

Form 3160-3  
(March 2012)

JUN 30 2014

FORM APPROVED  
OMB No. 1004-0137  
Expires October 31, 2014

**UNORTHODOX  
LOCATION**

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.  
NMNM 13237 - SL & BHL

6. If Indian, Allottee or Tribe Name

705  
7-1-2014

1a. Type of work:  DRILL  REENTER

1b. Type of Well:  Oil Well  Gas Well  Other  Single Zone  Multiple Zone

2. Name of Operator Mewbourne Oil Company

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.  
Ruger 31 B2EH Federal #1H 313420

9. API Well No.  
30-015-42474

3a. Address PO Box 5270  
Hobbs, NM 88241

3b. Phone No. (include area code)  
575-393-5905

10. Field and Pool, or Exploratory  
Winchester Bone Spring (65010) ✓

4. Location of Well (Report location clearly and in accordance with any State requirements.)\*

At surface 2310' FNL & 50' FWL, Sec. 31 T19S R29E

At proposed prod. zone 1980' FNL & 330' FEL, Sec. 31 T19S R29E

11. Sec., T, R, M. or Blk. and Survey or Area  
Sec. 31 T19S R29E

14. Distance in miles and direction from nearest town or post office\*  
15 miles NE of Carlsbad.

12. County or Parish  
Eddy

13. State  
NM

15. Distance from proposed\* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 50'

16. No. of acres in lease - NMNM13237 - 919.88 acres

17. Spacing Unit dedicated to this well  
152.40 acres

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft. 198' - Martinez Fed #1

19. Proposed Depth  
12097' - MD  
7735' - TVD

20. BLM/BIA Bond No. on file -  
NM-1693 nationwide, NMB-000919

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
3295' - GL

22. Approximate date work will start\*  
04/15/2014

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:

- 1. Well plat certified by a registered surveyor.
- 2. A Drilling Plan.
- 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).

- 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- 5. Operator certification
- 6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature *Bradley Bishop*

Name (Printed/Typed)  
Bradley Bishop

Date  
3-25-14

Approved by (Signature) **STEPHEN J. CAFFEY**

Name (Printed/Typed)

Date JUN 25 2014

Title **FIELD MANAGER**

Office **CARLSBAD FIELD OFFICE**

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

**APPROVAL FOR 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 6 day of March, 2014.

Name: NM Young

Signature:  FOR NM YOUNG

Position Title: Hobbs District Manager

Address: PO Box 5270, Hobbs NM 88241

Telephone: 575-393-5905

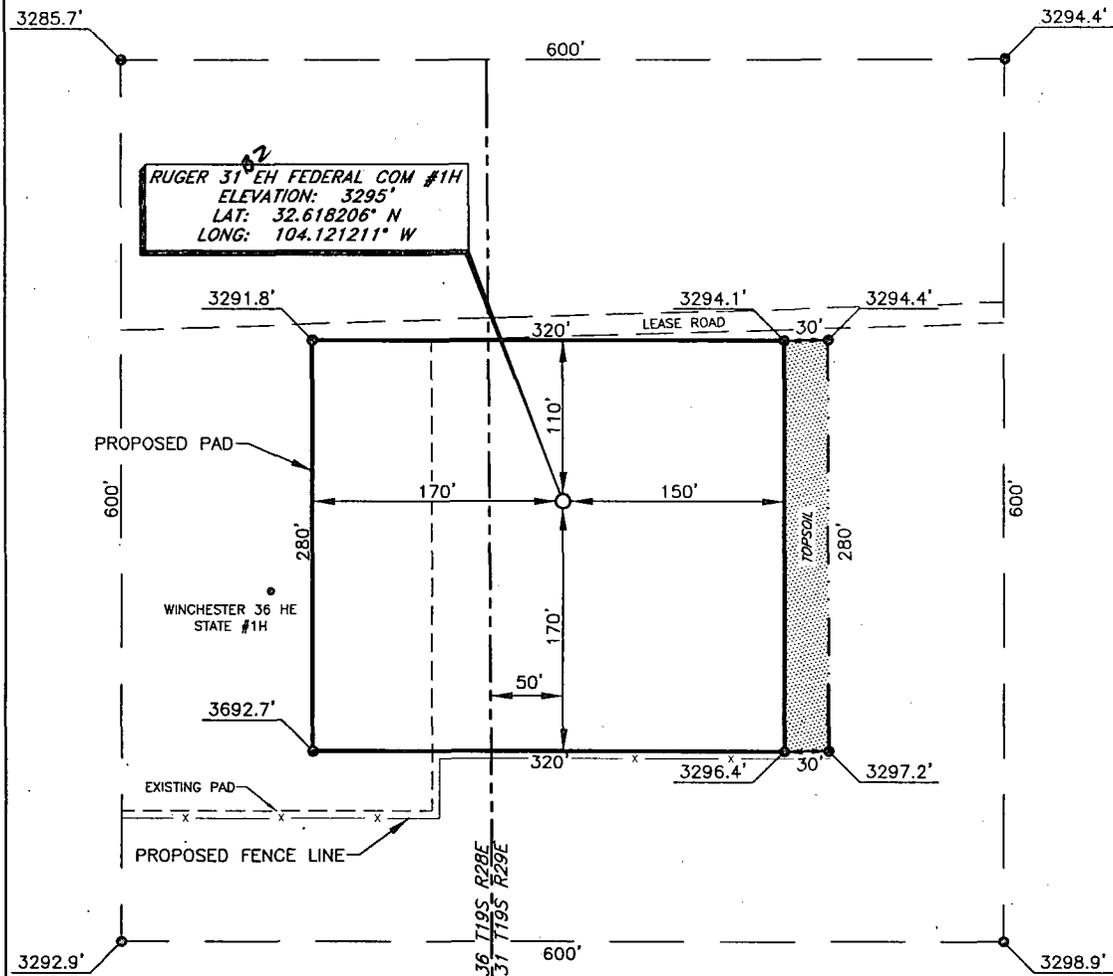
E-mail: myoung@mewbourne.com



3

MEWBOURNE OIL COMPANY

Ruger 31<sup>R2</sup> EH Federal Com #1H  
 (2310' FNL & 50' FWL)  
 Section 31, T-19-S, R-29-E,  
 N. M. P. M., Eddy Co., New Mexico



DIRECTIONS TO LOCATION  
 From the intersection of CR-242 (Buckskin) and CR-246 (Millman):  
 Go South on Buckskin approx. 0.5 mile to lease road.  
 Turn left and go East approx. 0.3 mile.  
 The location is 110 feet South of lease road.



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NO.	REVISION	DATE
JOB NO.: LS130238		
DWG. NO.: 130238PAD		

PROSPERITY CONSULTANTS, LLC

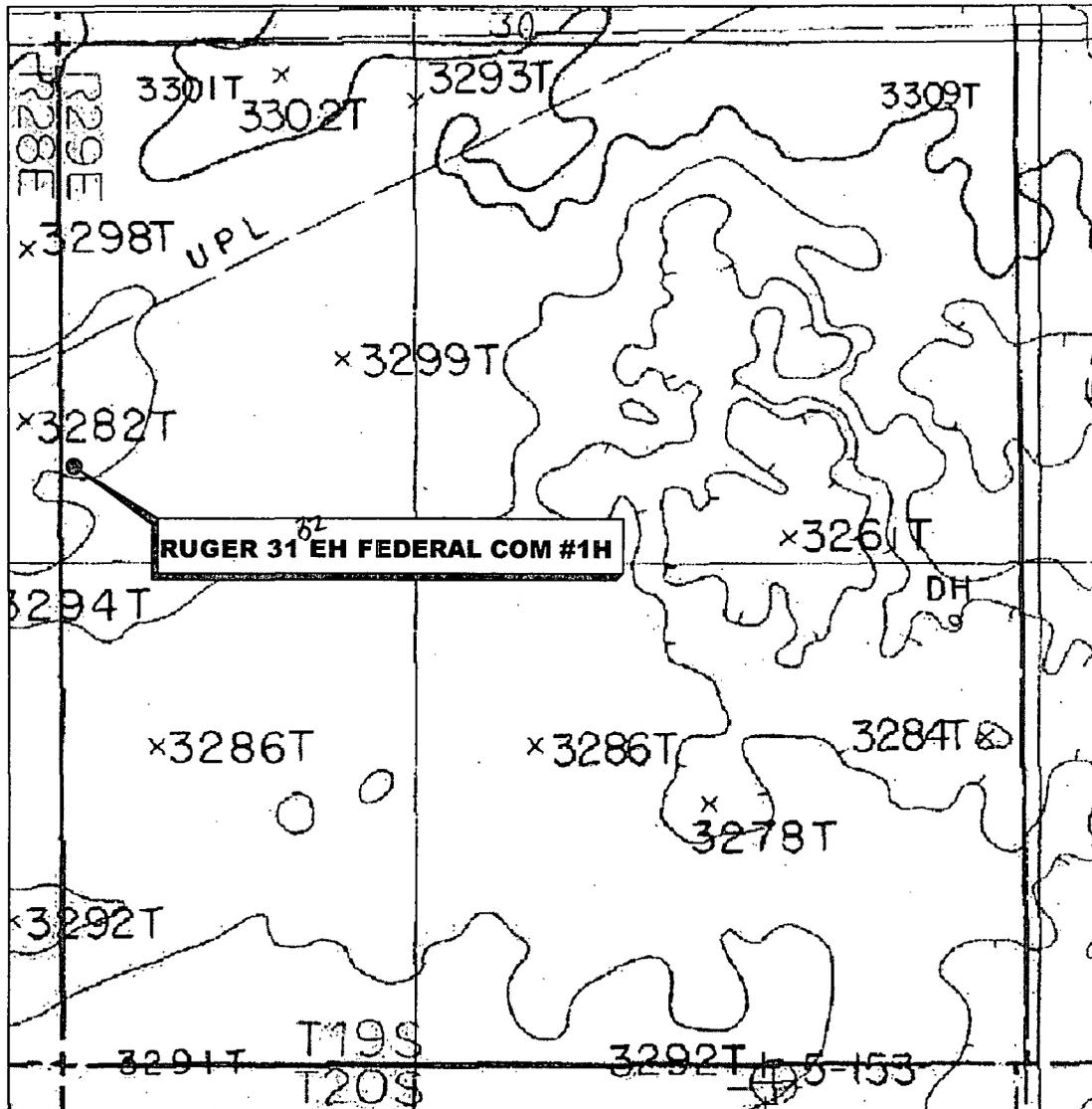


2251 Double Creek Drive, Suite 602, Round Rock, Texas 78664      o (512) 992-2087 f (512) 251-2518

SCALE: 1" = 100'
DATE: 6/20/13
SURVEYED BY: BK/IE
DRAWN BY: AF
APPROVED BY: LWB
SHEET : 1 OF 1

3A

# LOCATION VERIFICATION MAP



SECTION 31, TWP. 19 SOUTH, RGE. 29 EAST,  
N. M. P. M., EDDY COUNTY, NEW MEXICO

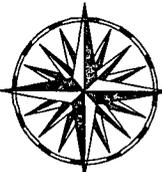
OPERATOR: Mewbourne Oil Company  
 LEASE: Ruger 31 EH Federal Com  
 WELL NO.: 1H  
 ELEVATION: 3295'

