

As a condition of approval, if during pit construction water is encountered or if water seeps in pits after construction the OCD MUST BE CONTACTED IMMEDIATELY!

May 27, 2004

A PIT CLOSURE PLAN MUST BE APPROVED PRIOR TO THE COMMENCEMENT OF CLOSURE OPERATIONS.

RECEIVED Submit to appropriate District Office

NOV 14 2005

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Mewbourne Oil Company Po Box 5270 Hobbs, NM 88240		² OGRID Number 14744
³ Property Code 31913		⁴ Property Name Otis 14
⁵ Proposed Pool 1 G7 15 s Morrow 82360		⁶ Well No. 2
⁷ Surface Location		⁸ API Number 30 - 015 - 34428

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	14	22S	27E		660	N	660	E	Eddy

⁸ Proposed 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

Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3069'
¹⁶ Multiple No	¹⁷ Proposed Depth 12200'	¹⁸ Formation Morrow	¹⁹ Contractor TBA	²⁰ Spud Date ASAP
Depth to Groundwater Less than 50 = 20 pts		Distance from nearest fresh water well Less than 1000 from all other wtr sources: 0 pts		Distance from nearest surface water 1000' or more 10 pts
Pit: Liner: Synthetic <input checked="" type="checkbox"/> _____ mils thick Clay <input type="checkbox"/> Pit Volume: 24000 _____ bbls Drilling Method: Production Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	* Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48#	350 - 400'	400	Surface
12 1/4"	9 5/8"	40#	4500'	1400	Surface
8 3/4"	5 1/2"	17#	12200'	1000	500' above Wolfcamp

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

BOP Program: 13 3/4" 2k Hydril (see Exhibit #2) from surface casing to intermediate TD. Schaffer LWS or equivalent (Double-Ram Hydraulic) 11" 5000# with Hydril. (See Exhibit #2A) from surface casing to total depth. Rotating head, PVT, flow monitors and mud gas Separator from the Wolfcamp to TD.

Mud Program: 0' to 400' Fresh Water, spud mud, lime for PH and LCM as needed for seepage.
 400' to 4500' Brine Water and LCM as needed for seepage.
 4500' to 9800' Fresh Water, lime for PH and LCM as needed for seepage.
 9800' to TD Cut Brine Water. 9.3+ #/g, Caustic for PH, Starch for WL control and LCM as needed for

* See Surface Casing Above Salado

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Printed name: Kristi Green		Approved by: <i>Jim W. Green</i>	
Title: Hobbs Production		Title: <i>District II Supervisor</i>	
E-mail Address:		Approval Date: NOV 16 2005 Expiration Date: NOV 16 2006	
Date: 11/09/05	Phone:	Conditions of Approval CEMENT TO COVER ALL OIL, GAS AND WATER BEARING ZONES	

29.5
5000

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		OTIS
Property Code	Property Name	Well Number
	OTIS "14"	2
OGRID No.	Operator Name	Elevation
14744	MEWBOURNE OIL COMPANY	3069'

