

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTN.M. Oil Co. - Artesia  
1301  
SUBMIT IN T. CATE  
Other instructions on  
reverse side  
Artesia, NM 88210FORM APPROVED  
OMB NO. 1004-0136  
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN		LEASE DESIGNATION AND SERIAL NO. NMNM-14473	
1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		7. UNIT AGREEMENT NAME 30718	
2. NAME OF OPERATOR Mewbourne Oil Company 14744		8. FARM OR LEASE NAME, WELL NO. West Loving "11" Fed. Com # 1	
3. ADDRESS AND TELEPHONE NO. P.O. Box 5270, Hobbs, NM 88241 (505) 393-5905		9. API WELL NO. 30-015-32499	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements) At surface 660' FNL & 660' FEL At proposed prod. zone		10. FIELD AND POOL, OR WILDCAT Black River Morrow	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 5 Miles Southwest of Loving		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec11, T24S, R27E	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT (Also to nearest drlg. unit line, if any) 660'		12. COUNTY OR PARISH Eddy	
16. NO. OF ACRES IN LEASE 320		13. STATE NM	
17. NO. OF ACRES ASSIGNED TO THIS WELL 320		19. PROPOSED DEPTH 12900	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1640'		20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3130' GL		22. APPROX. DATE WORK WILL START* 08/11/02	

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	H40, 13-3/8"	48#	500'	500 sacks Circulate to Surface
12-1/4"	J-55, 9-5/8"	40#	4300'	1100 sacks Circulate to Surface
7-7/8"	N80, 5-1/2"	17#	12900	600 sacks

Mewbourne Oil Company proposes to drill this well to a depth sufficient to test the Morrow Formation for the presence of hydrocarbons. If determined to be productive, the well will be equipped with 5-1/2" production casing to total depth. If determined to be nonproductive, the well will be plugged and abandoned in accordance with regulatory guidelines. Specific plans are outlined in the following attachments.

- 1) Location and Elevation Plat (NMOCD Form C102)
- 2) Drilling Program
- 3) Surface Use and Operation Plan
- 4) Schematic Diagram of Blowout Preventer and Choke Manifold (Exhibits 2 & 2A)
- 5) Map of existing and Planned Access Road and Location (Exhibit 3 & 3A)
- 6) List of Offset Wells
- 7) Proposed Drilling Rig Layout (Exhibit 5)
- 8) Proposed Production Facilities Layout (Exhibit 6)
- 9) Hydrogen Sulfide Contingency Plan (Exhibit 7)

**APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED****Carlsbad Controlled Water Basin**

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.

24. SIGNED <u>Terry Burke</u>		TITLE <u>Drilling Foreman</u>		DATE <u>07/10/02</u>
(This space for Federal or State office use)				
PERMIT NO. <u>14744</u>		APPROVAL DATE _____		
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:				

APPROVED BY <u>Bobbe K. Young</u>	FOR <u>FIELD MANAGER</u>	DATE <u>OCT 24 2002</u>
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**\*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.

**APPROVAL FOR 1 YEAR**

**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 Black River Morrow
Property Code	Property Name WEST LOVING "11" FEDERAL COM.	Well Number 1
OGRID No.	Operator Name MEWBOURNE OIL COMPANY	Elevation 3130

**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	11	24S	27E		660	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 320	Joint or Infill	Consolidation Code	Order No.
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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 the the information contained herein is true and complete to the best of my knowledge and belief.  Signature Terry Burke Printed Name Drilling Foreman Title July 10, 2002 Date	
	<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 7/02/2002  Signature & Seal of Professional Surveyor Certificate No. Herschel L. Jones RLS 3640 WEST LOVING 11-1 GENERAL SURVEYING COMPANY	

**Drilling Program**  
**Mewbourne Oil Company**  
West Loving"11" Federal Com # 1  
660' FNL & 660' FEL  
Section 11-T24S-R27E  
Eddy County, New Mexico  
Lease Number NMNM-14473

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

Delaware	2,350'
Bone Springs	5,850'
1 <sup>st</sup> Bone Springs	6,900'
2 <sup>nd</sup> Bone Springs	7,565'
3 <sup>rd</sup> Bone Springs	8,850'
Wolfcamp	9,190'
Strawn	11,180'
Atoka	11,553'
Morrow	12,233'
Barnett	12,800'

**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 9 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.

**4. Proposed casing and cementing program:**

## **Drilling Program**

**Mewbourne Oil Company**

West Loving "11" Federal Com # 1

Page 2

### **A. Casing Program:**

<u>Hole Size</u>	<u>Casing</u>	<u>Wt/Ft.</u>	<u>Grade</u>	<u>Depth</u>
17-1/2"	13-3/8"	48#	H40	0-500'
12-1/4"	9-5/8"	40#	J55	0-4300'
8-3/4"	5-1/2"	17#	N80/S95	0-12900'

Minimum casing design factors: Collapse 1.2, Burst 1.1, Tensile strength 2.0.

