VKM C/K OCD-ARTESIA 8073 ATS-07-281

Form 3160-3
(September 2001)

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

Month - Year MAR 26 2007 OCD - ARTESIA, NM

5. Lease Serial No.
New Lease # NM NM 117548

6. If Indian, Allottee or Tribe Name

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

1a. Type of Work: ☑ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☑ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone

8. Lease Name and Well No. 36443
Lancaster 9 Federal Com #1

2. Name of Operator
Mewbourne Oil Company - 14744

9. API Well No.
30-015-35531

3a. Address	3b. Phone No. *(include area code)*	10. Field and Pool, or Exploratory
PO Box 5270 Hobbs, NM 88240	505-393-5905	Happy Valley Morrow

4. Location of Well *(Report location clearly and in accordance with any State requirements. *)*
At surface ~~660~~ 1650' FNL & ~~840~~ 660' FEL Unit A per attached SN dated 2/7/07
At proposed prod. zone Same

11. Sec., T., R., M., or Blk. and Survey or Area
Sec 9-T22S-R26E

14. Distance in miles and direction from nearest town or post office*	12. County or Parish	13. State
3 miles WSW of Carlsbad CARLSBAD CONTROLLED WATER BASIN	Eddy	NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)	16. No. of Acres in lease	17. Spacing Unit dedicated to this well
660'	320	160

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth	20. BLM/BIA Bond No. on file
179'	11500'	NM1693, Nationwide

21. Elevations (Show whether DF, KDB, RT, GL, etc.)	22. Approximate date work will start*	23. Estimated duration
3222' GL	ASAP	45

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature	Name *(Printed/Typed)*	Date
Kristi Green	Kristi Green	01/25/07

Title
Hobbs Regulatory

Approved by *(Signature)*	Name *(Printed/Typed)*	Date
/s/ Don Peterson		MAR 22 2007

Title	Office
ACTING FIELD MANAGER	CARLSBAD FIELD OFFICE

Application approval 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.
Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

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 reverse)

NSL - 5593

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

SEE ATTACHED FOR CONDITIONS OF APPROVAL

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

Form 3160-5
(September 2001)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5. Lease Serial No.
New lease number

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
☐ Oil Well ☑ Gas Well ☐ Other

8. Well Name and No.
Lancaster 9 Federal Com #1

2. Name of Operator
Mewbourne Oil Company 14744

9. API Well No.

3a. Address
PO Box 5270 Hobbs, NM 88240

3b. Phone No. *(include area code)*
505-393-5905

10. Field and Pool, or Exploratory Area
Happy Valley Morrow

4. Location of Well *(Footage, Sec., T, R., M., or Survey Description)*
660' FNL & 840' FEL of Sec 9-T22S-R26E Unit A

11. County or Parish, State
Eddy, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☑ Other Moved location
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

3. 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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

MOC sent in an APD for the above captioned well on 01/25/07. MOC restaked and moved the well from 660' FNL & 840' FEL to 560' FNL & 660' FEL per Barry Hunt with the BLM Carlsbad office. New Survey plat is enclosed & new location has been re-arched. If you have any questions, please call Mickey Young at 505-393-5905.

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)*
Kristi Green

Title Hobbs Regulatory Asst

Signature Kristi Green

Date 02/07/07

Approved by *(Signature)* /s/ Don Peterson

Name *(Printed/Typed)* FIELD MANAGER

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 CARLSBAD FIELD OFFICE

Date FEB 22 2007

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.

(Continued on next page)

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
	78060	Happy Valley Morrow

Property Code	Property Name	Well Number
	LANCASTER "9" FEDERAL COM	1

OGRID No.	Operator Name	Elevation
14744	MEWBOURNE OIL COMPANY	3217'

Surface Location

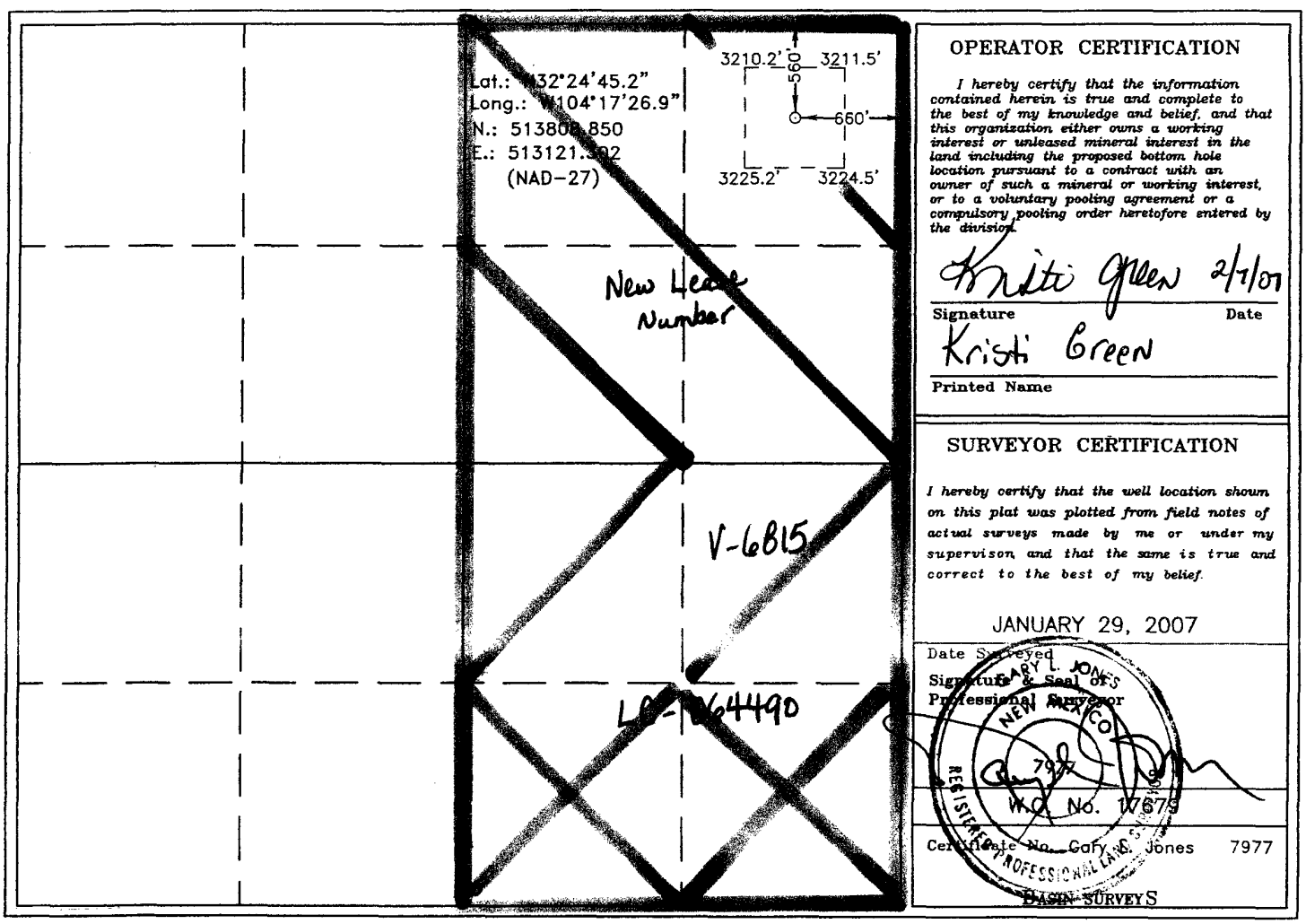
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	9	22 S	26 E		560	NORTH	660	EAST	EDDY

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 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 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.

Kristi Green 2/7/07
Signature Date

Kristi Green
Printed Name

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 supervison, and that the same is true and correct to the best of my belief.

JANUARY 29, 2007
Date Surveyed

Signature & Seal of Professional Surveyor

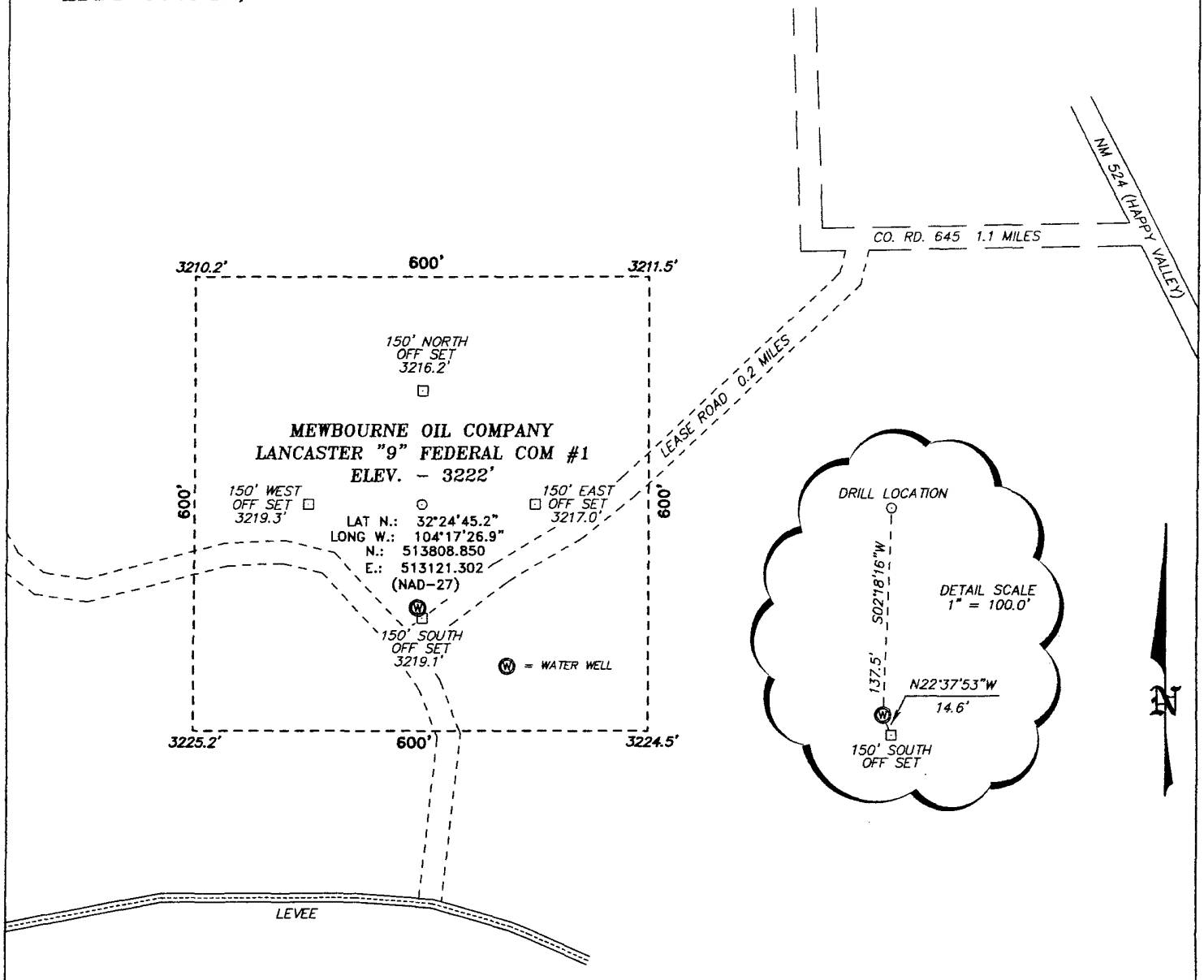
GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL LAND SURVEYOR

W.O. No. 17679

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

SECTION 9, TOWNSHIP 22 SOUTH, RANGE 26 EAST, N.M.P.M.,
'EDDY COUNTY, NEW MEXICO.