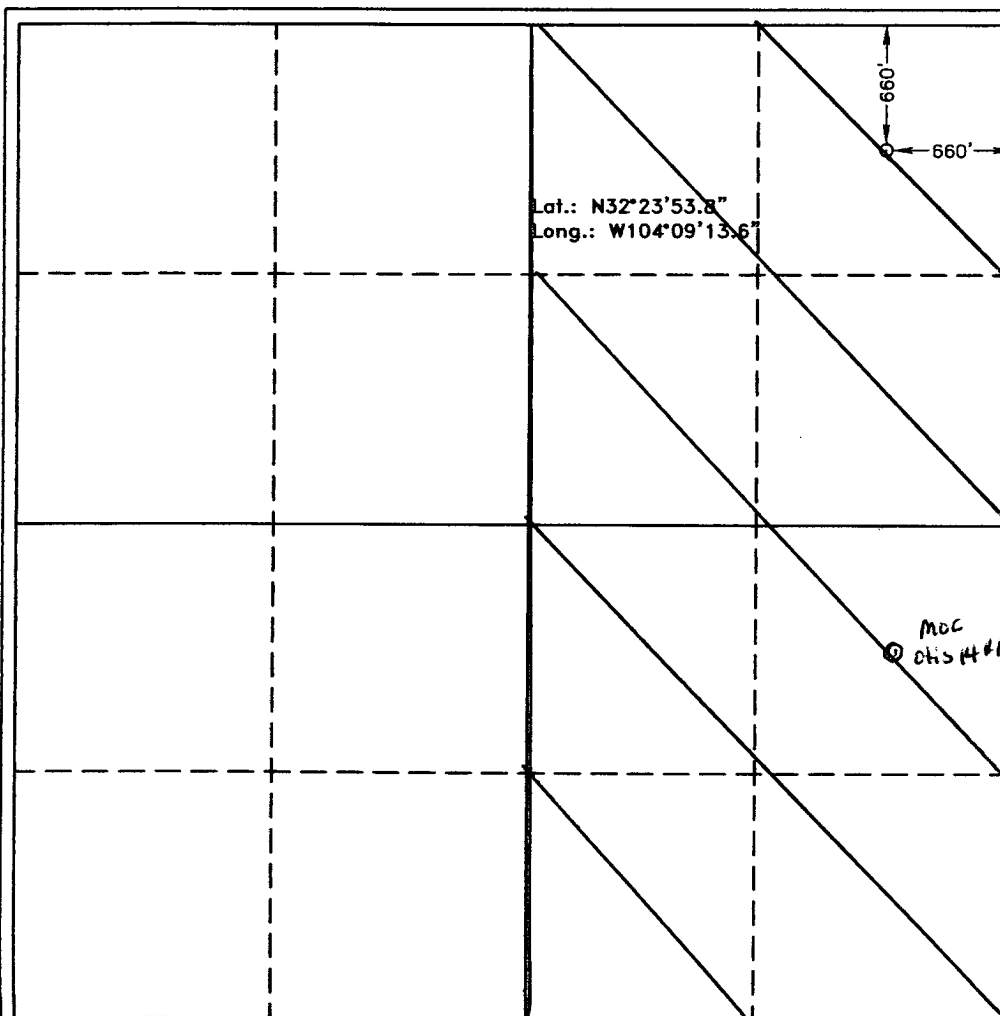
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	14	22 S	27 E		660	NORTH	660	EAST	EDDY

Bottom Hole Location If Different From Surface

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

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



OPERATOR CERTIFICATION	
I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.	
<i>Kristi Green</i>	
Signature	
Kristi Green	
Printed Name	
Hobbs Regulatory	
Title	
11/07/05	
Date	
SURVEYOR CERTIFICATION	
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.	
OCTOBER 24, 2005	
Date Surveyed	
Signature & Seal of Professional Surveyor	
W.O. No. 5895	
Certificate No. Gary L. Jones 7977	
BASIN SURVEYS	

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
MEWBOURNE OIL COMPANY

Otis 14 #2
660' FNL & 660' FEL
Section 14-T22S-R27E
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. Exhibit #3A is a topographic map showing the location of the proposed well and access road. Existing roads are highlighted in red and proposed roads are highlighted in yellow.
- B. **Directions to location from Carlsbad, NM: On Hwy 62/180 to just East of Carlsbad, turn right on US Refinery Rd (CR605) and go 3 ½ miles to MOC lease road, turn right on new lease road 500' to new location.**

2. Proposed Access Road:

- A. Will need 500' of new road.
- B. The access to the location will be limited to 16' in width and will adequately drain runoff and control erosion as presently constructed.

3. Location of Existing and/or Proposed Facilities:

- A. There are no production facilities on this lease at the present time.
- B. In the event that the well is productive, production facilities will be located on the well pad.

