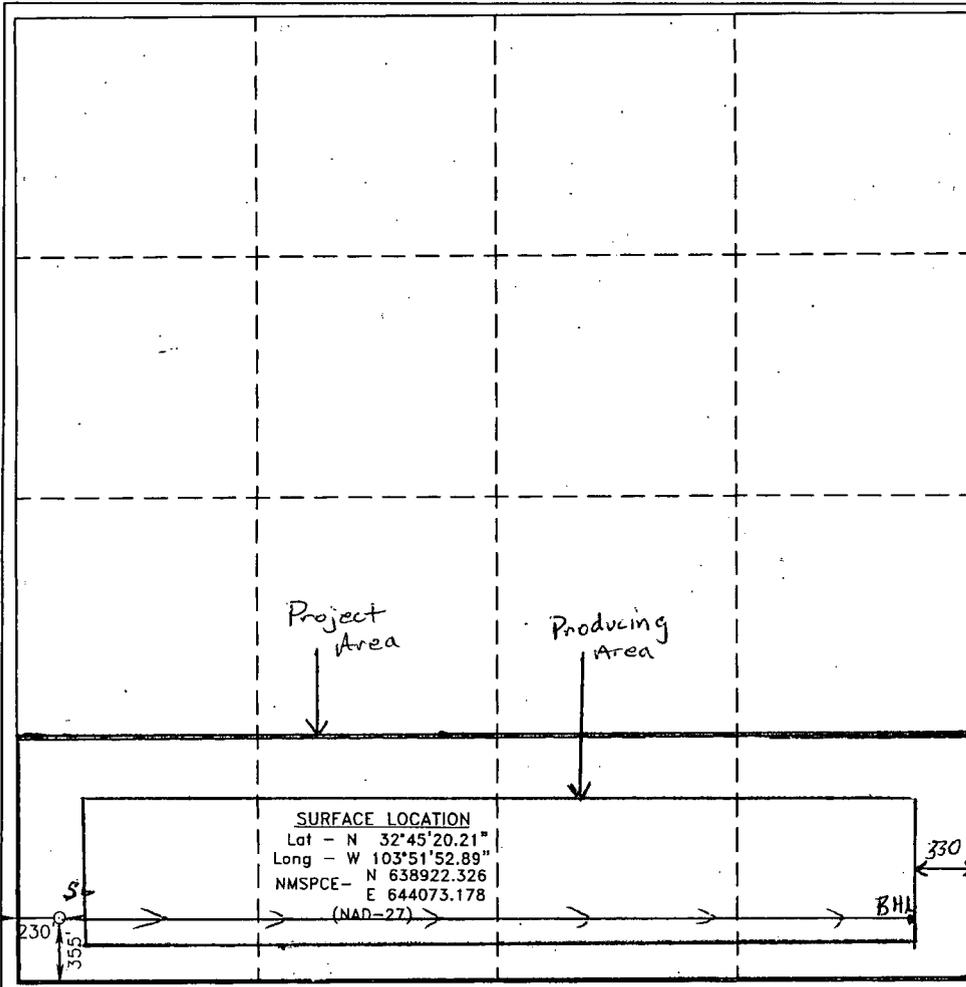
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	10	18 S	31 E		355	SOUTH	230	WEST	EDDY

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
P	10	18 S	31 E		355	SOUTH	330	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
<b>160</b>			

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 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.

Signature: *[Signature]* Date: **9/21/12**

Printed Name: **N.M. Young**

Email Address: \_\_\_\_\_

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**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.

DATE SURVEYED: **SEPTEMBER 2, 2012**

Signature & Seal of Professional Surveyor: *[Signature]*

Certificate No. **Gary L. Jones 7977**

**BASIN SURVEYS 25340**

**Drilling Program**  
**Mewbourne Oil Company**  
 Tamano "10" Fed Com #9H  
 500' FSL & 330' FWL (SHL)  
 Sec 10-T18S-R31E  
 Eddy County, New Mexico

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

Rustler	660'
Top of Salt	890'
Base of Salt	1960'
Yates	2100'
Capitan	NP
Seven Rivers	NP
*Queen	3270'
Grayburg	3825'
*San Andres	4040'
*Delaware	4525'
*Bone Springs	5800'

??

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

Water	Fresh water is anticipated @ 380' and will be protected by setting surface casing at 685' 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 3/8" casing. A 3000# WP Double Ram BOP and 3000# WP Annular will be installed after running 9 5/8" & 7" 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 9 5/8" & 7" 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 8009' & kick off to horizontal @ 8760' MD (8487' TVD). The well will be drilled to 13000' MD (8487' 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 3/8" (new)	48#	H40	0'-685'	ST&C
12 1/4"	9 5/8" (new)	36#	J55	0'-2200'	LT&C
8 3/4"	7" (new)	26#	P110	0'-8009' MD	LT&C
8 3/4"	7" (new)	26#	P110	8009'-8760' MD	BT&C
6 1/8"	4 1/2" (new)	13.5#	P110	8560'-13000' MD	LT&C

*Lost safety Factors  
 Collapse 1.125 Burst 1.0 Tensile 1.6*

**B. Cementing Program:**

- i. Surface Casing: 320 sks Class "C" (35:65:4) light cement w/ salt & LCM additives. Yield at 2.15 cuft/sk. 200 sks Class "C" cement w/ 2% CaCl<sub>2</sub>. Yield at 1.34 cuft/sk. Cmt circulated to surface w/100% excess.
- ii. Intermediate Casing: 300 sks Class "C" (35:65:4) light cement w/ salt & LCM additives. Yield @ 2.14 cuft/sk. 200 sacks Class "C" cement w/2% CaCl<sub>2</sub>. Yield at 1.34 cuft/sk. Cmt circulated to surface w/25% excess.
- iii. Production Casing: 575 sacks Class "H" (35:65:4) light cement w/ salt, FL & LCM additives. Yield @ 2.11 cuft/sk. 400 sacks Class "H" cement w/ salt & FL additives. Yield @ 1.19 cuft/sk. Cmt circulated to surface w/25% excess.
- 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: (65% fly ash : 35% cement : 4% 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' - 685'	FW spud mud	8.6-9.0	32-34	NA
685' - 2200'	Brine water	10.0-10.2	28-30	NA
2200' - 8009' (KOP)	Cut Brine	8.5-8.7	28-30	NA
8009' - TD	Cut Brine 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 100' above KOP to surface. GR from 8009' 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 60 days involved in drilling operations and an additional 10 days involved in completion operations on the project.