200 0 200 400 FEET

SCALE: 1" = 200'

DRIVING DIRECTIONS:

FROM THE JUNCTION OF NM 254 (HAPPY VALLEY) AND CO. RD. 645, PROCEED WEST ON CO. RD. 645 FOR 1.1 MILES TO LEASE ROAD, ON LEASE ROAD PROCEED SOUTHWEST WINDING WEST 0.2 MILES TO PROPOSED LOCATION.

BASIN SURVEYS P.O. BOX 1786 – HOBBS, NEW MEXICO

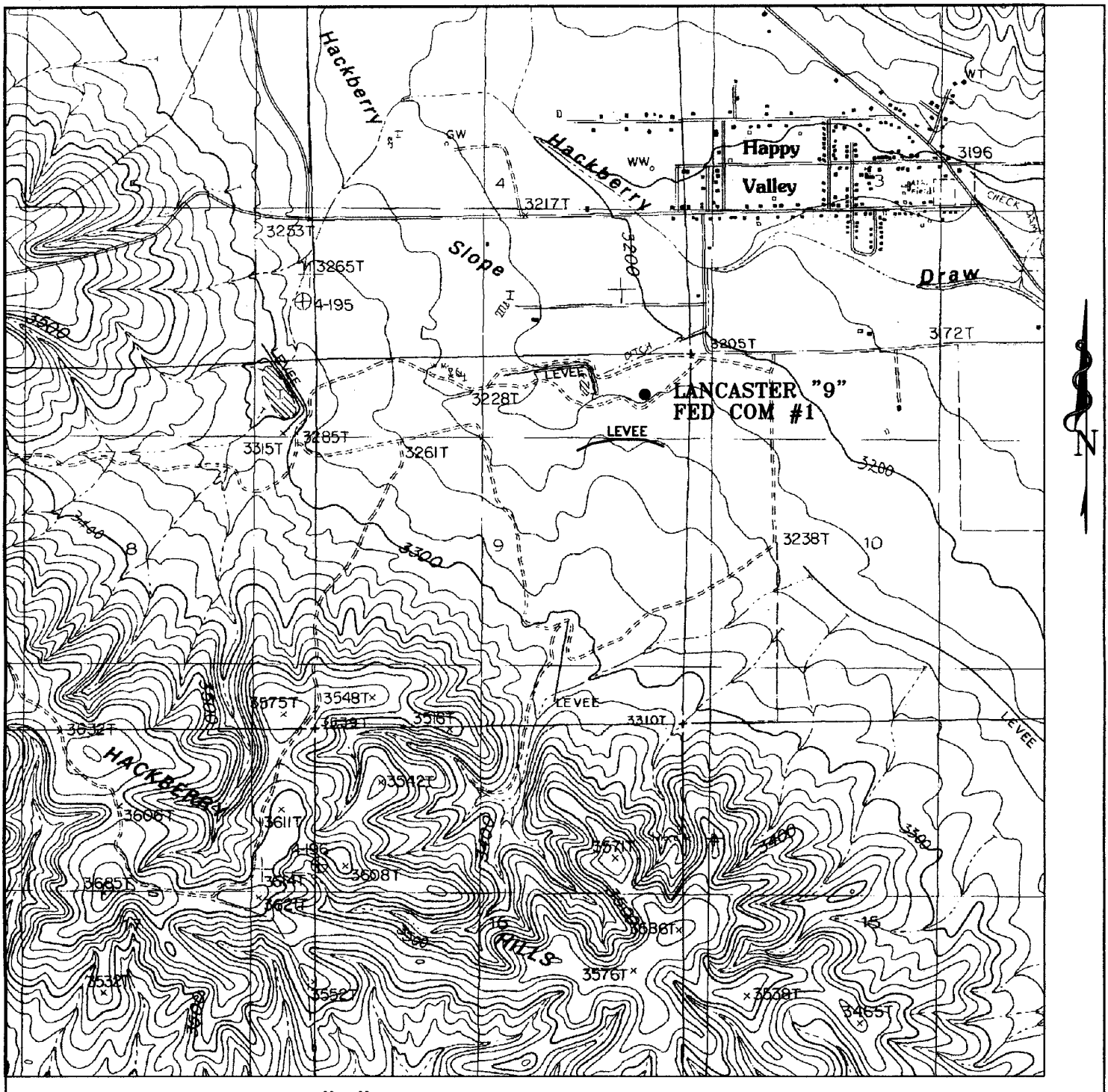
W.O. Number: 17679	Drawn By: J. SMALL
Date: 01-31-2007	Disk: JMS 17679W

MEWBOURNE OIL COMPANY

REF: LANCASTER "9" FEDERAL COM #1 / WELL PAD TOPO

THE LANCASTER "9" FEDERAL COM No. 1 LOCATED 560' FROM THE NORTH LINE AND 660' FROM THE EAST LINE OF SECTION 9, TOWNSHIP 22 SOUTH, RANGE 26 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 01-29-2007	Sheet 1 of 1 Sheets



LANCASTER "9" FEDERAL COM #1
Located 560' FNL and 660' FEL
Section 9, Township 22 South, Range 26 East,
N.M.P.M., Eddy County, New Mexico.

basin surveys
focused on excellence in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number:	17679TT JMS
Survey Date:	01-29-2006
Scale:	1" = 2000'
Date:	01-31-2006

MEWBOURNE OIL CO.

Drilling Program

Mewbourne Oil Company
Lancaster 9 Federal Com #1
660' FNL & 840' FEL
Sec 9-T22S-R26E
Eddy County, New Mexico

1. The estimated top of geological markers are as follows:

Capitan	0'	Strawn	9940'
Delaware	2410'	Atoka	10218'
Bonespring	4839'	Morrow	10990'
Wolfcamp	8430'	Barnett	11350'

2. Estimated depths of anticipated fresh water, oil, or gas:

Water	Below 200'
Hydrocarbons	All zones below Delaware

3. Pressure control equipment:

A 2000# working pressure annular BOP will be installed on the 13 ⅜" surface casing. A 5000# WP Double Ram BOP and a 3000# WP Annular will be installed after running 9 ⅝" casing. Pressure tests will be conducted prior to drilling out under all casing strings. BOP controls will be installed prior to drilling under surface casing and will remain in use until completion of drilling operations. BOP's will be inspected and operated daily to insure mechanical integrity and the inspection will be recorded on the daily drilling report.

Kelly cock and a sub equipped with a full opening valve sized to fit the drill pipe and collars will be available on the rig floor in the open position when the kelly is not in use.

4. Proposed casing and cementing program:

A. Casing Program:

Hole Size	Casing	Wt/Ft.	Grade	Depth
17 ½"	13 ⅜ "	54.5#	H40	0-500'
12 ¼"	9 ⅝"	40#	N80/J55	0-2300'
8 ¾"	4 ½" or 5 ½"	11.6#/17#	P110/N80	0-11,500'

Minimum casing design factors: Collapse 1.2, Burst 1.1, Tensile strength 2.0.
**Mewbourne Oil Company reserves the right to change casing design as hole conditions may warrant.*

B. Cementing Program

i. Surface Casing: 200 sacks Class C light cement with additives. 400 sks Class C cement containing 2% CaCl.

ii. Intermediate Casing: 700 Class C light cement with additives. 400 sacks Class C cement containing 2% CaCl.

iii. Production Casing: 400 sacks Class H cement with additives. Shallower productive zones may be protected by utilizing a multiple stage cementing tool in the production casing below potentially productive zones and cementing with a light cement slurry.

**Mewbourne Oil Company reserves the right to change cement designs as hole conditions may warrant.*

5. Mud Program:

Interval	Type System	Weight	Viscosity	Fluid Loss
0'-500'	FW spud mud	8.6-9.4	32-34	NA
500'-2300'	Fresh Water	8.3-8.5	28+	NA
2300'-8400'	Fresh Water	8.3-8.5	28+	NA
8400'-TD	Cut Brine	9.2-9.8	28-30	8-12

(Note: Any Weight Above 8.6#/gallon would be to hold back Wolfcamp shale, rather than abnormal BHP.)

6. Evaluation Program:

Samples:	10' samples from intermediate casing to TD
Logging:	Compensated density and dual laterlog from intermediate casing to TD
Coring:	As needed for evaluation
Drill Stem Tests:	As needed for evaluation

7. Downhole Conditions

Zones of abnormal pressure:	None anticipated
Zones of lost circulation:	Anticipated in surface and intermediate holes
Maximum bottom hole temperature:	180 degree F
Maximum bottom hole pressure:	9.0 lbs/gal gradient or less

8. Anticipated Starting Date:

Mewbourne Oil Company intends to drill this well as soon as possible after receiving approval with approximately 45 days involved in drilling operations and an additional 10 days involved in completion operations on the project.