### **B. Cementing Program**

- i. Surface Casing: 300 sacks Class "C" light cement containing 1/2 #/sk cellophane flakes, 2% CaCl, 5 lbs/sack gilsonite. 200 sacks Class "C" cement containing 2% CaCl.
- ii. Intermediate Casing: 1000 sacks 35:65 pozmix cement containing 6% gel, 5 lbs/sack gilsonite. 200 sacks Class "C" cement containing 2% CaCl.
- iii. 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 and 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:**

<u>Interval</u>	<u>Type System</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0'-500'	FW spud mud	8.6-9.4	32-34	NA
500'-4300'	Brine Water	10.0-10.2	28-30	NA
4300'-9400'	Cut brine water	8.8-9.2	28.30	NA
9400'-12900'	Cut brine water	9.2-10.0	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:	As needed for evaluation
Drill Stem Tests:	As needed for evaluation

**Drilling Program**

**Mewbourne Oil Company**

West Loving "11" 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

**8. Anticipated Starting Date:**

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**

West Loving "11" Federal Com # 1

660' FNL & 660' FEL

Section 11-T24S-R27E

Eddy County, New Mexico

Lease Number NMNM-14473

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 Carlsbad. Turn left on Canal Street go to junction of 62/180 & 285. Turn Left and go to Loving. Turn right on Higbi Hole Road go ½ mile and turn right. Go 3 miles to cattle guard in highway. Turn left just after cattle guard. Continue on main dirt road to Y in road take right road and continue to cattle guard in road turn left into location.

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

- A. The access to our new location will be from 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.
- 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**

West Loving "11" 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**

West Loving "11" Federal Com # 1

Page 3

**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 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.



**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: 7/11/02

Signature: 