**Job Number:** S12-T10FC#9H  
**Company:** Mewbourne Oil Company  
**Lease/Well:** Tamano 10 Federal Com #9H  
**Location:** NM-East  
**Rig Name:** Patterson #  
**State/County:** New Mexico/ Eddy  
**Country:** United States of America  
**API Number:** N/A

**Elevation (To MSL):** 0.00 ft  
**RKB:** 0.00 ft  
**Projection System:** US State Plane 1927 (Exact solution)  
**Projection Group:** New Mexico East 3001  
**Projection Datum:** CLARKE 1866  
**Magnetic Declination:** 7.62  
**Grid Convergence:** 0.25357 E  
**Date:** Thursday, August 30, 2012

Calculated by HawkEye Software  
 Minimum Curvature Method  
 Vertical Section Plane 89.31°  
 Northing (US ft): 638922.33 Easting (US ft): 644073.18  
 Latitude: 32°45'20.2125" N Longitude: -103°51'52.8895" W  
 Well Location: 358.16 FSL, 236.75 FWL, Section 10, T18S, R31E, Meridian 23, Eddy County, NM  
 Direction Reference: Grid North

Measured Depth (Ft)	INC Deg	AZM Deg	Subsea TVD (Ft)	TVD (Ft)	NS (Ft)	EW (Ft)	Northing (US ft)	Easting (US ft)	Latitude DMS	Longitude DMS	Build Rate %/100Ft	VS (Ft)	Closure (Ft)	Dir Deg	DLS %/100Ft
<b>KOP-Begin Build @ 8009.54MD, 12.00%/ 100 Ft</b>															
8009.54	0.00	0.00	8009.54	8009.54	0.01	0.00	638922.33	644073.18	32°45'20.2126" N	-103°51'52.8895" W	0.00	0.00	0.01	0.01	0.00
8029.54	2.40	89.31	8029.53	8029.53	0.01	0.42	638922.34	644073.60	32°45'20.2126" N	-103°51'52.8846" W	12.00	0.42	0.42	88.35	12.00
8049.54	4.80	89.31	8049.49	8049.49	0.03	1.67	638922.35	644074.85	32°45'20.2127" N	-103°51'52.8699" W	12.00	1.67	1.67	89.07	12.00
8069.54	7.20	89.31	8069.38	8069.38	0.05	3.76	638922.38	644076.94	32°45'20.2129" N	-103°51'52.8454" W	12.00	3.77	3.77	89.20	12.00
8089.54	9.60	89.31	8089.17	8089.17	0.09	6.69	638922.41	644079.86	32°45'20.2131" N	-103°51'52.8112" W	12.00	6.69	6.69	89.25	12.00
8109.54	12.00	89.31	8108.81	8108.81	0.13	10.43	638922.46	644083.61	32°45'20.2134" N	-103°51'52.7673" W	12.00	10.43	10.43	89.27	12.00
8129.54	14.40	89.31	8128.28	8128.28	0.19	15.00	638922.51	644088.18	32°45'20.2137" N	-103°51'52.7139" W	12.00	15.00	15.00	89.28	12.00
8149.54	16.80	89.31	8147.54	8147.54	0.25	20.38	638922.58	644093.55	32°45'20.2141" N	-103°51'52.6509" W	12.00	20.38	20.38	89.29	12.00
8169.54	19.20	89.31	8166.56	8166.56	0.33	26.56	638922.65	644099.73	32°45'20.2146" N	-103°51'52.5785" W	12.00	26.56	26.56	89.30	12.00
8189.54	21.60	89.31	8185.31	8185.31	0.41	33.53	638922.74	644106.70	32°45'20.2151" N	-103°51'52.4969" W	12.00	33.53	33.53	89.30	12.00
8209.54	24.00	89.31	8203.74	8203.74	0.50	41.28	638922.83	644114.45	32°45'20.2157" N	-103°51'52.4061" W	12.00	41.28	41.28	89.30	12.00
8229.54	26.40	89.31	8221.84	8221.84	0.61	49.79	638922.93	644122.97	32°45'20.2163" N	-103°51'52.3064" W	12.00	49.79	49.79	89.30	12.00
8249.54	28.80	89.31	8239.56	8239.56	0.72	59.05	638923.04	644132.23	32°45'20.2170" N	-103°51'52.1979" W	12.00	59.06	59.06	89.30	12.00
8269.54	31.20	89.31	8256.88	8256.88	0.84	69.05	638923.16	644142.23	32°45'20.2178" N	-103°51'52.0809" W	12.00	69.06	69.06	89.30	12.00
8289.54	33.60	89.31	8273.76	8273.76	0.97	79.77	638923.29	644152.95	32°45'20.2186" N	-103°51'51.9554" W	12.00	79.77	79.77	89.31	12.00
8309.54	36.00	89.31	8290.19	8290.19	1.10	91.18	638923.43	644164.36	32°45'20.2194" N	-103°51'51.8217" W	12.00	91.19	91.19	89.31	12.00
8329.54	38.40	89.31	8306.12	8306.12	1.25	103.27	638923.58	644176.45	32°45'20.2203" N	-103°51'51.6802" W	12.00	103.28	103.28	89.31	12.00
8349.54	40.80	89.31	8321.53	8321.53	1.40	116.02	638923.73	644189.20	32°45'20.2213" N	-103°51'51.5309" W	12.00	116.03	116.03	89.31	12.00
8369.54	43.20	89.31	8336.39	8336.39	1.56	129.40	638923.89	644202.58	32°45'20.2223" N	-103°51'51.3742" W	12.00	129.41	129.41	89.31	12.00
8389.54	45.60	89.31	8350.68	8350.68	1.73	143.39	638924.06	644216.57	32°45'20.2234" N	-103°51'51.2103" W	12.00	143.40	143.40	89.31	12.00
8409.54	48.00	89.31	8364.37	8364.37	1.90	157.97	638924.23	644231.15	32°45'20.2244" N	-103°51'51.0396" W	12.00	157.98	157.98	89.31	12.00
8429.54	50.40	89.31	8377.44	8377.44	2.09	173.11	638924.41	644246.28	32°45'20.2256" N	-103°51'50.8624" W	12.00	173.12	173.12	89.31	12.00
8449.54	52.80	89.31	8389.85	8389.85	2.28	188.78	638924.60	644261.95	32°45'20.2268" N	-103°51'50.6789" W	12.00	188.79	188.79	89.31	12.00
8469.54	55.20	89.31	8401.61	8401.61	2.47	204.95	638924.80	644278.13	32°45'20.2280" N	-103°51'50.4895" W	12.00	204.97	204.97	89.31	12.00
8489.54	57.60	89.31	8412.68	8412.68	2.67	221.61	638925.00	644294.79	32°45'20.2292" N	-103°51'50.2944" W	12.00	221.62	221.62	89.31	12.00
8509.54	60.00	89.31	8423.03	8423.03	2.88	238.72	638925.21	644311.89	32°45'20.2306" N	-103°51'50.0940" W	12.00	238.73	238.73	89.31	12.00