LOCATION: 2310' FNL & 50' FWL  
 CONTOUR INTERVAL: 10'  
 USGS TOPO. SOURCE MAP:  
Illinois Camp NE, NM (Prov. Ed. 1985)

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NO.	REVISION	DATE
JOB NO.: LS130238		
DWG. NO.: 130238LVM		

PROSPERITY CONSULTANTS, LLC



2251 Double Creek Drive, Suite 602, Round Rock, Texas 78664

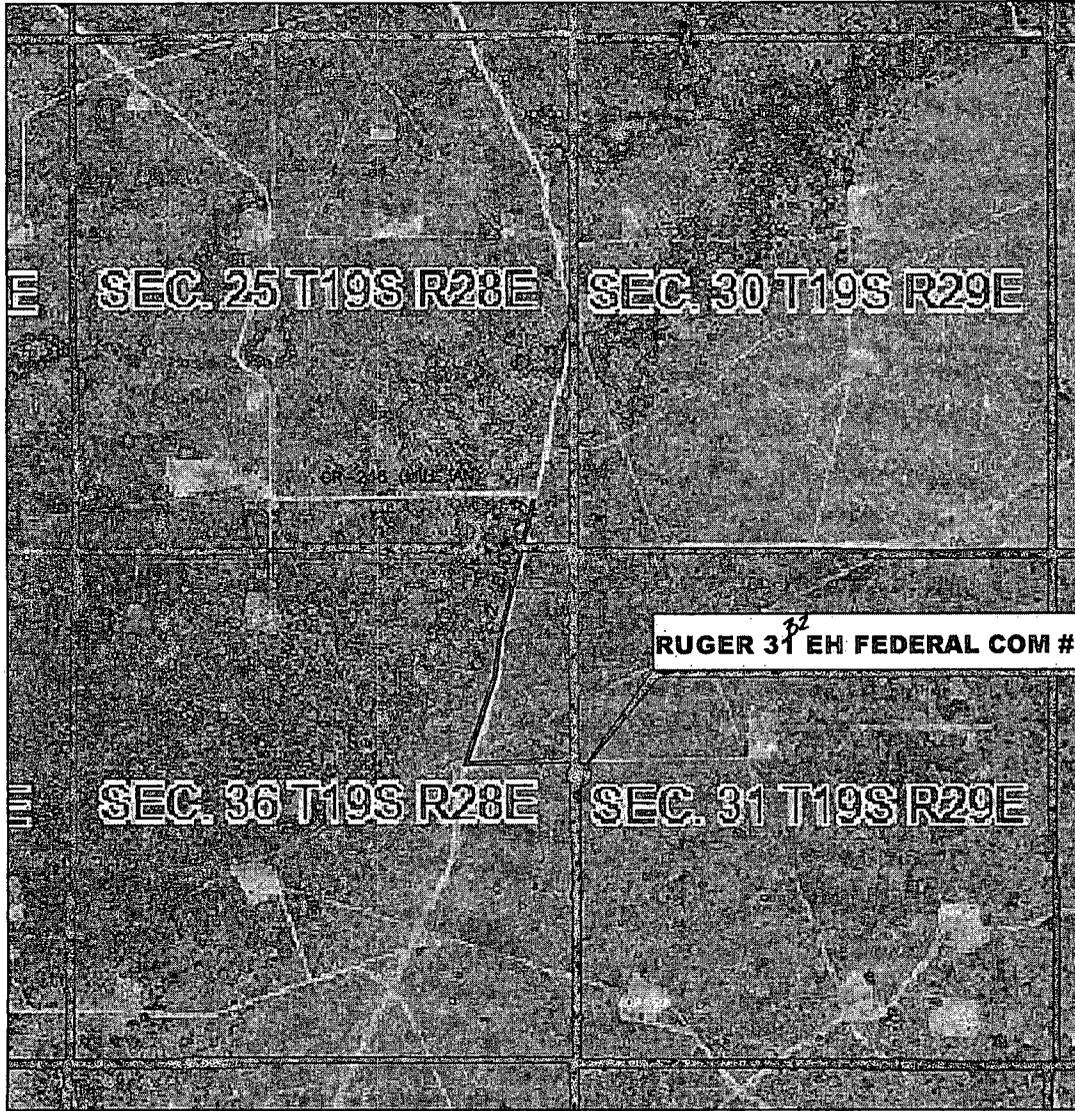
o (512) 992-2087 f (512) 251-2518

SCALE: 1" = 1000'
DATE: 6/20/13
SURVEYED BY: BK/IE
DRAWN BY: AF
APPROVED BY: LWB
SHEET : 1 OF 1

"3B"

# VICINITY MAP

NOT TO SCALE



*SECTION 31, TWP. 19 SOUTH, RGE. 29 EAST,  
N. M. P. M., EDDY COUNTY, NEW MEXICO*

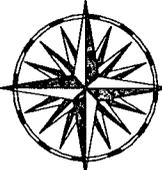
OPERATOR: Mewbourne Oil Company  
 LEASE: Ruger 31<sup>EH</sup> Federal Com  
 WELL NO.: 1H

LOCATION: 2310' FNL & 50' FWL  
 ELEVATION: 3295'

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NO.	REVISION	DATE
JOB NO.: LS130238		
DWG. NO.: 130238VM		

PROSPERITY CONSULTANTS, LLC



2251 Double Creek Drive, Suite 602, Round Rock, Texas 78664

o (512) 992-2087 f (512) 251-2518

SCALE: N.T.S.
DATE: 6/20/13
SURVEYED BY: BK/IE
DRAWN BY: AF
APPROVED BY: LWB
SHEET : 1 OF 1

Winchester 36 HE

Ruger 31 B2EH Fed #1H  
proposed well site

EXHIBIT "3D"  
FLOWLINE ROUTE

--Proposed flow line  
route

NESE

Winchester 36 IL

existing wells  
Ruger 31 U L3  
Ruger 31 L

NESW

--existing road &  
flowline

existing well

SESE

Ruger 31 MP

--existing battery & well

L4 Ruger 31 #1

SESW

Winchester 36 PM

© 2013 Google

Google earth  
Earth Point

- Drilling (Well Start)
- × Abandoned Location (Permit)
- ⊛ Gas Well
- Oil Well
- ⊛ Oil and Gas Well
- Other (Observation, etc)
- ⊛ Injection Well
- Suspended
- ⊛ Plugged Gas Well
- ⊛ Plugged Oil Well
- ⊛ Plugged Oil and Gas
- ◇ Dry Hole (No Shows)
- ◇ Dry Hole w/Gas Show
- ◇ Dry Hole w/Oil Show
- ⊛ Dry Hole w/Oil and Gas Show

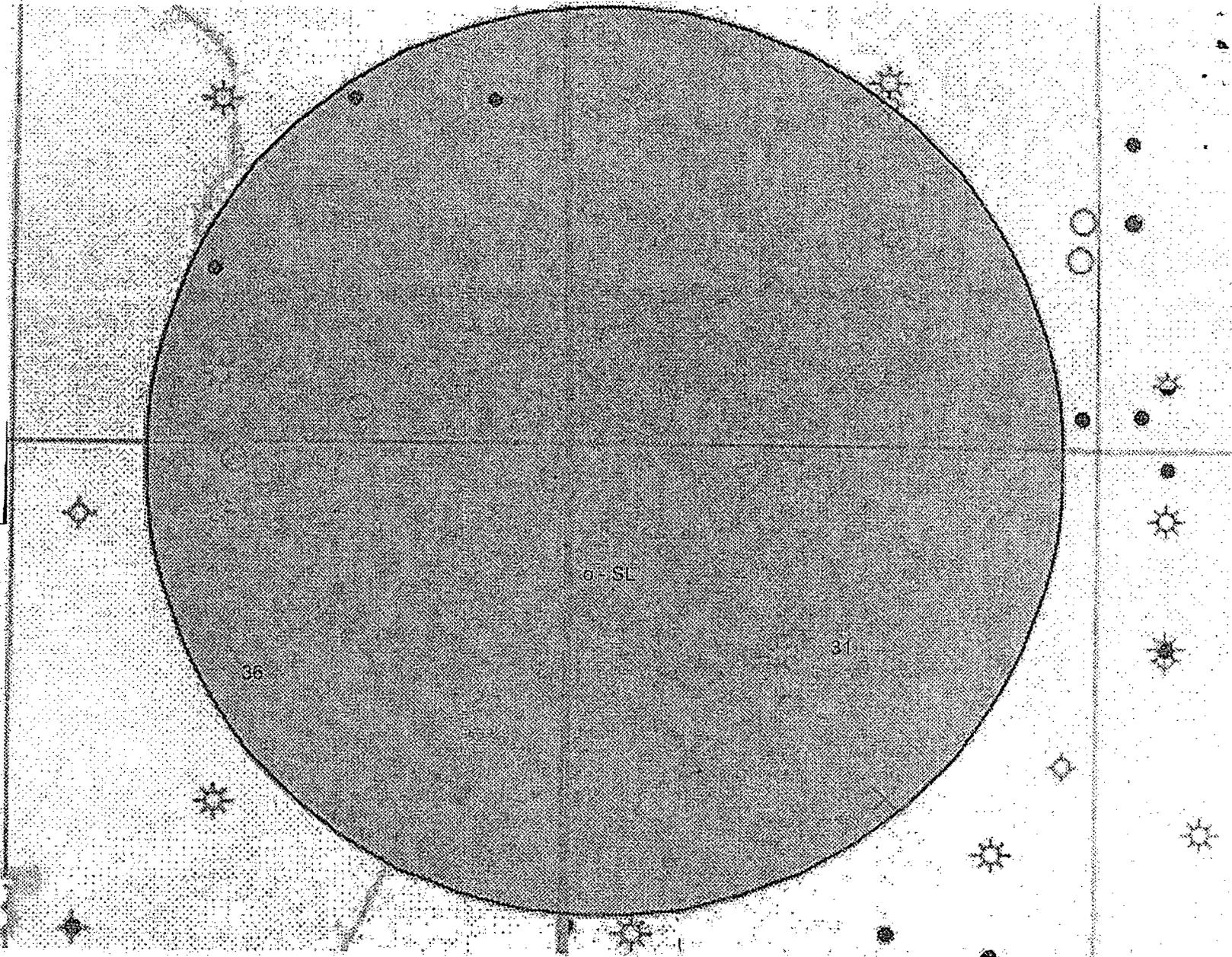


Exhibit "4" - Ruger 31 B2EH Fed Com #1H - SL - 2310' FNL & 50' FWL, Sec. 31 T19S R29E, Eddy Co. NM