Hydrogen Sulfide Drilling Operations Plan

Mewbourne Oil Company
Lancaster 9 Federal Com #1
660' FNL & 840' FEL
Sec 9-T22S-R26E
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 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 know 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
Lancaster 9 Federal Com #1
660' FNL & 840' FEL
Sec 9-T22S-R26E
Eddy County, New Mexico

I. 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.

II. Blowout preventer and all fittings must be in good condition with a minimum 5000 psi working pressure.

III. 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.

IV. Equipment through which bit must pass shall be at least as large as internal diameter of the casing.

V. A kelly cock shall be installed on the kelly at all times.

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 ¼" Hole

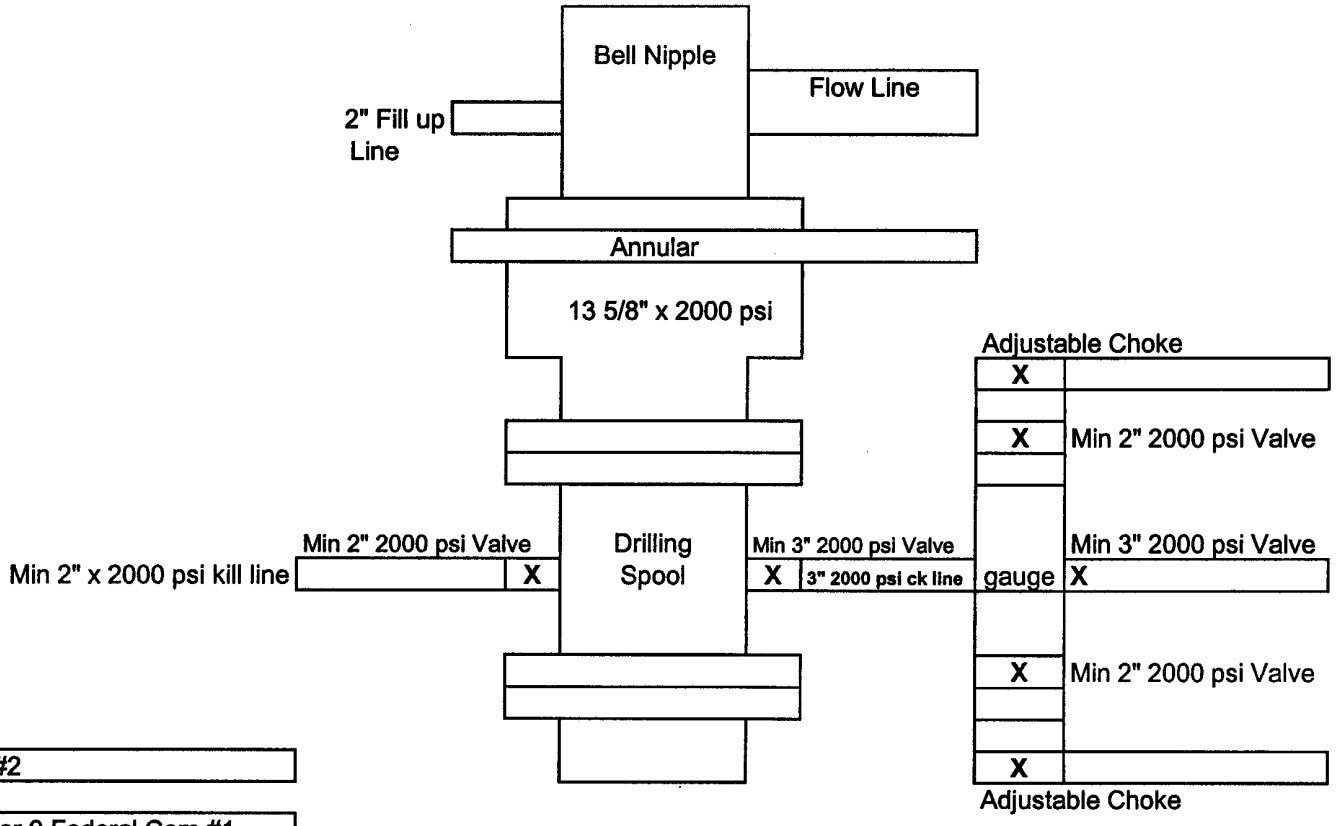


Exhibit #2

Lancaster 9 Federal Com #1
660' FNL & 840' FEL
Sec 9-T22S-R26E
Eddy, County
New Mexico

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

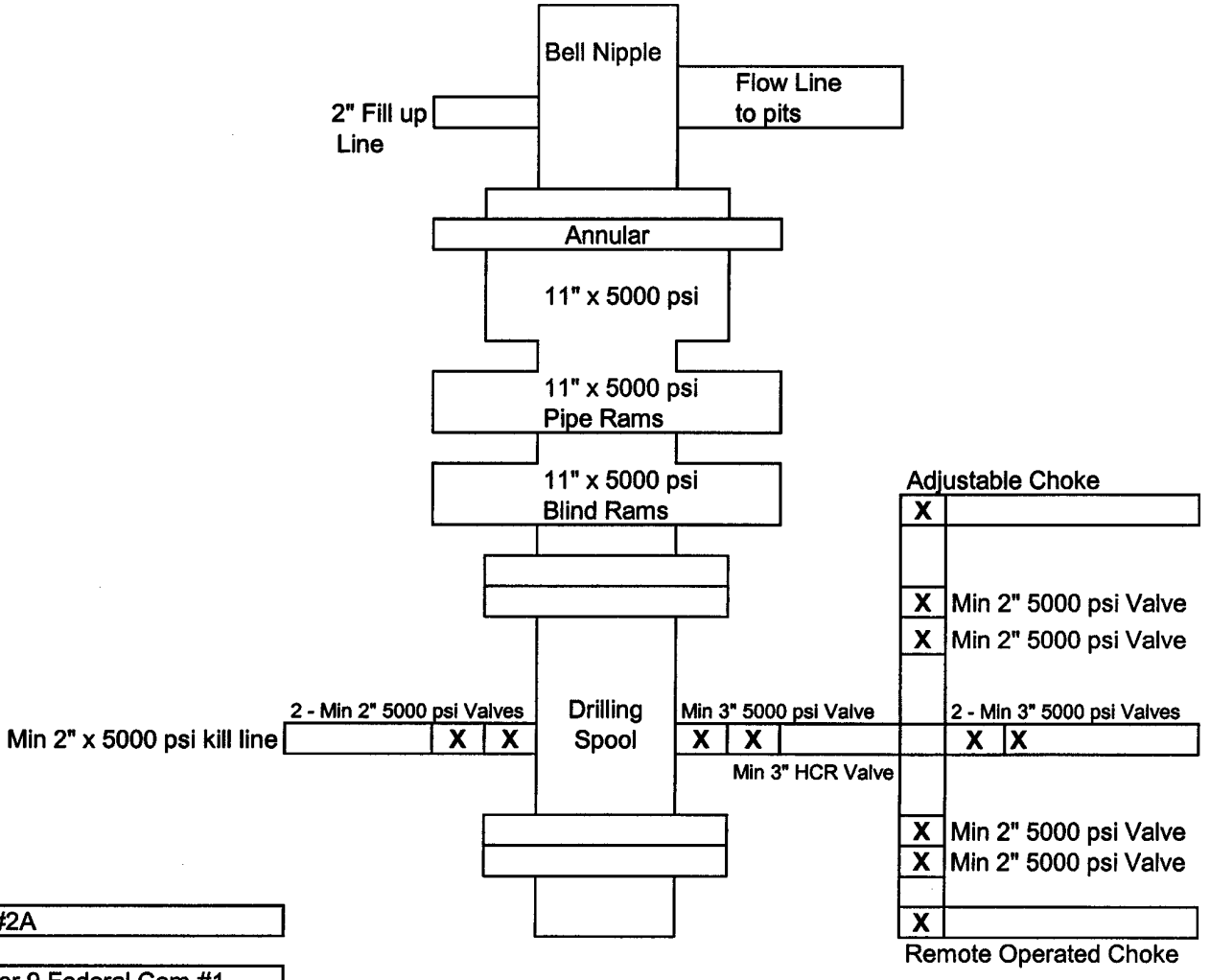


Exhibit #2A

Lancaster 9 Federal Com #1
660' FNL & 840' FEL
Sec 9-T22S-R26E
Eddy, County
New Mexico

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MEWBOURNE OIL COMPANY
Lancaster 9 Federal Com #1
660' FNL & 840' FEL
Sec 9-T22S-R26E
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. Existing roads are in black. Exhibit #3A is a topographic map showing the location of the proposed well and access road.

B. Directions to location from Carlsbad, NM: Go west of Carlsbad on CR 645 for approx 3 miles. Turn SW on lease road 1200' to new location.

2. Proposed Access Road:

A Will improve approx 1200' of existing lease 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 Wells:

There are producing wells within the immediate vicinity of the well site on Exhibit 4.

4. 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.

C. All production vessels left on location will be painted to conform with BLM painting stipulations within 180 days of installation.

5. 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.

6. 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.

7. 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.

8. Ancillary Facilities

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

9. 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.
D. An archaeological survey is in the process of being conducted on the proposed access road and location pad.

10. 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.

11. Surface Ownership:

The surface is owned by: Located entirely on BLM lands

12. 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.

13. 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

14. 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: 01/25/07 Signature: Kristi Green for N. M. Young

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

Exhibit #4

Status of Wells in Immediate Vicinity

Mewbourne Oil Company

Lancaster 9 Federal Com #1

660' FNL & 840' FEL

Sec 9-T22S-R26E

Eddy County, New Mexico

Section 9-T22S-R26E

Operator:	Hanagan Petroleum Corp
Well Name:	Happy Valley #1
Unit letter:	A
Status:	Converted to water well
Field:	NA

Section 9-T22S-R26E

Operator:	Amoco Production
Well Name:	Lancaster Spring Unit #2
Unit letter:	K
Status:	P&A
Field:	West Carlsbad Delaware

Section 10-T22S-R26E

Operator:	Cleo Thompson
Well Name:	Bennett #1
Unit letter:	C
Status:	Flowing
Field:	Happy Valley Morrow

v

Conditions of Approval
Cave and Karst

EA#: NM-080-07-0423
Lease #: NM-117548
Mewbourne Oil Company
Lancaster 9 Fed. Com. #1

Cave/Karst Surface Mitigation
The following stipulations will be applied to minimize impacts during construction, drilling and production.

Berming:
Any tank batteries will be constructed and bermed large enough to contain any spills that may occur.

Bermed areas will be lined with rip-stop padding to prevent tears or punctures in liners and lined with a permanent 20 mil plastic liner.

Closed Mud System with Cuttings Pit and Cuttings Removed:
A closed mud system or steel tanks will be utilized to drill the well. All fluids and cuttings will be hauled off site for disposal.

Cave/Karst Subsurface Mitigation
The following stipulations will be applied to protect cave/karst and ground water concerns:

Rotary Drilling with Fresh Water:
Rotary drilling techniques in cave or karst areas will include the use of fresh water as a circulating medium in zones where caves or karst features are expected. See geologist report for depth.

Casing:
All casing will meet or exceed National Association of Corrosion Engineers specifications pertaining to the geology of the location and be run to American Petroleum Institute and BLM standards.

Cementing:
All casing strings will be cemented to the surface.

Lost Circulation:
ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported.

Regardless of the type of drilling machinery used, if a bit drops of four feet or more and circulation losses greater then 75 percent occur simultaneously while drilling in any cave-bearing zone, drilling operations will immediately stop and the BLM will be notified by the operator. The BLM will assess the consequences of the situation and work with operator on corrective actions to resolve the problem.

Delayed Blasting:
Any blasting will be a phased and time delayed.

Abandonment Cementing:
Upon well abandonment the well bore will be cemented completely from 100 feet below the bottom of the cave bearing zone to the surface.

Pressure Tests:
Annual pressure tests will be performed by the Operator on all casing annuli. If the test results indicated a casing failure, remedial actions approved by the BLM will be undertaken to correct the problem.

Differential Shut-off Systems:
A leak detection system and differential shut off systems will be installed for pipelines and tanks used in production or drilling.

Record Keeping:
The Operator will track customary drilling activities, including the rate of penetration, pump pressure, weight on bit, bit drops, percent of mud returns, and presence of absence of cuttings returning to the surface. As part of customary record keeping, each detectable void or sudden increase in the rate of penetration not attributable to a change in the formation type should be documented and evaluated as it is encountered.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: **Mewbourne Oil Co.**
Well Name & No. **Lancaster 9 Federal # 1**
Location: **560'FNL, 660'FEL, SEC9, T22S, R26E, Eddy County, NM**
Lease: **NM-117548**

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 - for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: **13.375** inch **9.625** inch **5.5** inch

C. BOP tests

2. A Hydrogen Sulfide (H2S) Drilling Plan should be activated prior to drilling into the **N/A** Formation. A copy of the plan shall be posted at the drilling site.