Measured Depth (Ft)	INC Deg	AZM Deg	Subsea TVD (Ft)	TVD (Ft)	NS (Ft)	EW (Ft)	Northing (US ft)	Easting (US ft)	Latitude DMS	Longitude DMS	Build Rate %/100Ft	VS (Ft)	Closure (Ft)	Closure Dir Deg	DLS %/100Ft
8529.54	62.40	89.31	8432.67	8432.67	3.09	256.24	638925.42	644329.42	32°45'20.2319" N	-103°51'49.8889" W	12.00	256.26	256.26	89.31	12.00
8549.54	64.80	89.31	8441.56	8441.56	3.30	274.15	638925.63	644347.33	32°45'20.2332" N	-103°51'49.6791" W	12.00	274.17	274.17	89.31	12.00
8569.54	67.20	89.31	8449.70	8449.70	3.53	292.42	638925.85	644365.60	32°45'20.2346" N	-103°51'49.4652" W	12.00	292.44	292.44	89.31	12.00
8589.54	69.60	89.31	8457.06	8457.06	3.75	311.01	638926.07	644384.18	32°45'20.2359" N	-103°51'49.2475" W	12.00	311.03	311.03	89.31	12.00
8609.54	72.00	89.31	8463.64	8463.64	3.98	329.90	638926.30	644403.07	32°45'20.2374" N	-103°51'49.0263" W	12.00	329.92	329.92	89.31	12.00
8629.54	74.40	89.31	8469.42	8469.42	4.21	349.04	638926.53	644422.22	32°45'20.2388" N	-103°51'48.8021" W	12.00	349.06	349.06	89.31	12.00
8649.54	76.80	89.31	8474.39	8474.39	4.44	368.41	638926.76	644441.59	32°45'20.2403" N	-103°51'48.5753" W	12.00	368.44	368.44	89.31	12.00
8669.54	79.20	89.31	8478.54	8478.54	4.68	387.97	638927.00	644461.14	32°45'20.2418" N	-103°51'48.3463" W	12.00	387.99	387.99	89.31	12.00
8689.54	81.60	89.31	8481.89	8481.89	4.91	407.68	638927.24	644480.86	32°45'20.2432" N	-103°51'48.1154" W	12.00	407.71	407.71	89.31	12.00
8709.54	84.00	89.31	8484.39	8484.39	5.15	427.53	638927.48	644500.71	32°45'20.2447" N	-103°51'47.8830" W	12.00	427.56	427.56	89.31	12.00
8729.54	86.40	89.31	8486.06	8486.06	5.39	447.45	638927.72	644520.63	32°45'20.2462" N	-103°51'47.6497" W	12.00	447.48	447.48	89.31	12.00
8749.54	88.80	89.31	8486.90	8486.90	5.63	467.43	638927.96	644540.61	32°45'20.2477" N	-103°51'47.4157" W	12.00	467.46	467.46	89.31	12.00
<b>LP: 8759.54 MD, 90.00°</b>															
8759.54	90.00	89.31	8487.00	8487.00	5.75	477.43	638928.08	644550.61	32°45'20.2485" N	-103°51'47.2986" W	12.00	477.46	477.46	89.31	12.00
8859.54	90.00	89.31	8487.00	8487.00	6.95	577.42	638929.28	644650.60	32°45'20.2560" N	-103°51'46.1277" W	0.00	577.46	577.46	89.31	0.00
8959.54	90.00	89.31	8487.00	8487.00	8.15	677.42	638930.48	644750.59	32°45'20.2634" N	-103°51'44.9567" W	0.00	677.46	677.46	89.31	0.00
9059.54	90.00	89.31	8487.00	8487.00	9.35	777.41	638931.68	644850.59	32°45'20.2709" N	-103°51'43.7858" W	0.00	777.46	777.46	89.31	0.00
9159.54	90.00	89.31	8487.00	8487.00	10.56	877.40	638932.88	644950.58	32°45'20.2784" N	-103°51'42.6148" W	0.00	877.46	877.46	89.31	0.00
9259.54	90.00	89.31	8487.00	8487.00	11.76	977.39	638934.08	645050.57	32°45'20.2859" N	-103°51'41.4439" W	0.00	977.46	977.46	89.31	0.00
9359.54	90.00	89.31	8487.00	8487.00	12.96	1077.39	638935.28	645150.56	32°45'20.2934" N	-103°51'40.2729" W	0.00	1077.46	1077.46	89.31	0.00
9459.54	90.00	89.31	8487.00	8487.00	14.16	1177.38	638936.49	645250.56	32°45'20.3009" N	-103°51'39.1019" W	0.00	1177.46	1177.46	89.31	0.00
9559.54	90.00	89.31	8487.00	8487.00	15.36	1277.37	638937.69	645350.55	32°45'20.3083" N	-103°51'37.9310" W	0.00	1277.46	1277.46	89.31	0.00
9659.54	90.00	89.31	8487.00	8487.00	16.56	1377.37	638938.89	645450.54	32°45'20.3158" N	-103°51'36.7600" W	0.00	1377.46	1377.46	89.31	0.00
9759.54	90.00	89.31	8487.00	8487.00	17.76	1477.36	638940.09	645550.54	32°45'20.3233" N	-103°51'35.5891" W	0.00	1477.46	1477.46	89.31	0.00
9859.54	90.00	89.31	8487.00	8487.00	18.97	1577.35	638941.29	645650.53	32°45'20.3307" N	-103°51'34.4181" W	0.00	1577.46	1577.46	89.31	0.00
9959.54	90.00	89.31	8487.00	8487.00	20.17	1677.34	638942.49	645750.52	32°45'20.3382" N	-103°51'33.2472" W	0.00	1677.46	1677.46	89.31	0.00
10059.54	90.00	89.31	8487.00	8487.00	21.37	1777.34	638943.69	645850.51	32°45'20.3456" N	-103°51'32.0762" W	0.00	1777.46	1777.46	89.31	0.00
10159.54	90.00	89.31	8487.00	8487.00	22.57	1877.33	638944.90	645950.51	32°45'20.3531" N	-103°51'30.9053" W	0.00	1877.46	1877.46	89.31	0.00
10259.54	90.00	89.31	8487.00	8487.00	23.77	1977.32	638946.10	646050.50	32°45'20.3605" N	-103°51'29.7343" W	0.00	1977.46	1977.46	89.31	0.00
10359.54	90.00	89.31	8487.00	8487.00	24.97	2077.31	638947.30	646150.49	32°45'20.3680" N	-103°51'28.5634" W	0.00	2077.46	2077.46	89.31	0.00
10459.54	90.00	89.31	8487.00	8487.00	26.17	2177.31	638948.50	646250.49	32°45'20.3754" N	-103°51'27.3924" W	0.00	2177.46	2177.46	89.31	0.00
10559.54	90.00	89.31	8487.00	8487.00	27.38	2277.30	638949.70	646350.48	32°45'20.3829" N	-103°51'26.2215" W	0.00	2277.46	2277.46	89.31	0.00
10659.54	90.00	89.31	8487.00	8487.00	28.58	2377.29	638950.90	646450.47	32°45'20.3903" N	-103°51'25.0505" W	0.00	2377.46	2377.46	89.31	0.00
10759.54	90.00	89.31	8487.00	8487.00	29.78	2477.29	638952.10	646550.46	32°45'20.3977" N	-103°51'23.8795" W	0.00	2477.46	2477.46	89.31	0.00
10859.54	90.00	89.31	8487.00	8487.00	30.98	2577.28	638953.31	646650.46	32°45'20.4052" N	-103°51'22.7086" W	0.00	2577.46	2577.46	89.31	0.00
10959.54	90.00	89.31	8487.00	8487.00	32.18	2677.27	638954.51	646750.45	32°45'20.4126" N	-103°51'21.5376" W	0.00	2677.46	2677.46	89.31	0.00
11059.54	90.00	89.31	8487.00	8487.00	33.38	2777.26	638955.71	646850.44	32°45'20.4200" N	-103°51'20.3667" W	0.00	2777.46	2777.46	89.31	0.00
11159.54	90.00	89.31	8487.00	8487.00	34.58	2877.26	638956.91	646950.43	32°45'20.4275" N	-103°51'19.1957" W	0.00	2877.46	2877.46	89.31	0.00
11259.54	90.00	89.31	8487.00	8487.00	35.79	2977.25	638958.11	647050.43	32°45'20.4349" N	-103°51'18.0248" W	0.00	2977.46	2977.46	89.31	0.00
11359.54	90.00	89.31	8487.00	8487.00	36.99	3077.24	638959.31	647150.42	32°45'20.4423" N	-103°51'16.8538" W	0.00	3077.46	3077.46	89.31	0.00
11459.54	90.00	89.31	8487.00	8487.00	38.19	3177.24	638960.51	647250.41	32°45'20.4497" N	-103°51'15.6829" W	0.00	3177.46	3177.46	89.31	0.00

