

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

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

1. Operator Name and Address MEWBOURNE OIL CO PO BOX 5270 HOBBS , NM 88241		2. OGRID Number 14744
		3. API Number 30-015-35326
4. Property Code 36222	5. Property Name PENLON RANCH 24 STATE	6. Well No. 002

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	24	20S	27E	D	660	N	660	W	EDDY

8. Pool Information

BURTON FLAT,MORROW (PRO GAS)	73280
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Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3352
14. Multiple N	15. Proposed Depth 11400	16. Formation Morrow	17. Contractor	18. Spud Date
Depth to Ground water 66		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 miles thick Clay <input type="checkbox"/> Pit Volume: 24000 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input checked="" type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	500	500	0
Int1	12.25	9.625	40	2700	1000	0
Prod	8.75	5.5	17	11400	950	8000

Casing/Cement Program: Additional Comments

MOC proposes to drill & test the Morrow & intermediate formations. H2S:Rule 118 does not apply to this well because MOC has researched this area & no high concentrations were found. Will have on location & working all H2S safety equipment before Yates formation for safety & insurance purposes. If commercial, production casing will be run & cemented. Will perforate & stimulate as needed for production.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	5000	5000	Schaffer

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 NMOC guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/>. Printed Name: Electronically filed by Monty Whetstone Title: Vice President Operations Email Address: prodmgr@mewbourne.com Date: 12/19/2006 Phone: 903-561-2900	OIL CONSERVATION DIVISION	
	Approved By: Bryan Arrant	
	Title: Geologist	
	Approved Date: 12/28/2006	Expiration Date: 12/28/2007
	Conditions of Approval Attached	

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

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Santa Fe, NM 87505

Form C-102
 Permit 43673

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-015-35326	2. Pool Code 73280	3. Pool Name BURTON FLAT MORROW (PRO GAS)
4. Property Code 36222	5. Property Name PENLON RANCH 24 STATE	6. Well No. 002
7. OGRID No. 14744	8. Operator Name MEWBOURNE OIL CO	9. Elevation 3352

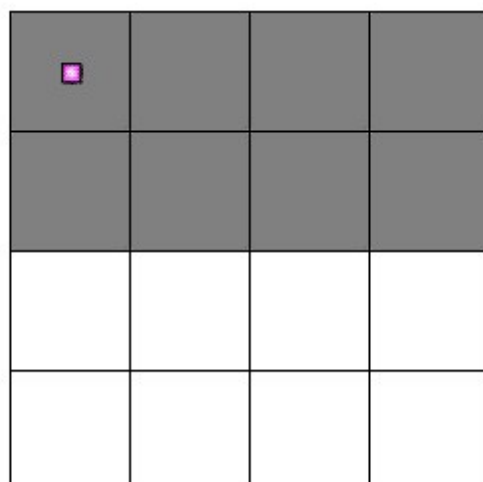
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	24	20S	27E		660	N	660	W	EDDY

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00		13. Joint or Infill		14. Consolidation Code		15. Order No.			

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



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Monty Whetstone
 Title: Vice President Operations
 Date: 12/19/2006

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.

Surveyed By: Gary Jones
 Date of Survey: 12/19/2006
 Certificate Number: 7977

Permit Comments

Operator: MEWBOURNE OIL CO , 14744

Well: PENLON RANCH 24 STATE #002

API: 30-015-35326

Created By	Comment	Comment Date
NMYOUNG	Mud Program: 0-500' Fresh water mud 500'-2700' Fresh Water w/sweeps 2700'-8600' Fresh water w/sweeps 8600'-TD Cut brine w/starch mud	12/19/2006

Permit Conditions of Approval

Operator: MEWBOURNE OIL CO , 14744

Well: PENLON RANCH 24 STATE #002

API: 30-015-35326

OCD Reviewer	Condition
BArrant	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
BArrant	Please notify OCD time of spud and time to witness the cementing of the surface and intermediate strings of casing.
BArrant	Cement is to cover all oil, gas and water bearing zones.