Form 3-3
(July 19..2)

N.M. Oil Cons. Division
811 S. 1st
ARTESIA

SUBMIT IN ICATE*
(Other inst. ns on reverse side)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

221

5. LEASE DESIGNATION AND SERIAL NO.: NMLC 029393B

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

1a. TYPE OF WORK: DRILL ☒ DEEPEN ☐

7. UNIT AGREEMENT NAME: 25868

b. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ OTHER — SINGLE ZONE ☒ MULTIPLE ZONE ☐

8. FARM OR LEASE NAME, WELL NO.: Fren "7" Federal Com. #2

2. NAME OF OPERATOR: Mewbourne Oil Company 14744

9. API WELL NO.: 30-015-31638

3. ADDRESS AND TELEPHONE NO.: P.O. Box 5270 Hobbs, NM 88241 (505) 393-5905

10. FIELD AND POOL, OR WILDCAT: North Shugart Morrow

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface
At proposed prod. zone: 660' FSL & 660' FEL Unit P

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec.7,T18S,R31E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 6 miles SE of Loco Hills

12. COUNTY OR PARISH: Eddy — 13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
660'	320	320

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	19. PROPOSED DEPTH	20. ROTARY OR CABLE TOOLS
271' (BoneSprings)	12200	Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3652' GL

22. APPROX. DATE WORK WILL START*: 01/10/01

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#	600'	400 sacks circulate to Surface
12-1/4"	J55, 9-5/8"	36#	4500'	1100 Sacks circulate to surface
8-3/4"	N80, 5-1/2"	17#	12,200'	600 sacks tie back into 9-5/8"

Mewbourne Oil Company proposes to drill a well sufficient to test the Morrow formation for Hydrocarbon production. If successful, 5 1/2" casing will be set to total depth. If the test proves to be noncommercial, the well will be plugged and abandoned in a manner consistent with regulations. Specific plans are presented in the following attachments.

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

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2000 DEC 14 A 11:22
OCD ARTESIA

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 N.M. Young TITLE N.M. Young District Manager DATE 12/11/00

(This space for Federal or State office use)

PERMIT NO. _____ 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:

/S/LARRY D. BRAY

APPROVED BY _____ TITLE _____ DATE _____

***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.

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

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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 Name	Well Number
	FREN 7 FEDERAL COM.	2