3 Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

6. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

7. Gamma-Ray/Neutron logs shall be run from the base of the Salado Formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. The **13.375** inch surface casing shall be set at **500 feet**, below usable water and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the **9.625** inch intermediate casing is **circulate cement to the surface.**

3. The minimum required fill of cement behind the **5-1/2** inch production casing is **cement shall extend upward a minimum of 200 feet above the base of the intermediate casing string.**
If circulation is lost on the 9.625" casing string, cement will be circulated to the surface on the 5.5" casing string.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the **13.375** inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling the surface and intermediate casing shall be 2000 psi. Minimum working pressure of the blowout preventer and related equipment (BOPE) required for drilling below the **9.625** inch casing shall be **3000** psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.
- A variance to test the_____ to the reduced pressure of ___psi with the rig pumps is approved.
- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.
- BOPE must be tested prior to drilling into the **Wolfcamp** Formation by an independent service company.

IV. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** Formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

1. Recording pit level indicator to indicate volume gains and losses.
2. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
3. Flow-sensor on the flow line to warn of abnormal mud returns from the well.

V. Hazards:

1. High potential for Shallow cave / Karst features.
2. Possible lost circulation in the Capitan Reef, Delaware and Bone Spring.

Engineering may be contacted at 505-706-2779 for variances if necessary.

FWright 2/9/07

H2S

CONTINEGENCY PLAN

FOR

MEWBOURNE OIL COMPANY'S

LANCASTER 9 FEDERAL COM #1

(560' FNL & 660' FEL of Sec 9-T22S-R26E)

Table of Contents

X. General Information Section

A. Drilling / Re-entry Permits

B. 100 ppm Exposure Radius Chart

C. 500 ppm Exposure Radius Chart

D. Toxic Effects of Hydrogen Sulfide Poisoning

E. Use of Self Contained Breathing Apparatus

F. Rescue-First Aid for Hydrogen Sulfide Poisoning

1. H2S CONTINGENCY PLAN SECTION

Scope

This contingency plan establishes guidelines for all company employees and contract employees whose work activities may involve exposure to Hydrogen Sulfide gas (H2S).

Objective

1. Prevent any and all accidents and prevent the uncontrolled release of H2S into the atmosphere.

2. Provide proper evacuation procedures to cope with emergencies.

3. Provide immediate and adequate medical attention should an injury occur.

Discussion of Plan

Implementation: This plan, with all details, is to be fully implemented before drilling below 1000'.

Emergency Response Procedure: This section outlines the conditions and denotes steps to be taken in the event of an emergency.

Emergency Equipment and Procedure: This section outlines the safety and emergency equipment that will be required for the drilling of this well.

Training Provisions: This section outlines the training provisions that must be adhered to prior to drilling below 1000'.

Emergency Call Lists: Included are the telephone numbers of all persons that would need to be contacted should an emergency occur.

Briefing: This section deals with the briefing of all people involved in the drilling operation.

Public Safety: Public Safety Personnel will be made aware of the drilling of this well.

Check Lists: Status Check Lists and Procedural Check Lists have been included to insure adherence to the plan.

General Information: A general information section has been included to supply support information.

2. EMERGENCY PROCEDURES SECTION

Emergency Procedures

I. In the event of any evidence of H2S level above 10 ppm, take the following steps immediately:

A. Secure breathing apparatus.

B. Order non-essential personnel out of the danger zone.

C. Take steps to determine if the H2S level can be corrected or suppressed and if so, proceed with normal operations.

II. If uncontrollable conditions occur, proceed with the following:

A. Take steps to protect and / or remove any public downwind of the rig including partial evacuation or isolation. Notify necessary Public Safety personnel and Mewbourne Oil Company, Drilling Superintendent, Micky Young of the situation.

B. Remove all personnel to the Safe Briefing Area.

C. Notify public safety personnel for help with maintaining roadblocks and implementing evacuation.

D. Determine and proceed with the best possible plan to regain control of the well. Maintain tight security and safety procedures.

III. Responsibility

A. The Company Approved Supervisor shall be responsible for the total implementation of the plan.

B. The Company Approved Supervisor shall be in complete command during any emergency.

C. The Company Approved Supervisor shall designate a back up Supervisor in the event that he / she is not available.

3. Emergency Procedure Implementation

I. Drilling or Tripping

A. All Personnel

1. When alarm sounds, don escape unit and report to upwind Safe Briefing Area

2. Check status of other personnel (Buddy System).

3. Secure breathing apparatus.

4. Await order from Supervisor

B. Drilling Foreman

1. Report to the upwind Safe Briefing Area.

2. Don breathing apparatus and return to the point of release with the Tool Pusher or Driller (Buddy System).

3. Determine the concentration of H2S.

4. Assess the situation and take appropriate control measures.

C. Tool Pusher

1. Report to the upwind Safe Briefing Area.

2. Don breathing apparatus and return to the point of release with the Drilling Foreman or Driller (Buddy System).

3. Determine the concentration of H2S.

4. Assess the situation and take appropriate control measures.

D. Driller

1. Don escape unit.

2. Check monitor for point of release.

3. Report to the Safe Briefing Area.

4. Check the status of other personnel (in a rescue attempt, always use the buddy system).

5. Assign the least essential person to notify the Drilling Foreman and Tool Pusher, in the event of their absence.

6. Assume the responsibility of the Drilling Foreman and Tool Pusher until they arrive, in the event of their absence.

E. Derrick Man

1. Remain in the Safe Briefing Area until otherwise instructed by Supervisor.

F. Mud Engineer

1. Report to Safe Briefing Area.

2. When instructed, begin check of mud for pH level and H2S level.

G. Safety Personnel

1. Don appropriate breathing apparatus.

2. Check status of all personnel.

3. Await instructions from Drilling Foreman

II. Taking a Kick

A. All personnel report to Safe Briefing Area.

B. Follow standard BOP procedures.

III. Open Hole Logging

A. All unnecessary personnel should leave the rig floor.

B. Drilling Foreman and Safety personnel should monitor the conditions and make necessary safety equipment recommendations.

IV. Running Casing or Plugging

A. Follow "Drilling or Tripping" procedures.

C. Assure that all personnel have access to protective equipment.

4. Simulated Blowout Control Drills

All drills will be initiated by activating alarm devices (air horn). One long blast, on air horn, for Actual and Simulated Blowout Control Drills. The Drilling Foreman or Tool Pusher will perform this operation at least one time per week for each of the following conditions, with each crew:

Drill 1 Bottom Drilling

Drill 2 Tripping Drill Pipe

In each of these drills, the initial reaction time to shutting in the well shall be timed as well as the total time for the crew to complete its entire pit drill assignment. The times must be recorded on the IADC Driller's Log as "Blowout Control Drill".

Drill No.: _____

Reaction time to shut-in: _____ minutes, _____ seconds.

Total time to complete assignment: _____ minutes, _____ seconds.

I. Drill Overviews

A. Drill No. 1--Bottom Drilling

1. Sound the alarm immediately
2. Stop the rotary and hoist the kelly joint above the rotary table.
3. Stop the circulatory pump.
4. Close drill pipe rams.
5. Record casing and drill pipe shut-in pressures and pit volume increases.

B. Drill No. 2--Tripping Drill Pipe

1. Sound the alarm immediately
2. Position the upper tool joint just above the rotary table and set slips.
3. Install a full opening valve or inside blowout preventer tool in order to close the drill pipe.
4. Close the drill pipe rams.
5. Record the shut-in annular pressure.

II. Crew Assignments

A. Drill No. 1—Bottom Drilling

1. Driller

a. Stop the rotary and hoist Kelly joint above the rotary table.

b. Stop the circulatory pump.

c. Check flow.

d. If flowing, sound the alarm immediately.

e. Record the shut-in drill pipe pressure.

f. Record all data reported by the crew.

g. Determine the mud weight increase needed or other courses of action.

2. Derrickman

a. Open choke line valve at BOP.

b. Signal Floor Man #1 at accumulator, that choke line is open.

c. Close choke and upstream valve after pipe tams have been closed.

d. Read the shut-in annular pressure and report readings to Driller.

3. Floor Man #1

a. Close the pipe tams after receiving the signal from the Derrickman.

b. Report to Driller for further instructions.

4. Floor Man #2

a. Notify the Tool Pusher and Operator Representative of the H2S alarms.

b. Check for open fires and if safe to do so, extinguish them.

c. Stop all welding operations.

d. Turn off all non-explosion proof lights and instruments.

e. Report to Driller for further instructions.

5. Tool Pusher

a. Report to the rig floor.

b. Have a meeting with all crews.

c. Compile and summarize all information.

d. Calculate the proper kill weight.

e. Ensure that proper well procedures are put into action.

6. Operator Representative

a. Notify the Drilling Superintendent.

b. Determine if an emergency exists and if so, activate the contingency plan.

B. Drill No. 2—Tripping Pipe

1. Driller

a. Sound the alarm immediately when mud volume increase has been detected.

b. Position the upper tool joint just above the rotary table and set slips.

c. Install a full opening valve or inside blowout preventor tool to close the drill pipe.

d. Check flow.

e. Record all data reported by the crew.

f. Determine the course of action.

2. Derrickman

a. Come down out of derrick.

b. Notify Tool Pusher and Operator Representative.

c. Check for open fires and, if safe to do so, extinguish them.

d. Stop all welding operations.

e. Report to Driller for further instructions.

3. Floor Man #1

   a. Pick up full opening valve or inside blowout preventors and stab into tool joint above rotary table (with Floor Man #2).

   b. Tighten valve with back-up tongs.

   c. Close pipe rams after signal from Floor Man #2.

   d. Read accumulator pressure and check for possible high-pressure fluid leaks in valves or piping.

   e. Report to Driller for further instructions.

4. Floor Man #2

   a. Pick-up full opening valve or inside blowout preventors and stab into tool joint above rotary table (with Floor Man #1).

   b. Position back-up tongs on drill pipe.

   c. Open choke line valve at BOP.

   d. Signal Floor Man #1, at accumulator, that choke line is open.

   e. Close choke and upstream valve after pipe rams have been closed.

   f. Check for leaks on BOP stack and choke manifold.

   g. Read annular pressure.

   h. Report readings to the Driller.

5. Tool Pusher

   a. Report to rig floor.

   b. Have a meeting with all crews.

   c. Compile and summarize all information.

   d. Calculate proper kill weight.

   e. See that proper well kill procedures are put into action.

6. Operator Representative

   a. Notify Drilling Superintendent.

   b. Determine if an emergency exists, and if so, activate the contingency plans.