- Drilling (Well Start)
- × Abandoned Location (Permit)
- ⊗ Gas Well
- Oil Well
- ⊗ Oil and Gas Well
- Other (Observation, etc)
- ⊗ Injection Well
- Suspended
- ⊗ Plugged Gas Well
- ⊗ Plugged Oil Well
- ⊗ Plugged Oil and Gas
- ⊗ Dry Hole (No Shows)
- ⊗ Dry Hole w/Gas Show
- ⊗ Dry Hole w/Oil Show
- ⊗ Dry Hole w/Oil and Gas Show

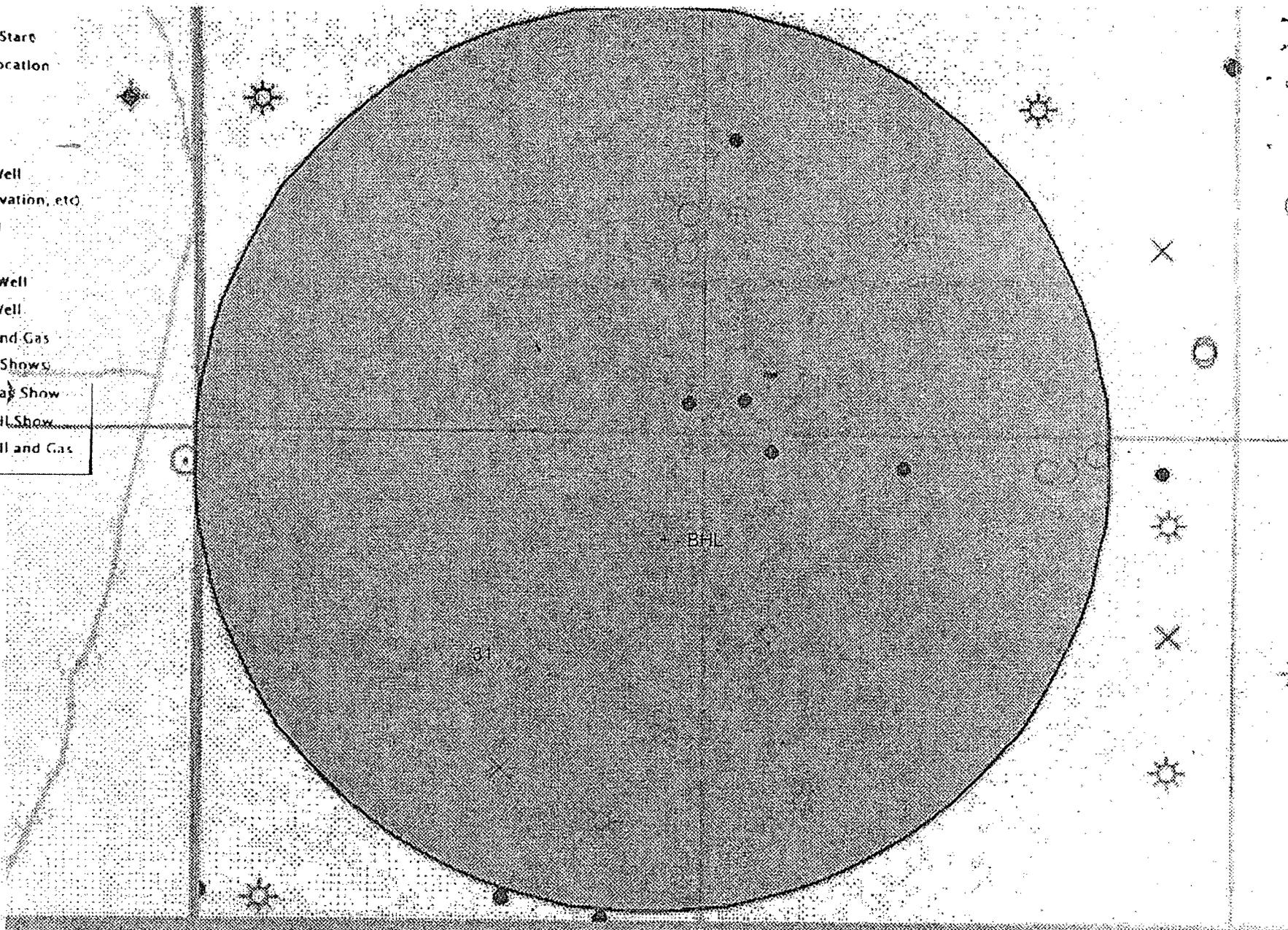


Exhibit "4A" - Ruger 31 B2EH Fed Com #1H - BHL - 1980' FNL & 330' FEL, Sec. 31 T19S R29E, Eddy Co. NM

**Drilling Program**  
**Mewbourne Oil Company**  
 Ruger 31 B2EH Federal #1H  
 2310' FNL & 50' FWL  
 Sec 31-T19S-R29E  
 Eddy County, New Mexico

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

Rustler	200'
Top Salt	400'
Base Salt	850'
Yates	1000'
Seven Rivers	NP
Queen	NP
Captain	1380'
Grayburg	2200'
San Andres	2520'
*Delaware(Laminar)	3080'
*Bone Spring	4920'
1 <sup>st</sup> Bone Spring Sand	6750'
2 <sup>nd</sup> Bone Spring Sand	7550'

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

Water	Fresh water is anticipated at 75' and will be protected by setting surface casing at 225' 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:**

MOC requests a 2M diverter to be installed after running 20" casing. 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 strings. 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 13 3/8" annular to 1500# and the 9 5/8" & 7" BOPE to 3000# and 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. Drilling Program:**

MOC proposes to drill a vertical wellbore to 7173' & kick off to horizontal @ 7650' TVD. The well will be drilled to 12097' MD (7735' 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>
26"	20"	94#	K55	0-225'	ST&C
17 1/2"	13 3/8" (new)	48#	H40	0'-1300'	ST&C
12 1/4"	9 5/8" (new)	36#	J55	0'-3000' DV tool @ 1400'	LT&C
8 3/4"	7" (new)	26#	P110	0'-7173' MD	LT&C
8 3/4"	7" (new)	26#	P110	7173'-7913' MD	BT&C
6 1/8"	4 1/2" (new)	13.5#	P110	7713'-12097' MD	LT&C

*huc  
COA*

*350'*

*350'*

Minimum casing design factors: Collapse 1.125, Burst 1.0, Tensile strength 1.8.  
\*Subject to availability of casing.

**B. Cementing Program:**

- i. *See COA* Surface Casing: 250 sacks Class "C" (35:65:4) light cement w/ salt and LCM additives. Yield at 2.0 cuft/sk. Mix water @ 11.17 gal/sk. 200 sacks Class "C" cement w/ 2% CaCl<sub>2</sub>. Yield at 1.34 cuft/sk. Mix water @ 6.33 gal/sk. Cmt circulated to surface w/100% excess.
- ii. *See COA* 1<sup>st</sup> Intermediate Casing: 500 sacks Class "C" (35:65:4) light cement w/ salt and LCM additives. Yield at 2.0 cuft/sk. Mix water @ 11.17 gal/sk. 200 sacks Class "C" cement w/2% CaCl<sub>2</sub>. Yield at 1.34 cuft/sk. Mix water @ 6.33 gal/sk. Cmt circulated to surface w/25% excess.
- iii. *See COA* 2<sup>nd</sup> Intermediate Casing:  
1<sup>st</sup> Stage: 200 sacks Class "C" (35:65:4) light cement w/ salt and LCM additives. Yield at 2.0 cuft/sk. Mix water @ 11.17 gal/sk. 200 sacks Class "C" cement w/2% CaCl<sub>2</sub>. Yield at 1.34 cuft/sk. Mix water @ 6.33 gal/sk. Cmt circulated to 1400' w/25% excess.  
External casing packer & DV tool @ 1400'.  
2<sup>nd</sup> Stage: 200 sacks Class "C" (35:65:4) light cement w/ salt and LCM additives. Yield at 2.0 cuft/sk. Mix water @ 11.17 gal/sk. 100 sacks Class "C" cement w/2% CaCl<sub>2</sub>. Yield at 1.34 cuft/sk. Mix water @ 6.33 gal/sk. Cmt circulated to 1400' w/25% excess.
- iii. *See COA* Production Casing: 460 sacks Class H light cement (35:65:4) with fluid loss, LCM, & salt additives. Yield at 2.12 cuft/sk. Mix water @ 11.32 gal/sk. 400 sacks Class H cement containing fluid loss additives. Yield at 1.18 cuft/sk. Mix water @ 5.22 gal/sk. Cmt circulated to surface w/25% excess.
- iv. Production Liner: This will be a Packer/Port completion from TD to 200' inside 7" casing with packer type liner hanger.

\*Referring to above blends of light cement: (wt% fly ash : wt% cement : wt% 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.

*See COA* **6. Mud Program:**

<u>Interval</u>	<u>Type System</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0'-225' <i>350'</i>	FW spud mud	8.6-9.0	32-34	NA
225'-1300'	Brine water	10.0-10.2	28-30	NA
1300'-7173'(KOP)	FW	8.5-8.7	28-30	NA
7173'- TD	FW w/Polymer	8.5-8.7	32-35	15

\*Visual mud monitoring system shall be in place to detect volume changes indicating loss or gain of circulation fluid volume. Sufficient mud materials will be kept on location at all times to combat abnormal conditions.

**7. Evaluation Program:**

Samples: 10' samples from surface casing to TD  
Logging: GR, CN & Gyro 100' above KOP (7073') to surface. GR from 7073' to TD.

