

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 |
| 4. Property Code 34220 | | 3. API Number 30-025-38903 |
| 5. Property Name OSUDO 9 STATE COM | | 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 |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| C | 9 | 21S | 35E | C | 660 | N | 1980 | W | LEA |

8. Pool Information

| | |
|----------------------------|-------|
| OSUDO, MORROW, SOUTH (GAS) | 82200 |
|----------------------------|-------|

Additional Well Information

| | | | | |
|---|-----------------------------|--|-------------------------|---|
| 9. Work Type New Well | 10. Well Type GAS | 11. Cable/Rotary | 12. Lease Type State | 13. Ground Level Elevation 3610 |
| 14. Multiple N | 15. Proposed Depth 12100 | 16. Formation Morrow | 17. Contractor | 18. Spud Date 5/30/2008 |
| Depth to Ground water 125 | | 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 checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input 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 | 5400 | 2000 | 0 |
| Prod | 8.75 | 5.5 | 17 | 12100 | 1000 | 9500 |

Casing/Cement Program: Additional Comments

Moc proposes to drill & test the Morrow & intermediate formations. H2S rule 118 does not apply 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 |
|-----------|------------------|---------------|--------------|
| Annular | 2000 | 2000 | HydriL |
| DoubleRam | 5000 | 5000 | Schaffer |
| Annular | 5000 | 2500 | HydriL |

| | | |
|---|----------------------------------|---------------------------------|
| 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 type="checkbox"/> a general permit <input checked="" type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> . | OIL CONSERVATION DIVISION | |
| Printed Name: Electronically filed by Monty Whetstone | Approved By: Paul Kautz | |
| Title: Vice President Operations | Title: Geologist | |
| Email Address: prodmgr@mewbourne.com | Approved Date: 5/12/2008 | Expiration Date: 5/12/2010 |
| Date: 5/9/2008 | Phone: 903-561-2900 | 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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Energy, Minerals and Natural Resources
Oil Conservation Division
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Santa Fe, NM 87505

Form C-102
 Permit 74707

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|---------------------------------------|---|
| 1. API Number 30-025-38903 | 2. Pool Code 82200 | 3. Pool Name OSUDO;MORROW, SOUTH (GAS) |
| 4. Property Code 34220 | 5. Property Name OSUDO 9 STATE COM | 6. Well No. 002 |
| 7. OGRID No. 14744 | 8. Operator Name MEWBOURNE OIL CO | 9. Elevation 3610 |

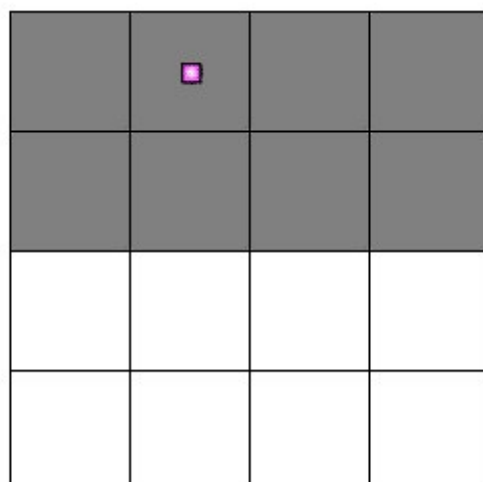
10. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
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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: 5/9/2008

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: 5/8/2008
 Certificate Number: 7977

Permit Comments

Operator: MEWBOURNE OIL CO , 14744

Well: OSUDO 9 STATE COM #002

API: 30-025-38903

| Created By | Comment | Comment Date |
|------------|---|--------------|
| NMYOUNG | Mud Program:0-500' FW spud mud, lime for pH & LCM as needed. 500'-1700' FW spud mud with lime for pH & LCM as needed. 1700'-5400' BW w/lime for pH & LCM as needed. 5400-TD cut BW, 9.3#g caustic for pH, starch for W/L control & LCM as needed. | 5/9/2008 |

Permit Conditions of Approval

Operator: MEWBOURNE OIL CO , 14744

Well: OSUDO 9 STATE COM #002

API: 30-025-38903

| OCD Reviewer | Condition |
|-----------------|---|
| pkautz | 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 |