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

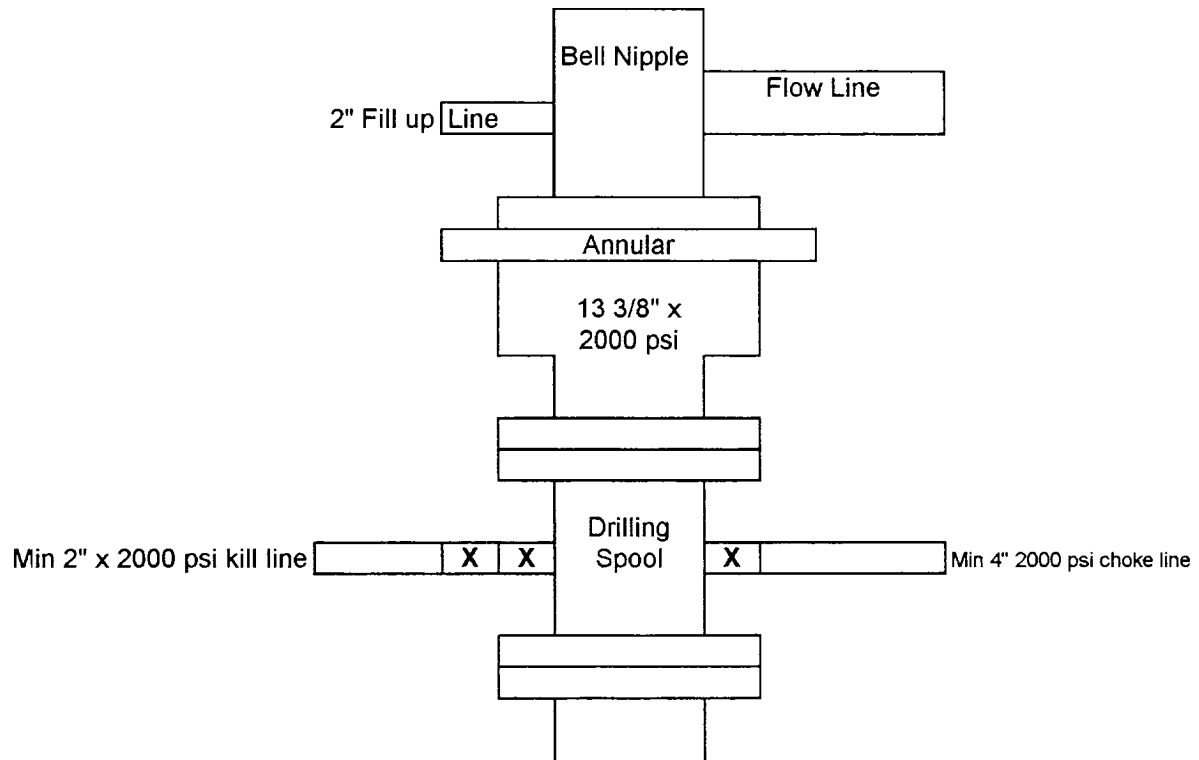


Exhibit #2

West Loving "11" Fed. Com # 1  
660' FNL & 660' FEL  
Sec.11; T24S; R27E  
Eddy, County New Mexico