*See COA* **8. Downhole Conditions**

See  
COA

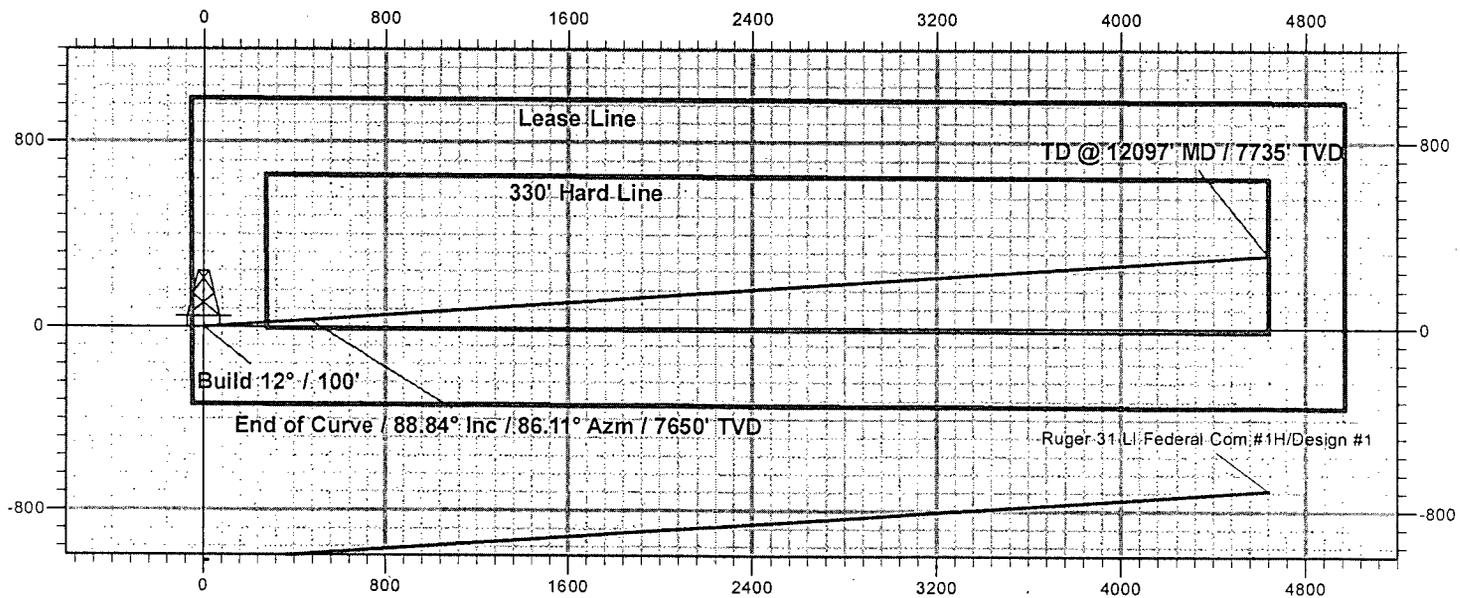
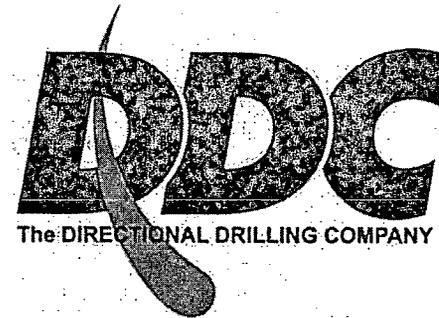
Zones of abnormal pressure:	None anticipated
Zones of lost circulation:	Anticipated in surface and intermediate holes
Maximum bottom hole temperature:	120 degree F
Maximum bottom hole pressure:	8.3 lbs/gal gradient or less (.43368 x 7735'=3355 psi)

**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 20 days involved in completion operations on the project.

# Mewbourne Oil Co

Eddy County, New Mexico  
Ruger 31 B2EH Fed Com #1H  
Design #1

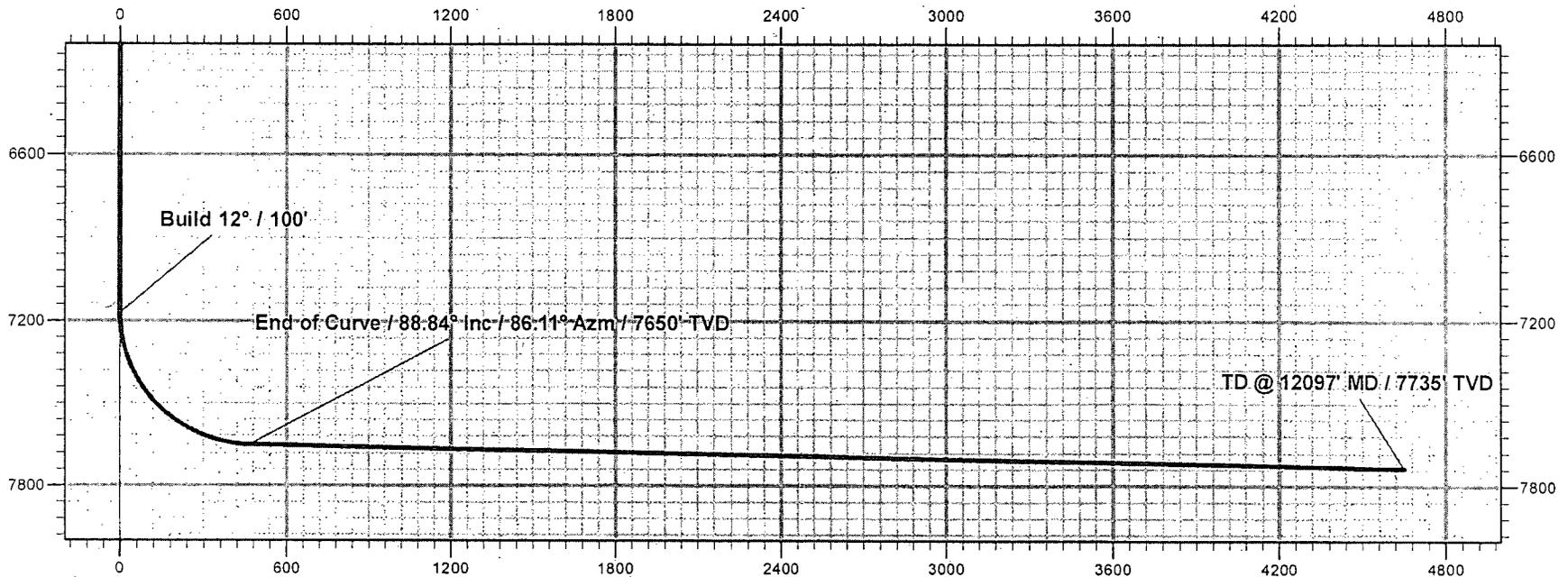
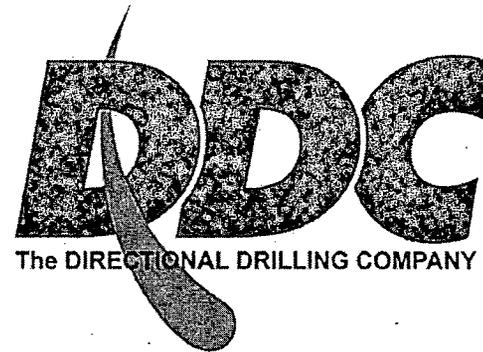


# Mewbourne Oil Company

Eddy County, New Mexico

Ruger 31 B2EH Fed Com #1H

Design #1



Vertical Section at 86.11° (600 usf/in)

# **Mewbourne Oil Co**

**Eddy County, New Mexico**

**Sec 31-19S-29E**

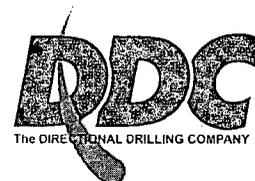
**Ruger 31 B2EH Fed Com #1H**

**Wellbore #1**

**Plan: Design #1**

## **DDC Well Planning Report**

**03 March, 2014**



DDC  
Well Planning Report



Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well Ruger 31 B2EH Fed Com #1H
Company:	Mewbourne Oil Co	TVD Reference:	Well @ 3315.0usft (Patterson)
Project:	Eddy County, New Mexico	MD Reference:	Well @ 3315.0usft (Patterson)
Site:	Sec 31-19S-29E	North Reference:	Grid
Well:	Ruger 31 B2EH Fed Com #1H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Project:	Eddy County, New Mexico		
Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site:	Sec 31-19S-29E				
Site Position:	Northing:	586,420.00 usft	Latitude:	32° 36' 43.178 N	
From:	Map	Easting:	565,319.60 usft	Longitude:	104° 7' 16.322 W
Position Uncertainty:	0.0 usft	Slot Radius:	13-3/16 "	Grid Convergence:	0.11 °

Well:	Ruger 31 B2EH Fed Com #1H					
Well Position	+N/-S	2,260.1 usft	Northing:	588,680.10 usft	Latitude:	32° 37' 5.543 N
	+E/-W	-7.8 usft	Easting:	565,311.80 usft	Longitude:	104° 7' 16.360 W
Position Uncertainty	0.0 usft	Wellhead Elevation:	0.0 usft	Ground Level:	3,295.0 usft	

Wellbore:	Wellbore #1		
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Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF2010	3/3/2014	7.54	60.39	48,523

Design:	Design #1		
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Audit Notes:				
Version:	Phase:	PLAN	Tie On Depth:	0.0

Vertical Section:	Depth From (TVD) (usft)	+N/-S (usft)	+E/-W (usft)	Direction (°)
	0.0	0.0	0.0	86.11

Plan Sections										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.00	0.00	
7,172.6	0.00	0.00	7,172.6	0.0	0.0	0.00	0.00	0.00	0.00	
7,912.9	88.84	86.11	7,650.0	31.7	466.7	12.00	12.00	11.63	86.11	
12,097.4	88.84	86.11	7,735.0	315.7	4,640.7	0.00	0.00	0.00	0.00	PBHL Ruger 31 B2EH