III. IGNITION PROCEDURES SECTION

Responsibility

The decision to ignite the well is the responsibility of the **DRILLING FOREMAN** in concurrence with the **STATE POLICE.** In the event the Drilling Foreman is incapacitated, it becomes the responsibility of the **RIG TOOL PUSHER.** This decision should be made only as a last resort and in a situation where it is clear that:

1. Human life and property are endangered.
2. There is no hope of controlling the blowout under the prevailing conditions.

If time permits, notify the main office, but do not delay if human life is in danger. Initiate the first phase of the evacuation plan.

Instructions for Igniting the Well

1. Two people are required for the actual igniting operation. Both men must wear self-contained breathing apparatus and attach a safety rope. One man must monitor the atmosphere for explosive gases with the Explosimeter, while the Drilling Foreman is responsible for igniting the well.
2. The primary method to ignite is a 25mm flare gun with a range of approximately 500 feet.
3. Ignite from upwind and do not approach any closer than is warranted.
4. Select the ignition site best suited for protection and which offers an easy escape route.
5. Before igniting, check for the presence of combustible gases.
6. After igniting, continue emergency actions and procedures as before.
7. All unassigned personnel will limit their actions to those directed by the Drilling Foreman.

NOTE: After the well is ignited, burning Hydrogen Sulfide will convert to Sulfur Dioxide, which is also highly toxic. Do not assume the area is safe after the well is ignited.

IV. TRAINING PROGRAM SECTION

Training Requirements

When working in an area where Hydrogen Sulfide gas (H2S) might be encountered, definite training requirements must be carried out. The Company Supervisor will insure that all personnel, at the wellsite, have had adequate training in the following:

1. Hazards and characteristics of H2S.
2. Physical effects of Hydrogen Sulfide on the human body.
3. Toxicity of Hydrogen Sulfide and Sulfur Dioxide.
4. H2S detection.
5. Emergency rescue.
6. Resuscitators.
7. First aid and artificial resuscitation.
8. The effects of H2S on metals.
9. Location Safety.

Service company personnel and visiting personnel must be notified in the zone contains H2S. Each service company must provide adequate training and equipment for their employees before they arrive at the well site.

EMERGENCY EQUIPMENT SECTION

Emergency Equipment Requirements

I. Signs
   A. Located at the location entrance with the following information:

CAUTION - POTENTIAL POISON GAS
HYDROGEN SULFIDE
NO ADMITTANCE WITHOUT AUTHORIZATION

II.* Fresh air breathing equipment
   A. Air line units for all rig personnel on location.
   B. Cascade system with hose lines to rig floor and one to the derrickman and other operation areas. Spare cascade (trailer) on location.

III. Wind Socks or Wind Streamers
   A. Two 10" windsocks located at strategic locations at a height visible from the rig floor.
   B. Wind streamers (if preferred) to be placed at various locations on the wellsite to insure wind consciousness at all times. (Corners of location).

IV. Hydrogen Sulfide detector and alarms.
   A. 1 - four channel H2S monitor with alarms.
   B. 4 - Sensors, located at floor, bell nipple, shale shaker and pits.0
   * C. Hand operated detectors with tubes.
   * D. H2S monitor tester.

V. Condition sign and flags
   A. One each of green, yellow and red condition flags to be displayed to denote conditions:

GREEN	**Normal Conditions**
YELLOW	**Potential Danger**
RED	**Danger, H2S Present**

   B. The condition flag shall be posted at the location entrance.

VI.* Auxiliary rescue equipment
   A. Stretcher
   B. Two 100' lengths of 5/8" nylon rope.

VII.* Mud Inspection devices
   A. Garrett Gas Train or Hach Tester for inspection of Hydrogen Sulfide concentration in the mud system.

VIII. Fire Extinguishers
   A. Adequate fire extinguishers shall be located at strategic locations.

IX. Blowout prevention equipment
   A. The well shall have hydraulic BOP equipment for the anticipated BHP.
   B. Equipment must be tested upon installation.

X.* Combustible gas detectors
   A. There shall be one combustible gas detector on location at all times.

XI. BOP Testing
   A. BOP, Choke Line and Kill Line will be tested as specified by operator

XII. Audio System
  A. Radio/cellular communications shall be available at the rig.
  B. Radio/cellular communications shall be available at the rig floor or trailer.
  C. Radio/cellular communications shall be available on vehicles.

XIII. Special control equipment
  A. Hydraulic BOP equipment with remote control on ground.
  B. Rotating head at surface casing point.

XIV. Evacuation Plan
  A. Evacuation routes should be established prior to spudding each well.
  B. Should be discussed with all rig personnel.

XV. Designated Areas
  A. Parking and visitor area.
    1. All vehicles are to be parked at a pre-determined safe distance from the wellhead.
    2. Designated smoking area.
  B. Safe Briefing Area
    1. Two Safe Briefing Areas shall be designated on either side of the location at the maximum allowable distance from the well bore so they offset prevailing winds or they are at a 180 degree angle if wind directions tend to shift in the area.
    2. Personal protective equipment should be stored in both protection centers or if a moveable trailer is used, it should be kept upwind of existing winds. When wind is from the prevailing direction, both protection centers should be accessible.

- *Additional equipment will be available at Callaway Safety Equipment Co., Inc., (505) 392-2973, 3229 Industrial, Hobbs, New Mexico, 88240.
- Additional personal Hydrogen Sulfide monitors on location for all hands.
- Automatic Flare igniter installed on rig.

VI. CHECK LIST SECTION

Status Check List

NOTE: Date each item as they are implemented.

1.	Sign at location entrance	_____
2.	Two (2) windsocks (in required locations)	_____
3.	Wind streamers (if required)	_____
4.	30 minute pressure demand air packs on location for all rig personnel and mud loggers.	_____
5.	Air packs, inspected and ready for use.	_____
6.	Spare bottles for each air pack (if required)	_____
7.	Cascade system and hose line hook up	_____
8.	Cascade system for refilling air bottles	_____
9.	Choke manifold hooked up and tested (Before drilling out surface casing)	_____
10.	Remote Hydraulic BOP control (hooked up and tested before drilling out surface casing)	_____
11.	BOP Preventor tested (before drilling out surface casing)	_____
12.	Mud engineer on location with equipment to test mud for Hydrogen Sulfide	_____
13.	Safe Briefing Areas set up	_____
14.	Condition sign and flags on location and ready	_____
15.	Hydrogen Sulfide detection system hooked up	_____
16.	Hydrogen Sulfide alarm system hooked up	_____
17.	Stretcher on location at Safe Briefing Area	_____
18.	1 - 100' length of 5/8" nylon rope on location	_____
19.	1 - 20 # or 30 # ABC fire extinguisher in safety trailer in addition to those on rig	_____
20.	Combustible gas detector on location and tested	_____
21.	All rig crews and supervisors trained (as required)	_____

22. Access restricted for unauthorized personnel _____

23. Drills on H2S and well control procedures _____

24. All outside service contractors advised of potential Hydrogen Sulfide on well _____

25. **NO SMOKING** sign posted _____

26. Hand operated H2S detector with tubes on location _____

27. 25 mm flare gun with flares _____

28. Automatic Flare igniter installed on rig _____

Procedural Check List

Perform the following on each tour:

1. Check fire extinguishers to see that they have the proper charge.
2. Check breathing equipment to insure that it has not been tampered with.
3. Check pressure on supply air bottles to see that they are capable of recharging.
4. Make sure all of the Hydrogen Sulfide detection systems are operative.

Perform the following each week:

1. Check each piece of breathing equipment to make sure that the demand regulator is working. This requires that the bottle be opened and the mask assembly be put on tight enough so that when you inhale, you get air.
2. Blowout preventor skills.
3. Check supply pressure on BOP accumulator stand-by source.
4. Check all work/escape units for operation: demand regulator, escape bottle air volumes, supply bottle air volume.
5. Check breathing equipment mask assembly to see that straps are loosened and turned back.
6. Check pressure on breathing equipment air bottles to make sure they are charged to full volume.
7. Check breathing equipment air bottles to make sure all demand regulators are working. This requires that the bottles be opened and the mask assembly be put on tight enough so that when you inhale, you get air.
8. Confirm pressure on all supply air bottles.
9. Perform breathing equipment drills with on-site personnel.

Check the following supplies for availability:

a. Stretcher
b. Safety belts and ropes
c. Emergency telephone lists
d. Spare air bottle
e. Spare oxygen bottles (if resuscitator required)
f. Hand operated H2S detectors and tubes

10. Test the Explosimeter to verify batteries are good.

VII. BRIEFING PROCEDURE SECTION

Briefing Procedures

The following scheduled briefings will be held to insure the effective drilling and operation of this project:

Pre-Spud Meeting

Date: Prior to spudding the well

Attendance:
Drilling Supervisor
Drilling Engineer
Drilling Foreman
Rig Pushers
Rig Driller
Mud Engineer
All Safety Personnel
Service Companies

Purpose: Review and discuss the well program, step by step, to insure complete understanding of assignments and responsibilities.

VIII. EVACUATION PLAN SECTION

General Plan

The direct lines of action prepared by CALLAWAY SAFETY EQUIPMENT CO., INC. to protect the public from hazardous gas situations are as follows:

1. When the company approved supervisor (Drilling Foreman, Tool Pusher, Driller) determine Hydrogen Sulfide gas cannot be limited to the well location and the public will be involved, he will activate the evacuation plan. Escape routes are noted on the Area map.
2. Company safety personnel or designee will notify the appropriate local government agency that a hazardous condition exists and evacuation needs to be implemented.
3. Company approved safety personnel that have been trained in the use of Hydrogen Sulfide detection equipment and self-contained breathing equipment will be utilized.
4. Law Enforcement personnel (State Police, Sheriff's Department, local Police Department and local Fire Department) will be called to aid in setting up and maintaining road blocks. Also, they will aid in evacuation of the public if necessary.

NOTE: Law enforcement personnel will not be asked to come into a contaminated area. Their assistance will be limited to uncontaminated areas. Constant radio contact will be maintained with them.

5. After the discharge of gas has been controlled, "Company" safety personnel will determine when the area is safe for re-entry.

See Emergency Reaction Plan

EMERGENCY ASSISTANCE TELEPHONE LIST

PUBLIC SAFETY

Carlsbad P.D.	(505) 885-2111 or 911
Eddy County Sheriff's Department	(505) 746-9888 or 911
New Mexico State Police	(505) 622-7200 or 911
Fire Department (Artesia)	(505) 746-5050 or 911
New Mexico, OCD (Tim Gum)	(505) 748-1283
New Mexico, D.O.T.	(505) 827-5100
Bureau of Land Management	(505) 393-3612
U.S. Dept. of Labor	(505) 248-5302
State Emergency Operation Center	(505) 476-9635

MEWBOURNE OIL CO.

Frosty Latham	Drilling Foreman	(505) 390-4103 (mobile) (505) 738-8040 (home)
Micky Young	Drilling Superintendent	(505) 390-0999 (505) 392-0869

SAFETY CONTRACTOR

Callaway Safety Equipment	Hobbs	(505) 393-2973
	Odessa	(915) 561-5049

Affected Public Notification List
(within a 65' radius of exposure @ 100 ppm)

The geologic zones that will be encountered during drilling are known to contain hazardous quantities of H2S. The accompanying map illustrates the affected areas of the community. The residents within this radius will be notified via a hand delivered written notice describing the activities, potential hazards, conditions of evacuation, evacuation drill siren alarms and other precautionary measures.

