Form 3160-3
(September 2001)

OCD Artesia

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

5. Lease Serial No. ~~Fee~~ BHL
NMNM 6031 & NMNM 08386

6. If Indian, Allottee or Tribe Name

1a. Type of Work: ☑ DRILL ☐ REENTER

Split Estate

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

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

8. Lease Name and Well No.
West Draw 5-8 PH Fed Com #1H (38577)

2. Name of Operator
Newbourne Oil Company (14744)

9. API Well No.
30-015-38674

3a. Address
PO Box 5270 Hobbs, NM 88241

3b. Phone No. *(include area code)*
~~575-396-5905~~ (NON-PRODUCT)

10. Field and Pool, or Exploratory
N Seven Rivers Glorieta Yeso (97565)

4. Location of Well *(Report location clearly and in accordance with any State requirements. *)*
At surface (SL) 1500' FSL & 350' FEL (Unit I) LOCATION
At proposed prod. zone (BHL) 2310' FNL & 350' FEL Unit H, Sec 8, T20S, R25E

Becomes of the X at approximately 2800' MD

11. Sec., T., R., M., or Blk. and Survey or Area
Sec 5, T20S, R25E

14. Distance in miles and direction from nearest town or post office*	12. County or Parish	13. State
14 Miles S of Artesia	Eddy	NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 350'	16. No. of Acres in lease	17. Spacing Unit dedicated to this well
	40	120
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. NA	19. Proposed Depth 2465' TVD 6067' MD	20. BLM/BIA Bond No. on file NM1693, Nationwide
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3496' GL	22. Approximate date work will start* ASAP	23. Estimated duration 15

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
Jackie Lathan	Jackie Lathan	11/10/10

Title
Hobbs Regulatory

Approved by *(Signature)* /s/ Don Peterson	Name *(Printed/Typed)*	Date FEB 16 2011
Title 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

RECEIVED
FEB 22 2011
NMOCD ARTESIA

Roswell Controlled Water Basin

Approval Subject to General Requirements & Special Stipulations Attached

Drilling Program
Mewbourne Oil Company
West Draw "5/8" PH Federal Com #1H
1500' FSL & 350' FEL (SHL)
Sec 5-T20S-R25E
Eddy County, New Mexico

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

*Grayburg	390'
*San Andres	690'
*Upper Yeso	2140'
*Glorietta	2290'
*Yeso	2435'

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

Water	Below 100'.
Hydrocarbons	Oil and gas are anticipated in the above (*) formations. These zones will be protected by casing as necessary.

3. Pressure control equipment:

A 2000# WP annular BOP will be installed after running 9 5/8" & 7" casing. Pressure tests will be conducted and BOPE will remain in use until completion of drilling operations. The BOP will be inspected and operated daily to ensure mechanical integrity and the inspection will be recorded on the daily drilling report.
Will test the BOPE to 1500# with a third party testing company before drilling below shoe as per BLM Onshore Oil and Gas Order #2.

4. MOC proposes to drill a vertical wellbore to 1931' & kick off to horizontal @ 2504' TVD. The well will be drilled to 6067' MD (2485' TVD). See attached directional plan.

5. Proposed casing and cementing program:

See COA

A. Casing Program:

Hole Size	Casing	Wt/Ft.	Grade	Depth	Jt Type
12 ¼"	9 5/8" (new)	36#	J55	0'~~715'~~ 740'	LT&C
8 ¾"	7" (new)	26#	J55	0'-1930'	LT&C
8 ¾"	7" (new)	26#	J55	1930'-2835' MD	BT&C
6 1/8"	4 ½" (new)	11.6#	J55	2600'-6067' MD	LT&C

Minimum casing design factors: Collapse 1.125, Burst 1.0, Tensile strength 1.8.
See COA *Subject to availability of casing.

B. Cementing Program:

i. Surface Casing: 200 sacks sacks class "C" w/2% CaCl2. Yield at 1.34 cuft/sk. Cmt circulated to surface.

ii. Intermediate Casing: 150 sacks Class C light cement with additives. Yield at 2.05 cuft/sk. 200 sacks Class C cement w/fluid loss additives. Yield at 1.33 cuft/sk Cmt circulated to surface.

iii. Production Liner: This will be a Packer/Port completion from TD up inside 7" casing with packer type liner hanger.