OGRID No.	Operator Name	Elevation
	MEWBOURNE OIL COMPANY	3652

Surface Location

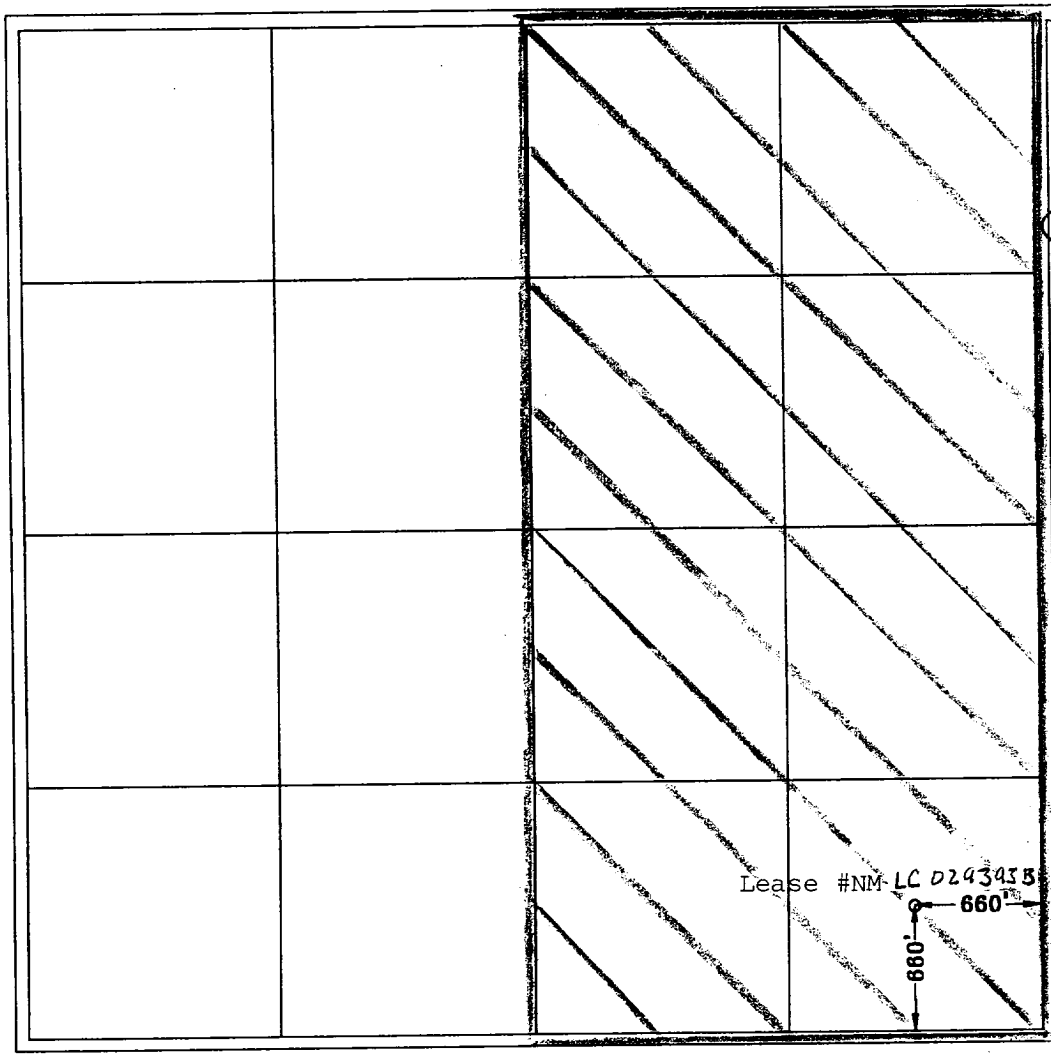
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	7	18S	31E		660	SOUTH	660	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify 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

December 11, 2000
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

12/06/2000
Date Surveyed

Signature & Seal of Professional Surveyor

HERSCHEL L. JONES
NEW MEXICO
REGISTERED PROFESSIONAL SURVEYOR
3640

Certificate No. Herschel L. Jones RLS 3640

FREN 2 DISK 36
GENERAL SURVEYING COMPANY

Drilling Program
Mewbourne Oil Company
Fren "7" Federal Com #2
660' FSL & 660' FEL
Section 7 - T18S - R31E
Eddy County, New Mexico

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

Yates	1886'
Queen	3022'
Penrose	3240'
San Andres	3724'
Delaware	4370'
Bone Spring	5121'
1st Bone Spring	7240'
2nd Bone Spring	7822'
3rd Bone Spring	8728'
Wolfcamp	9040'
Strawn	10626'
Atoka	10918'
Morrow	11470'

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. 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.

2 M system for intermediate hole,
3 M system for production hole,
- per Micky Young
12/20/2006

4. Proposed casing and cementing program:

A. Casing Program:

Hole Size	Casing	Wt/Ft.	Grade	Depth
17-1/2"	13-3/8"	48#	H40	0-600'
12-1/4"	9-5/8"	40#	J55	0-4500'
8-3/4"	5-1/2"	17#	N80	0-12200'

Minimum casing design factors: Collapse 1.2, Burst 1.10, Tensile strength 2.0

B. Cementing Program

i. Surface Casing: 200 sacks Class "C" light cement containing ½ #/sk cellophane flakes, 3% CaCl, 5 lbs/sack gilsonite. 200 sacks Class "C" penmen containing 3% CaCl.

ii. Intermediate Casing: 900 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:

Interval	Type System	Weight	Viscosity	Fluid Loss
0'-600'	FW spud mud	8.6-9.4	32-34	NA
600'-4500'	Brine water	10.0-10.2	28-30	NA
4500'-10700'	Cut brine water	8.8-9.2	28.30	NA
10700'-12200'	Cut brine water	9.2-9.8	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:	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:	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

Fren "7" Federal Com #2
660' FSL & 660' FEL
Section 7-T18S-R31E
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. Exhibit #3A is a topographic map showing the location of the proposed well and access road. Existing roads are highlighted in yellow and proposed roads are highlighted in green.

