

OCD-ARTESIA

Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No:
NMNM54865; NMNM128913

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

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

1. Type of Well

- Oil Well Gas Well Other

8. Well Name and No.
Four Peaks 35 Fed Com #2H

2. Name of Operator **Mewbourne Oil Company**

9. API Well No.
30-015-39420

3a. Address
PO Box 5270, Hobbs NM, 88241

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

10. Field and Pool or Exploratory Area
Turkey Track, Bone Springs

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1976 FNL & 33P FWL, Sec 35, T13S, R29E

11. Country or Parish, State
Eddy County, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|--|---|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input type="checkbox"/> Other _____ |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input checked="" type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Please see attached Onshore order #7 & Onshore order #3.

ASD 2/13/15
Accepted for record
NMOCD

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

| | | |
|---|-----------------|--|
| 14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Reid Sharpe | Title Engineer | APPROVED |
| Signature <i>Reid Sharpe</i> | Date 11/26/2014 | |
| THIS SPACE FOR FEDERAL OR STATE OFFICE USE FEB 4 2015 | | |
| Approved by | Title | <i>ASD</i> JAMES A AMOS SUPERVISOR-EPS |
| Conditions of approval, if any, are attached. Approval of this notice 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. | Office | |

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

(Instructions on page 2)

WATER DISPOSAL ONSHORE ORDER #7

The following information is needed before your method of water disposal can be considered for approval.

1. Name(s) of formation (s) producing water on the lease.
Bone Springs
2. Amount of water produced from each formation in barrels per day.
70 BPD
3. How water is stored on the lease.
2-500 bbl fiberglass tanks
4. How water is moved to disposal facility.
Truck hauled by 3rd party
5. Operator's of disposal facility Mesibourne Oil Company
 - a. Lease name or well name and number Derringer 18 Fed SWD #1
 - b. Location by ¼ ¼ Section, Township, and Range of the disposal system _____
SESW, Sec. 18, T20S, R29E
 - c. The appropriate NMOCD permit number Please see attached
Administrative Order SWD-1425

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martínez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



Administrative Order SWD-1425
July 3, 2013

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of 19.15.26.8B NMAC, Mewbourne Oil Company (the "operator"), seeks an administrative order to utilize its Derringer Federal SWD No. 1 with a location of 660 feet from the South line and 1980 feet from the West line, Unit letter N of Section 18, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico, for produced water disposal purposes.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of 19.15.26.8B NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in 19.15.26.8 NMAC have been met and the operator is in compliance with 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, Mewbourne Oil Company (ORID 14744), is hereby authorized to utilize its Derringer Federal SWD Well No. 1 (API 30-015-30828) with a location of 660 feet from the South line and 1980 feet from the West line, Unit letter N of Section 18, Township 20 South, Range 29 East, NMPM, Eddy County, for disposal of oil field produced water (UTC Class II only) into the Devonian formations through open hole from approximately 12600 feet to 13200 feet. Injection will occur through internally coated tubing and a packer set within 100 feet of the permitted interval.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes all changes in well construction proposed and described in the application.

The operator shall supply the Division's Engineering Bureau with a copy of a mud log over the permitted disposal interval and an estimated insitu water salinity for the permitted disposal interval developed from open-hole log correlations. If significant hydrocarbon shows occur while drilling, the operator shall receive permission in writing from the Division prior to commencing disposal.

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT testing procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A, NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited to **no more than 2520 psig**. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's district II office of the date and time of the installation of disposal equipment and of any MIT test so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's district office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's district II office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

The injection authority granted under this order is not transferable except upon division approval. The division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two (2) years after the effective date of this order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate *ipso facto*. The Division, upon written

Administrative Order SWD-1425
Mewbourne Oil Company
July 3, 2013
Page 3 of 3

request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

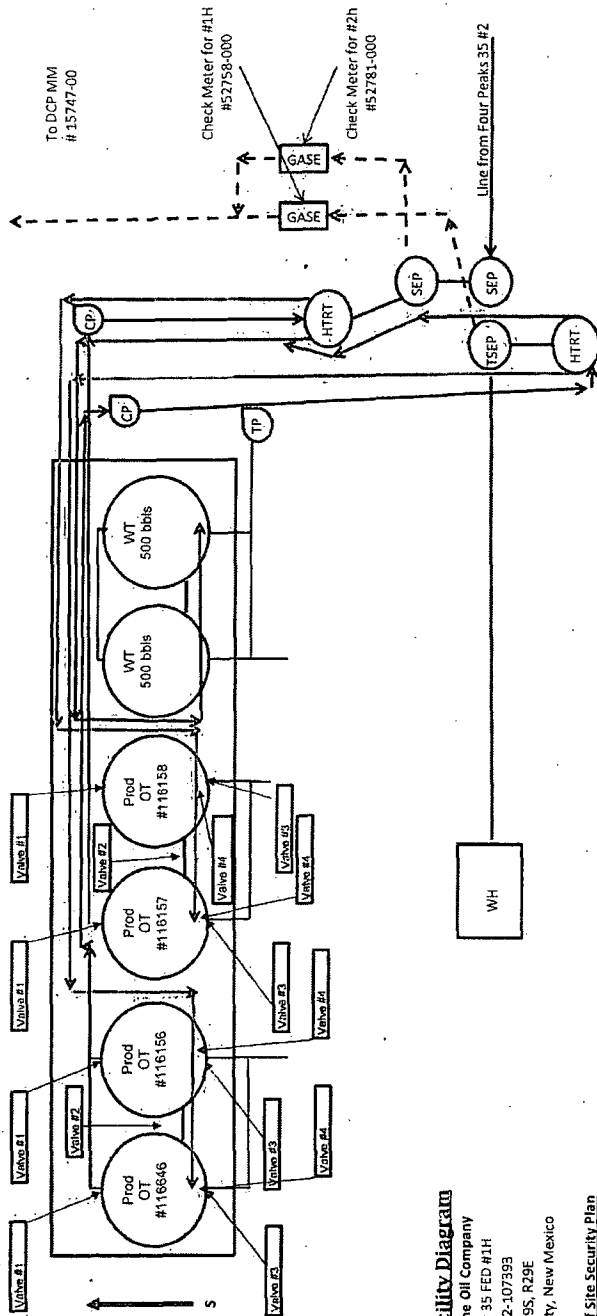
Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

Jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein.


JAMI BAILEY
Director

JB/prg

cc: Oil Conservation Division – Artesia District Office
United States Bureau of Land Management – Carlsbad Office



Site Facility Diagram

Mewbourne Oil Company
 Four Peaks 35 FED #1H
 #NIM-61582-107393
 SEC. 35, T19S, R29E
 Eddy County, New Mexico

Location of Site Security Plan

PO Box 5270
 Hobbs, NM 88241

Production System- Open

Oil Sales description as: by tank gauge
 to tank truck

Seal Requirements as follows:

| Sales phase | Sealed | Closed | Open |
|------------------|--------|--------|------|
| Production phase | 1,2,4 | 1,2,3 | 3, 4 |

Other Facilities on same pad

Four Peaks 35 Fed COM #2H
 SL 1975' FNL & 330' FWL
 BHL 2310' FNL & 330' FEL
 Sec. 35, T19S, R25E
 Eddy County, New Mexico
 #NNMIM-67102 & NNMIM-54865

Accepted for Record Purposes.
 Approval Subject to Onsite Inspection.
 Date: 2/14/15
[Signature]



www.permianls.com

575.397.3713 2609 W Marland Hobbs NM 88240

| | | | |
|------|-------------------------|-----------------|-----------------------|
| For: | Mewbourne Oil Company | Sample: | Sta. # 52781-000 |
| | Attention: Cody Walker | Identification: | Four Peaks 35 #2H |
| | P. O. Box 5270 | Company: | Mewbourne Oil Company |
| | Hobbs, New Mexico 88241 | Lease: | |
| | | Plant: | |

| | | | | | |
|--------------|---------------|-----------|----------|--------------|----------------|
| Sample Data: | Date Sampled | 2/13/2014 | 10:30 AM | | |
| | Analysis Date | 2/18/2014 | | | |
| | Pressure-PSIA | 109 | | Sampled by: | Cody Walker |
| | Sample Temp F | 81 | | Analysis by: | Vicki McDaniel |
| | Atmos Temp F | 56 | | | |

H2S =

Component Analysis

| | | Mol Percent | GPM |
|------------------|-----|----------------|--------------|
| Hydrogen Sulfide | H2S | | |
| Nitrogen | N2 | 2.298 | |
| Carbon Dioxide | CO2 | 0.118 | |
| Methane | C1 | 76.261 | |
| Ethane | C2 | 11.870 | 3.166 |
| Propane | C3 | 5.537 | 1.522 |
| I-Butane | IC4 | 0.735 | 0.240 |
| N-Butane | NC4 | 1.726 | 0.543 |
| I-Pentane | IC5 | 0.389 | 0.142 |
| N-Pentane | NC5 | 0.384 | 0.139 |
| Hexanes Plus | C6+ | <u>0.682</u> | <u>0.295</u> |
| | | 100.000 | 6.046 |

REAL BTU/CU.FT.

| | |
|---------------|--------|
| At 14.65 DRY | 1266.5 |
| At 14.65 WET | 1244.4 |
| At 14.696 DRY | 1270.5 |
| At 14.696 WET | 1248.8 |
| At 14.73 DRY | 1273.4 |
| At 14.73 Wet | 1251.4 |

Specific Gravity

Calculated 0.7446

Molecular Weight 21.5643

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Disposal of Produced Water From Federal Wells
Conditions of Approval

Approval of the produced water disposal methodology is subject to the following conditions of approval:

1. This agency shall be notified of any change in your method or location of disposal.
2. Compliance with all provisions of Onshore Order No. 7.
3. This agency shall be notified of any spill or discharge as required by NTL-3A.
4. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
5. Any on-lease open top storage tanks shall be covered with a protective cover to prevent entry by birds and other wildlife.
6. This approval should not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.
7. If water is transported via a pipeline that extends beyond the lease boundary, then you need to submit within 30 days an application for right-of-way approval to the Realty Section in this office if you have not already done so.
8. Disposal at any other site will require prior approval.
9. Subject to like approval by NMOCD.

7/10/14