# Mewbourne Oil Company

BOP Schematic for  
8 3/4" or 7 7/8" Hole

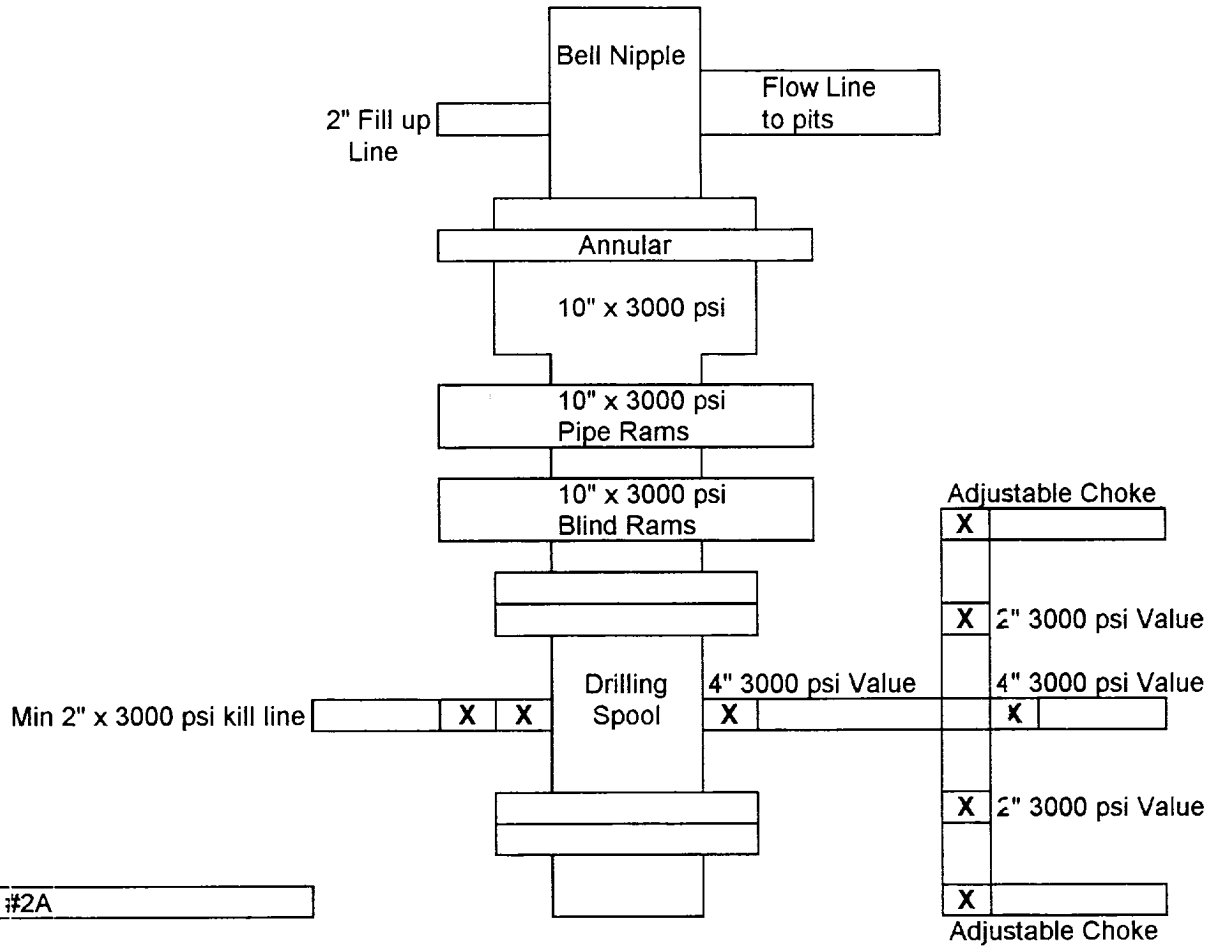


Exhibit #2A

West Loving "11" Fed. Com # 1  
660' FNL & 660' FEL  
Sec.11 T-24S R-27E  
Eddy, County New Mexico