B. Directions to location: East from Loco Hills on Highway 82 to CR222. Turn South on CR222 and go 2.8 miles turn West go 3/10 mile, turn South go 2/10 miles, turn West go 3/4 mile, turn South go 2/10 mile, turn West go 3/10 mile, turn South go ½ mile, turn West go 2/10 mile, turn South go 3/10 mile, turn East go 2/10 mile continue through location and stay on main road as it turns back to the North. Continue North to next location and take new lease road into well.

2. Proposed Access Road:

A The access road will be built from an existing lease road approximately 200' West of the location pad and will enter the location pad from the Southwest 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:

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 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 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:

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

B. Through completion and production operations:

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

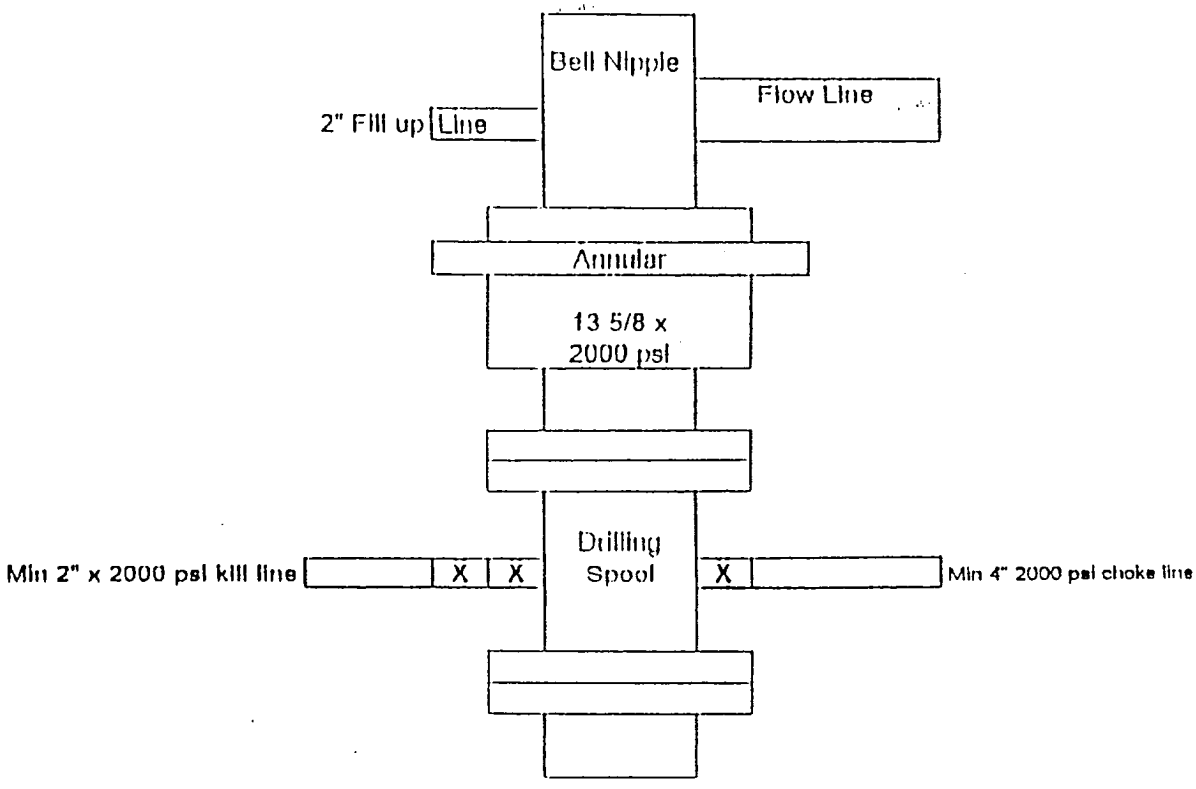
14. Certification

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: 12-11-00 Signature: N. M. Young

