

OCD-ARTESIA

ATS-08-88



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

64

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

NOV 27 2007

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		OCD-ARTESIA	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		7. If Unit or CA Agreement, Name and No	
2. Name of Operator Mewbourne Oil Company - 14744		8. Lease Name and Well No. Daisy 9 Federal #1	
3a. Address PO Box 5270 Hobbs, NM 88240		9. API Well No. 30-015-35943	
3b. Phone No. (include area code) 505-393-5905		10. Field and Pool, or Exploratory East Burton Flat Morrow	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 660' FNL & 1030' FEL Unit A At proposed prod. zone Same Capitan Controlled Water Basin		11. Sec., T., R., M., or Blk. and Survey or Area Sec 9-T20S-R29E	
14. Distance in miles and direction from nearest town or post office* East from Carlsbad approx 12 miles		12. County or Parish Eddy	
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any) 660'		13. State NM	
16. No. of Acres in lease 320		17. Spacing Unit dedicated to this well 320	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 950'		20. BLM/BIA Bond No. on file NM1693, Nationwide	
19. Proposed Depth 11900'		21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3296' GL	
22. Approximate date work will start* ASAP		23. Estimated duration 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.  | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).    |
| 2. A Drilling Plan.   | 5. Operator certification.   |
| 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). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) Kristi Green	Date 10/18/07
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Title

Hobbs Regulatory

Approved by (Signature)

/s/ James A. Amos

Name (Printed/Typed)

/s/ James A. Amos

Date

NOV 23 2007

Title

FOR

FIELD MANAGER

Office

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 TWO YEARS

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)

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.

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED

Capitan Mud Reef Samples

OCD-ARTESIA

AT5-08-88



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

NOV 27 2007

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

5 Lease Serial No  
NMNM-0556290  
6 If Indian, Allottee or Tribe Name  
7 If Unit or CA Agreement, Name and No

1a Type of Work ☒ DRILL ☐ REENTER

OCD-ARTESIA

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

8 Lease Name and Well No  
Daisy 9 Federal #1

2 Name of Operator

Mewbourne Oil Company - 14744

9 API Well No.

30-015-35943

3a Address

PO Box 5270 Hobbs, NM 88240

3b Phone No (include area code)

505-393-5905

10 Field and Pool, or Exploratory

East Burton Flat Morrow

4 Location of Well (Report location clearly and in accordance with any State requirements \*)

At surface 660' FNL & 1030' FEL Unit A

At proposed prod zone Same

Capitan Controlled Water Basin

11 Sec, T, R, M, or Blk and Survey or Area

Sec 9-T20S-R29E

14 Distance in miles and direction from nearest town or post office\*

East from Carlsbad approx 12 miles

12 County or Parish

Eddy

13 State

NM

15 Distance from proposed\*  
location to nearest  
property or lease line, ft  
(Also to nearest drig unit line, if any) 660'

16 No. of Acres in lease

320

17 Spacing Unit dedicated to this well

320

18 Distance from proposed location\*  
to nearest well, drilling, completed,  
applied for, on this lease, ft 950'

19 Proposed Depth

11900'

20 BLM/BIA Bond No on file

NM1693, Nationwide

21 Elevations (Show whether DF, KDB, RT, GL, etc )

3296' GL

22 Approximate date work will start\*

ASAP

23 Estimated duration

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

*Kristi Green*

Name (Printed/Typed)

Kristi Green

Date

10/18/07

Title

Hobbs Regulatory

Approved by (Signature)

/s/ James A. Amos

Name (Printed/Typed)

/s/ James A. Amos

Date

NOV 23 2007

Title

FOR

FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

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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.

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED

Capitan Mud Reef Samples

United States Department of the Interior  
Bureau of Land Management  
Roswell Field Office  
2909 West Second Street  
Roswell, New Mexico 88201-1287

**Statement Accepting Responsibility for Operations**

Operator Name: Mewbourne Oil Company  
Street or Box: P.O. Box 5270  
City, State: Hobbs, New Mexico  
Zip Code: 88241

Mewbourne Oil Company of Hobbs, NM is a field office of Mewbourne Oil Company, 3901 S Broadway, Tyler TX 75701. **Mail connected to this APD should be directed to the Hobbs address.** The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted of the leased land or portion thereof, as described below.

Lease Number: Lease Number #NMNM0556290

Legal Description of Land: Section 9, T-20S, R-29E Eddy County, New Mexico.  
Location @ 660' FNL & 1030' FEL.