4. 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.

5. 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.

6. Methods of Handling Waste Disposal:

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

7. Ancillary Facilities

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

8. Well Site Layout

- A. A diagram of the drill pad is shown in Exhibit #5. Dimensions of the pad, pits, and location of major rig components are shown.
- B. The reserve pit will be lined with a high quality plastic sheeting to prevent migration of fluids.
- C. The pad dimension of 400' X 250' has been staked and flagged.

9. Plans for Restoration of Surface

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

10. Surface Ownership:

The surface is owned by: Bill Sibley
337 US Refinery Road
Carlsbad, NM 88220
(505) 885-0833

11. Other Information:

- A. Topography: Refer to the archaeological report for a detailed description of flora, fauna, soil characteristics, dwellings, and historical or cultural sites.
- B. The primary use of the surface at the location is for grazing of livestock.

12. 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
505-393-5905

13. Certification

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

Date: 11/09/05

Signature: *Musti Green for NM Young*

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

Hydrogen Sulfide Drilling Operations Plan

Mewbourne Oil Company

Otis 14 #2

660' FNL & 660' FEL

Section 14-T22S-R27E

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 H₂S were found. MOC will have on location and working all H₂S safety equipment before the Delaware formation @ 2200' 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. Flare line with automatic igniter or continuous ignition source.
- B. Choke manifold with minimum of one adjustable choke.
- C. Blowout preventers equipped with blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit
- D. Auxiliary equipment including rotating head and annular type blowout preventer.

2. Protective Equipment for Essential Personnel

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

3. Hydrogen Sulfide Protection and Monitoring Equipment

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

4. Visual Warning Systems

A. Wind direction indicators as indicated on the wellsite diagram.

B. Caution signs shall be posted on roads providing access to location. Signs shall be painted a high visibility color with lettering of sufficient size to be readable at reasonable distances from potentially contaminated areas.

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.

Notes Regarding Blowout Preventer
Mewbourne Oil Company

Otis 14 #2
660' FNL & 660' FEL
Section 14-T22S-R27E
Eddy County, New Mexico

1. Drilling nipple (bell nipple) to be constructed so that it can be removed without the use of a welder through the opening of the rotary table, with minimum internal diameter equal to blowout preventer bore.
2. Blowout preventer and all fittings must be in good condition with a minimum 5000 psi working pressure.
3. Safety valve must be available on the rig floor at all times with proper connections to install in the drill string. Valve must be full bore with minimum 5000 psi working pressure.
4. Equipment through which bit must pass shall be at least as large as internal diameter of the casing.
5. A kelly cock shall be installed on the kelly at all times.
6. Blowout preventer closing equipment to include and accumulator of at least 40 gallon capacity, two independent sources of pressure on closing unit, and meet all other API specifications.