DDC  
Well Planning Report



Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well Ruger 31 B2EH Fed Com #1H
Company:	Mewbourne Oil Co	TVD Reference:	Well @ 3315.0usft (Patterson)
Project:	Eddy County, New Mexico	MD Reference:	Well @ 3315.0usft (Patterson)
Site:	Sec 31-19S-29E	North Reference:	Grid
Well:	Ruger 31 B2EH Fed Com #1H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Planned Survey										
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (%/100usft)	Build Rate (%/100usft)	Turn Rate (%/100usft)	
<b>Build (12°/100)</b>										
7,172.6	0.00	0.00	7,172.6	0.0	0.0	0.0	0.00	0.00	0.00	0.00
7,200.0	3.29	86.11	7,200.0	0.1	0.8	0.8	12.00	12.00	0.00	0.00
7,300.0	15.29	86.11	7,298.5	1.1	16.9	16.9	12.00	12.00	0.00	0.00
7,400.0	27.29	86.11	7,391.5	3.6	53.0	53.1	12.00	12.00	0.00	0.00
7,500.0	39.29	86.11	7,474.9	7.3	107.7	107.9	12.00	12.00	0.00	0.00
7,600.0	51.29	86.11	7,545.2	12.1	178.4	178.9	12.00	12.00	0.00	0.00
7,700.0	63.29	86.11	7,599.1	17.8	262.2	262.8	12.00	12.00	0.00	0.00
7,800.0	75.29	86.11	7,634.4	24.2	355.4	356.2	12.00	12.00	0.00	0.00
7,900.0	87.29	86.11	7,649.5	30.9	453.8	454.9	12.00	12.00	0.00	0.00
<b>End of Curve // 88.84° Inc // 86.11° Azm // 7650 TVD</b>										
7,912.9	88.84	86.11	7,650.0	31.7	466.7	467.8	12.00	12.00	0.00	0.00
8,000.0	88.84	86.11	7,651.7	37.7	553.6	554.8	0.00	0.00	0.00	0.00
8,100.0	88.84	86.11	7,653.8	44.4	653.3	654.8	0.00	0.00	0.00	0.00
8,200.0	88.84	86.11	7,655.8	51.2	753.1	754.8	0.00	0.00	0.00	0.00
8,300.0	88.84	86.11	7,657.8	58.0	852.8	854.8	0.00	0.00	0.00	0.00
8,400.0	88.84	86.11	7,659.9	64.8	952.6	954.8	0.00	0.00	0.00	0.00
8,500.0	88.84	86.11	7,661.9	71.6	1,052.3	1,054.7	0.00	0.00	0.00	0.00
8,600.0	88.84	86.11	7,663.9	78.4	1,152.1	1,154.7	0.00	0.00	0.00	0.00
8,700.0	88.84	86.11	7,666.0	85.1	1,251.8	1,254.7	0.00	0.00	0.00	0.00
8,800.0	88.84	86.11	7,668.0	91.9	1,351.6	1,354.7	0.00	0.00	0.00	0.00
8,900.0	88.84	86.11	7,670.0	98.7	1,451.3	1,454.7	0.00	0.00	0.00	0.00
9,000.0	88.84	86.11	7,672.1	105.5	1,551.1	1,554.6	0.00	0.00	0.00	0.00
9,100.0	88.84	86.11	7,674.1	112.3	1,650.8	1,654.6	0.00	0.00	0.00	0.00
9,200.0	88.84	86.11	7,676.1	119.1	1,750.6	1,754.6	0.00	0.00	0.00	0.00
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9,400.0	88.84	86.11	7,680.2	132.6	1,950.1	1,954.6	0.00	0.00	0.00	0.00
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12,000.0	88.84	86.11	7,733.0	309.0	4,543.5	4,554.0	0.00	0.00	0.00	0.00

DDC  
Well Planning Report



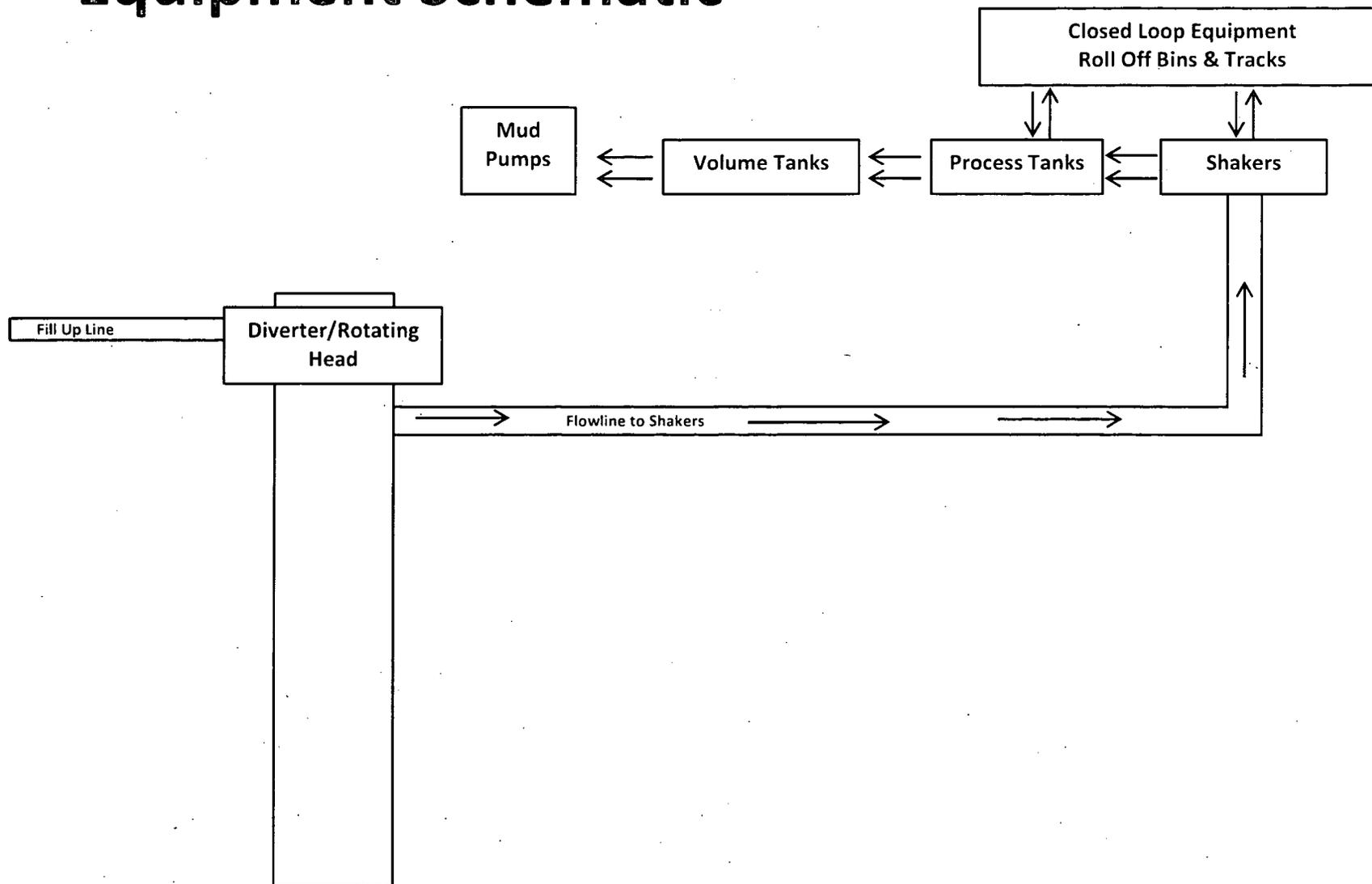
Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well Ruger 31 B2EH Fed Com #1H
Company:	Mewbourne Oil Co	TVD Reference:	Well @ 3315.0usft (Patterson)
Project:	Eddy County, New Mexico	MD Reference:	Well @ 3315.0usft (Patterson)
Site:	Sec 31-19S-29E	North Reference:	Grid
Well:	Ruger 31 B2EH Fed Com #1H	Survey/Calculation Method:	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Planned Survey									
Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/S (usft)	+E/W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
TD @ 12097' MD / 7735' TVD									
12,097.4	88.84	86.11	7,735.0	315.7	4,640.7	4,651.4	0.00	0.00	0.00

Design Targets									
Target Name	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/S (usft)	+E/W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
PBHL Ruger 31 B2EH F	0.00	0.00	7,735.0	315.7	4,640.7	588,995.75	569,952.51	32° 37' 8.572 N	104° 6' 22.093 W
- plan hits target center									
- Point									

Plan Annotations				
Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates		Comment
		+N/S (usft)	+E/W (usft)	
7,172.6	7,172.6	0.0	0.0	Build 12° / 100'
7,912.9	7,650.0	31.7	466.7	End of Curve / 88.84° Inc / 86.11° Azm / 7650' TVD
12,097.4	7,735.0	315.7	4,640.7	TD @ 12097' MD / 7735' TVD