Formation (if applicable): Morrow

Bond Coverage: \$150,000

BLM Bond File: NM1693, Nationwide

Authorized Signature: \_\_\_\_\_



Name: NM (Micky) Young  
Title: District Manager  
Date: October 17, 2007

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

Form C-102  
Revised October 12, 2005

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

**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 73520	Pool Name East Burton Flat Morrow
Property Code 36859	Property Name DAISY "9" FEDERAL	Well Number 1
OGRID No. 14744	Operator Name MEWBOURNE OIL COMPANY	Elevation 3296'

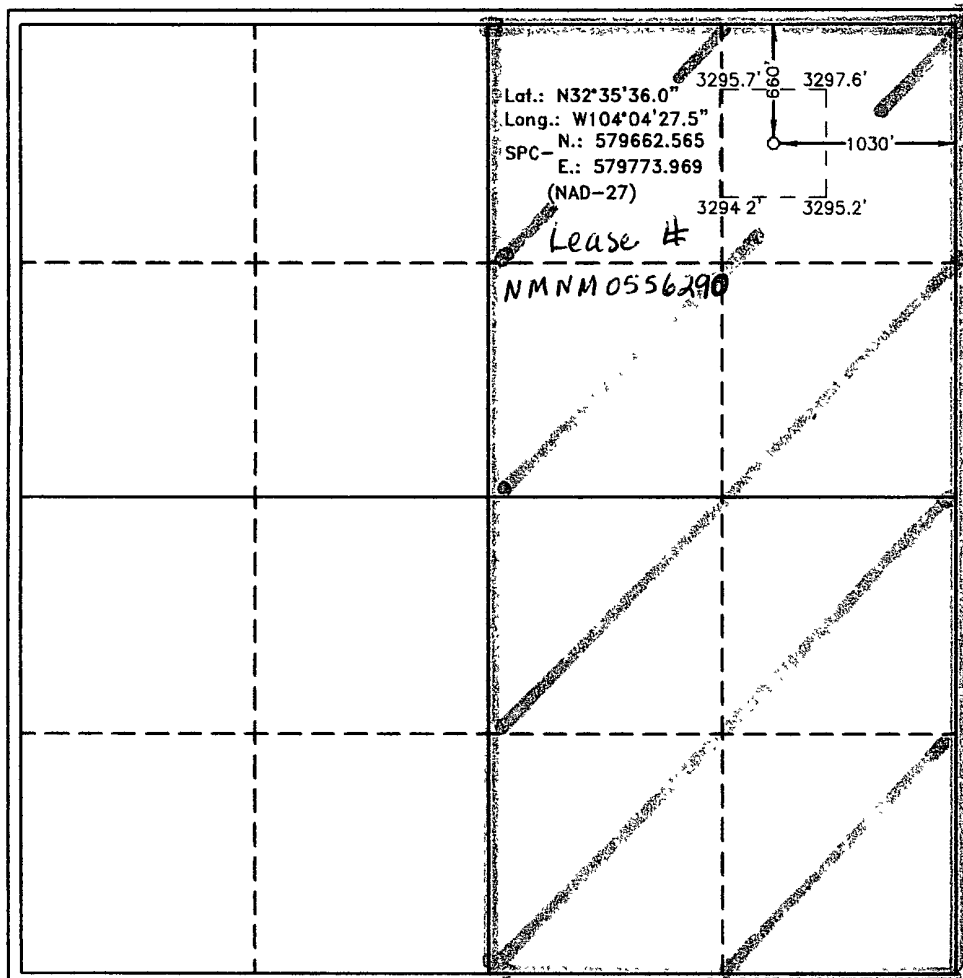
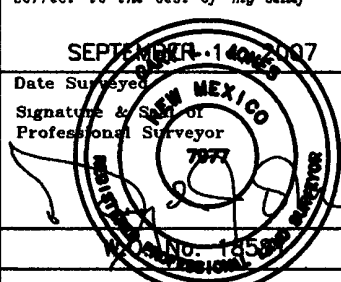
Surface Location

UL or lot No. A	Section 9	Township 20 S	Range 29 E	Lot Idn	Feet from the 660	North/South line NORTH	Feet from the 1030	East/West line EAST	County EDDY
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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 320	Joint or Infill	Consolidation Code	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