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

6. Mud Program: See COA

Interval	Type System	Weight	Viscosity	Fluid Loss
0'-~~745'~~ 740'	FW spud mud	8.6-9.0	32-34	NA
740 ~~745'~~-1930'	Fresh water	8.4-8.6	28-30	NA
1930'- TD	FW w/Polymer	8.5-8.7	32-35	20

7. Evaluation Program:

Samples: 10' samples from surface casing to TD.
Logging: Gyro & GR Surface to 1830'.

8. Downhole Conditions

Zones of abnormal pressure: None anticipated
Zones of lost circulation: Anticipated in surface and intermediate holes
Maximum bottom hole temperature: 100 degree F
Maximum bottom hole pressure: 8.4 lbs/gal gradient or less

9. Anticipated Starting Date:

Mewbourne Oil Company intends to drill this well as soon as possible after receiving approval with approximately 15 days involved in drilling operations and an additional 10 days involved in completion operations on the project.

Mewbourne Oil Co

Eddy, New Mexico
Sec 5/8-20S-25E
West Draw 5-8 PH Federal Com #1H

Wellbore #1

Plan: Design #1

DDC Well Planning Report

28 October, 2010

Database:	EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Well West Draw 5-8 PH Federal Com #1H
Company:	Mewbourne Oil Co	**TVD Reference:**	WELL @ 3515.0usft (Patterson UTI #101)
Project:	Eddy, New Mexico	**MD Reference:**	WELL @ 3515.0usft (Patterson UTI #101)
Site:	Sec 5/8-20S-25E	**North Reference:**	Grid
Well:	West Draw 5-8 PH Federal Com #1H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Project Eddy, New Mexico

Map System:	US State Plane 1927 (Exact solution)	**System Datum:**	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site Sec 5/8-20S-25E

Site Position:		**Northing:**	581,788.42 usft	**Latitude:**	32° 35' 57.595 N
From:	Map	**Easting:**	448,939.93 usft	**Longitude:**	104° 29' 56.881 W
Position Uncertainty:	0.0 usft	**Slot Radius:**	13-3/16 "	**Grid Convergence:**	-0.09 °

Well West Draw 5-8 PH Federal Com #1H

Well Position	**+N/-S**	0.0 usft	**Northing:**	581,788.42 usft	**Latitude:**	32° 35' 57.595 N
	+E/-W	0.0 usft	**Easting:**	448,939.93 usft	**Longitude:**	104° 29' 56.881 W
Position Uncertainty		0.0 usft	**Wellhead Elevation:**		**Ground Level:**	3,496.0 usft

Wellbore Wellbore #1

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF200510	10/27/2010	8.10	60.41	48,834

Design Design #1

Audit Notes:

Version:		**Phase:**	PLAN	**Tie On Depth:**	0.0

Vertical Section:	Depth From (TVD) (usft)	+N/-S (usft)	+E/-W (usft)	Direction (°)
	0.0	0.0	0.0	179.88

Plan Sections

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.00	0.00	
1,931.1	0.00	0.00	1,931.1	0.0	0.0	0.00	0.00	0.00	0.00	
2,834.5	90.34	179.88	2,504.0	-576.3	1.2	10.00	10.00	19.91	179.88	
6,067.2	90.34	179.88	2,485.0	-3,808.9	8.2	0.00	0.00	0.00	0.00	PBHL West Draw 5

Database:	EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Well West Draw 5-8 PH Federal Com #1H
Company:	Mewbourne Oil Co	**TVD Reference:**	WELL @ 3515.0usft (Patterson UTI #101)
Project:	Eddy, New Mexico	**MD Reference:**	WELL @ 3515.0usft (Patterson UTI #101)
Site:	Sec 5/8-20S-25E	**North Reference:**	Grid
Well:	West Draw 5-8 PH Federal Com #1H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
0.0	0.00	0.00	0.0	0.0	0.0	0.0	0.00	0.00	0.00
100.0	0.00	0.00	100.0	0.0	0.0	0.0	0.00	0.00	0.00
200.0	0.00	0.00	200.0	0.0	0.0	0.0	0.00	0.00	0.00
300.0	0.00	0.00	300.0	0.0	0.0	0.0	0.00	0.00	0.00
400.0	0.00	0.00	400.0	0.0	0.0	0.0	0.00	0.00	0.00
500.0	0.00	0.00	500.0	0.0	0.0	0.0	0.00	0.00	0.00
600.0	0.00	0.00	600.0	0.0	0.0	0.0	0.00	0.00	0.00
700.0	0.00	0.00	700.0	0.0	0.0	0.0	0.00	0.00	0.00
800.0	0.00	0.00	800.0	0.0	0.0	0.0	0.00	0.00	0.00
900.0	0.00	0.00	900.0	0.0	0.0	0.0	0.00	0.00	0.00
1,000.0	0.00	0.00	1,000.0	0.0	0.0	0.0	0.00	0.00	0.00
1,100.0	0.00	0.00	1,100.0	0.0	0.0	0.0	0.00	0.00	0.00
1,200.0	0.00	0.00	1,200.0	0.0	0.0	0.0	0.00	0.00	0.00
1,300.0	0.00	0.00	1,300.0	0.0	0.0	0.0	0.00	0.00	0.00
1,400.0	0.00	0.00	1,400.0	0.0	0.0	0.0	0.00	0.00	0.00
1,500.0	0.00	0.00	1,500.0	0.0	0.0	0.0	0.00	0.00	0.00
1,600.0	0.00	0.00	1,600.0	0.0	0.0	0.0	0.00	0.00	0.00
1,700.0	0.00	0.00	1,700.0	0.0	0.0	0.0	0.00	0.00	0.00
1,800.0	0.00	0.00	1,800.0	0.0	0.0	0.0	0.00	0.00	0.00
1,900.0	0.00	0.00	1,900.0	0.0	0.0	0.0	0.00	0.00	0.00
Build 10°/100' @ 1931' MD									
1,931.1	0.00	0.00	1,931.1	0.0	0.0	0.0	0.00	0.00	0.00
2,000.0	6.89	179.88	1,999.8	-4.1	0.0	4.1	10.00	10.00	0.00
2,100.0	16.89	179.88	2,097.6	-24.7	0.1	24.7	10.00	10.00	0.00
2,200.0	26.89	179.88	2,190.2	-62.0	0.1	62.0	10.00	10.00	0.00
2,300.0	36.89	179.88	2,275.0	-114.7	0.2	114.7	10.00	10.00	0.00
2,400.0	46.89	179.88	2,349.4	-181.4	0.4	181.4	10.00	10.00	0.00
2,500.0	56.89	179.88	2,411.0	-260.0	0.6	260.0	10.00	10.00	0.00
2,600.0	66.89	179.88	2,458.1	-348.1	0.8	348.1	10.00	10.00	0.00
2,700.0	76.89	179.88	2,489.1	-443.0	1.0	443.0	10.00	10.00	0.00
2,800.0	86.89	179.88	2,503.2	-541.9	1.2	541.9	10.00	10.00	0.00
EOC @ 2835' MD / 90.34° Inc / 179.88° Azm / 2504' TVD									
2,834.5	90.34	179.88	2,504.0	-576.3	1.2	576.3	10.00	10.00	0.00
2,900.0	90.34	179.88	2,503.7	-641.9	1.4	641.9	0.00	0.00	0.00
3,000.0	90.34	179.88	2,503.1	-741.9	1.6	741.9	0.00	0.00	0.00
3,100.0	90.34	179.88	2,502.5	-841.9	1.8	841.9	0.00	0.00	0.00
3,200.0	90.34	179.88	2,501.9	-941.8	2.0	941.9	0.00	0.00	0.00
3,300.0	90.34	179.88	2,501.3	-1,041.8	2.3	1,041.8	0.00	0.00	0.00
3,400.0	90.34	179.88	2,500.7	-1,141.8	2.5	1,141.8	0.00	0.00	0.00
3,500.0	90.34	179.88	2,500.1	-1,241.8	2.7	1,241.8	0.00	0.00	0.00
3,600.0	90.34	179.88	2,499.5	-1,341.8	2.9	1,341.8	0.00	0.00	0.00
3,700.0	90.34	179.88	2,498.9	-1,441.8	3.1	1,441.8	0.00	0.00	0.00
3,800.0	90.34	179.88	2,498.4	-1,541.8	3.3	1,541.8	0.00	0.00	0.00
3,900.0	90.34	179.88	2,497.8	-1,641.8	3.6	1,641.8	0.00	0.00	0.00
4,000.0	90.34	179.88	2,497.2	-1,741.8	3.8	1,741.8	0.00	0.00	0.00
4,100.0	90.34	179.88	2,496.6	-1,841.8	4.0	1,841.8	0.00	0.00	0.00
4,200.0	90.34	179.88	2,496.0	-1,941.8	4.2	1,941.8	0.00	0.00	0.00
4,300.0	90.34	179.88	2,495.4	-2,041.8	4.4	2,041.8	0.00	0.00	0.00
4,400.0	90.34	179.88	2,494.8	-2,141.8	4.6	2,141.8	0.00	0.00	0.00
4,500.0	90.34	179.88	2,494.2	-2,241.8	4.9	2,241.8	0.00	0.00	0.00
4,600.0	90.34	179.88	2,493.6	-2,341.8	5.1	2,341.8	0.00	0.00	0.00
4,700.0	90.34	179.88	2,493.1	-2,441.8	5.3	2,441.8	0.00	0.00	0.00
4,800.0	90.34	179.88	2,492.5	-2,541.8	5.5	2,541.8	0.00	0.00	0.00
4,900.0	90.34	179.88	2,491.9	-2,641.8	5.7	2,641.8	0.00	0.00	0.00

Database:	EDM 5000.1 Single User Db	Local Co-ordinate Reference:	Well West Draw 5-8 PH Federal Com #1H
Company:	Mewbourne Oil Co	TVD Reference:	WELL @ 3515.0usft (Patterson UTI #101)
Project:	Eddy, New Mexico	MD Reference:	WELL @ 3515.0usft (Patterson UTI #101)
Site:	Sec 5/8-20S-25E	North Reference:	Grid
Well:	West Draw 5-8 PH Federal Com #1H	Survey Calculation Method:	Minimum Curvature
Wellbore:	Wellbore #1		
Design:	Design #1		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
5,000.0	90.34	179.88	2,491.3	-2,741.8	5.9	2,741.8	0.00	0.00	0.00
5,100.0	90.34	179.88	2,490.7	-2,841.8	6.2	2,841.8	0.00	0.00	0.00
5,200.0	90.34	179.88	2,490.1	-2,941.8	6.4	2,941.8	0.00	0.00	0.00
5,300.0	90.34	179.88	2,489.5	-3,041.8	6.6	3,041.8	0.00	0.00	0.00
5,400.0	90.34	179.88	2,488.9	-3,141.8	6.8	3,141.8	0.00	0.00	0.00
5,500.0	90.34	179.88	2,488.3	-3,241.8	7.0	3,241.8	0.00	0.00	0.00
5,600.0	90.34	179.88	2,487.8	-3,341.8	7.2	3,341.8	0.00	0.00	0.00
5,700.0	90.34	179.88	2,487.2	-3,441.8	7.5	3,441.8	0.00	0.00	0.00
5,800.0	90.34	179.88	2,486.6	-3,541.8	7.7	3,541.8	0.00	0.00	0.00
5,900.0	90.34	179.88	2,486.0	-3,641.8	7.9	3,641.8	0.00	0.00	0.00
6,000.0	90.34	179.88	2,485.4	-3,741.8	8.1	3,741.8	0.00	0.00	0.00
TD @ 6067' MD / 2485' TVD									
6,067.2	90.34	179.88	2,485.0	-3,808.9	8.2	3,809.0	0.00	0.00	0.00

Design Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
PBHL West Draw 5-8 - plan hits target center - Point	0.00	360.00	2,485.0	-3,808.9	8.2	577,979.47	448,948.17	32° 35' 19.903 N	104° 29' 56.715 W

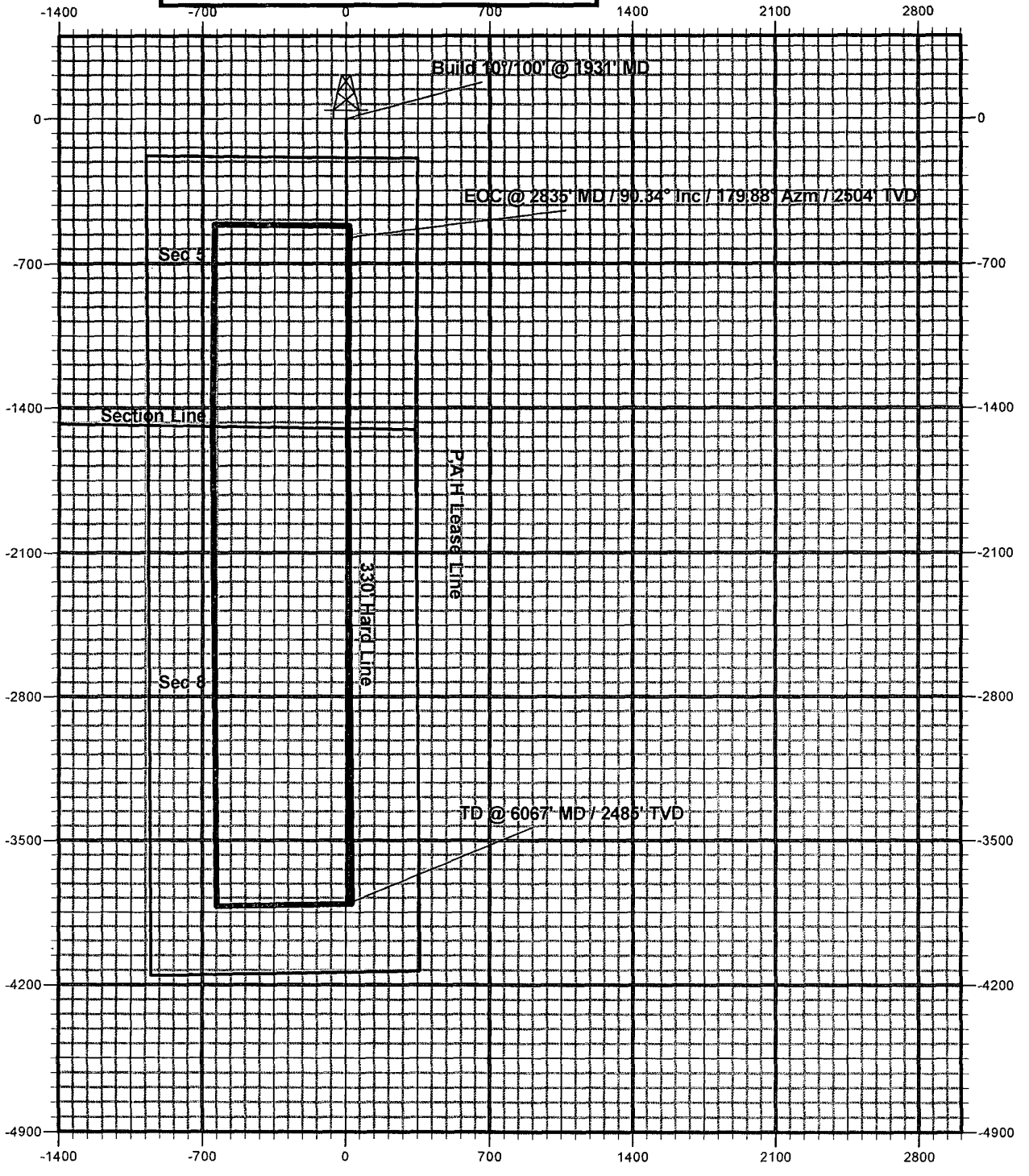
Plan Annotations

Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates +N/-S (usft)	Local Coordinates +E/-W (usft)	Comment
1,931.1	1,931.1	0.0	0.0	Build 10°/100' @ 1931' MD
2,834.5	2,504.0	-576.3	1.2	EOC @ 2835' MD / 90.34° Inc / 179.88° Azm / 2504' TVD
6,067.2	2,485.0	-3,808.9	8.2	TD @ 6067' MD / 2485' TVD

Mewbourne Oil Company

Eddy, New Mexico
West Draw 5-8 PH Federal Com #1H
Quote 100748

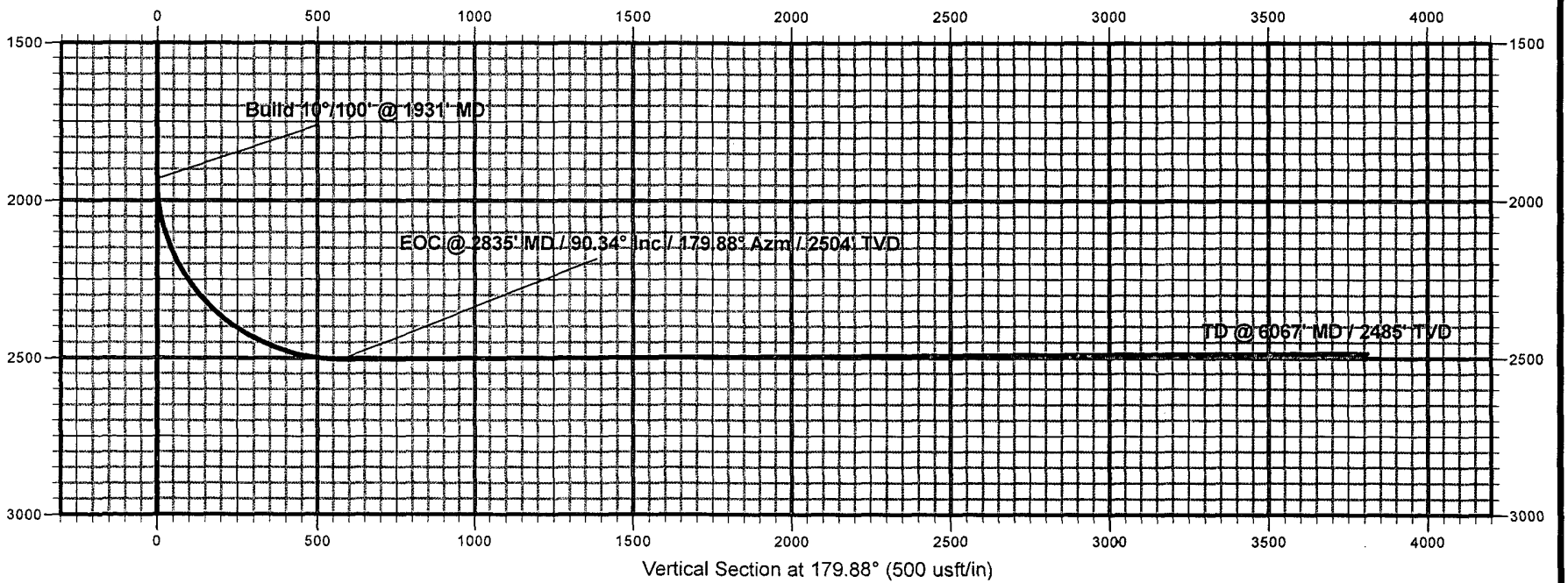
QDC
The DIRECTIONAL DRILLING COMPANY



Mewbourne Oil Company

The DIRECTIONAL DRILLING COMPANY

Eddy, New Mexico
West Draw 5-8 PH Federal Com #1H
Quote 100748



Notes Regarding Blowout Preventer

Mewbourne Oil Company

West Draw "5/8" PH Federal Com #1H
1500' FSL & 350' FEL (SHL)
Sec 5-T20S-R25E
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 2000 psi working pressure on 9 5/8" & 7" casing.

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 2000 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" & 6 1/8" Hole

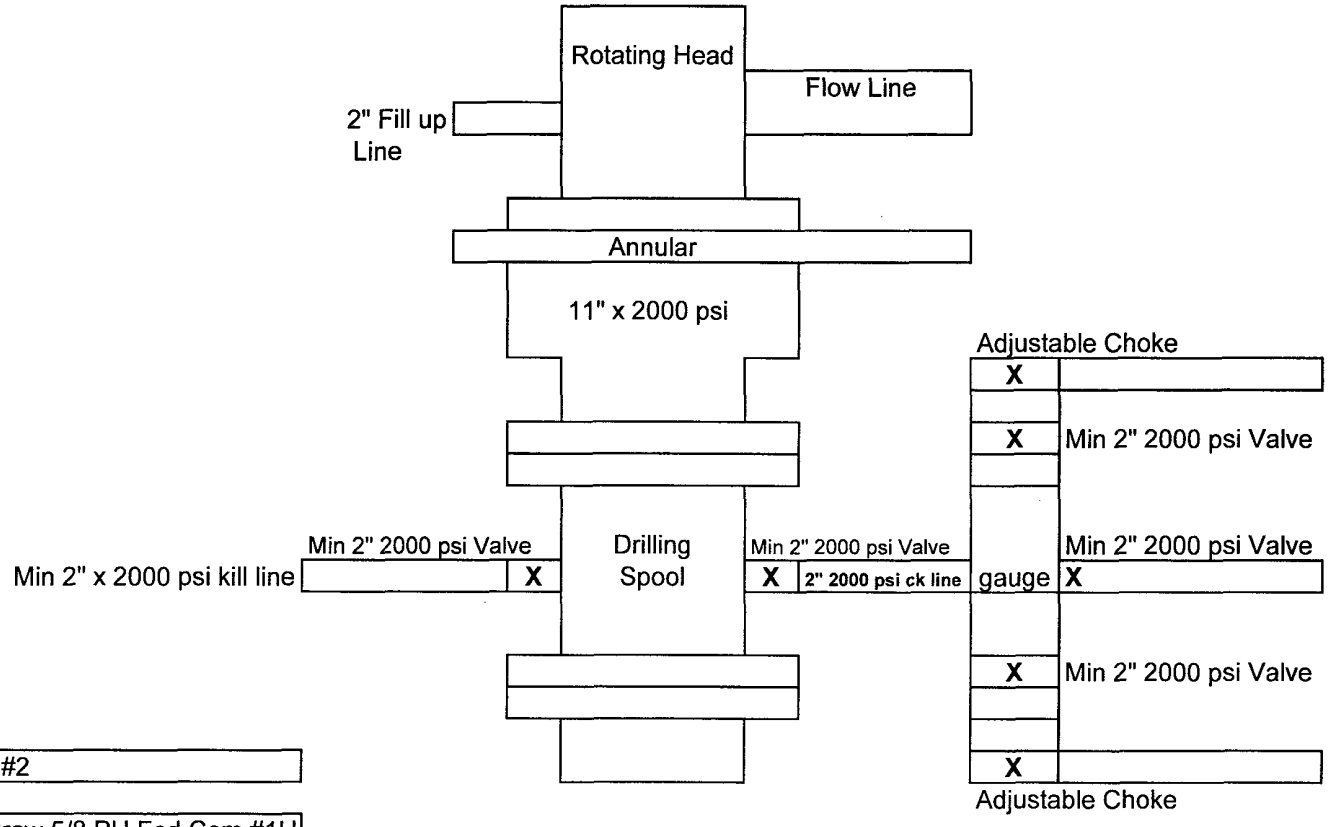
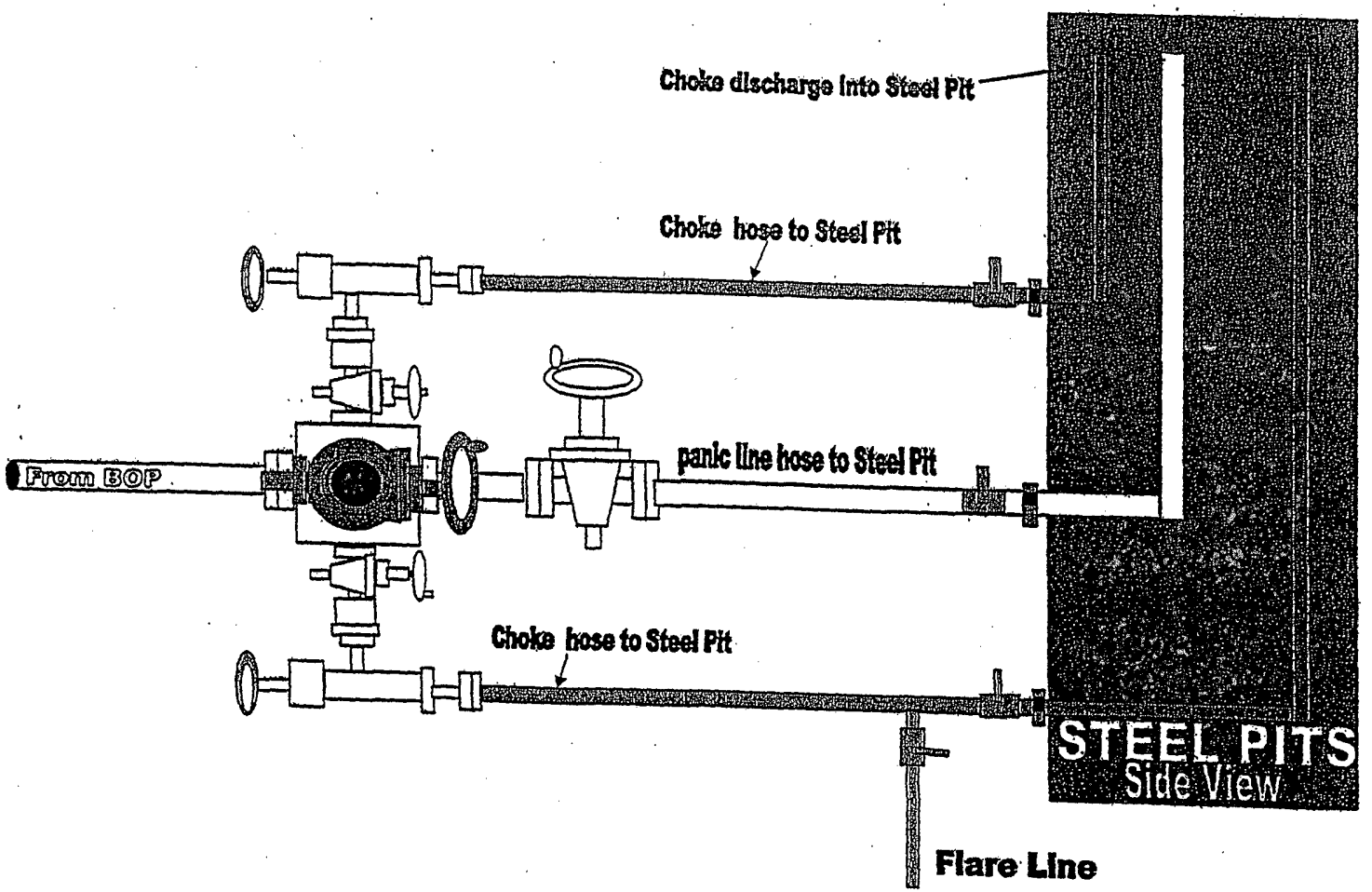


Exhibit #2

West Draw 5/8 PH Fed Com #1H
1500' FSL & 350' FEL
Sec 5-T20S-R25E
Eddy, County
New Mexico



2000#/3000#BOP manifold system

For Exhibit 2 + 2A

DISTRICT I --- CHECKLIST FOR INTENTS TO DRILL

Operator MEWBOURNE OIL CO OGRID # 14744

38577 Well Name & # WEST DRAW 5-8 PH FED COM #1H Surface Type (F) (S) (P)

Location: UL I, Sect 5, Twnship 20 s, RNG 25 e, Sub-surface Type (F) (S) (P)

A. Date C101 rec'd ____/____/____ C101 reviewed ____/____/____

B. 1. Check mark, Information is OK on Forms:
OGRID X, BONDING FED PROP CODE X, WELL # X, SIGNATURE X
2. Inactive Well list as of : 4/8/11 # wells 567, # Inactive wells 5
a. District Grant APD but see number of inactive wells:
No letter required X; Sent Letter to Operator ____, to Santa Fe ____
3. Additional Bonding as of: 4/8/11
a. District Denial because operator needs addition bonding:
No Letter required X; Sent Letter to Operator ____, To Santa Fe____
b. District Denial because of Inactive well list and Financial Assurance:
No Letter required X; Sent Letter to Operator ____, To Santa Fe ___

C. C102 YES X NO ___, Signature X
1. Pool N. SEVEN RIVERS; GLORIETA-YESO Code 97565
a. Dedicated acreage 120, What Units 5: P; 8: AH PP: Standard
b. SUR. Location Standard _____: Non-Standard Location X
c. Well shares acres: Yes ___, No X, # of wells ____ plus this well #____
2. 2nd. Operator in same acreage, Yes_____, No X
Agreement Letter _____, Disagreement letter_____
3. Intent to Directional Drill Yes X, No ____
a. Dedicated acreage 120, What Units 5: P; 8: AH
b. Bottomhole Location Standard _____, Non-Standard Bottomhole _____
4. Downhole Commingle: Yes_____, No X
a. Pool #2_____,Code_____, Acres_____
Pool #3_____, Code _____, Acres _____
Pool #4_____, Code_____, Acres_____
5. POTASH Area Yes _____ No FED

D. Blowout Preventer Yes X, No _____

E. H2S Yes _____, No _____, PART FED APD

F. C144 Pit Registration Yes _____, No X, need

G. Does APD require Santa Fe Approval:
1. Non-Standard Location: Yes _____, No X, NSL #_____
2. Non-Standard Proration: Yes_____, No X, NSP # _____
3. Simultaneous Dedication: Yes _____, No X, SD # _____
Number of wells _____ Plus #_____
4. Injection order Yes _____, No X; PMX #_____ or WFX #_____
5. SWD order Yes _____, NO X; SWD # _____
6. DHC from SF_____; DHC-HOB_____; Holding_____

7. OCD Approval Date 04/08/11 API #30-015-38674

8. Reviewers KW