**Notes Regarding Blowout Preventer**

**Mewbourne Oil Company**

West Loving "11" Federal Com # 1

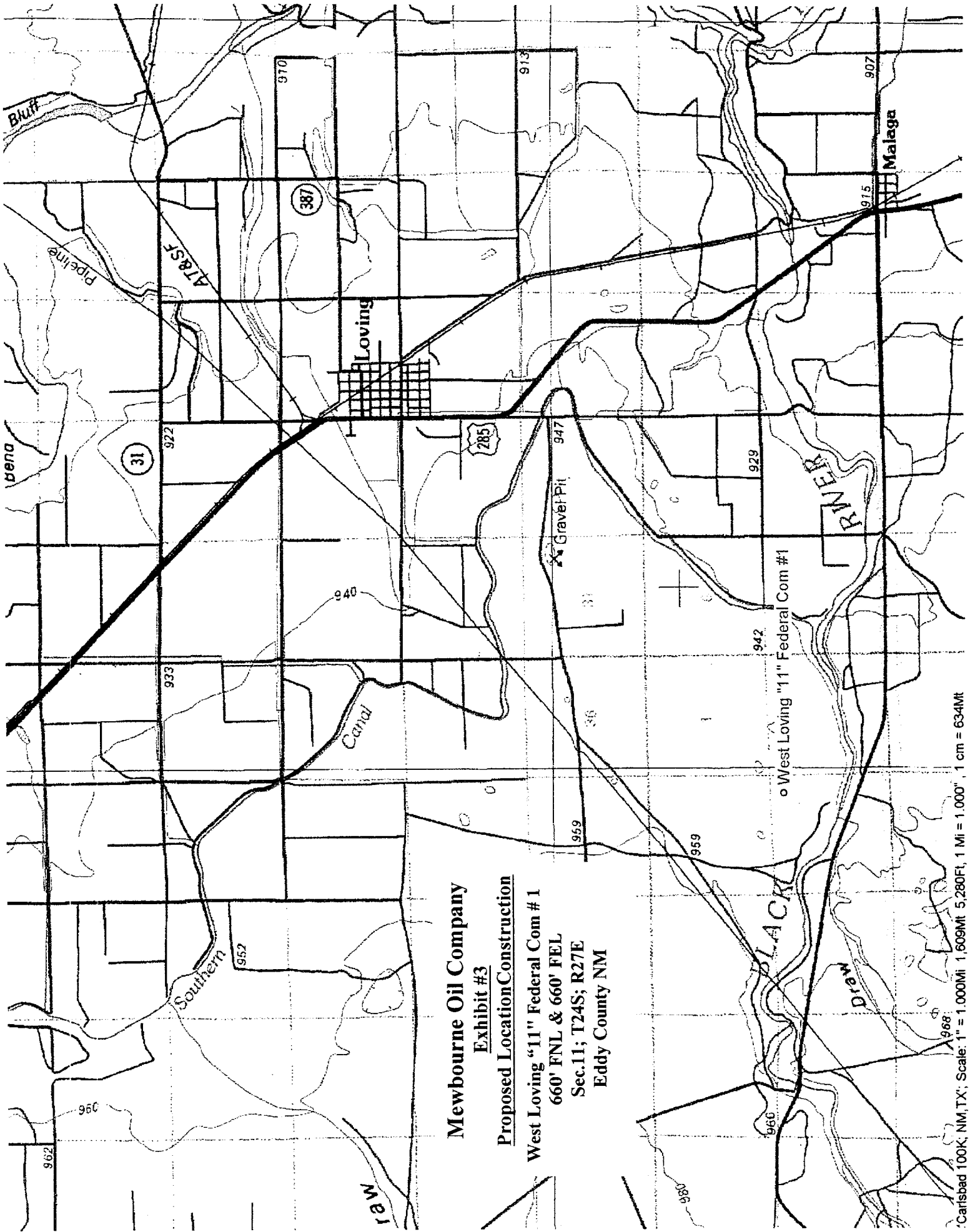
660' FNL & 660' FEL

Section 11- T24S-R27E

Eddy County, New Mexico

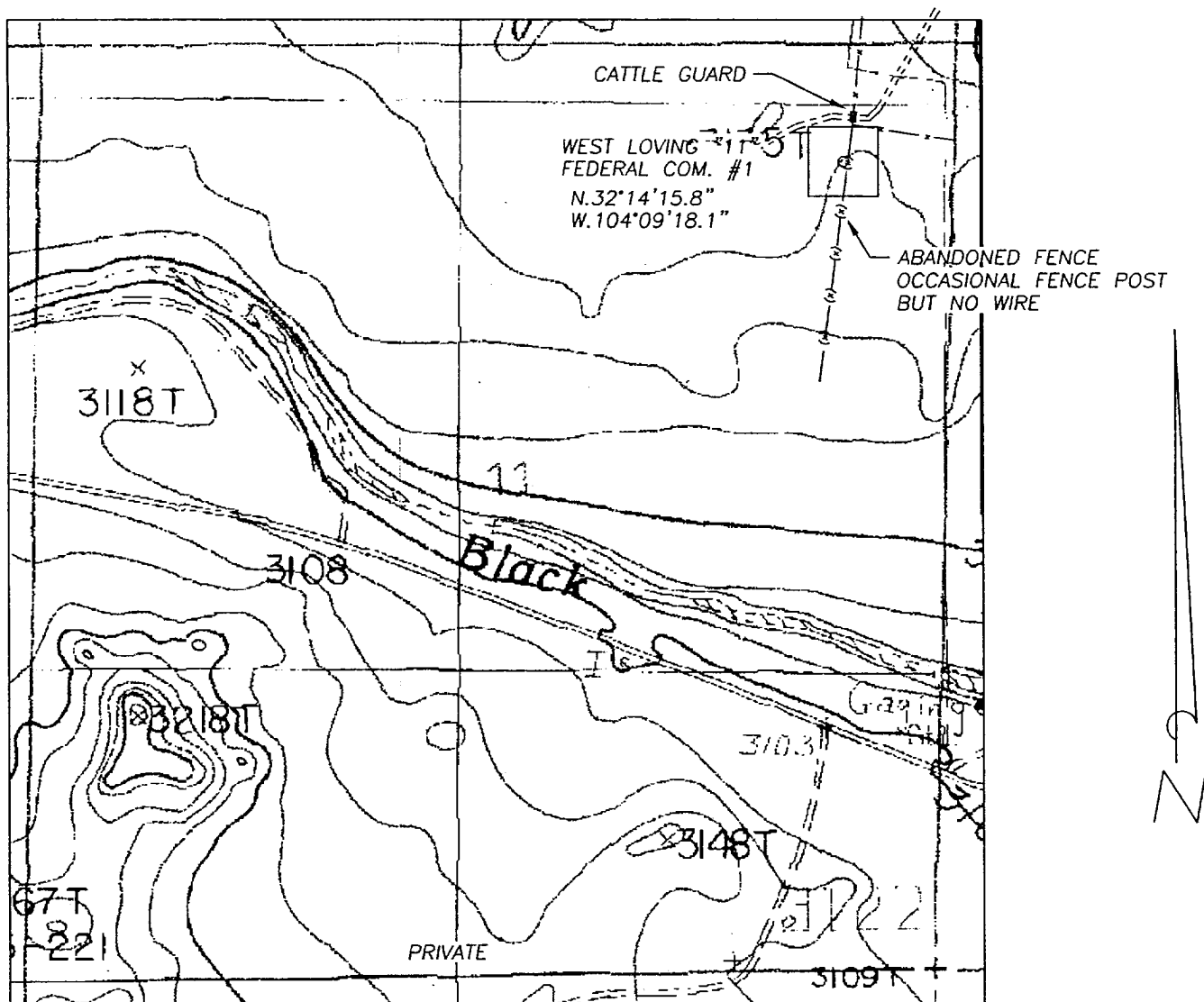
Lease Number NMNM-14473

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 an accumulator of at least 40 gallon capacity, two independent sources of pressure on closing unit, and meet all other API specifications.