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

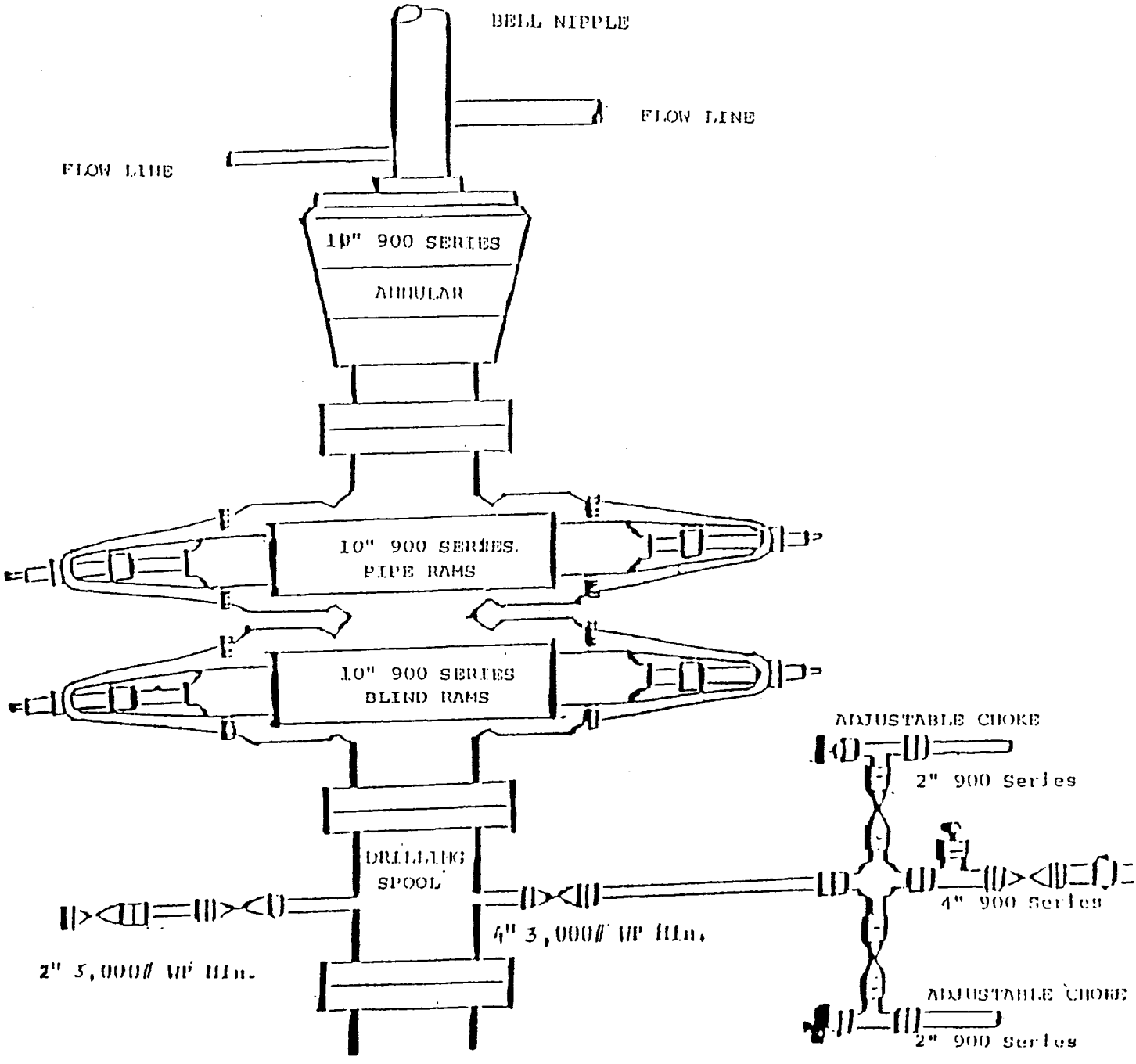
Mewbourne Oil Company
BOP Scematic for
12 1/4 Hole