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

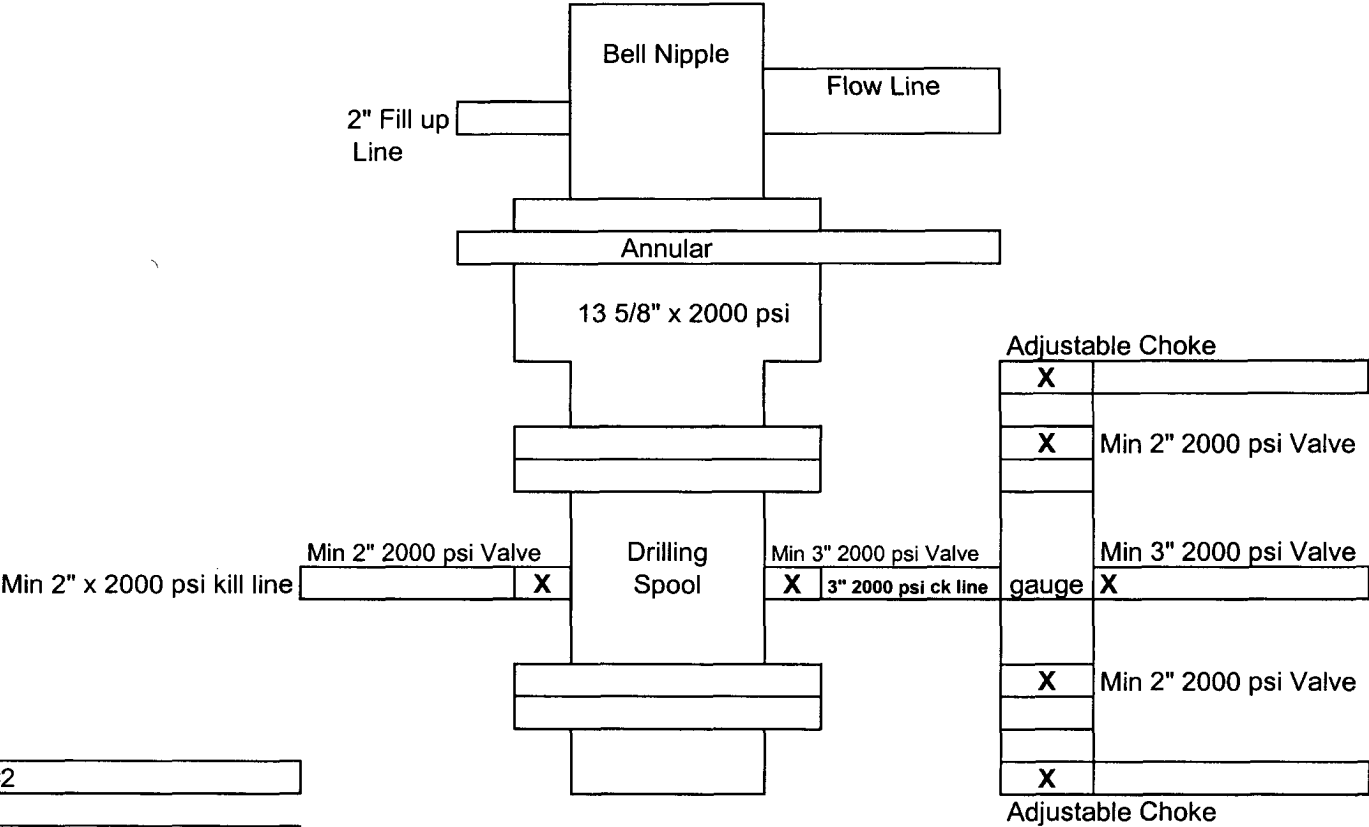
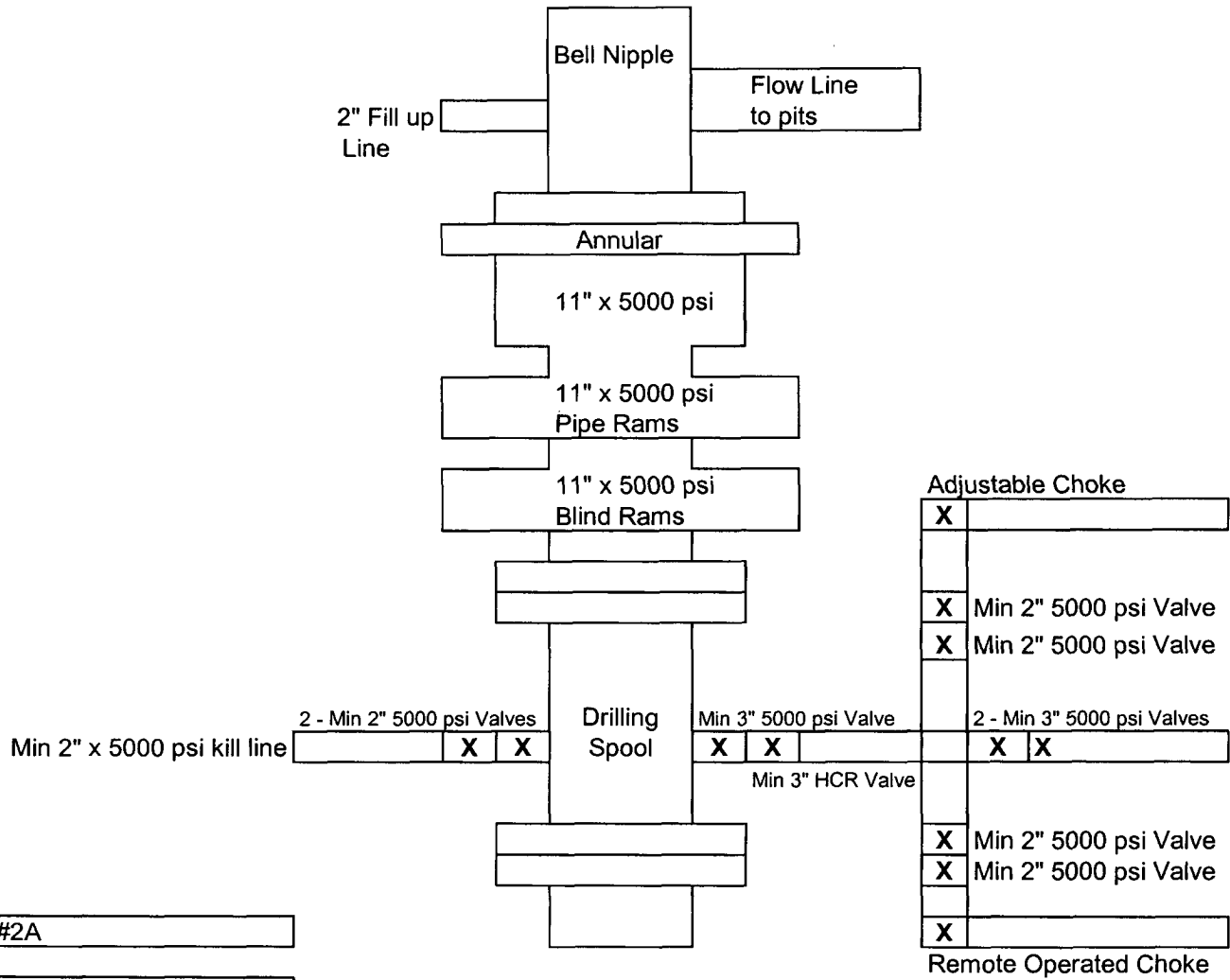