Evacuee Description: Residents - There is 1 resident within 1000' of well.

Notification Process: A continuous siren audible to all residents will be activated, signaling evacuation of previously notified and informed residents.

Evacuation Plan: All evacuees will migrate lateral to the wind direction.

The Oil Company will identify all homebound or highly susceptible individuals and make special evacuation preparations, interfacing with the local fire and emergency medical services as necessary.

IX. MAPS AND PLATS SECTION

MEWBOURNE OIL COMPANY
PO BOX 5270
HOBBS, NM 88240

Re: 3 Residents live within 1000' of Lancaster 9 Federal Com #1 well location

Mr. Dillow
4501 King Road
Carlsbad, NM 88220
2 people in household
no phone number

Mr. Ken Harrington
4502 King Road
Carlsbad, NM 88220
2 people in household
505-234-1664

Mr. Eric McGee
4503 King Road
Carlsbad, NM 88220
4 people in household
505-628-0392

None of the above listed residences contain occupants who would require special assistance in case of an evacuation.

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

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

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

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Happy Valley Morrow

Property Code	Property Name	Well Number
	LANCASTER "9" FEDERAL COM	1

OGRID No.	Operator Name	Elevation
14744	MEWBOURNE OIL COMPANY	3217'

Surface Location

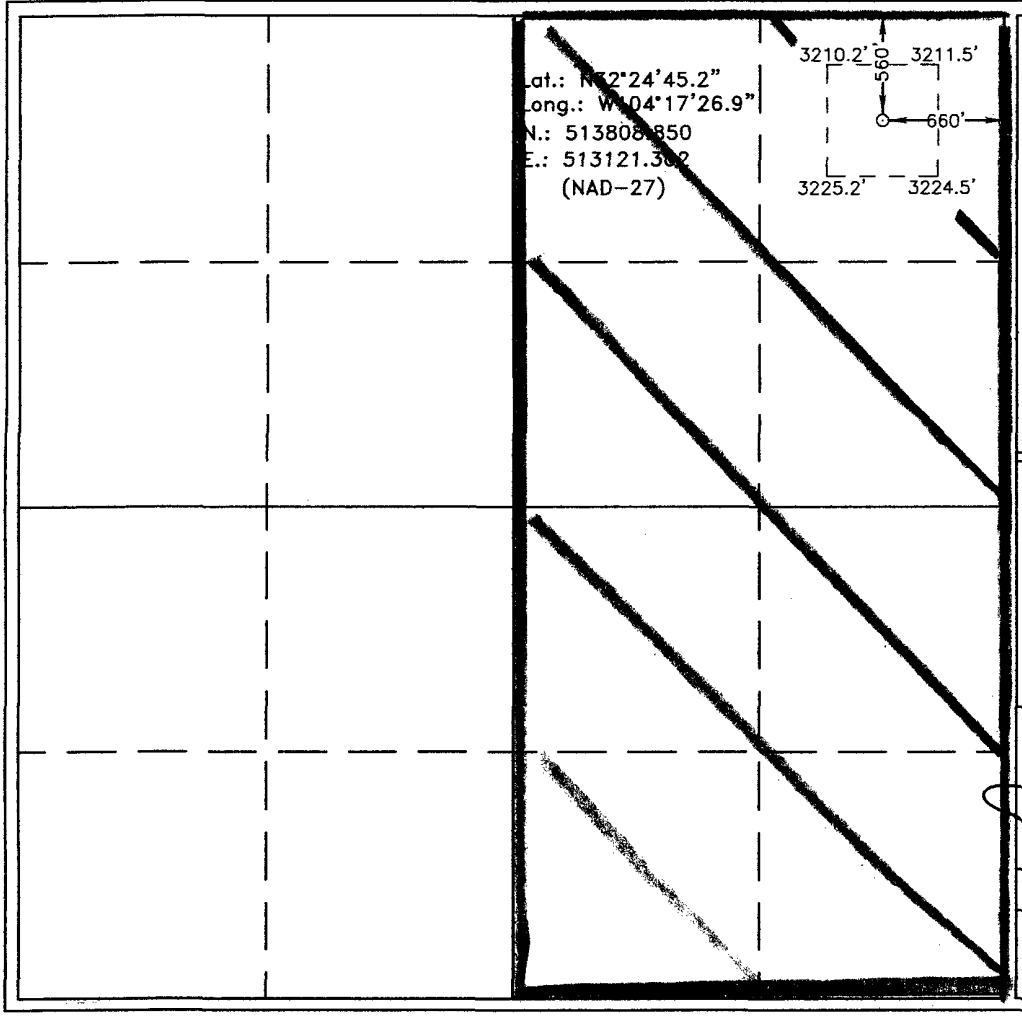
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	9	22 S	26 E		560	NORTH	660	EAST	EDDY

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 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 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.

Kristi Green 2/1/07
Signature Date

Kristi Green
Printed Name

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 supervison, and that the same is true and correct to the best of my belief.

JANUARY 29, 2007
Date Surveyed

Signature & Seal of Professional Surveyor

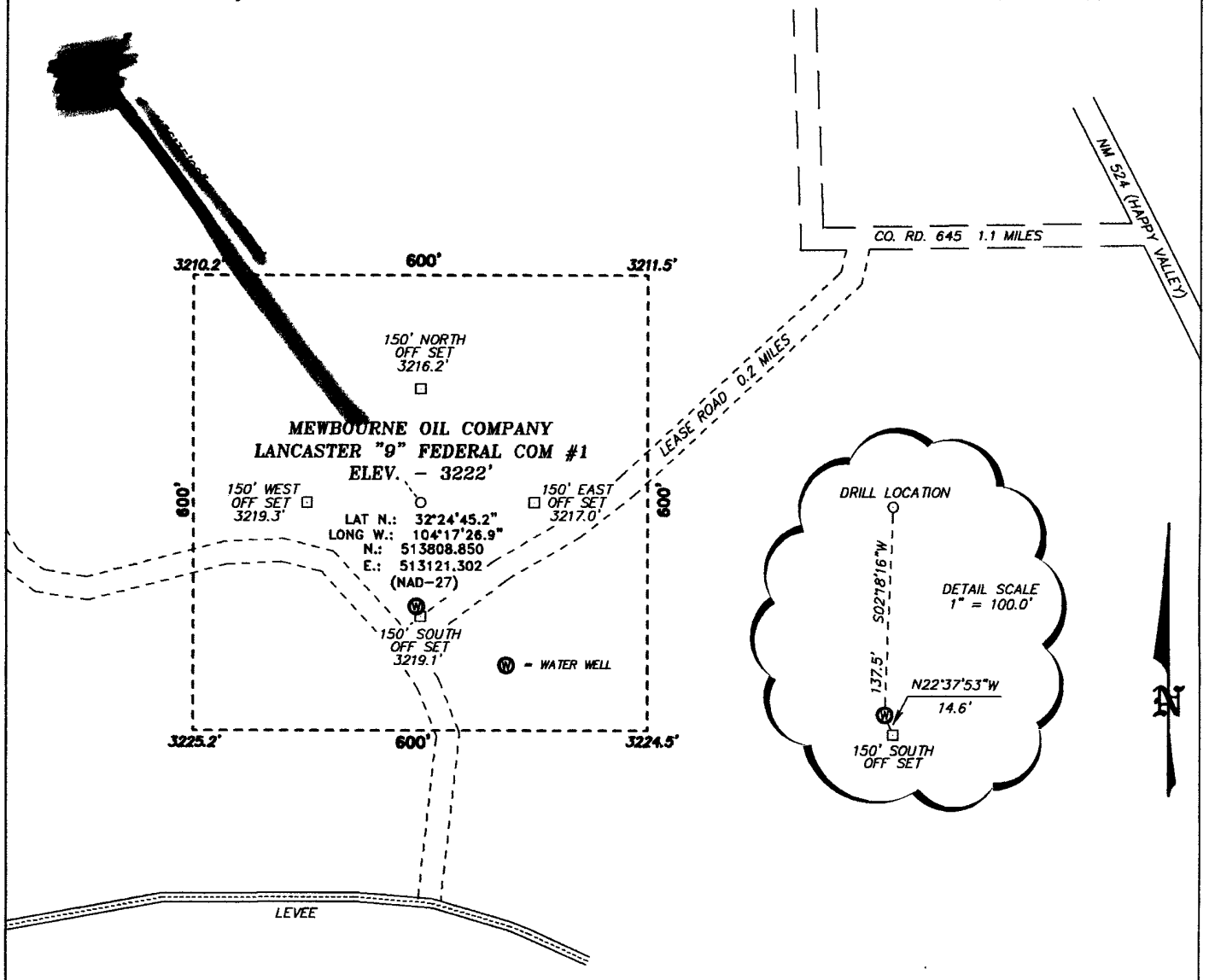
GARY L. JONES
NEW MEXICO
7977
REGISTERED PROFESSIONAL SURVEYOR

W.O. No. 17679

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

SECTION 9, TOWNSHIP 22 SOUTH, RANGE 26 EAST, N.M.P.M.,
EDDY COUNTY, **NEW MEXICO.**



200 0 200 400 FEET

SCALE: 1" = 200'

DRIVING DIRECTIONS:

FROM THE JUNCTION OF NM 254 (HAPPY VALLEY) AND CO. RD. 645, PROCEED WEST ON CO. RD. 645 FOR 1.1 MILES TO LEASE ROAD, ON LEASE ROAD PROCEED SOUTHWEST WINDING WEST 0.2 MILES TO PROPOSED LOCATION.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