Mewbourne Oil Company

Exhibit #2
Schematic of BOP for Intermediate Hole

Fren "7" Federal Com. #2
Sec.7;T18S;R28E
660' FSL & 660' FEL
Eddy County, NM



Mewbourne Oil Company

Exhibit #2A
Schematic of BOP for Production Hole

Fren "7" Federal Com. #2
Sec.7;T18S;R28E
660' FSL & 660' FEL
Eddy County, NM

Notes Regarding Blowout Preventer
Mewbourne Oil Company
Fren "7" Federal Com #2
660'FSL & 660' FEL
Section 7- T18S-R31E
Eddy County, New Mexico

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.

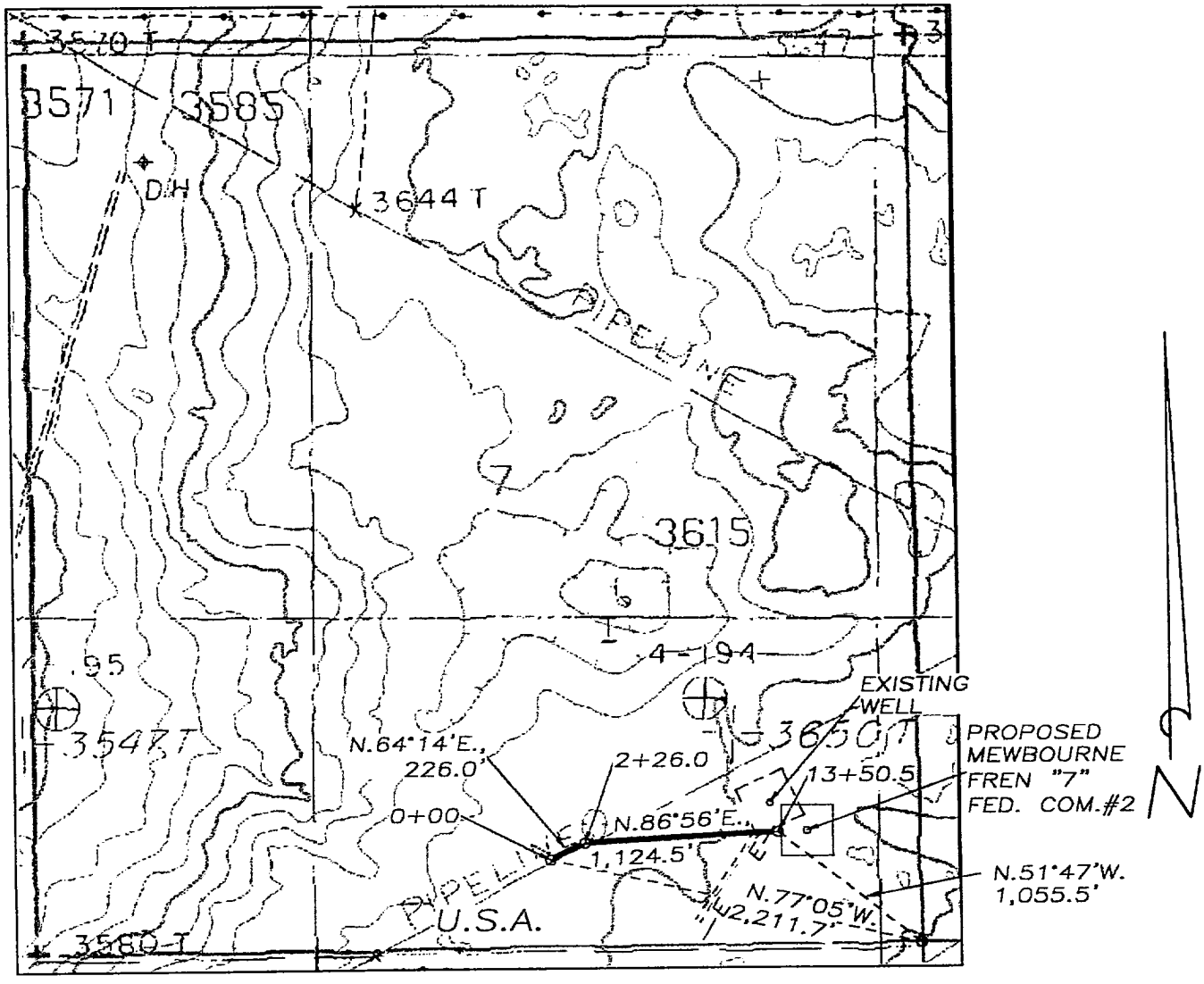
3. Safety valve must be available on the rig floor at all times with proper connections to install in the drill string. Valve must be full bore with minimum 2000 psi working pressure.