	<b>OPERATOR CERTIFICATION</b> 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. Signature: <u>Kristi Green</u> Date: <u>10/17/07</u> Printed Name: <u>Kristi Green</u>
	<b>SURVEYOR CERTIFICATION</b> 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. Date Surveyed: <u>SEPTEMBER 14, 2007</u> Signature & Seal of Professional Surveyor:  Certificate No. <u>Guy L. Jones</u> 7977
	<b>BASIN SURVEYS</b>

**Drilling Program**  
**Mewbourne Oil Company**  
Daisy "9" Federal #1  
660' FNL & 1030' FEL  
Sec 9-T20S-R29E  
Eddy County, New Mexico

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

Salt	616'	Wolfcamp	9310'
Yates	1012'	Strawn	10370'
Capitan Reef	1380'	Atoka	10810'
Delaware	3310'	Morrow	11150'
Bonespring	5790'	Barnett	11700'

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

Water                      Fresh water will be protected by setting surface casing at 300' and cement to surface.

Hydrocarbons            All hydrocarbon bearing zones below the top of the Yates will be protected by setting casing thru zones and cement as necessary.

**3. Pressure control equipment:**

See  
COA

A 2000# working pressure annular BOP will be installed on the 13 3/8" surface casing. A 5000# WP Double Ram BOP and 3000# WP Annular will be installed after running 9 5/8" casing. Pressure tests will be conducted prior to drilling out under all casing strings. Testing of 2000# annular will be with rig pump. BOP controls will be installed prior to drilling under deep 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:**

<u>Hole Size</u>	<u>Casing</u>	<u>Wt/Ft.</u>	<u>Grade</u>	<u>Depth</u>	<u>Jt Type</u>
26"	20" (new)	94#	J55	0-300'	BT&C
17 1/2"	13 3/8" (new)	48#	H40	0-1300'	ST&C
12 1/4"	9 5/8" (new)	40#	N80	0-100'	LT&C
	9 5/8" (new)	40#	J55	100-3200'	LT&C
8 3/4"	5 1/2" (new)	17#	HCP110	0-1600'	LT&C
	5 1/2" (new)	17#	N80	1600-8500'	LT&C
	5 1/2" (new)	17#	HCP110	8500-11900'	LT&C

See  
COA

Minimum casing design factors: Collapse 1.125, Burst 1.0, Tensile strength 1.8.

## B. Cementing Program:

- i. Surface Casing: 300 sacks Class C light cement containing 1/2#/sk cellophane flakes, 2% CaCl, 5#/sk gilsonite. Yield at 1.98 cuft/sk. 200 sks Class C cement containing 2% CaCl. Yield at 1.34 cuft/sk. Cmt circulated to surface.
- ii. Deep Surface Casing: 700 sacks 35:65 Class "C" light cement containing 1/2#/sk cellophane flakes & 5 lbs/sack gilsonite. Yield at 1.98 cuft/sk. 400 sacks Class "C" cement containing 2% CaCl. Yield at 1.98 cuft/sk. Cmt circulated to surface.
- iii. Intermediate Casing: 900 sacks 35:65 poz mix cement containing 6% gel, 5#/sack gilsonite. Yield at 1.98 cuft/sk. 400 sacks Class C cement containing 2% CaCl. Cmt circulated to surface. Yield at 1.98 cuft/sk.
- iv. Production Casing: 600 sacks Class H cement containing fluid loss additive, friction reducer additive, compressive strength enhancer \*and NaCl. 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. Cmt top to be inside surface casing.

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

per  
oper.  
11-5-07

1.34  
1.34

1.18 yld

see COA

## 5. Mud Program:

<u>Interval</u>	<u>Type System</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0'-300'	FW spud mud	8.6-9.4	32-34	NA
300'-1300'	Brine water	10.0-10.2	28-30	NA
1300'-3200'	Fresh water	8.4-8.6	28-30	NA
3200'-10000'	Cut brine water	8.8-9.2	28-30	NA
10000'-TD	BW/Starch	9.2-9.8	30-40	8-15

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

It may become necessary to drill thru the Capitan reef with air-assist to maintain circulation.

## 6. Evaluation Program:

Samples:	10' samples from top of Delaware
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.

