

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 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

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

Form C-101
August 1, 2011
Permit 137712

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 30-015-39423 |
| 4. Property Code 38827 | 5. Property Name DELAWARE RANCH 11 FEE | 6. Well No. 003H |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| N | 11 | 26S | 28E | N | 330 | S | 2260 | W | EDDY |

8. Pool Information

| | |
|------------------------------|-------|
| RED BLUFF;BONE SPRING, SOUTH | 51010 |
|------------------------------|-------|

Additional Well Information

| | | | | |
|--------------------------|-----------------------------|--|---------------------------|------------------------------------|
| 9. Work Type New Well | 10. Well Type OIL | 11. Cable Rotary | 12. Lease Type Private | 13. Ground Level Elevation 2970 |
| 14. Multiple N | 15. Proposed Depth 11900 | 16. Formation Bone Spring | 17. Contractor | 18. Spud Date 10/15/2011 |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

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 | 625 | 625 | 0 |
| Int1 | 12.25 | 9.625 | 36 | 2600 | 1200 | 0 |
| Int2 | 8.75 | 7 | 26 | 7300 | 1000 | 2400 |
| Prod | 6.125 | 4.5 | 11.6 | 11900 | 0 | |

Casing/Cement Program: Additional Comments

MOC proposes to drill & test Bone Springs 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 & will utilize packer/port system. No cmt is required. Will stimulate as needed for production.

Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|-----------|------------------|---------------|--------------|
| Annular | 2000 | 1500 | Schaffer |
| DoubleRam | 3000 | 3000 | Schaffer |
| Annular | 3000 | 1500 | 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 NMOCD guidelines <input 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: 9/21/2011 | OIL CONSERVATION DIVISION | |
| | Approved By: Randy Dade | |
| | Title: District Supervisor | |
| | Approved Date: 9/22/2011 | Expiration Date: 9/22/2013 |
| | Phone: 903-561-2900 | |

Conditions of Approval Attached

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

Form C-102
August 1, 2011
Permit 137712

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|---|--|
| 1. API Number 30-015-39423 | 2. Pool Code 51010 | 3. Pool Name RED BLUFF;BONE SPRING, SOUTH |
| 4. Property Code 38827 | 5. Property Name DELAWARE RANCH 11 FEE | 6. Well No. 003H |
| 7. OGRID No. 14744 | 8. Operator Name MEWBOURNE OIL CO | 9. Elevation 2970 |

10. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| N | 11 | 26S | 28E | | 330 | S | 2260 | 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 |
|-------------------------------|---------------------|------------------------|---------------|---------|-----------|----------|-----------|----------|--------|
| C | 11 | 26S | 28E | C | 330 | N | 2260 | W | EDDY |
| 12. Dedicated Acres 160.00 | 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

| | | | | | | | | | | | | | | | | | |
|---|---|---|--|--|--|--|--|--|--|--|--|--|--|---|--|--|---|
| <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr><td style="width: 25%; height: 40px;"></td><td style="width: 25%; height: 40px; background-color: #cccccc;">■</td><td style="width: 25%; height: 40px;"></td><td style="width: 25%; height: 40px;"></td></tr> <tr><td style="height: 40px;"></td><td style="height: 40px; background-color: #cccccc;"></td><td style="height: 40px;"></td><td style="height: 40px;"></td></tr> <tr><td style="height: 40px;"></td><td style="height: 40px; background-color: #cccccc;"></td><td style="height: 40px;"></td><td style="height: 40px;"></td></tr> <tr><td style="height: 40px;"></td><td style="height: 40px; background-color: #cccccc;">●</td><td style="height: 40px;"></td><td style="height: 40px;"></td></tr> </table> | | ■ | | | | | | | | | | | | ● | | | <p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>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.</i></p> <p>E-Signed By: Monty Whetstone Title: Vice President Operations Date: 9/21/2011</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Surveyed By: Gary Jones Date of Survey: 9/15/2011 Certificate Number: 7977</p> |
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Permit Comments

Operator: MEWBOURNE OIL CO , 14744

Well: DELAWARE RANCH 11 FEE #003H

API: 30-015-39423

| Created By | Comment | Comment Date |
|------------|----------|--------------|
| Artesia | Land p/P | 9/22/2011 |

Permit Conditions of Approval

Operator: MEWBOURNE OIL CO , 14744

Well: DELAWARE RANCH 11 FEE #003H

API: 30-015-39423

| OCD Reviewer | Condition |
|-----------------|--|
| Artesia | Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string |