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 7, TOWNSHIP 18 S[illegible]ITH, RANGE 31 EAST, NMPM, ED[illegible] COUNTY, NEW MEXICO.



DESCRIPTION:
A PIPELINE RIGHT OF WAY 30 FEET WIDE AND 1,350.5 FEET IN LENGTH, BEING 15 FEET TO THE LEFT AND RIGHT OF THE SURVEY CENTERLINE AS SHOWN ON THIS PLAT.

1,350.5 FEET = 207.7692 RODS, 2.3610 ACRES OR 0.2558 MILES, MORE OR LESS.

Mewbourne Oil Company

Exhibit #3

Proposed LocationConstruction

Fren "7" Federal Com. #2
Sec.7;T18S;R28E
660' FSL & 660' FEL
Eddy County, NM

1000' 0 1000' 2000'
Scale 1" = 1000'

THE [illegible] 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
REGISTERED PROFESSIONAL LAND SURVEYOR

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

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

MEWBOURNE OIL COMPANY

PIPELINE TO CONNECT THE MEWBOURNE FREN "7" FEDERAL COM.#2 WELL LOCATED IN SECTION 7, TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 12/06/2000	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 12/07/00	Scale 1" = 1000' FREN 2

NDA-LAY
PIPE & RENTAL, INC.
OFFICE (505) 397-3984
FAX # (505) 393-1100

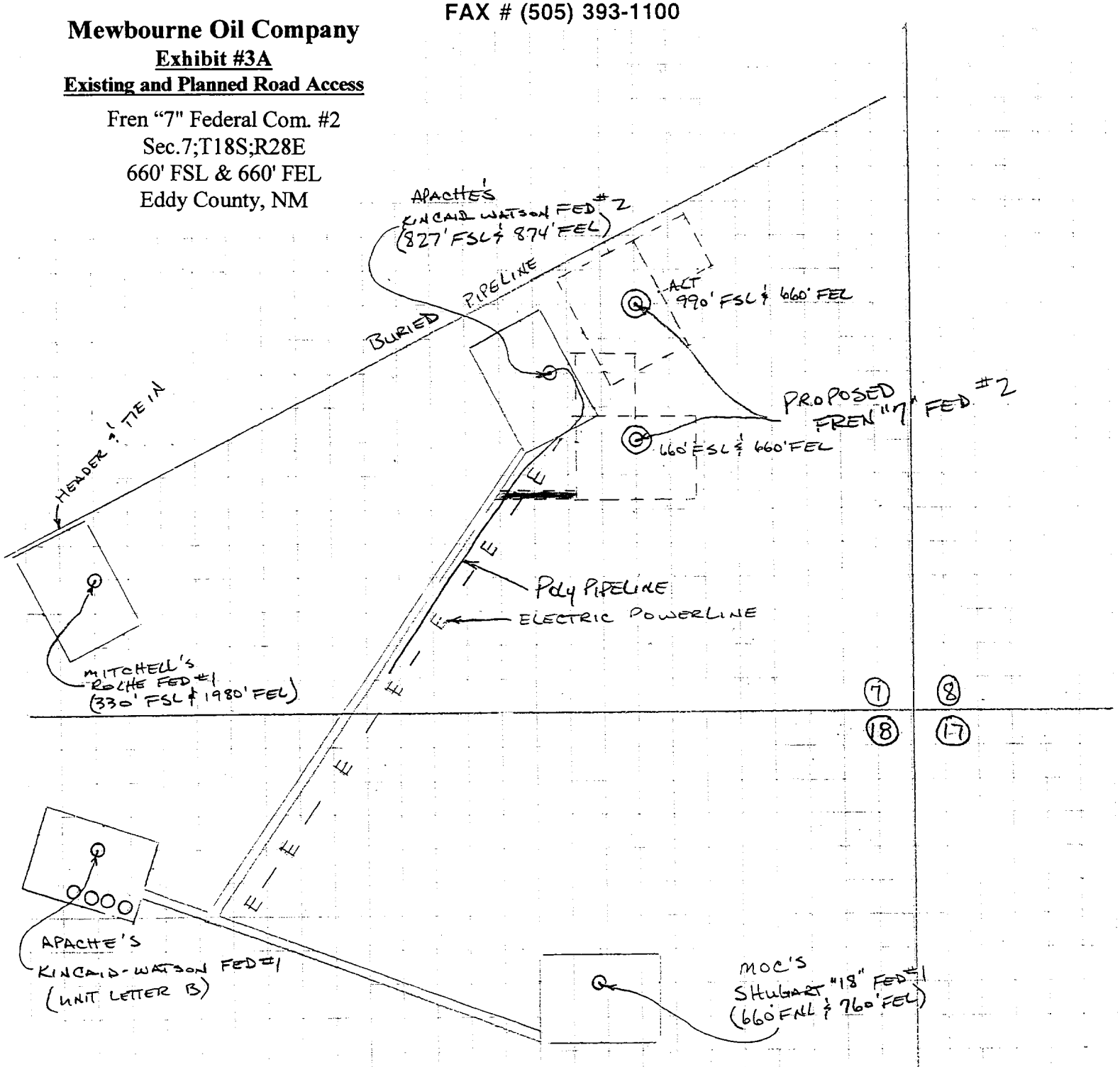
Date 12/7/2000

SCALE: 1/4" = 82.5'

Subject FREN "7" FED #2

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