**Mewbourne Oil Company**  
**Exhibit #3**  
**Proposed Location Construction**  
**West Loving "11" Federal Com # 1**  
**660' FNL & 660' FEL**  
**Sec.11; T24S; R27E**  
**Eddy County NM**

SECTION 11, TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



**Mewbourne Oil Company**

**Exhibit #3A**

**Existing and Planned Road Access**

**West Loving "11" Federal Com # 1**

**660' FNL & 660' FEL**

**Sec.11; T24S; R27E**

**Eddy County NM**

1000' 0 1000' 2000'  
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 PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

3640  
HERSCHEL L. JONES R.L.S. No.3640

GENERAL SURVEYING COMPANY P.O. BOX 1928  
LOVINGTON, NEW MEXICO 88260

**MEWBOURNE OIL COMPANY**

LEASE ROAD TO ACCESS THE MEWBOURNE WEST LOVING 11  
FEDERAL COM. #1 WELL LOCATED IN SECTION 11,  
TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM, EDDY  
COUNTY, NEW MEXICO.

Survey Date: 7/02/2002	Sheet 1 of 1 Sheets
Drawn By: Ed Blevis	W.O. Number
Date: 7/02/02	Scale 1" = 1000' WEST LOVING

**Exhibit #4**  
**Status of Wells in Immediate Vicinity**  
**Mewbourne Oil Company**  
West Loving "11" Federal Com # 1  
660' FNL & 660' FEL  
Section 11 T-24S R-27E  
Eddy County, New Mexico  
Lease Number NMNM-14473

**Section 2 T-24S R-27E**

Operator: Nadel & Gusman  
Well Name: Presidente State # 1  
Unit letter: H  
Status: Producing  
Field: Black River Atoka - Morrow

**Section 12 T-24S R-27E**

Operator: Exco  
Well Name: State MS Com # 1  
Unit letter: C  
Status: Producing  
Field: Black River Atoka - Morrow

**Section 11 T-24S R-27E**

Operator: Mewbourne Oil Company  
Well Name: Smith "11" Federal Com # 1  
Unit letter: C  
Status: Producing  
Field: Black River Atoka - Morrow

Mewbourne Oil Company

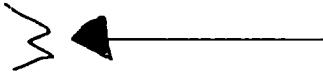
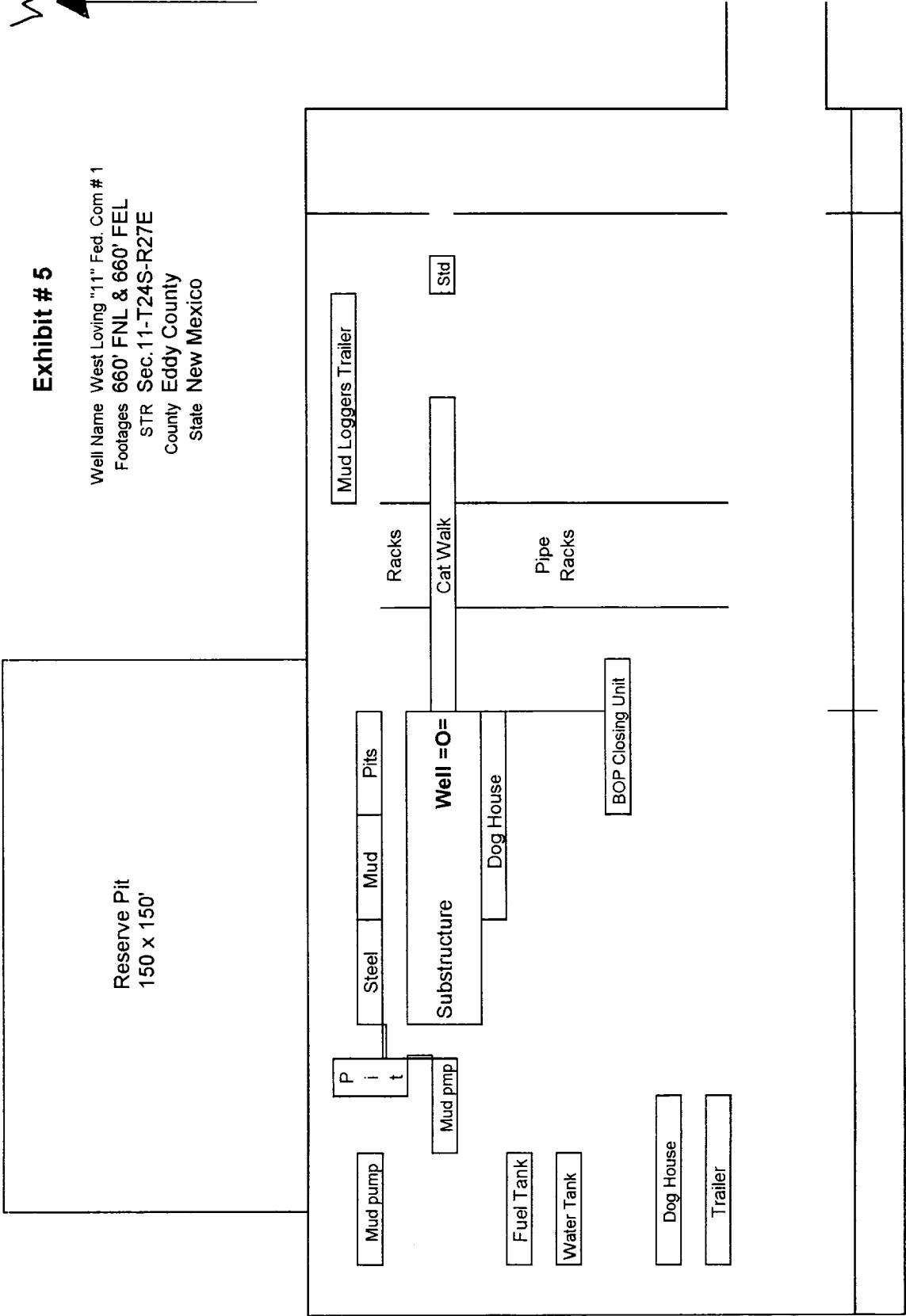