# 20" Diverter & Closed Loop Equipment Schematic



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

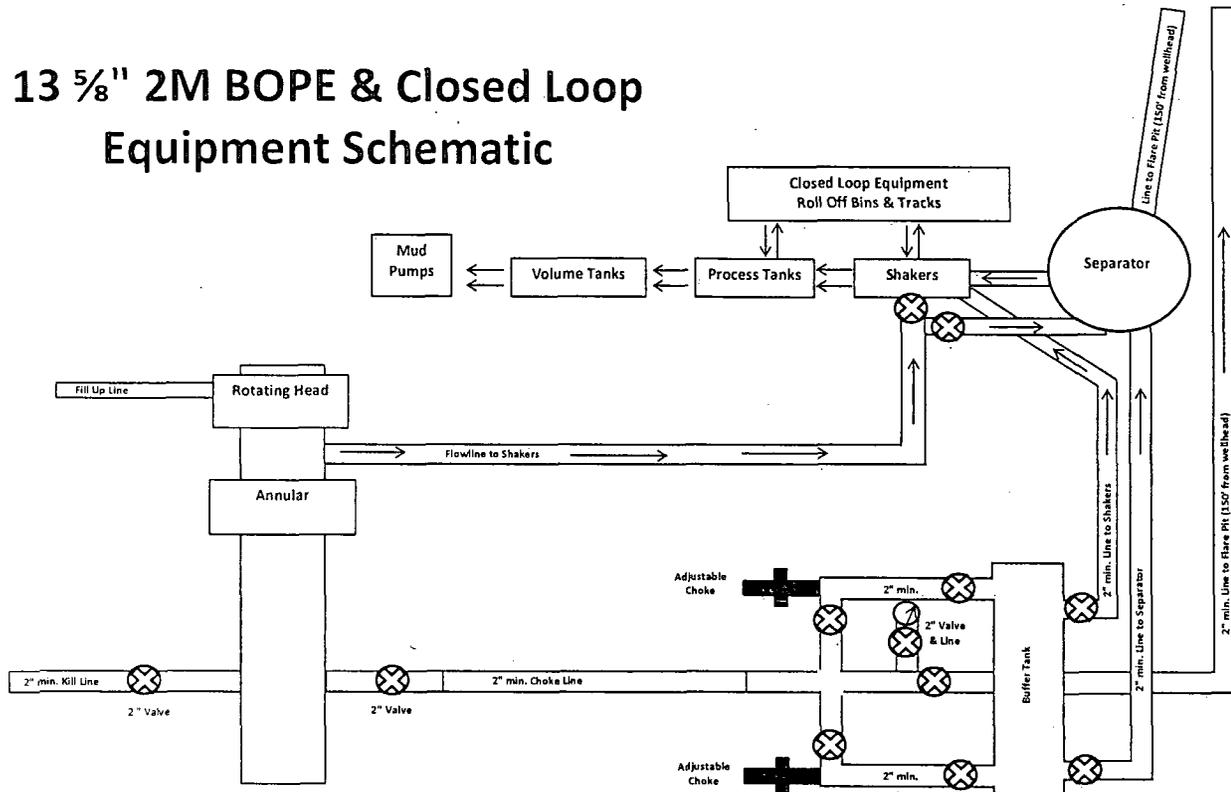


Exhibit 2A  
Ruger 31 B2EH Fed Com #1H

# 11" 3M BOPE & Closed Loop Equipment Schematic

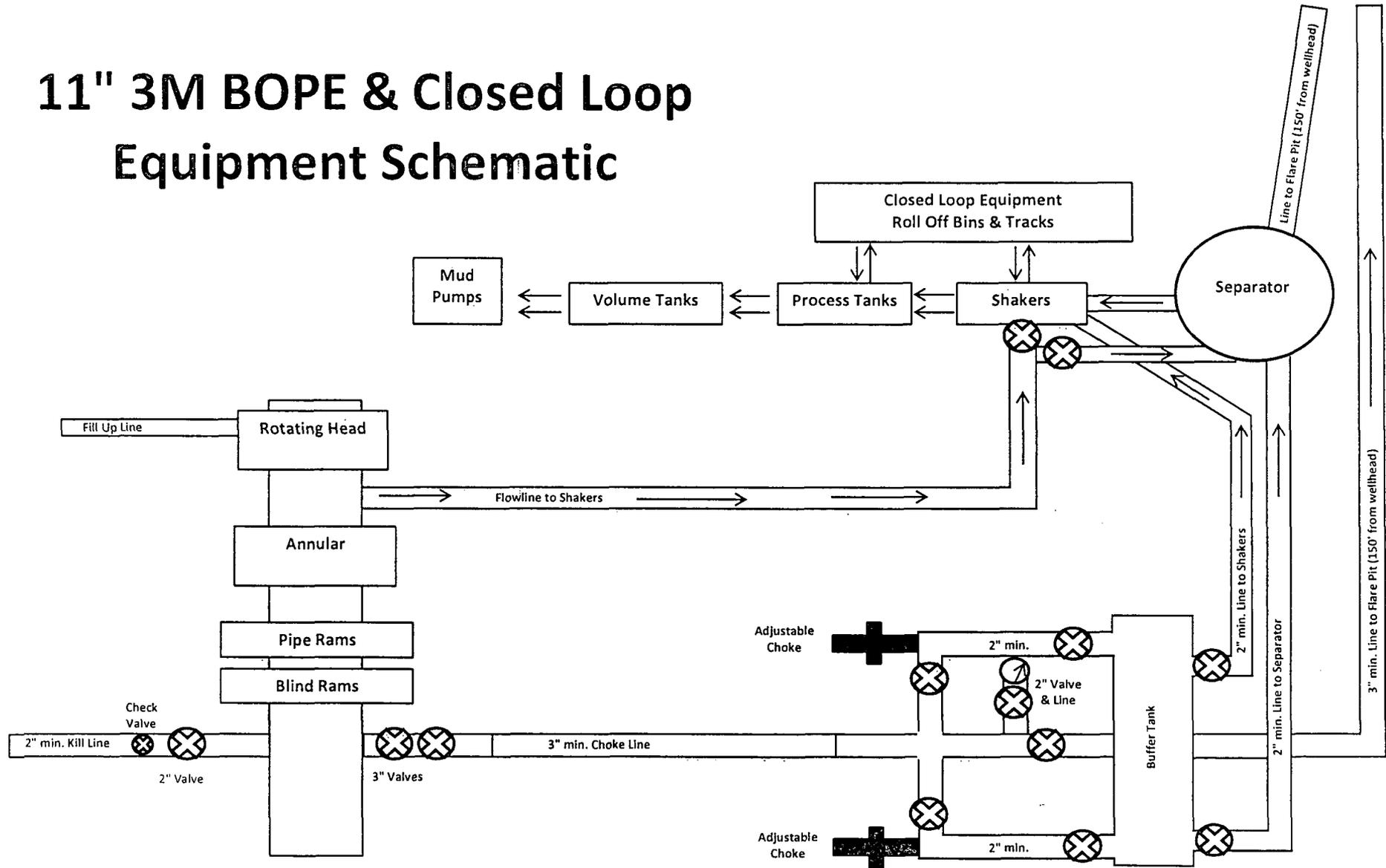


Exhibit 2  
Ruger 31 B2EH Fed Com #1H

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

## Notes Regarding Blowout Preventer

### **Mewbourne Oil Company**

Ruger 31 B2EH Fed #1H

2310' FNL & 50' FWL

Sec. 31-T19S-R29E

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 3000 psi working pressure on 9 5/8" and 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.

H2S Diagram

Closed Loop Pad Dimensions 280' x 320'

Road

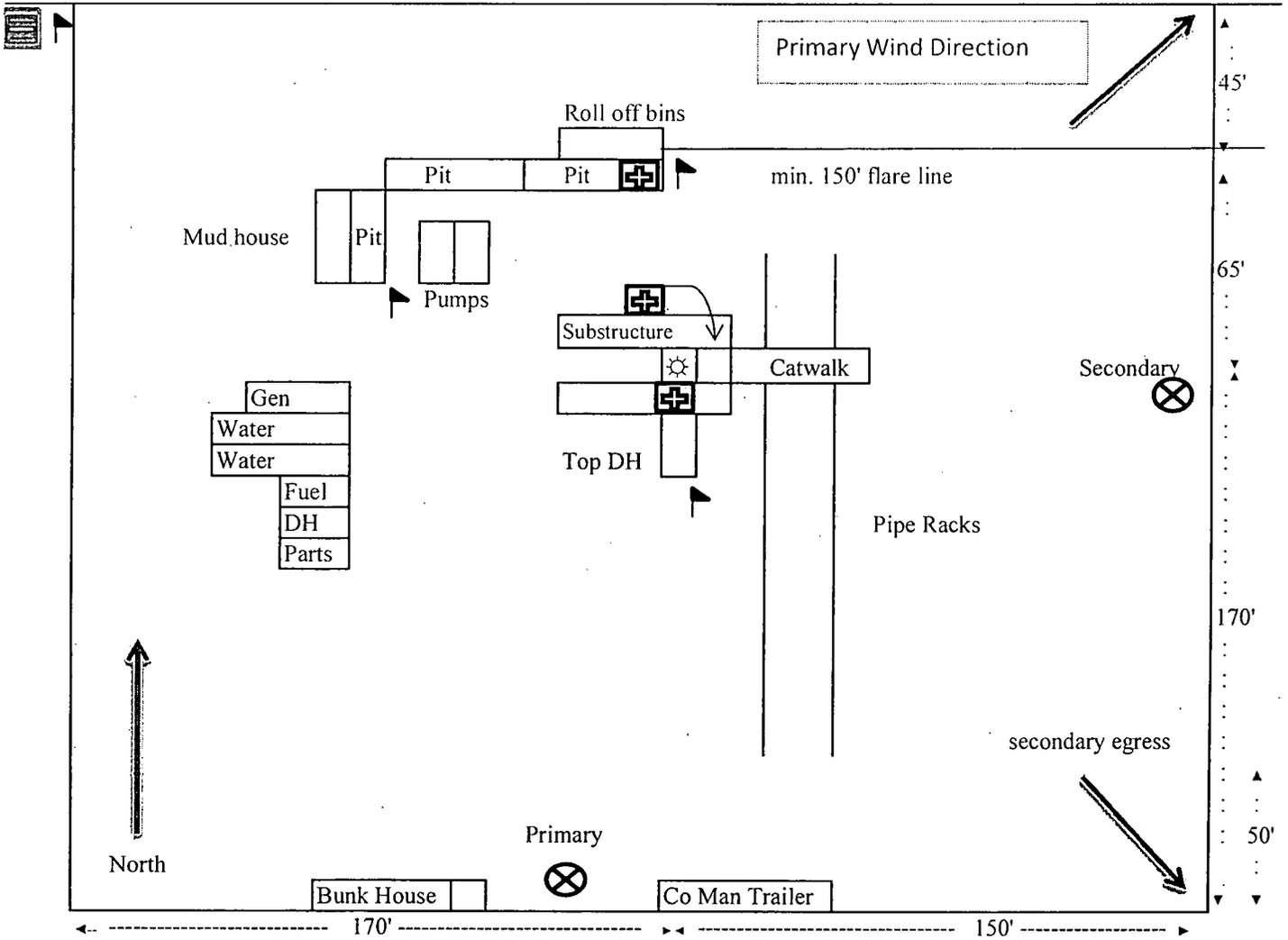


Exhibit 6

Mewbourne Oil Company  
 Ruger 31 B2EH Fed #1H  
 2310' FNL & 50' FWL  
 Sec. 31, T19S, R29E  
 Eddy County, NM

-  = Warning Signs
-  = Wind Markers
-  = H2S Monitors
-  = Safety Stations

## Hydrogen Sulfide Drilling Operations Plan

### **Mewbourne Oil Company**

Ruger 31 B2EH Fed #1H

2310' FNL & 50' FWL

Sec. 31-T19S-R29E

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 Delaware 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 9 5/8" intermediate casing.

1. Well Control Equipment
  - A. Choke manifold with minimum of one adjustable choke/remote 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 MOC will follow Onshore Order 6 and install a rotating head, mud/gas separator, remote choke and flare line with igniter will be installed.