Measured Depth (Ft)	INC Deg	AZM Deg	Subsea TVD (Ft)	TVD (Ft)	NS (Ft)	EW (Ft)	Northing (US ft)	Easting (US ft)	Latitude DMS	Longitude DMS	Build Rate %/100Ft	VS (Ft)	Closure (Ft)	Closure Dir Deg	DLS %/100Ft
11559.54	90.00	89.31	8487.00	8487.00	39.39	3277.23	638961.72	647350.41	32°45'20.4571" N	-103°51'14.5119" W	0.00	3277.46	3277.46	89.31	0.00
11659.54	90.00	89.31	8487.00	8487.00	40.59	3377.22	638962.92	647450.40	32°45'20.4645" N	-103°51'13.3410" W	0.00	3377.46	3377.46	89.31	0.00
11759.54	90.00	89.31	8487.00	8487.00	41.79	3477.21	638964.12	647550.39	32°45'20.4719" N	-103°51'12.1700" W	0.00	3477.46	3477.46	89.31	0.00
11859.54	90.00	89.31	8487.00	8487.00	42.99	3577.21	638965.32	647650.38	32°45'20.4793" N	-103°51'10.9991" W	0.00	3577.46	3577.46	89.31	0.00
11959.54	90.00	89.31	8487.00	8487.00	44.20	3677.20	638966.52	647750.38	32°45'20.4867" N	-103°51'9.8281" W	0.00	3677.46	3677.46	89.31	0.00
12059.54	90.00	89.31	8487.00	8487.00	45.40	3777.19	638967.72	647850.37	32°45'20.4941" N	-103°51'8.6571" W	0.00	3777.46	3777.46	89.31	0.00
12159.54	90.00	89.31	8487.00	8487.00	46.60	3877.18	638968.92	647950.36	32°45'20.5015" N	-103°51'7.4862" W	0.00	3877.46	3877.46	89.31	0.00
12259.54	90.00	89.31	8487.00	8487.00	47.80	3977.18	638970.13	648050.36	32°45'20.5089" N	-103°51'6.3152" W	0.00	3977.46	3977.46	89.31	0.00
12359.54	90.00	89.31	8487.00	8487.00	49.00	4077.17	638971.33	648150.35	32°45'20.5163" N	-103°51'5.1443" W	0.00	4077.46	4077.46	89.31	0.00
12459.54	90.00	89.31	8487.00	8487.00	50.20	4177.16	638972.53	648250.34	32°45'20.5237" N	-103°51'3.9733" W	0.00	4177.46	4177.46	89.31	0.00
12559.54	90.00	89.31	8487.00	8487.00	51.40	4277.16	638973.73	648350.33	32°45'20.5311" N	-103°51'2.8024" W	0.00	4277.46	4277.46	89.31	0.00
12659.54	90.00	89.31	8487.00	8487.00	52.60	4377.15	638974.93	648450.33	32°45'20.5384" N	-103°51'1.6314" W	0.00	4377.46	4377.46	89.31	0.00
12759.54	90.00	89.31	8487.00	8487.00	53.81	4477.14	638976.13	648550.32	32°45'20.5458" N	-103°51'0.4605" W	0.00	4477.46	4477.46	89.31	0.00
12859.54	90.00	89.31	8487.00	8487.00	55.01	4577.13	638977.33	648650.31	32°45'20.5532" N	-103°50'59.2895" W	0.00	4577.46	4577.46	89.31	0.00
12959.54	90.00	89.31	8487.00	8487.00	56.21	4677.13	638978.54	648750.30	32°45'20.5606" N	-103°50'58.1186" W	0.00	4677.46	4677.46	89.31	0.00

**PBHL @ 8487.00 Ft TVD**  
13000.71 90.00 89.31 8487.01 8487.01 56.70 4718.30 638979.03 648791.48 32°45'20.5636" N -103°50'57.6364" W 0.00 4718.64 4718.64 89.31 0.00

**MAGNETICS INFORMATION**

Magnetic Model: C:\HawkEye\IGRF2010.MIF  
Date for Magnetics: 08/30/2012  
Latitude: 32°45'20.2125" N  
Longitude: -103°51'52.8895" W  
Magnetic Declination: 7.62  
Total Correction(Mag to Grid): 7.36

Field Strength (nt): 48809  
B-X Component (nt): 23755  
B-Y Component (nt): 3177  
B-Z Component (nt): 42520  
B-Horz Component (nt): 23967  
Dip Angle: 60.59

**TARGET DATA**

Name	Shape	Easting (Ft)	Northing (Ft)	Subsea TVD (Ft)	NS (Ft)	EW (Ft)	Side A (Ft)	Side B (Ft)	Diameter (Ft)
PBHL	CYLINDER	648791.48	638979.03	8487.00	56.70	4718.30	100.00	200.00	100.00
LP	CYLINDER	644550.11	638933.53	8487.00	11.20	476.93	100.00	100.00	100.00

**Notes Regarding Blowout Preventer**

**Mewbourne Oil Company**

Tamano "10" Fed Com #9H  
355' FSL & 230' FWL (SHL)  
Sec 10-T18S-R31E  
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 3/8" casing and 3000 psi working pressure on 9 5/8" & 7" casing.
- 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.