Exhibit # 5

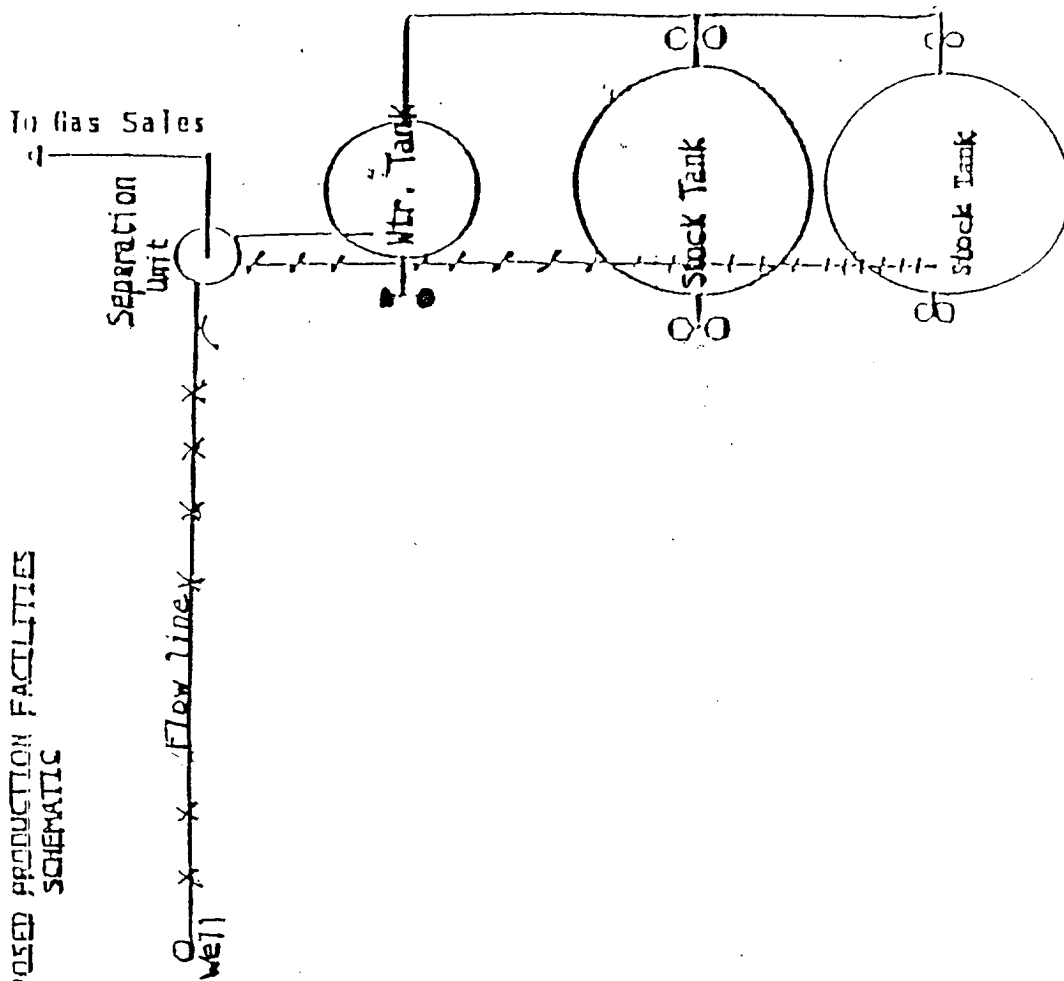
Well Name West Loving "11" Fed. Com # 1  
Footages 660' FNL & 660' FEL  
STR Sec. 11-T24S-R27E  
County Eddy County  
State New Mexico



Rig Location Schematic



# PROPOSED PRODUCTION FACILITIES SCHEMATIC



Mewbourne Oil Company

Exhibit #6

Proposed Production Facilities Schematic

West Loving "11" Federal Com # 1

660' FNL & 660' FEL

Sec.11; T24S; R27E

Eddy County NM

## **Hydrogen Sulfide Drilling Operations Plan**

### **Mewbourne Oil Company**

West Loving "11" Federal Com # 1

660' FNL & 660' FEL

Section 11- T24S-R27E

Eddy County, New Mexico

Lease Number NMNM-14473

#### **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.
- 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.

#### **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. 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.

**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 NMNM-14473

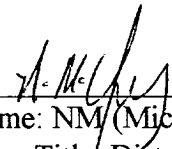
Legal Description of Land: Section 11, T24S, R27E, Eddy County, New Mexico. Location 660' FNL & 660' FEL of Section 11.

Formation (if applicable):

Bond Coverage: \$150,000

BLM Bond File: NM1693, Nationwide

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

  
Name: NM (Micky) Young  
Title: District Manager  
Date: June 10, 2002

**MEWBOURNE OIL COMPANY**

P.O. BOX 7698  
TYLER, TX 75711  
903-661-2908  
FAX 903-661-1515

October 23, 2002

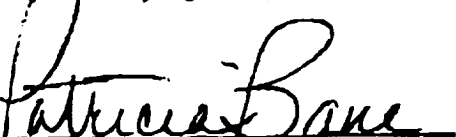
**CONTRACT OF RELEASE**

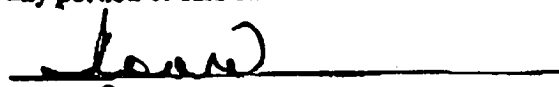
The undersigned Owner represents that he is the Owner of record of an interest in the surface and surface rights in and to the following described lands situated in the County of Eddy, State of New Mexico:

660' FNL & 660' FEL. Sec. 11, T24S, R27E

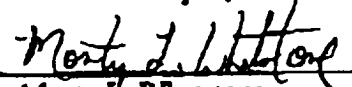
on which Mewbourne Oil Company proposes to drill the West Loving "11" Federal Com #1 well. For and in consideration of Ten Dollars and other good and valuable consideration, to be paid by Mewbourne Oil Company to Tom Moore within 15 days of receipt of this release, the sufficiency of which is hereby acknowledged as full and final payment for surface damages in constructing the wellsite location and 250 feet of road construction to the subject tract of land. This contract of release does not release Mewbourne Oil Company or any other party from liability for any other damages. If a pipeline is required, a fee of \$8/rod will be paid before construction.

For the same consideration, the Owner agrees to account to any other party who because of a possessory right may be entitled to receive any portion of said sum.

  
Witness

  
Owner

Mewbourne Oil Company

By   
Monty L. Whetstone  
Vice President, Operations

Address of Owner:

Tom Moore, Co-Trustee of the  
Moore Loyal Trust  
403 N. Marienfeld  
Midland, Texas 7970

Tax ID 75-6280-542

Tax I.D. 75-6280542