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**

Lea County Sheriff's Office	911 or 575-396-3611
Ambulance Service	911 or 575-885-2111
Carlsbad Fire Dept	911 or 575-885-2111
Closest Medical Facility - Columbia Medical Center of Carlsbad	575-492-5000

Mewbourne Oil Company	Hobbs District Office	575-393-5905
	Fax	575-397-6252
	2 <sup>nd</sup> Fax	575-393-7259

District Manager	Micky Young	575-390-0999
Drilling Superintendent	Frosty Lathan	575-390-4103
	Bradley Bishop	575-390-6838
Drilling Foreman	Wesley Noseff	575-441-0729

lease road

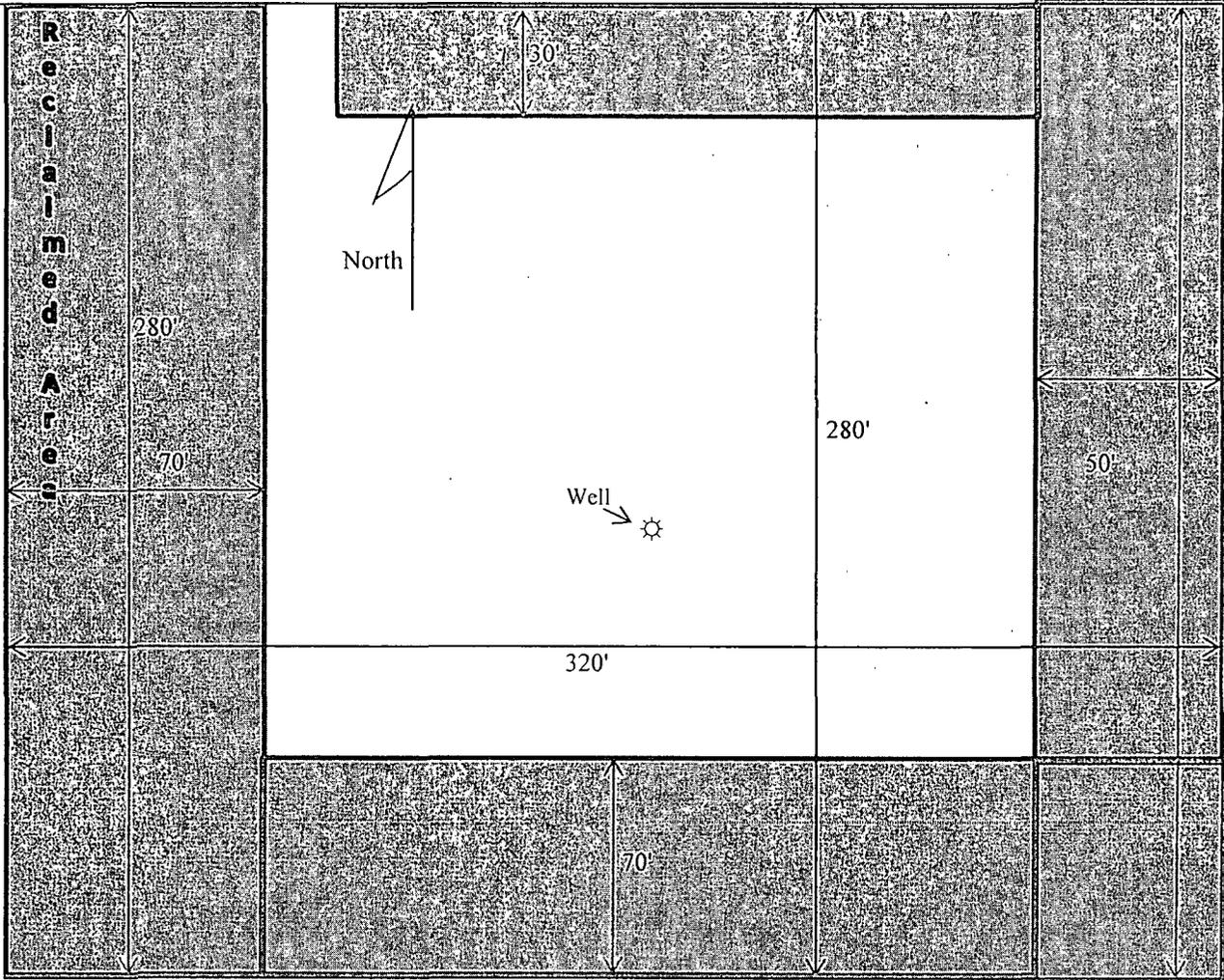


Exhibit "5"

Mewbourne Oil Company  
Rüger 31 B2EH Fed #1H  
2310' FNL & 50' FWL  
Sec. 31-T191S-R29E  
Eddy Co. NM

**MULTI-POINT SURFACE USE AND OPERATIONS PLAN**

**MEWBOURNE OIL COMPANY**

Ruger 31 B2EH Federal #1H  
2310' FNL & 50' FWL (SHL)  
Sec 31-T19S-R29E  
Eddy County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, Covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved, and the procedures to be followed in restoring the surface so that a complete appraisal can be made of the environmental impact associated with the proposed operations.

**1. Existing Roads:**

- A. Exhibit #3 is a road map showing the location of the proposed well. Existing roads are highlighted in black. Exhibits #3-#3C are maps showing the location of the proposed well and access road. Existing and proposed roads are highlighted in black.
- B. Directions to location from the intersection of Buckskin and Millman, go south on Buckskin for .5 mile to lease road. Go E .3 miles to proposed lease road.
- C. Existing roads will be maintained in a condition the same as or better than before operations begin.

**2. Proposed Access Road:**

- A. no new road construction will be needed.
- B. The maximum width of the driving surface will be 14 feet. The road will be crowned and ditched with a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 1 foot deep with 3:1 slopes. The road will be surfaced with rolled and compacted caliche.
- C. Mewbourne Oil Co. will cooperate with other operators in the maintenance of lease roads.

**3. Location of Existing Wells:**

There are producing wells within the immediate vicinity of the well site. Exhibit #4 shows the proposed well and existing wells within a one mile radius.

**4. Location of Existing and/or Proposed Facilities:**

- A. There are production facilities on this lease at the present time.
- B. In the event that the well is productive, production facilities will be located at the existing Ruger 31 #1 battery. 2935' of low pressure (100 psi) 2 7/8" steel flowline carrying all well fluids will be laid. The proposed flowline will travel from Ruger 31 EH Fed #1H well pad following the east side of the section line until it reaches the Ruger 31 LI Fed #1H well pad. Then the pipeline will travel along the access road to the battery immediately adjacent to the Ruger 31 LI Fed #1H flowline. The flowline will end at the Ruger 31 Federal #1 well pad & battery. The pipeline route will travel across country, the route will not be used as a road route and traffic will be deterred from using this pipeline route as a

- road. See Exhibit "3E".
- C. Production vessels that will remain on this location will be painted to conform to BLM painting stipulations within 180 days of installation.

## 5. Location and Type of Water Supply

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

## 6. Source of Construction Materials

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

## 7. Methods of Handling Waste Disposal:

- A. Drill cuttings not retained for evaluation purposed will be hauled to a permitted off-site facility.
- B. MOC will utilize a closed loop system for drilling & completion operations.
- C. Water produced during operations will be hauled to an off-site permitted SWD in the area.
- D. If any liquid hydrocarbons are produced during operations, those liquids will be stored in suitable tanks until sold.
- E. Sewage and gray water will be safely contained on-site, and then waste will be disposed at an approved off-site facility.
- 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 and location of major rig components are shown.
- B. The pad dimension of 280' x 320' has been staked and flagged.
- C. Archaeology is cleared through BLM MOA.

## 10. Plans for Restoration of Surface

- A. 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.
- B. Interim reclamation:
  - i. All areas not needed for production operations will be reclaimed.
  - ii. Caliche will be removed, the land will be recontoured, the top soil from stockpile will be spread over these areas.
  - iii. The disturbed area will be restored by re-seeding during the proper growing season.
  - iv. Any additional caliche required for production facilities will be obtained from the area shown in exhibit #6 as interim reclamation.
- C. Final Reclamation:
  - i. Upon cessation of the proposed operations, if the well is abandoned, all equipment and trash will be removed and taken to a proper facility.
  - ii. The location and road surfacing material will be removed and used to patch area lease roads. The entire location will be restored to the original contour as much as reasonable possible. The top soil used for interim reclamation will be spread over the entire location. All restoration work will be completed within 180 days of cessation of activities.

**11. Surface Ownership:**

BLM is surface owner.

**12. Other Information:**

- A. The primary use of the surface at the location is for grazing of livestock.

**13. Operator's Representative:**

- A. Through APD approval, drilling, completion and production operations:

**N.M. Young, District Manager**  
Mewbourne Oil Company  
PO Box 5270  
Hobbs, NM 88241  
575-393-5905

# PECOS DISTRICT CONDITIONS OF APPROVAL

<b>OPERATOR'S NAME:</b>	Mewbourne Oil Company
<b>LEASE NO.:</b>	NMNM-13237
<b>WELL NAME &amp; NO.:</b>	Ruger 31 B2EH Federal 1H
<b>SURFACE HOLE FOOTAGE:</b>	2310' FNL & 0050' FWL
<b>BOTTOM HOLE FOOTAGE:</b>	1980' FNL & 0330' FEL
<b>LOCATION:</b>	Section 31, T. 19 S., R 29 E., NMPM
<b>COUNTY:</b>	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**
  - Fence Construction
  - Pipeline Installation Requirement
  - Berm the Pad
  - Cave/Karst
- Construction**
  - Notification
  - Topsoil
  - Closed Loop System
  - Federal Mineral Material Pits
  - Well Pads
  - Roads
- Road Section Diagram**
- Drilling**
  - Cement Requirements
  - H2S Requirements
  - High Cave/Karst
  - Capitan Reef
  - Logging Requirements
  - Waste Material and Fluids
- 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)

### **Fence Requirement:**

Mewbourne must install a fence on the south side of the well location and prevent traffic from travelling upon the surface pipeline easement.

### **Pipeline Installation Requirements:**

1. The proposed production pipeline and future pipelines must follow the route depicted in the "Proposed Pipeline Map" in this COA document. It is similar to the pipeline map in the APD, but in more detail.
2. The pipeline must be installed on the east side of the proposed access road for the Ruger 31 DA Federal #1H.
3. When the pipeline travels across open country (north of Ruger 31 LI Fed #1H):
  - a. The pipeline route cannot be used as a road way. Mewbourne Oil Company must take necessary measures to prevent all vehicle traffic from traveling along this pipeline route. At a minimum, Mewbourne must have barricades at both ends of the pipeline route where the pipeline leaves an existing disturbance it is following (north side of Ruger 31 Fed #1H well pad and south side of Ruger 31 EH Fed #1H or existing lease road if this pad is not built). These barricades (example: fence) should be constructed in a way to prevent traffic on the pipeline route. If a road way develops on this pipeline route, Mewbourne will be responsible for reclaiming the trespass road to BLM reclamation standards.
  - b. Two pipelines must be installed at the same time between the Ruger 31 LI Fed #1H and proposed Ruger 31 EH Fed #1H to limit disturbance on the route. This is the only segment of the pipeline route that requires installation of two pipelines at the same time. Both pipelines must be installed immediately adjacent to each other (no farther than one foot) and travel in a straight line. The pipelines cannot have any horizontal curves or bends. Both pipelines must be secured to the ground with rebar or similar apparatus every 100 feet.
4. No fence shall be cut or disturbed in the installation of the pipeline.

### **Berming of the Well Pad**

The entire perimeter of the well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad.

- The berm shall be constructed at a minimum of 24 inches high with impermeable mineral material (e.g. caliche).
- No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad.
- The topsoil stockpile shall be located outside the bermed well pad.
- Topsoil, either from the well pad or surrounding area, shall not be used to construct the berm.
- No storm drains, tubing or openings shall be placed in the berm.