# 11" 3M BOPE & Closed Loop Equipment Schematic

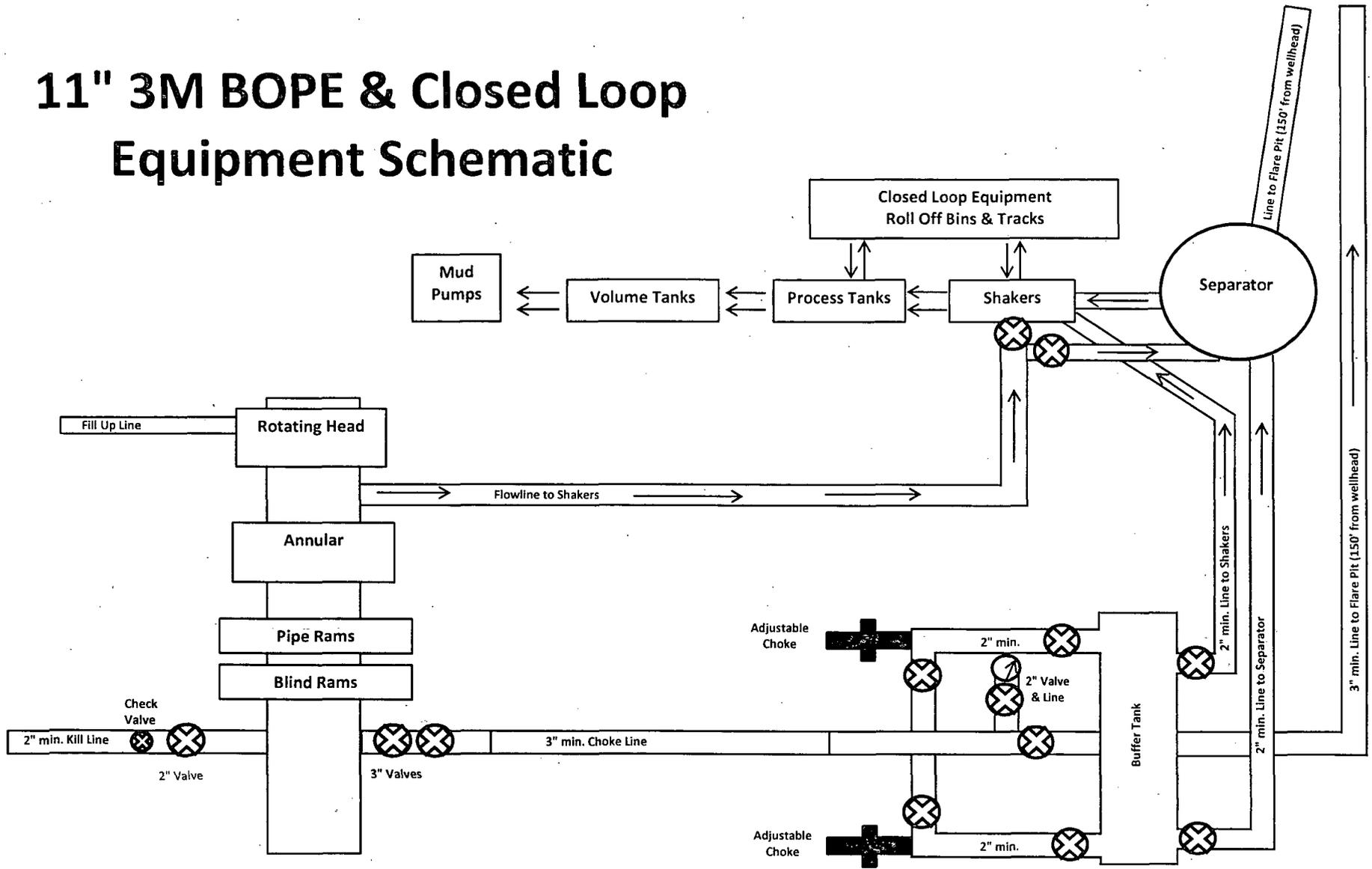


Exhibit 2  
Well Name: Tamano "10" Fed Com #9H

Note: All valves & lines on choke manifold are 3" unless otherwise noted. Exact manifold configuration may vary.

# 13 5/8" 2M BOPE & Closed Loop Equipment Schematic

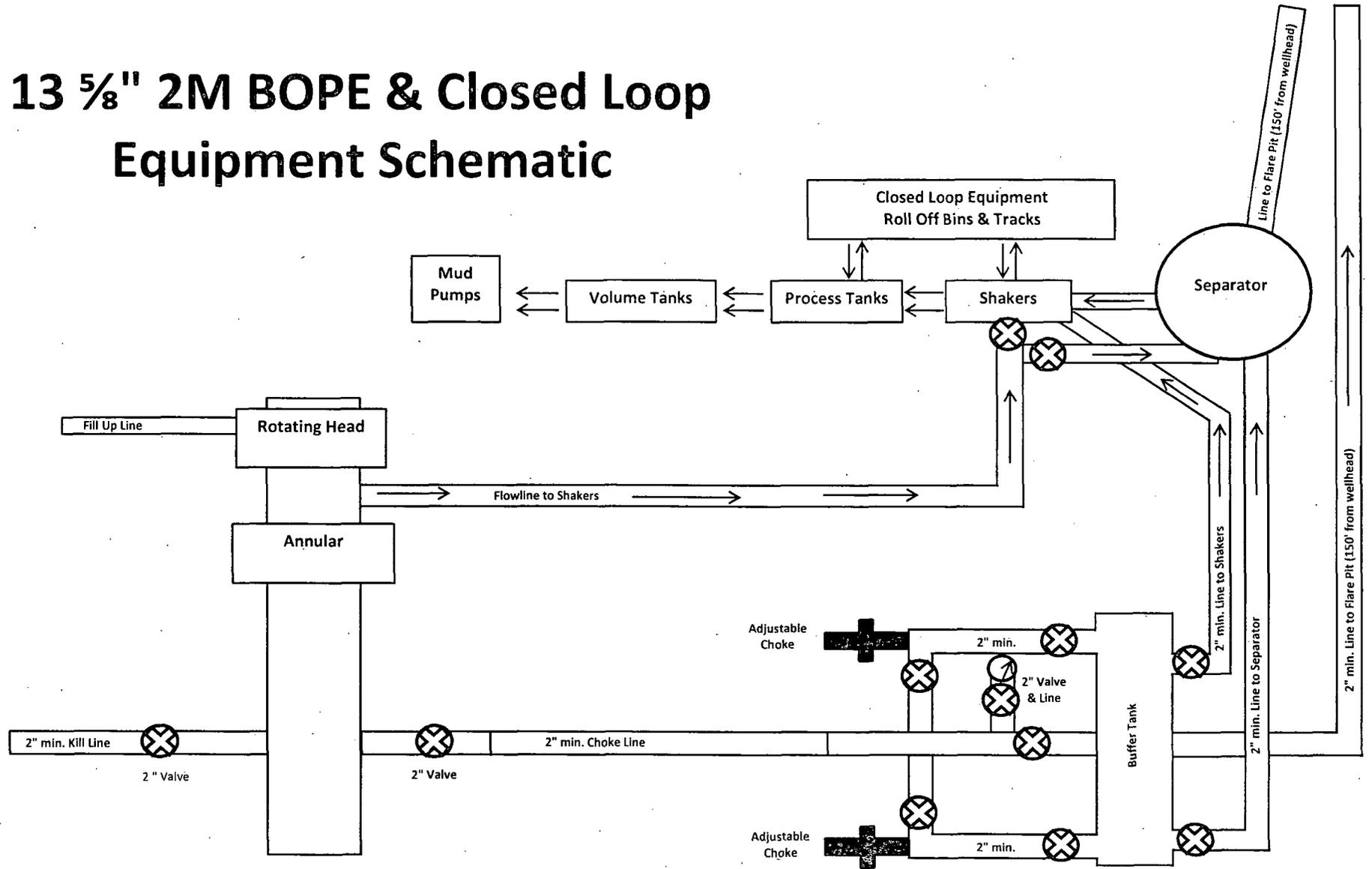
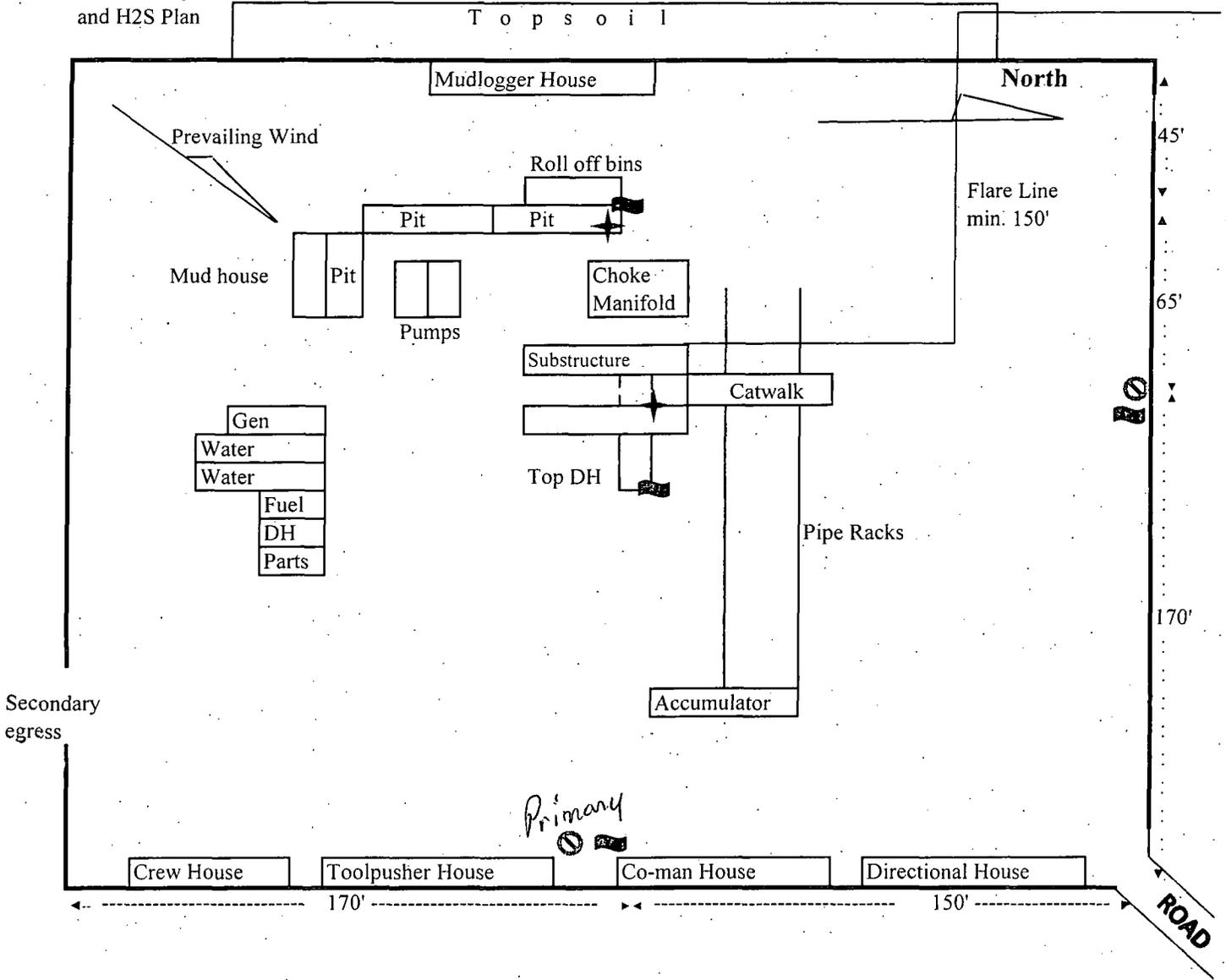


Exhibit 2  
Well Name: Tamano "10" Fed Com #9H

Closed Loop Pad Dimensions 280' x 320'  
and H2S Plan



**Legend**

- Wellbore Location
- ⊗ Briefing Area w/ SCBA
- ⬠ H2S Sensors
- ☐ Windsocks

**Mewbourne Oil Company**  
 Tamano "10" Fed Com #9H  
 355' FSL & 230' FWL  
 Sec 10-T18S-R31E  
 Eddy County, NM

## Hydrogen Sulfide Drilling Operations Plan

**Mewbourne Oil Company**  
Tamano "10" Fed Com #9H  
355' FSL & 230' FWL  
Sec 10-T18S-R31E  
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 <sup>remote</sup> 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, remote choke and flare line with igniter will be installed to comply with Onshore Order 6.

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.

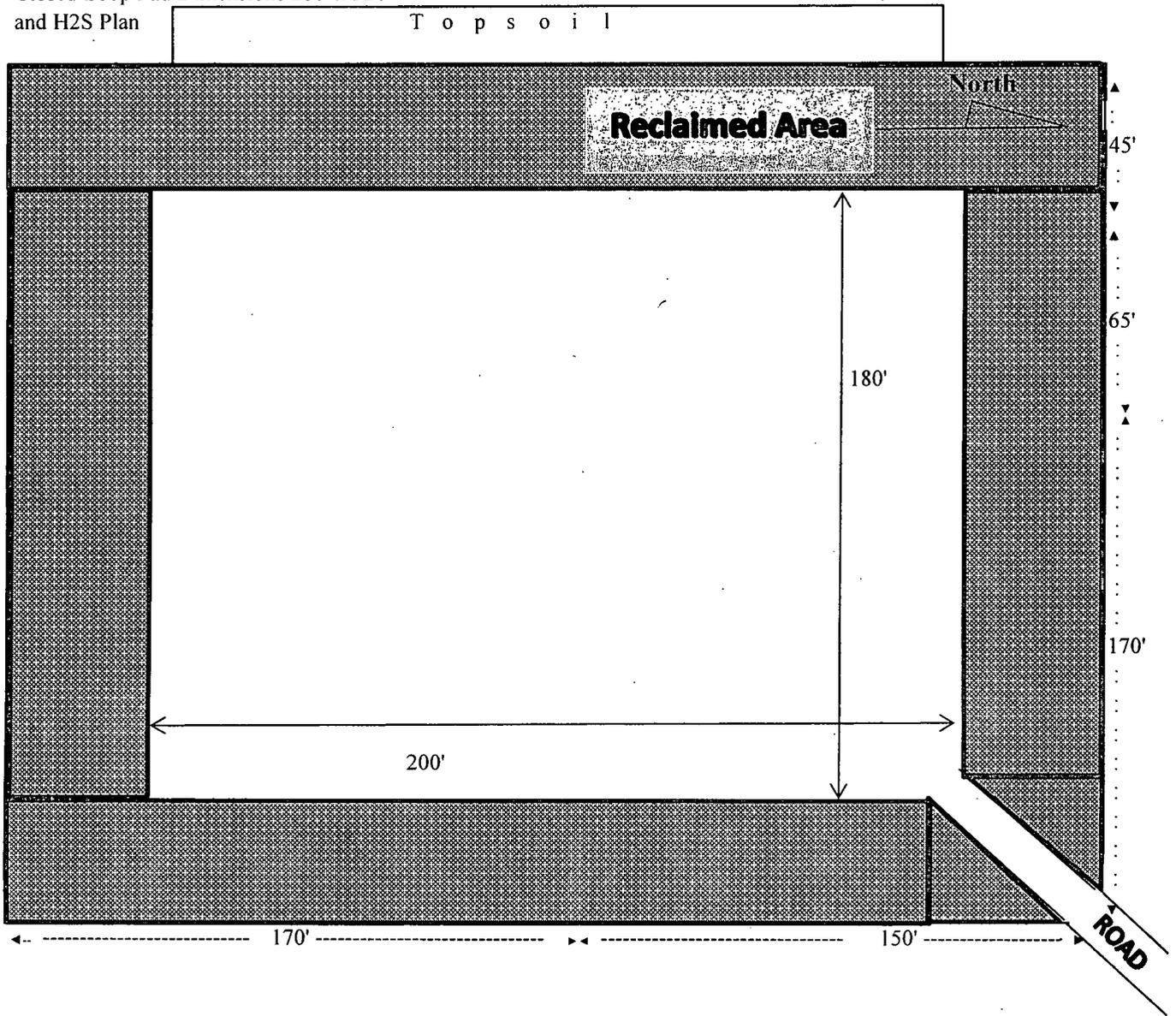
7. **Well Testing**

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**

<b>Eddy County Sheriff's Office</b>		<b>911 or 575-887-7551</b>
<b>Ambulance Service</b>		<b>911 or 575-885-2111</b>
<b>Artesia Fire Dept</b>		<b>911 or 575-616-7155</b>
<b>Loco Hills Volunteer Fire Dept.</b>		<b>911 or 575-677-3266</b>
<b>Closest Medical Facility – Artesia General Hospital</b>		<b>575-748-3333</b>
<b>Mewbourne Oil Company</b>	<b>Hobbs District Office</b>	<b>575-393-5905</b>
	<b>Fax</b>	<b>575-397-6252</b>
	<b>2<sup>nd</sup> Fax</b>	<b>575-393-7259</b>
<b>District Manager</b>	<b>Micky Young</b>	<b>575-390-0999</b>
<b>Drilling Superintendent</b>	<b>Frosty Lathan</b>	<b>575-390-4103</b>
<b>Drilling Foreman</b>	<b>Wesley Noseff</b>	<b>575-441-0729</b>
	<b>Bradley Bishop</b>	<b>575-390-6838</b>

Closed Loop Pad Dimensions 280' x 320'  
and H2S Plan



Mewbourne Oil Company  
Tamano "10" Fed Com #9H  
355' FSL & 230' FWL  
Sec 10-T18S-R31E  
Eddy County, NM

# PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Mewbourne Oil Co
LEASE NO.:	LC029388C
WELL NAME & NO.:	9H - Tamano 10 Fed Com
SURFACE HOLE FOOTAGE:	355' / FSL & 230' / FWL
BOTTOM HOLE FOOTAGE:	355' / FSL & 330' / FEL
LOCATION:	Section 10, T.18 S., R.31 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**
  - Pipeline
  - 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**
  - Waste Material and Fluids
  - Logging Requirements
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- 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)

### **Pipeline:**

The pipeline shall be routed no farther than 6 feet from and parallel to existing roads. The authorized right-of-way width will be 20 feet. 14 feet of the right-of-way width will consist of existing disturbance (existing lease roads) and the remaining 6 feet will consist of area adjacent to the disturbance. All construction and maintenance activity will be confined to existing roads.

### **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) 234-5909 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 not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

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

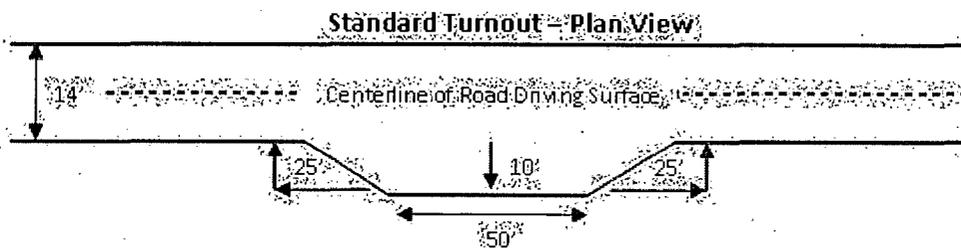
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

### Ditching

Ditching shall be required on both sides of the road.

### 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:

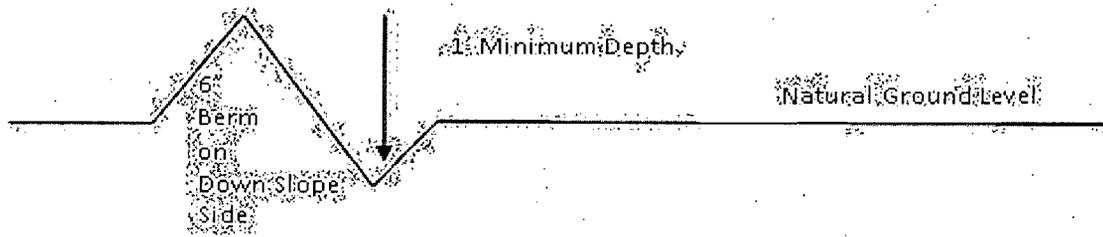


### Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outloping 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:

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

#### **Culvert Installations**

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

#### **Cattleguards**

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

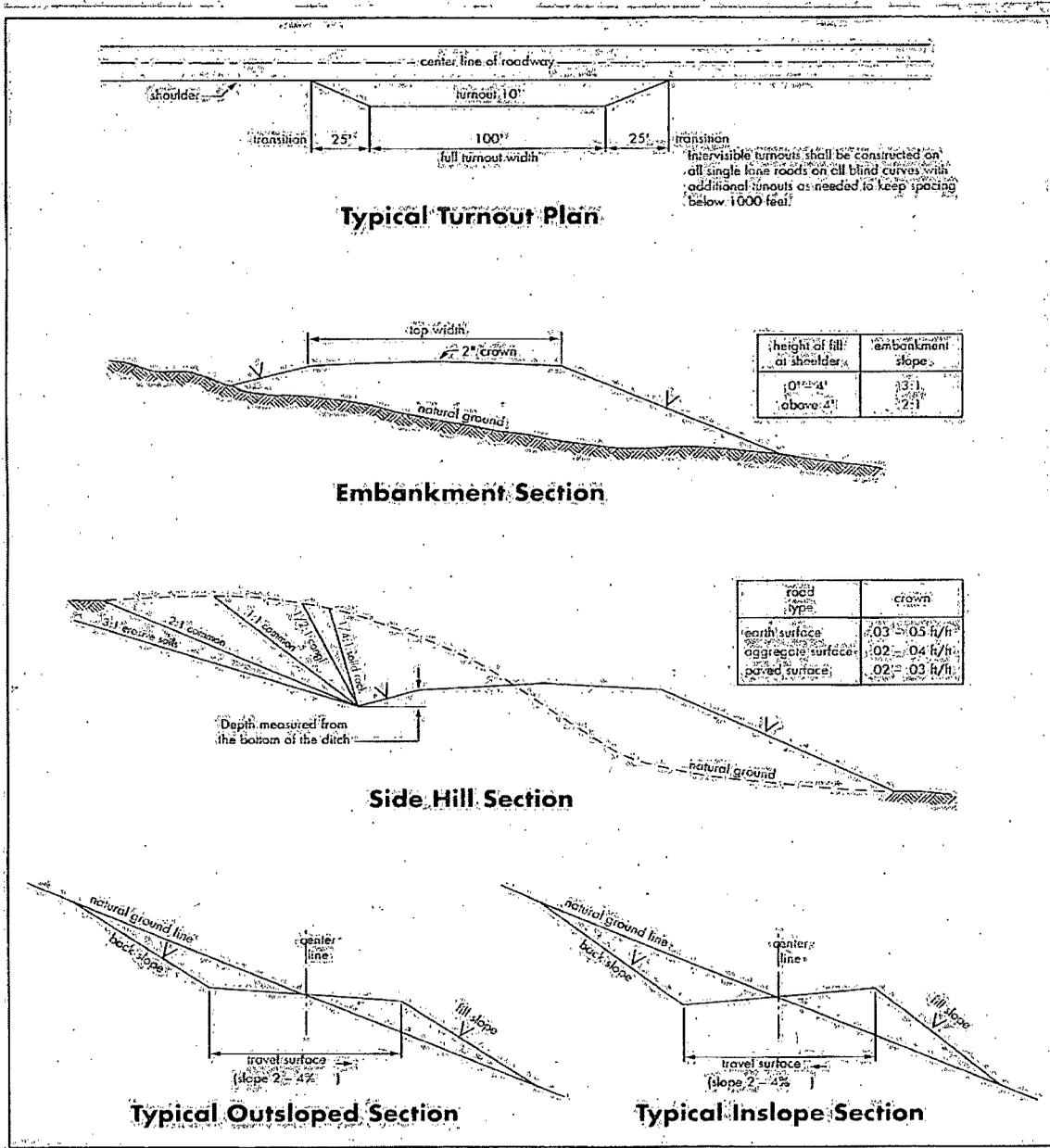
Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

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 **Grayburg** 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 are 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 program need prior approval if the items substituted are of lesser grade or different casing size. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-**

**55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).**

**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.**

**Possible lost circulation in the Grayburg and San Andres formations.**

**Possible water flows in the Salado and Grayburg formations.**

1. The **13-3/8** inch surface casing shall be set at approximately **730 feet** (in a competent bed below the Magenta Dolomite, a Member of the Rustler, 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.  
**Additional cement may be required as the excess calculates to 21%.**

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.
4. Cement not required on the 4-1/2" liner. **Packer system being 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 a water basin, 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. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

- 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 113012**

## 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

#### STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

**A copy of the APD and attachments, including stipulations, 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 activity of 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. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

- a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.
- b. Activities of other parties including, but not limited to:
  - (1) Land clearing.
  - (2) Earth-disturbing and earth-moving work.
  - (3) Blasting.
  - (4) Vandalism and sabotage.
- c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars (\$1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, 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, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the 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 the holder of any responsibility as provided herein.

6. The pipeline shall be routed no farther than 6 feet from and parallel to existing roads. The authorized right-of-way width will be 20 feet. 14 feet of the right-of-way width will consist of existing disturbance (existing lease roads) and the remaining 6 feet will consist of area adjacent to the disturbance. All construction and maintenance activity will be confined to existing roads.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky or dune areas, the pipeline will be "snaked" around hummocks and dunes rather than suspended across these features.

9. The pipeline shall be buried with a minimum of 24 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. 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.

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. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. 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. Signs will be maintained in a legible condition for the life of the pipeline.

14. 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. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (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 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.

16. 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, powerline 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.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

## **X. FINAL ABANDONMENT & RECLAMATION**

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

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.

## Seed Mixture for LPC Sand/Shinnery Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)\* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container 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