Exhibit #2

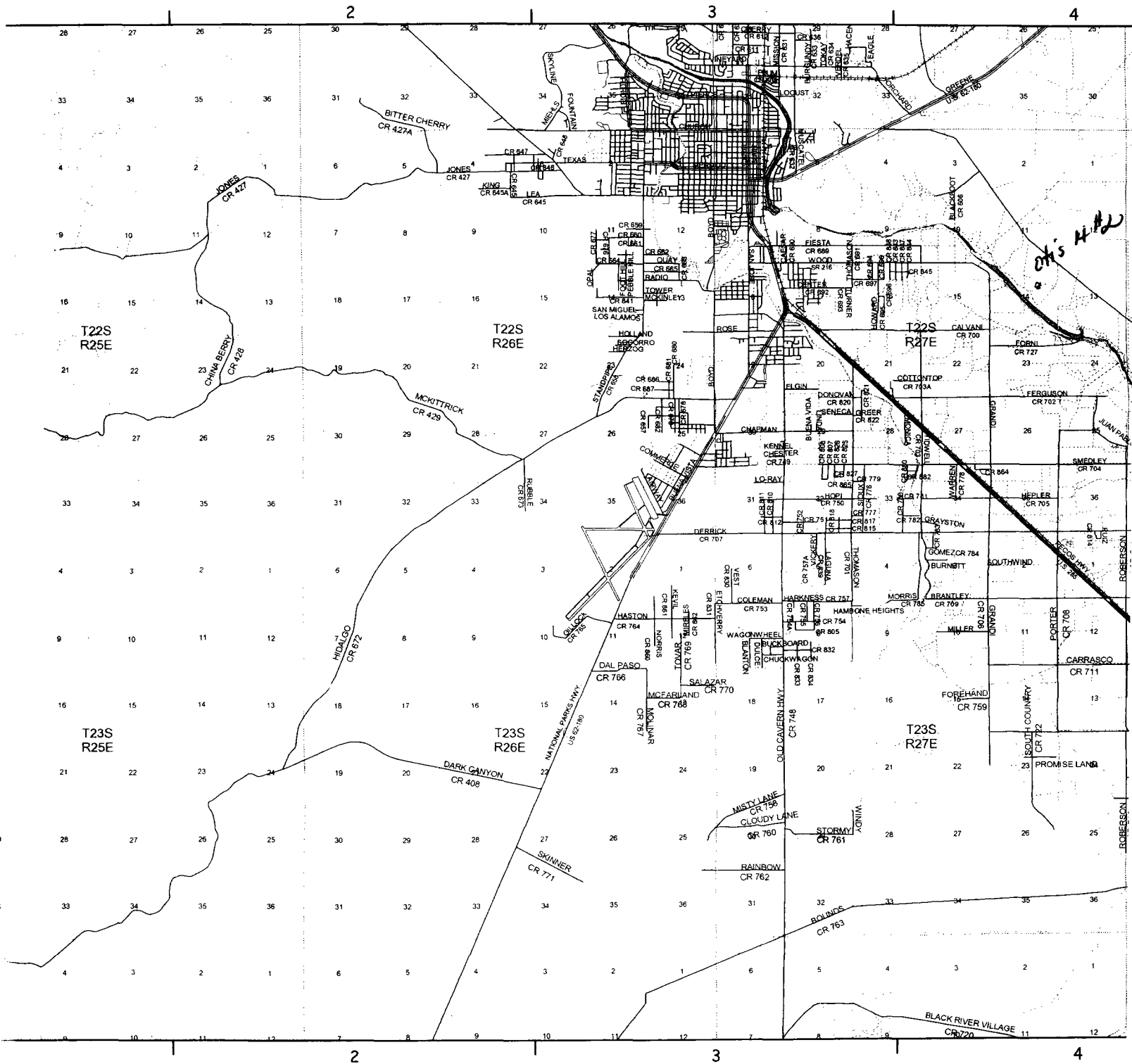
Otis 14 #2
660' FNL & 660' FEL
Sec 14-T22S-R27E
Eddy, County
New Mexico