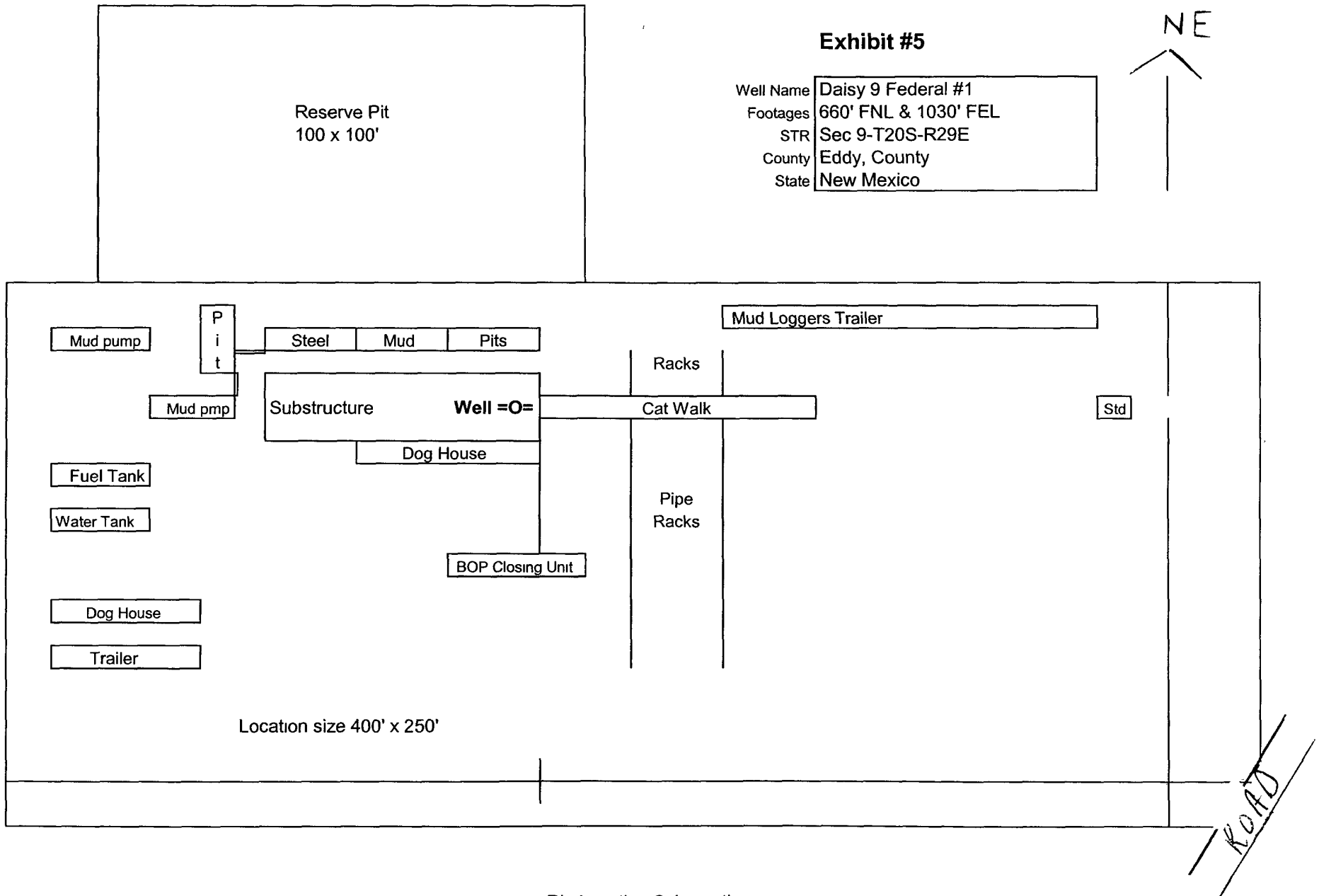
Mewbourne Oil Company

*See COA's  
Pet North Petroleum*

Exhibit #5

Well Name Daisy 9 Federal #1  
Footages 660' FNL & 1030' FEL  
STR Sec 9-T20S-R29E  
County Eddy, County  
State New Mexico

NE



Rig Location Schematic

**Notes Regarding Blowout Preventer**  
**Mewbourne Oil Company**

Daisy "9" Federal #1  
660' FNL & 1030' FEL  
Sec 9-T20S-R29E  
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  
8 3/4" or 7 7/8" Hole

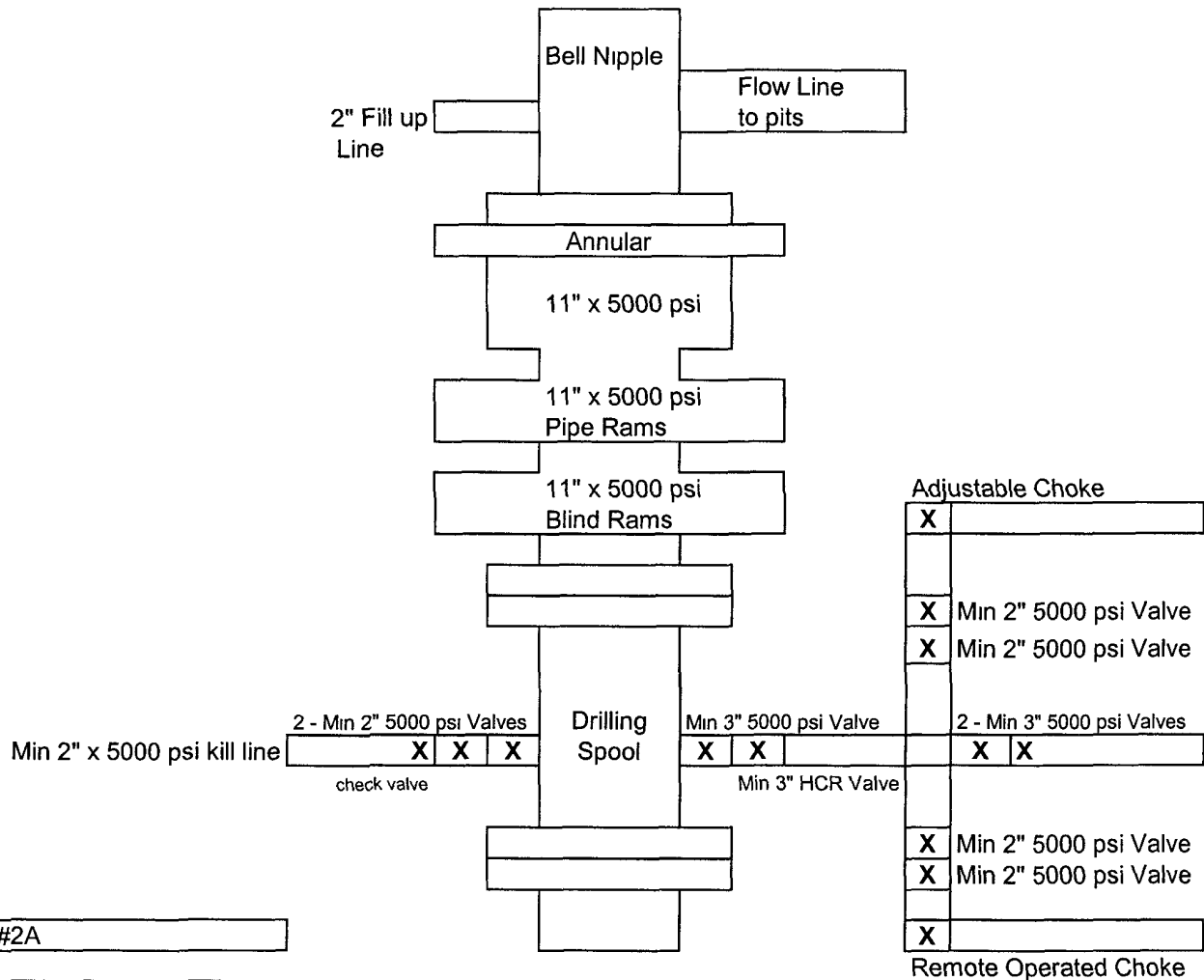


Exhibit #2A

Daisy 9 Federal #1  
660' FNL & 1030' FEL  
Sec 9-T20S-R29E  
Eddy, County  
New Mexico

Hydrogen Sulfide Drilling Operations Plan  
**Mewbourne Oil Company**

Daisy "9" Federal #1  
660' FNL & 1030' FEL  
Sec 9-T20S-R29E  
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 H<sub>2</sub>S were found. MOC will have on location and working all H<sub>2</sub>S safety equipment before the Yates 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 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.

## **MULTI-POINT SURFACE USE AND OPERATIONS PLAN**

### **MEWBOURNE OIL COMPANY**

Daisy "9" Federal #1  
660' FNL & 1030' FEL  
Sec 9-T20S-R29E  
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 highlighted in black and proposed road is highlighted in blue. Exhibit #3A is a topographic map showing the location of the proposed well and access road. Existing and proposed roads are highlighted in black.
- B. **Directions to location from Carlsbad: Go east on Hwy 62/180 to MM 44. Turn left (north) on Eddy Co 243 (Magnum Rd). Continue north 5.8 miles to Eddy Co 238 (Burton Flat Rd). Turn right (east) and continue east 2 miles. Turn left (north) and continue north then west 1.0 mile. Turn right (north) and continue north then east 0.2 miles. Turn left (NE) 0.50 miles. Turn left to new location.**

#### **2. Proposed Access Road:**

- A. No new road will be needed.
- 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. Exhibit #4 shows the proposed well and existing wells within a one mile radius.

#### **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 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 federal surface.

**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: 10/17/07

Signature: 

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

3295.7'

600'

3297.6'

150' NORTH  
OFF SET  
3296.2'

□

MEWBOURNE OIL COMPANY  
DAISY "9" FEDERAL #1  
ELEV. - 3296'

150' WEST  
OFF SET  
3295.4'

□

LAT N.: 32°35'36.0"  
LONG W.: 104°04'27.5"  
N.: 579662.565  
E.: 579773.969  
(NAD-27)

150' EAST  
OFF SET  
3295.8'

□

150' SOUTH  
OFF SET  
3294.9'

□

10.5'

14.3'

211.0'

3294.2'

600'

3295.2'

429.0'

DCP BPLS

LEASE ROAD 0.8 MILES

Sheet 1 of 1 Sheets

**Exhibit #4**  
**Status of Wells in Immediate Vicinity**  
**Mewbourne Oil Company**  
Daisy "9" Federal #1  
660' FNL & 1030' FEL  
Sec 9-T20S-R29E  
Eddy County, New Mexico

**Section 9-T20S-R29E**

Operator: Mewbourne Oil Company  
Well Name: Browning 9 Federal #1  
Unit letter: M  
Status: Flowing  
Field: East Burton Flat Morrow

**Section 9-T20S-R29E**

Operator: EP Campbell  
Well Name: Langie Federal #1  
Unit letter: N  
Status: P&A  
Field: Burton Flat Delaware

**Section 9-T20S-R29E**

Operator: Shackelford Oil Company  
Well Name: ROG Federal #1  
Unit letter: P  
Status: Salt Water Disposal  
Field: Getty Yates



## **V. SPECIAL REQUIREMENT(S)**

### **Cave and Karst**

#### **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.

#### **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. Use depth to the deepest expected fresh water as listed in the geologist report.

#### **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.

#### **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 void (bit drops) of four feet or more and circulation losses greater than 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.

#### **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.

#### **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.

## VII. DRILLING

### A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 2 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,  
(505) 361-2822

1. **Although Hydrogen Sulfide has not been reported in this section, it is always a potential hazard.**
2. 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.
3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.

### B. CASING

1. The **20** inch surface casing shall be set **at approximately 300** feet and cemented to the surface.
  - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
  - b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement).

- c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
- d. If cement falls back, remedial action will be done prior to drilling out that string.

**High cave/karst.**

**Possible lost circulation in the Artesia Group, Delaware and Bone Spring formations.**

**Good possibility of encountering high pressure gas bursts in the Wolfcamp with possible pressures of 5600 psi.**

**Possible that the Pennsylvanian Section may be over pressured.**

2. The minimum required fill of cement behind the **13-3/8** inch intermediate casing is:

☒ Cement to surface. If cement does not circulate see B.1.a-d above.

3. The minimum required fill of cement behind the **9-5/8** inch second intermediate casing is:

☒ Cement to surface. If cement does not circulate see B.1.a-d above.

**Casing to be set above the Delaware Mountain Group, which could occur above the proposed 3200' depth at approximately 3160'.**

4. The minimum required fill of cement behind the **5-1/2** inch production casing is:

☒ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification. **Additional cement will be required.**

4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

**C. PRESSURE CONTROL**

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **20"** surface casing shoe shall be **2000 (2M)** psi.

3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the 9-5/8" intermediate casing shoe shall be **5000 (5M) psi. Annular to be rated to 5000 psi.**
4. The appropriate BLM office shall be notified a minimum of 2 hours in advance for a representative to witness the tests.
  - a. The tests shall be done by an independent service company.
  - b. The results of the test shall be reported to the appropriate BLM office.
  - c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
  - d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.
  - e. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the **Wolfcamp** formation **if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days.** This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.
  - f. A variance to test the **surface casing (20")/first intermediate casing (13-3/8")** and BOP/BOPE to the reduced pressure of **1000 psi** with the rig pumps is approved.

#### **D. 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.

**Approved to use aerated mud in the Capitan Reef if required to maintain circulation.**

#### **E. DRILL STEM TEST**

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

**Engineer on call phone (after hours):      Carlsbad: (575) 706-2779**

**WWI 111507**