- If fluid collects within the bermed area, the fluid must be vacuumed into a safe container and disposed of properly at a state approved facility.
- The integrity of the berm shall be maintained around the surfaced pad throughout the life of the well and around the downsized pad after interim reclamation has been completed.
- Any access road entering the well pad shall be constructed so that the integrity of the berm height surrounding the well pad is not compromised. (Any access road crossing the berm cannot be lower than the berm height.)

## **Cave and Karst**

\*\* Depending on location, additional Drilling, Casing, and Cementing procedures may be required by engineering to protect critical karst groundwater recharge areas.

### **Cave/Karst Surface Mitigation**

The following stipulations will be applied to minimize impacts during construction, drilling and production.

#### **Construction:**

In the advent that any underground voids are opened up during construction activities, construction activities will be halted and the BLM will be notified immediately.

#### **No Blasting:**

No blasting will be utilized for pad construction. The pad will be constructed and leveled by adding the necessary fill and caliche.

#### **Pad Berming:**

The entire perimeter of the well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad.

- The compacted berm shall be constructed at a minimum of 12 inches high with impermeable mineral material (e.g. caliche).
- No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad.
- The topsoil stockpile shall be located outside the bermed well pad.
- Topsoil, either from the well pad or surrounding area, shall not be used to construct the berm.
- No storm drains, tubing or openings shall be placed in the berm.
- If fluid collects within the bermed area, the fluid must be vacuumed into a safe container and disposed of properly at a state approved facility.
- The integrity of the berm shall be maintained around the surfaced pad throughout the life of the well and around the downsized pad after interim reclamation has been completed.

- Any access road entering the well pad shall be constructed so that the integrity of the berm height surrounding the well pad is not compromised. (Any access road crossing the berm cannot be lower than the berm height.)

**Tank Battery Liners and Berms:**

Tank battery locations will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank.

**Leak Detection System:**

A method of detecting leaks is required. The method could incorporate gauges to measure loss, siting valves and lines so they can be visually inspected, or installing electronic sensors to alarm when a leak is present. Leak detection plan will be submitted to BLM for approval.

**Automatic Shut-off Systems:**

Automatic shut off, check valves, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

**Cave/Karst Subsurface Mitigation**

The following stipulations will be applied to protect cave/karst and ground water concerns:

**Rotary Drilling with Fresh Water:**

Fresh water will be used as a circulating medium in zones where caves or karst features are expected. SEE ALSO: Drilling COAs for this well.

**Directional Drilling:**

Kick off for directional drilling will occur at least 100 feet below the bottom of the cave occurrence zone. SEE ALSO: Drilling COAs for this well.

**Lost Circulation:**

ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported in the drilling report.

Regardless of the type of drilling machinery used, if a void of four feet or more and circulation losses greater than 70 percent occur simultaneously while drilling in any cave-bearing zone, the BLM will be notified immediately by the operator. The BLM will assess the situation and work with the operator on corrective actions to resolve the problem.

**Abandonment Cementing:**

Upon well abandonment in high cave karst areas additional plugging conditions of approval may be required. The BLM will assess the situation and work with the operator to ensure proper plugging of the wellbore.

**Pressure Testing:**

Annual pressure monitoring will be performed by the operator on all casing annuli and reported in a sundry notice. If the test results indicated a casing failure has occurred; remedial action will be undertaken to correct the problem to the BLM's approval.

## **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 strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area 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. EXCLOSURE FENCING (CELLARS & PITS)**

**Exclosure Fencing**

The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

**G. 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-five (25) 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**

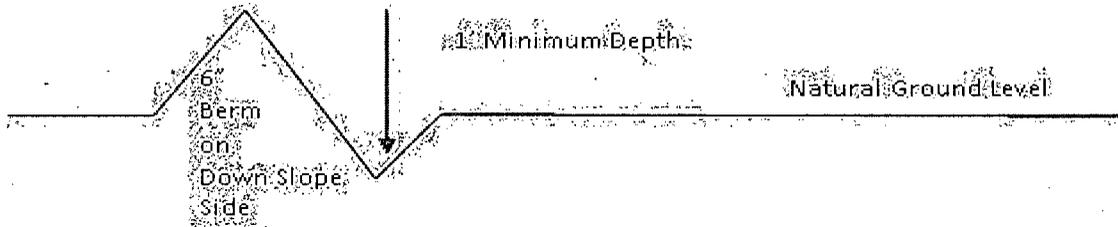
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

**Drainage**

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

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

### Cattleguards

An appropriately sized cattleguard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattleguards on the access road route 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 cattleguards that are in place and are utilized during lease operations.

### Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

**Construction Steps**

1. Salvage topsoil
2. Construct road

3. Redistribute topsoil
4. Revegetate slopes

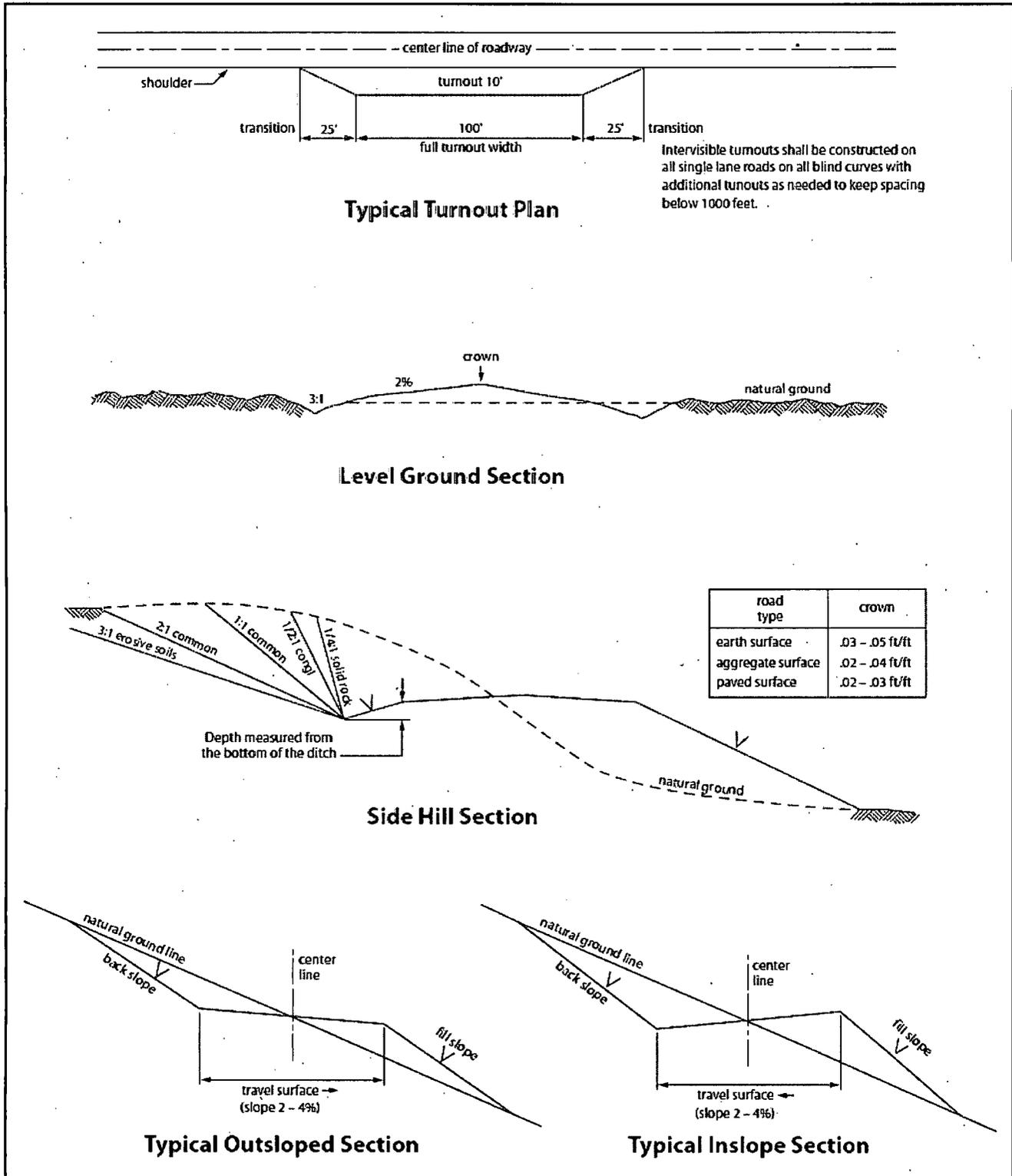


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

## VII. DRILLING

### A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

**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 shall be activated 500 feet prior to drilling into the **Bone Spring** 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 is 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. **IF OPERATOR DOES NOT HAVE THE WELL SPECIFIC CEMENT DETAILS ONSITE PRIOR TO PUMPING THE CEMENT FOR EACH CASING STRING, THE WOC WILL BE 30 HOURS.** 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.

### Capitan Reef

Possible water flows Artesia Group, Salado, and Queen.

Possible lost circulation in the Artesia Group, Rustler, Grayburg, Capitan Reef, and Delaware.

**A MINIMUM OF TWO CASING STRINGS CEMENTED TO SURFACE IS REQUIRED IN HIGH CAVE/KARST AREAS. THE CEMENT MUST BE IN A SOLID SHEATH. THEREFORE, ONE INCH OPERATIONS ARE NOT SUFFICIENT TO PROTECT CAVE KARST RESOURCES. A CASING DESIGN THAT HAS A ONE INCH JOB PERFORMED DOES NOT COUNT AS A SOLID SHEATH.**

**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.

**JAM 062414**

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. All construction and maintenance activity will be confined to the authorized right-of-way width of   20   feet. If the pipeline route follows an existing road or buried pipeline right-of-way, the surface pipeline must be installed no farther than 10 feet from the edge of the road or buried pipeline right-of-way. If existing surface pipelines prevent this distance, the proposed surface pipeline must be installed immediately adjacent to the outer surface pipeline. All construction and maintenance activity will be confined to existing roads or right-of-ways.

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 requirements 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.

17. Surface pipelines must be less than or equal to 4 inches and a working pressure below 125 psi.

## **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

## Seed Mixture 1, for Loamy 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 regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (small/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 lovegrass ( <i>Eragrostis intermedia</i> )	0.5
Sand dropseed ( <i>Sporobolus cryptandrus</i> )	1.0
Sideoats grama ( <i>Bouteloua curtipendula</i> )	5.0
Plains bristlegrass ( <i>Setaria macrostachya</i> )	2.0

\*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed