Form 3160-3 (July 1992)

UNIT STATES N.M. DEPARTMENT OF THE INTERIOR 13

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FORM APPROVED OMB NO. 1004-0136 Expires: February 28, 1995

1020

BUREAU OF LAND MANAGEMENT

Artesia

5. LEASE DESIGNATION AND SERIAL NO.
NM-17103

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		OF ACRES IN LEASE			
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H40, 13-3/8"	48#	500'		400 sacks Circulate to	Surface
J-55, 8-5/8"	32#	3200'			
N80, 5-1/2"	17#	11900'		600 sacks	
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Operation Plan am of Blowout Preventer nd Planned Access Road lls Rig Layout (Exhibit 5)	and Choke Manifold (d and Location (Exhibi	t 3 & 3A) ROVAL GLID LE	CT TO	TESTO TIE	
	GAS WELL X OTHER OMPANY NE NO. Obbs, NM 88241 (505) 3 Ort location clearly and in accordance & 1650' FWL ODIRECTION FROM NEAREST TOWARD Carlsbad OSED* NE_FT (SELF ANY) OSED LOCATION* LING, COMPLETED, 15 LEASE, FT. Ner DF, RT, GR, etc.) GRADE, SIZE OF CASING H40, 13-3/8" J-55, 8-5/8" N80, 5-1/2" In pany proposes to drill the productive, the well will be gred and abondoned in accordance of the productive of the well will be gred and abondoned in accordance of the productive of the well will be gred and abondoned in accordance of the productive of the well will be gred and abondoned in accordance of the productive of the well will be gred and abondoned in accordance of the productive of the well will be gred and abondoned in accordance of the productive of the well will be gred and abondoned in accordance of the productive of the well will be gred and abondoned in accordance of the productive of th	DEEPEN GAS WELL X OTHER OMPANY DEENO. DOBBS, NM 88241 (505) 393-5905 DIT location clearly and in accordance with any State requirements.*/ A 1650' FWL DIRECTION FROM NEAREST TOWN OR POST OFFICE* Carlsbad DSED* 16. NO NE FT 1310' DSED LOCATION* LING, COMPLETED, IS LEASE, FT. THE JF ANY) PROPOSED CASING AN GRADE, SIZE OF CASING WEIGHT PER FOOT H40, 13-3/8" H40, 13-3/8" H40, 13-3/8" N80, 5-1/2" The DEEPEN DEEPEN DIA COMPLETED PROPOSED CASING AN WEIGHT PER FOOT H40, 13-3/8" H8# J-55, 8-5/8" N80, 5-1/2" THE DEPEN SUBJECTION OF THE PROPOSED CASING AND	Ompany Jeron. Obbs, NM 88241 (505) 393-5905 Ort location clearly and in accordance with any State requirements. June 150 PRECEIVED OCD - ARTIES Carlsbad DEED* Indirection FROM NEAREST TOWN OR POST OFFICE* Carlsbad DEED* Indirection FROM NEAREST TOWN OR POST OFFICE* Carlsbad DEED* Indirection FROM NEAREST TOWN OR POST OFFICE* Carlsbad DEED* Indirection FROM NEAREST TOWN OR POST OFFICE* Carlsbad DEED* Indirection FROM NEAREST TOWN OR POST OFFICE* Carlsbad DEED* Indirection FROM NEAREST TOWN OR POST OFFICE* Carlsbad DEED* Indirection FROM NEAREST TOWN OR POST OFFICE* Carlsbad DEED* Indirection FROM NEAREST TOWN OR POST OFFICE* Carlsbad DEED* Indirection FROM NEAREST TOWN OR POST OFFICE* Carlsbad DEED* Indirection FROM NEAREST TOWN OR POST OFFICE* Carlsbad DEED* Indirection FROM NEAREST TOWN OR POST OFFICE* Indirection From NearesTown Or Post Office From New York Or Post	DEEPEN DE	DEEPEN DE

IN ABOVE SPACE DESCRIBE PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

4.		
SIGNED Terry Burki	TITLE Drilling Foreman	DATE 12/06/01
(This space for Federal or State office use)		
PERMIT NO.	APPROVAL DATE	
Application approval does not warrant or certify that the applicant hol	ids legal or equitable title to those rights in the subject lease which we	ould entitle the applicant to conduct operations thereon.

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 thereor CONDITIONS OF APPROVAL, IF ANY:

PROVED BY /S/ LESLIE A. THEISS

TILE FIELD MANAGER

ATE FEB 0 7 2002

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes 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.

Revised March 17, 1999 Instruction on back Submit to Appropriate District Office

State Lease - 4 Copies Fee Lease - 3 Copies

DISTRICT II 811 South First, Artesia, NM 88210 DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410 DISTRICT IV 2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION

P.O. Box 2088 Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Nam- LIBERTY "25" FEDER/	· · · · · · · · · · · · · · · · · · ·
OGRID No.	Operator Nam	
	MEWBOURNE OIL COM	PANY 3250

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
С	25	20S	28E	,	1310	NORTH	1650	WEST	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 o	r Infill C	onsolidation (Code Oro	der No.			i	<u> </u>
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

The same of the sa	
310,	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.
3258 3254 Lease# NN-17103	Signature Terry Burke
3257 3249	Printed Name Drilling Foreman Title December 05, 2001 Date
660'FWLee Federal #1	SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of
The second secon	actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief. 11/19/2001 Date Surveyed
2310	Signature Seal Professional Surveyor 3640 3640 Certificate No. Heretter Jones RLS 3640

Drilling Program

Mewbourne Oil Company

Liberty "25" Federal Com # 1 1310' FNL & 1650' FWL Section 25-T20S-R28E Eddy County, New Mexico Lease Number NM-17103

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

Delaware	3160'
Bone Springs	5518'
Wolfcamp	9073'
Strawn	10233'
Atoka	10693'
Morrow	11225'

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

Water

Approximately 200'

Hydrocarbons

All zones below San Andres

3. Pressure control equipment:

Two thousand psi working pressure annular BOP's will be installed on the 13-3/8" surface casing. Three thousand psi working pressure BOP's and two thousand psi working pressure Hydril will be installed on the 8-5/8" intermediate 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.

Drilling Program

Mewbourne Oil Company

Liberty "25" Federal Com # 1 Page 2

4. Proposed casing and cementing program:

A. Casing Program:

Hole Size	Casing	Wt/Ft.	<u>Grade</u>	<u>Depth</u>
17-1/2"	13-3/8"	48#	H40	0-500'
12-1/4"	8-5/8"	32#	J55	0-3200'
7-7/8"	5-1/2"	17#	N80	0-11900'

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

B. Cementing Program

- i. <u>Surface Casing</u>: 250 sacks Class "C" light cement containing ½ #/sk cellophane flakes, 2% CaCl, 5 lbs/sack gilsonite. 200 sacks Class "C" cement containing 2% CaCl.
- ii. <u>Intermediate Casing:</u> 650 sacks 35:65 pozmix cement containing 6% gel, 5 lbs/sack gilsonite. 200 sacks Class "C" cement containing 2% CaCl.
- iii. <u>Production Casing</u>: 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 and multiple stage cementing tool in the production casing below potentially productive zones and cementing with a light cement slurry.

5. Mud Program:

Interval	Type System	<u>Weight</u>	<u>Viscosity</u>	Fluid Loss
0'-500'	FW spud mud	8.6-9.4	32-34	NA
500'-3200'	FW spud mud	10.0-10.2	28-30	NA
3200'-10600'	Cut brine water	8.8-9.5	28.30	NA
10600'-11900)' Cut brine water	9.5-9.8	32-42	8-12

6. Evaluation Program:

Samples:

10'samples from intermediate casing to TD

Logging:

Compensated density and dual laterlog from intermediate casing

to TD

Coring:
Drill Stem Tests:

As needed for evaluation

As needed for evaluation

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

Drilling Program

Mewbourne Oil Company

Liberty "25" Federal Com # 1 Page 3

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:

8.3 lbs/gal gradient or less

Anticipated Starting Date: 8.

Mewbourne Oil Company intends to drill this well as soon as possible after receiving approval with approximately 35 days involved in drilling operations and an additional 10 days involved in completion operations on the project.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN MEWBOURNE OIL COMPANY

Liberty "25" Federal Com # 1 1310' FNL & 1650' FWL Section 25-T20S-R28E Eddy County, New Mexico Lease Number NM-17103

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. Exhibit #3A is a topographic map showing the location of the proposed well and access road. Existing roads are highlighted in red and proposed roads are highlighted in yellow.
- B. Directions to location: From Hobbs go West on Highway 62/180 to Mile Marker 49. Turn right on Burton Flat go 7 miles North. Turn left on lease road and continue past tank battery 2/10 mile. Turn right on caliche road continue North through location (Pumping Unit) another 2/10 mile. Turn left into new lease road.

2. Proposed Access Road:

- A The access road will be built from an existing lease road approximately 75' East of the location pad and will enter the location pad from the Southeast corner.
- B. The access to the location will be limited to 16' in width and will adequately drain runoff and control erosion as presently constructed.
- C. Access to location has an existing grade to facilitate adequate drainage.

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. If the well is productive, restoration plans are as follows:

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MEWBOURNE OIL COMPANY

Liberty "25" Federal Com # 1

Page 2

- i. The reserve pit will be back-filled after the contents of the pit are allowed to dry (within 180 days after the well is completed).
- ii. 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
- iii. 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.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MEWBOURNE OIL COMPANY

Liberty "25" Federal Com # 1

Page 3

9. Well Site Layout

- 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 400' has been staked and flagged.
- D. An archaeological survey has been 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 per BLM guidelines. 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 with a mixture of native grasses as stipulated by the BLM.
- 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 treated as outlined above within the prescribed amount of time. Any additional caliche required for production facilities will be obtained from a source as described in Section 6.

11. Surface Ownership:

The surface is owned by: Bureau of Land Management

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.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN MEWBOURNE OIL COMPANY

Liberty "25" Federal Com # 1 Page 4

13. Operator's Representative:

A. Through APD approval and drilling operations:

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

B. Through 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: 12/6/01 Signature: 4M/fin

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

Mewbourne Oil Company BOP Scematic for 12 1/4" Hole

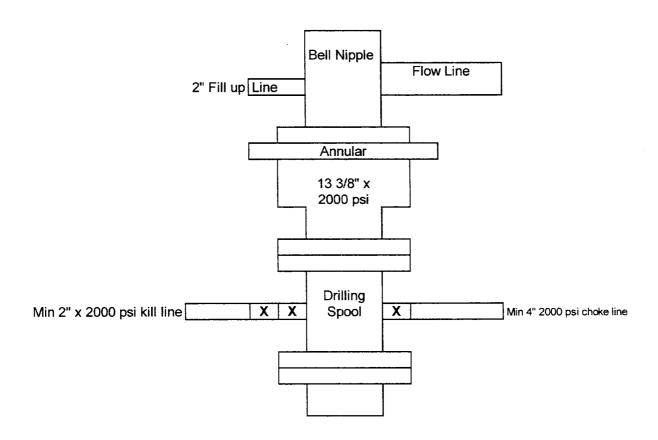
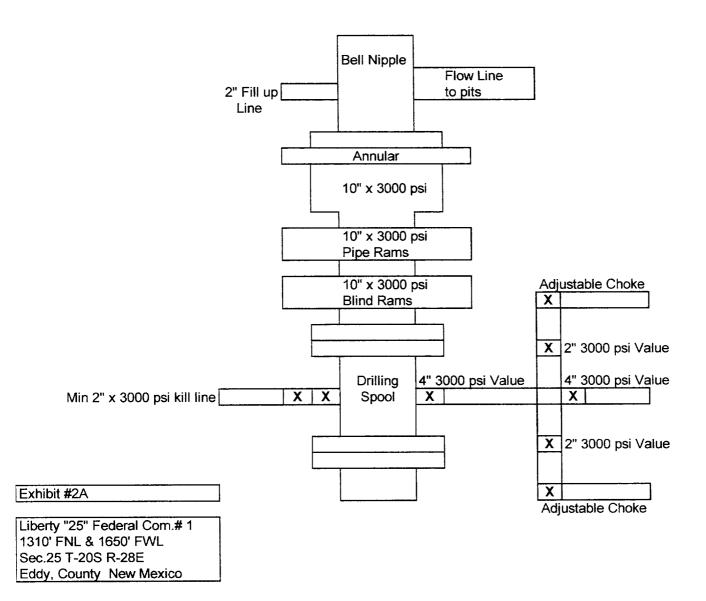


Exhibit #2

Liberty "25" Federal Com # 1 1310' FNL & 1650' FWL Sec.25 T-20S R-28E Eddy, County New Mexico

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



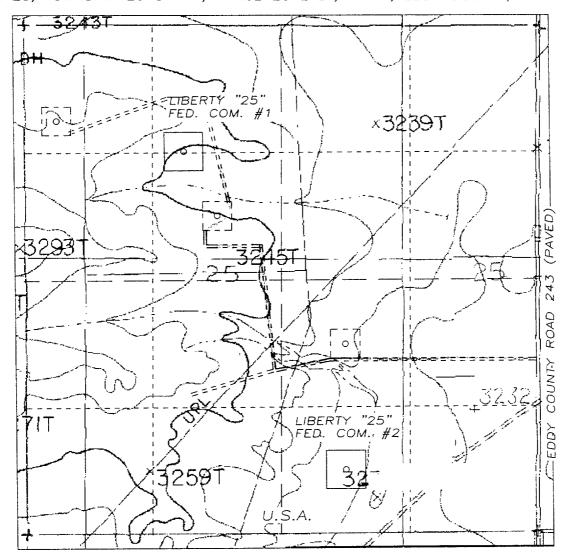
Notes Regarding Blowout Preventer

Mewbourne Oil Company

Liberty "25" Federal Com # 1 1310' FNL & 1650' FWL Section 25- T20S-R28E Eddy County, New Mexico Lease Number NM-17103

- 1. 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.
- 2. Blowout preventer and all fittings must be in good condition with a minimum 2000 psi working pressure.
- 3. 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.
- 4. Equipment through which bit must pass shall be at least as large as internal diameter of the casing.
- 5. A kelly cock shall be installed on the kelly at all times.
- 6. 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.

SECTION 25, TOWNSHIP 20 5 TH, RANGE 28 EAST, NMPM, EDL COUNTY, NEW MEXICO.



Mewbourne Oil Company Exhibit #3A **Existing and Planned Road Access**

Liberty "25" Federal Com. #1 Sec.25; T20S; R28E 1310' FNL & 1650' FWL **Eddy County, NM**

<u>2</u>000'

1000' Scale 1" = 1000' THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE RESULTS OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS WINDOW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR MEWBOURNE COMPANY OIL MEWBOURNE LIBERTY "25" STATE COM.#1 & 2 WELLS LOCATED IN SECTION 25, TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM, EDDY COUNTY, SURVEYORS. PROFESSIONAL NEW MEXICO. EACH CONPANY P.O. BOX 1928 Survey Date: 11/16/2001 Sheet 1 W.O. Number GENERAL SUR Drawn By: Ed Blevins Scole 1" = 1000' LIBERTY 1-2 LOVINGTON, NEW MEXICO 88260 Date: 11/20/01

Exhibit #4

Status of Wells in Immediate Vicinity

Mewbourne Oil Company

Liberty "25" Federal Com # 1 1310' FNL & 1650' FWL Section 25 T-20S R-28E Eddy County, New Mexico Lease # 17103

Section 25 T-20S R-28E

Operator: Strata Production Company

Well Name: Lee Federal # 1

Unit letter: L

Status: Producing

Field: Burton Flat (Morrow)

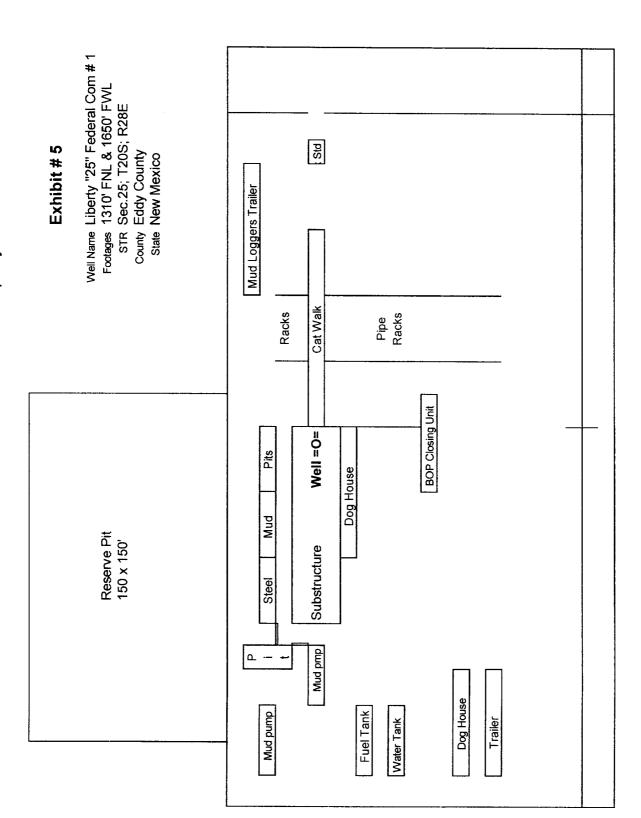
Operator: Strata Production Company

Well Name: Lee Federal # 2

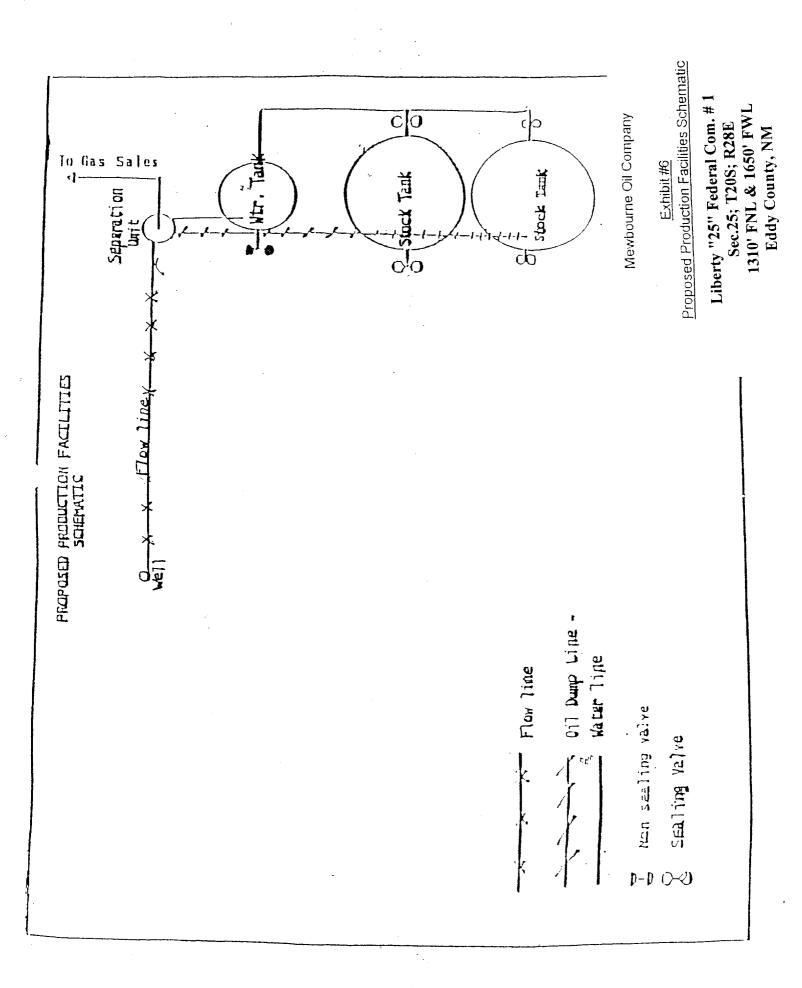
Unit letter: G

Unit letter: G

Status: Saltwater Injection Field: SWD Delaware



Rig Location Schematic



Hydrogen Sulfide Drilling Operations Plan

Mewbourne Oil Company

Liberty "25" Federal Com # 1 1310' FNL & 1650' FWL Section 25- T20S-R28E Eddy County, New Mexico Lease Number NM-17103

1. 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.
- The proper use of personal protective equipment and life support systems.
- 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:

- 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.
- 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.

2. 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. <u>Protective Equipment for Essential Personnel</u>

Thirty minute self contained work unit located at briefing area as indicated on wellsite diagram.

3. <u>Hydrogen Sulfide Protection and Monitoring Equipment</u>

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. <u>Visual Warning Systems</u>

- 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.

3. 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.

4. 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.

5. Communications

Communications in company vehicles and toolpushers are either two way radios or cellular phones.

6. 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.

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 5570

City, State:

Hobbs, New Mexico

Zip Code:

88241

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 NM-17103

Legal Description of Land:

Section 25, T20S, R28E, Eddy County, New Mexico. Location

1310' FNL & 1650' FWL of Section 25.

Formation (if applicable):

Bond Coverage:

\$150,000

BLM Bond File:

NM1693, Nationwide

Authorized Signature:

Name: MM (Micky) Young Title: District Manager

Date: December 04, 2001