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



Otis 14 #2
660' FNL & 660' FEL
Sec 14-T22S-R27E
Eddy, County
New Mexico

Continued on Page 12



Continued on Page 18

pend

Township
Section
Pecos River

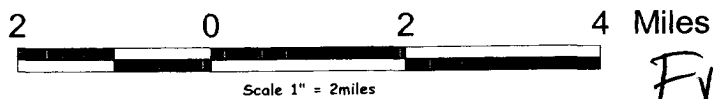


Exhibit 3



Pecos River #1 #2

Oils #14 #2

County Road 605

State Hwy 216



© 2005 TeleAtlas
Image © 2005 DigitalGlobe

Google

Point: 32°23'50.80" N 104°09'12.92" W elev 3062 ft

Streaming 100%

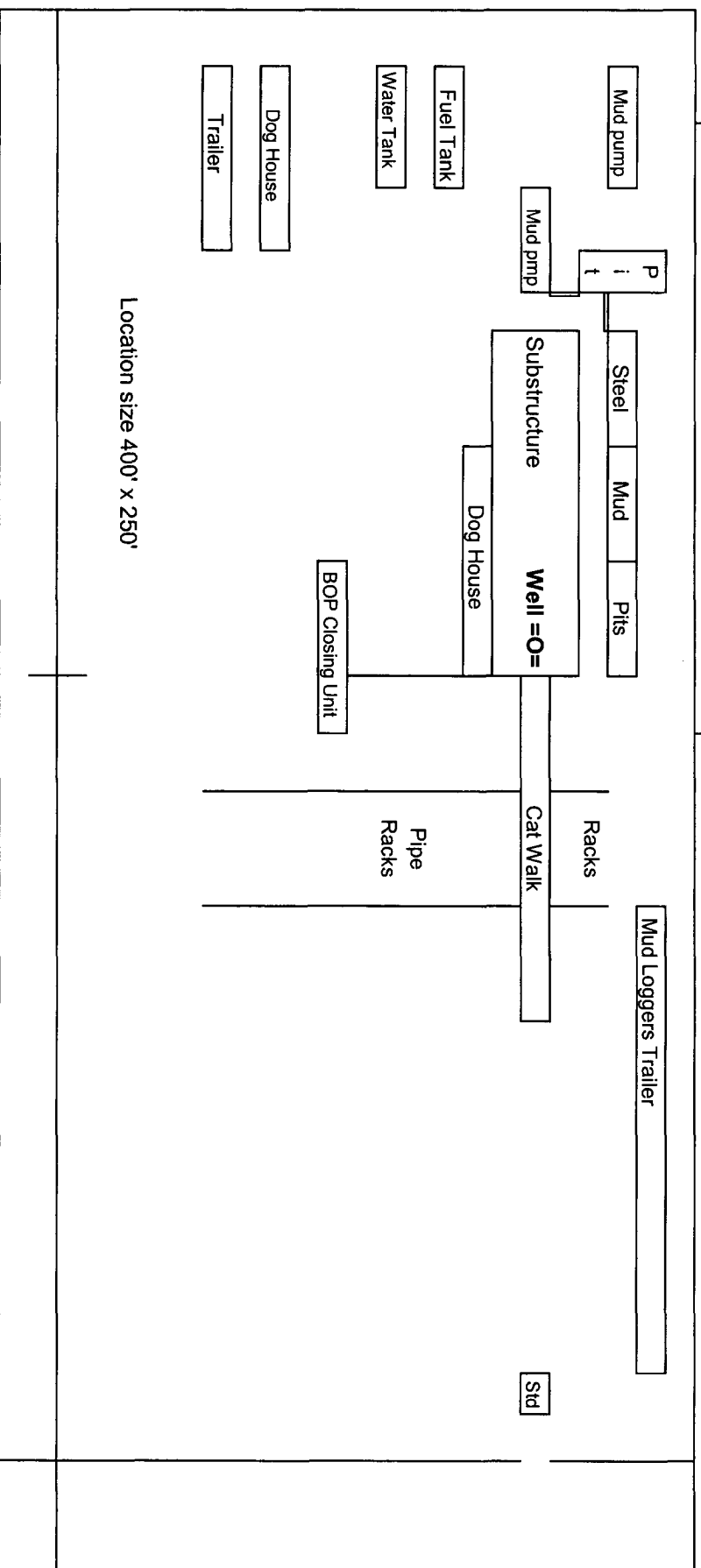
Eye alt 12437 ft

Mewbourne Oil Company

Exhibit #5

Well Name	Otis 14 #2
Footages	660' FNL & 660' FEL
STR	Sec 14-T22S-R27E
County	Eddy, County
State	New Mexico

Reserve Pit
150 x 150'



Rig Location Schematic

Line Type	Valve Type
Flow Line	Sealing Valve
Water Line	Non Sealing Valve
Oil Dump Line	Sealing Valve
Gas Sales Line	Non Sealing Valve



Otis 14 #2
 660' FNL & 660' FEL
 Sec 14-T22S-R27E
 Eddy, County
 New Mexico