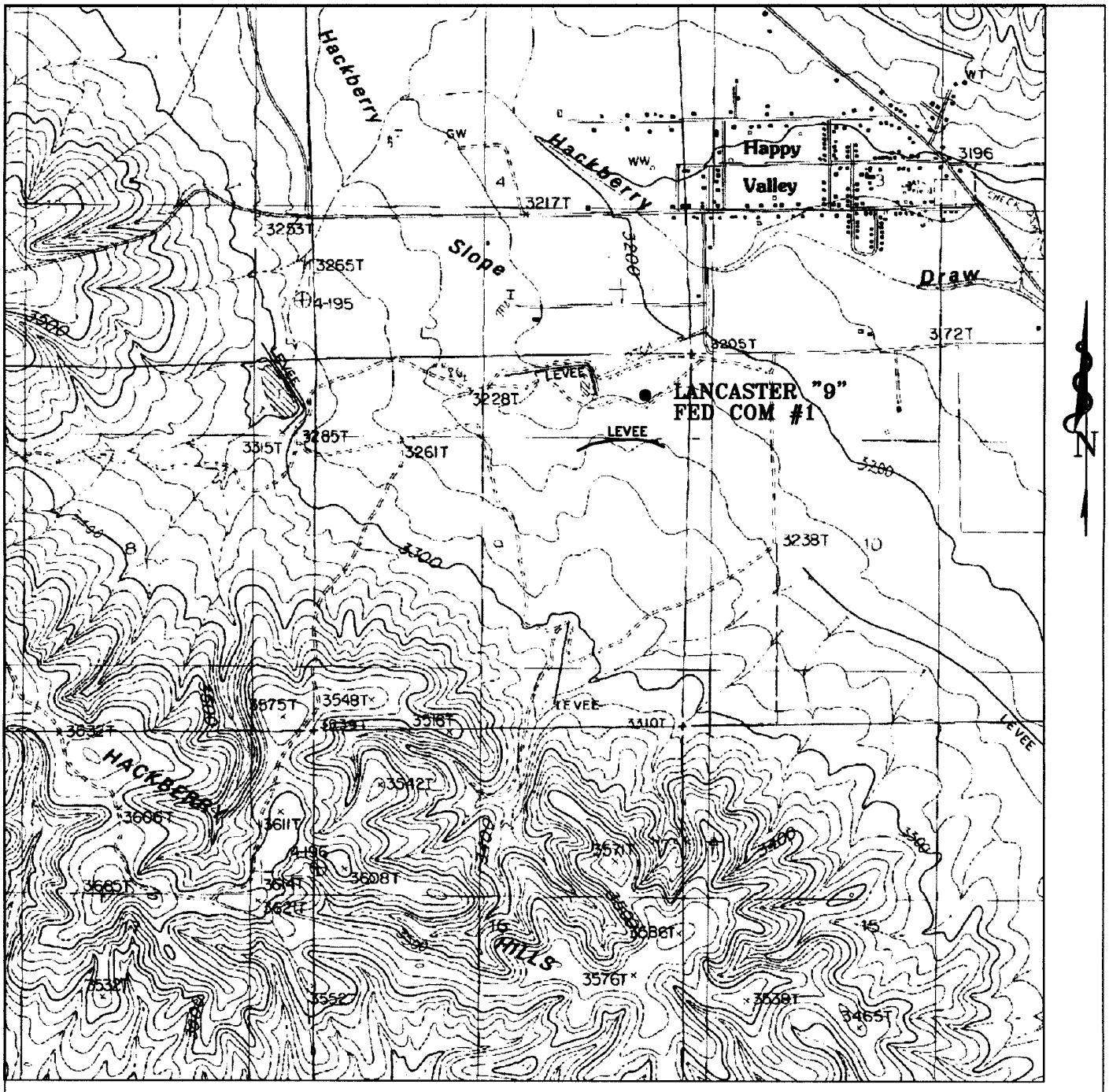
W.O. Number: 17679	Drawn By: J. SMALL
Date: 01-31-2007	Disk: JMS 17679W

MEWBOURNE OIL COMPANY

REF: LANCASTER "9" FEDERAL COM #1 / WELL PAD TOPO

THE LANCASTER "9" FEDERAL COM No. 1 LOCATED 560' FROM THE NORTH LINE AND 660' FROM THE EAST LINE OF SECTION 9, TOWNSHIP 22 SOUTH, RANGE 26 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 01-29-2007 | Sheet 1 of 1 Sheets



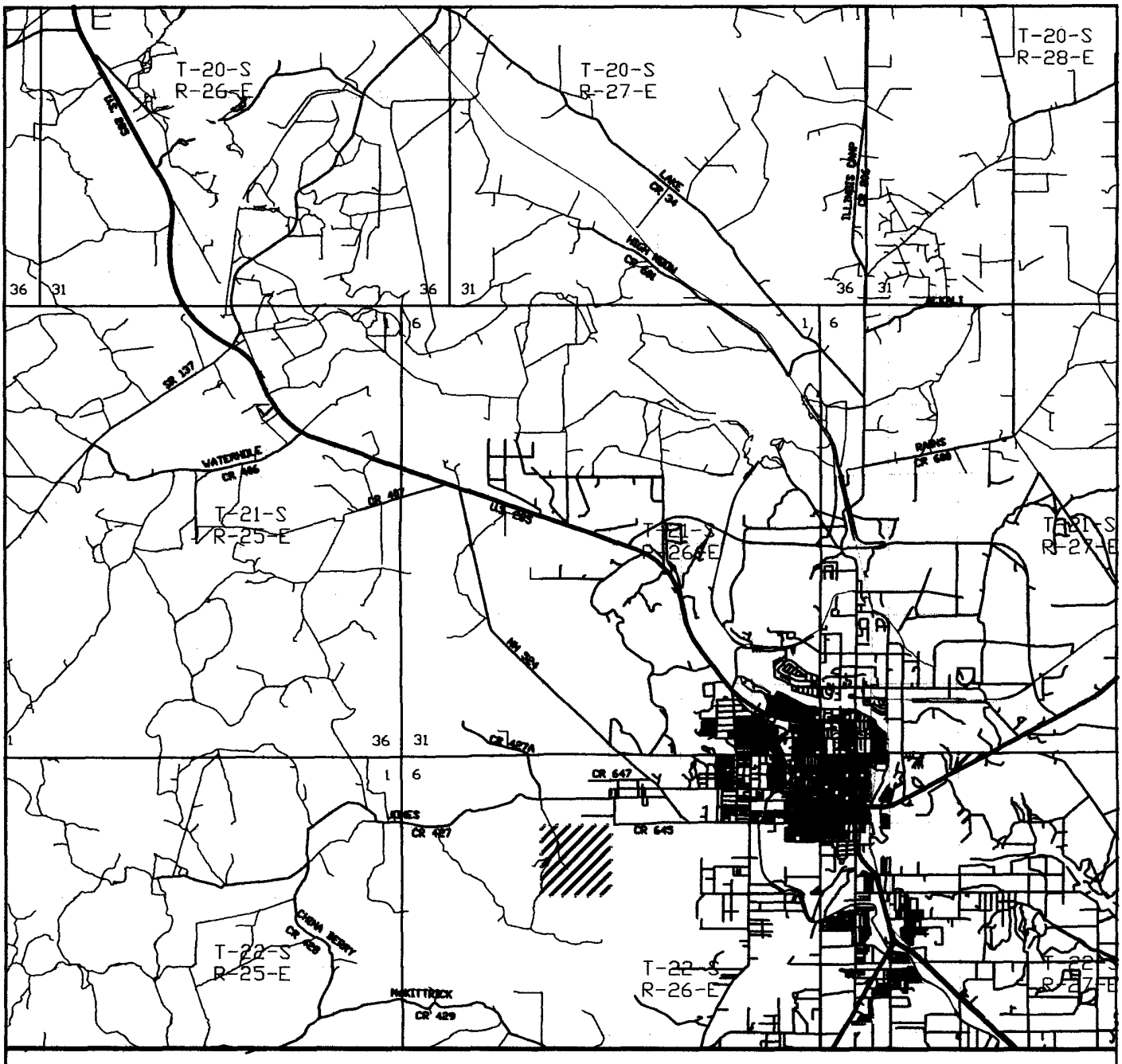
LANCASTER "9" FEDERAL COM #1
Located 560' FNL and 660' FEL
Section 9, Township 22 South, Range 26 East,
N.M.P.M., Eddy County, New Mexico.

basin surveys
focused on excellence in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number:	17679TT JMS
Survey Date:	01-29-2006
Scale:	1" = 2000'
Date:	01-31-2006

MEWBOURNE OIL CO.



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MEWBOURNE OIL CO.

x. GENERAL INFORMATION SECTION

Form 3160-5
(September 2001)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

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.
New lease number

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on reverse side

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

1. Type of Well
☐ Oil Well ☑ Gas Well ☐ Other

8. Well Name and No.
Lancaster 9 Federal Com #1

2. Name of Operator
Mewbourne Oil Company 14744

9. API Well No.

3a. Address
PO Box 5270 Hobbs, NM 88240

3b. Phone No. *(include area code)*
505-393-5905

10. Field and Pool, or Exploratory Area
Happy Valley Morrow

4. Location of Well *(Footage, Sec., T, R., M., or Survey Description)*
660' FNL & 840' FEL of Sec 9-T22S-R26E Unit A

11. County or Parish, State
Eddy, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☑ Other Moved location
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

3. 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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

MOC sent in an APD for the above captioned well on 01/25/07. MOC restaked and moved the well from 660' FNL & 840' FEL to 560' FNL & 660' FEL per Barry Hunt with the BLM Carlsbad office. New Survey plat is enclosed & new location has been re-arched. If you have any questions, please call Mickey Young at 505-393-5905.

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)*
Kristi Green

Title Hobbs Regulatory Asst

Signature Kristi Green

Date 02/07/07

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by *(Signature)*	Name *(Printed/Typed)*	Title
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	Date

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.

(Continued on next page)

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

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

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

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Happy Valley Morrow

Property Code	Property Name	Well Number
	LANCASTER "9" FEDERAL COM	1

OGRID No.	Operator Name	Elevation
14744	MEWBOURNE OIL COMPANY	3217'

Surface Location

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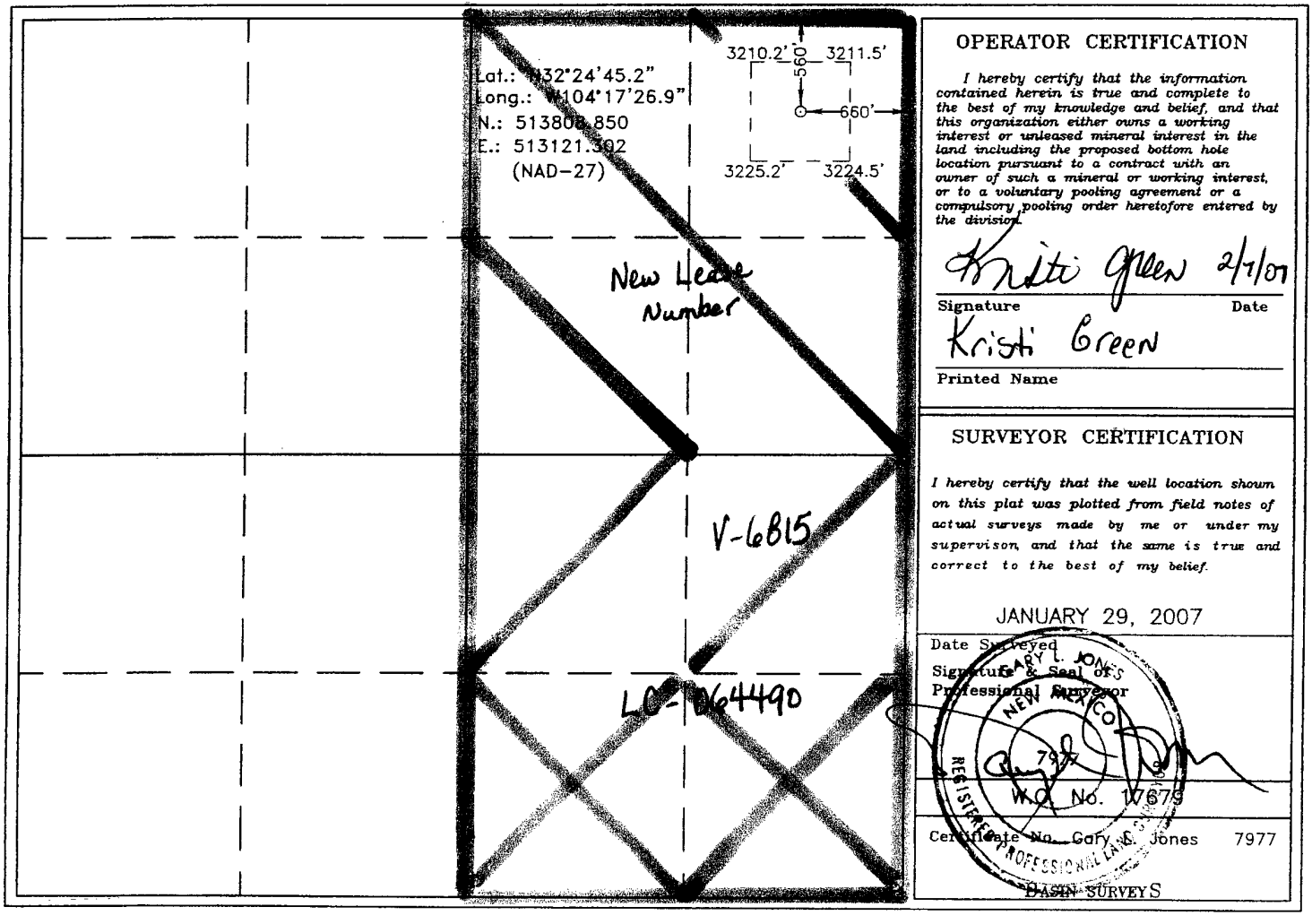

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Kristi Green 2/7/07
Signature Date

Kristi Green
Printed Name

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JANUARY 29, 2007
Date Surveyed

Signature & Seal of Professional Surveyor

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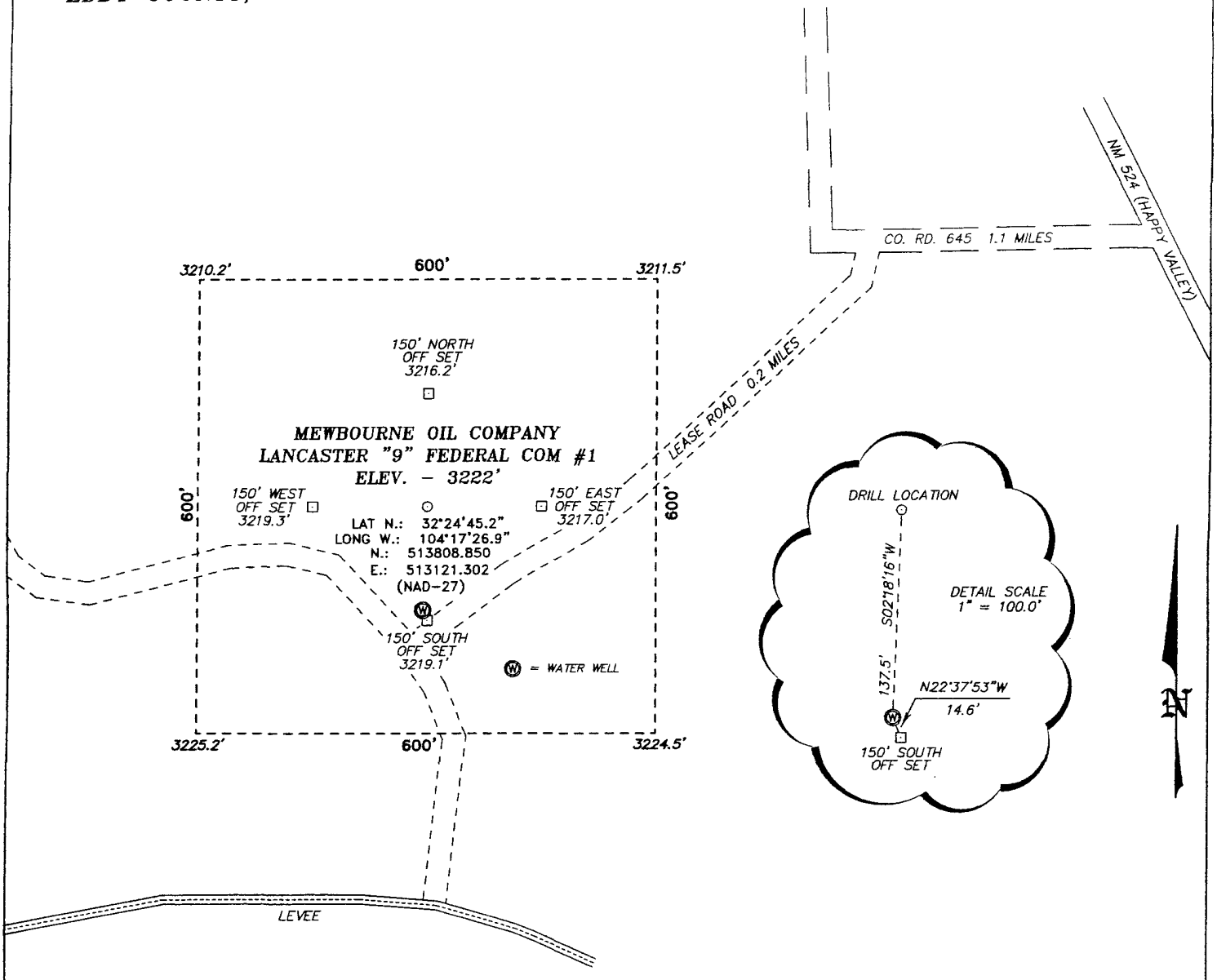

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W.O. Number: 17679	Drawn By: J. SMALL
Date: 01-31-2007	Disk: JMS 17679W

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REF: LANCASTER "9" FEDERAL COM #1 / WELL PAD TOPO

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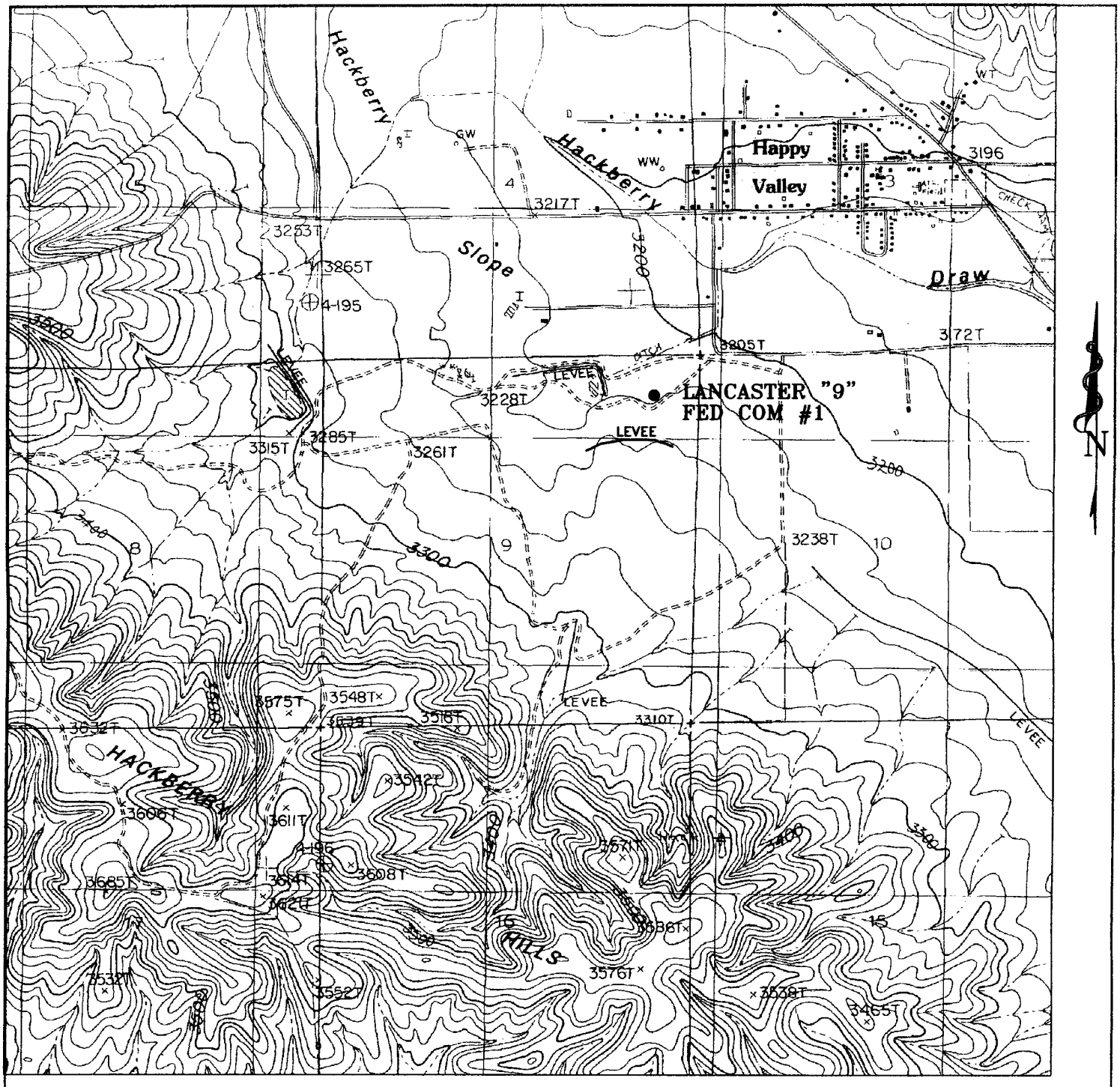
Survey Date: 01-29-2007	Sheet 1 of 1 Sheets



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Section 9, Township 22 South, Range 26 East,
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MEWBOURNE OIL CO.

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

April 4, 2007

Mewbourne Oil Company
P.O. Box 14744
Hobbs, NM 88240
Attn: Kristi Green or To Whom It May Concern:

Dear Kristi or To Whom It May Concern:

RE: **Mewbourne Oil Company: Application to drill (APD) for the Lancaster 9 Federal Com. #1**
Surface location to be in Unit A, of Section 9, Township 22 South, Range 26 East, Eddy County, New Mexico.
API # 30-015-35531

In reference to the above noted APD, the New Mexico Oil Conservation Division (NMOCD) will require (in part) that drilling mud samples from the flow line be sampled every 100' in order to determine chloride levels during the drilling of the Capitan Reef section of the well bore. Results are to be submitted to our office before drilling to total depth.
Please note that the Capitan Reef section is to be drilled with a fresh water mud. It is also noted that drilling mud samples in the Capitan Reef section may not be possible due to loss circulation.
Please call me if you have any questions about this matter.

Respectfully yours,

Bryan G. Arrant
NMOCD's District II Geologist
Artesia, New Mexico
505-748-1283 ext. 103

CC: Well file