Fren "7" Federal Com. #2
Sec.7;T18S;R28E
660' FSL & 660' FEL
Eddy County, NM



FCL 12/7/2000

Exhibit #4
Status of Wells in Immediate Vicinity
Mewbourne Oil Company
Fren 7 Federal Com #2
660' FSL & 660' FEL
Section 7 T-18S R-31E
Eddy County, New Mexico

Section 7-T18S-R31E

Operator: Mitchell Energy Corp.
Well Name: Allied "7" Fed #1
Unit Letter: G
Status: Producing oil well
Field: North Shugart Bone Spring

Operator: Mitchell Energy Corp.
Well Name: Allied "7" Fed #2
Unit Letter: A
Status: Producing oil well
Field: North Shugart Bone Spring

Operator: Mitchell Energy Corp.
Well Name: Allied "7" Fed #3
Unit Letter: B
Status: Producing oil well
Field: North Shugart Bone Spring

Operator: Mitchell Energy Corp.
Well Name: Allied "7" Fed #4
Unit Letter: H
Status: Producing oil well
Field: North Shugart Bone Spring

Section 5-T18S-R31E

Operator: Harvey E. Yates Co.
Well Name: Parker "5" Fed #1
Unit Letter: M
Status: Producing oil well
Field: North Shugart Bone Spring

Operator: Harvey E. Yates Co.
Well Name: Parker "5" Fed #2
Unit Letter: N
Status: Producing oil well
Field: North Shugart Bone Spring

Operator: Harvey E. Yates Co.
Well Name: Parker "5" Fed #3
Unit Letter: L
Status: Producing oil well
Field: North Shugart Bone Spring

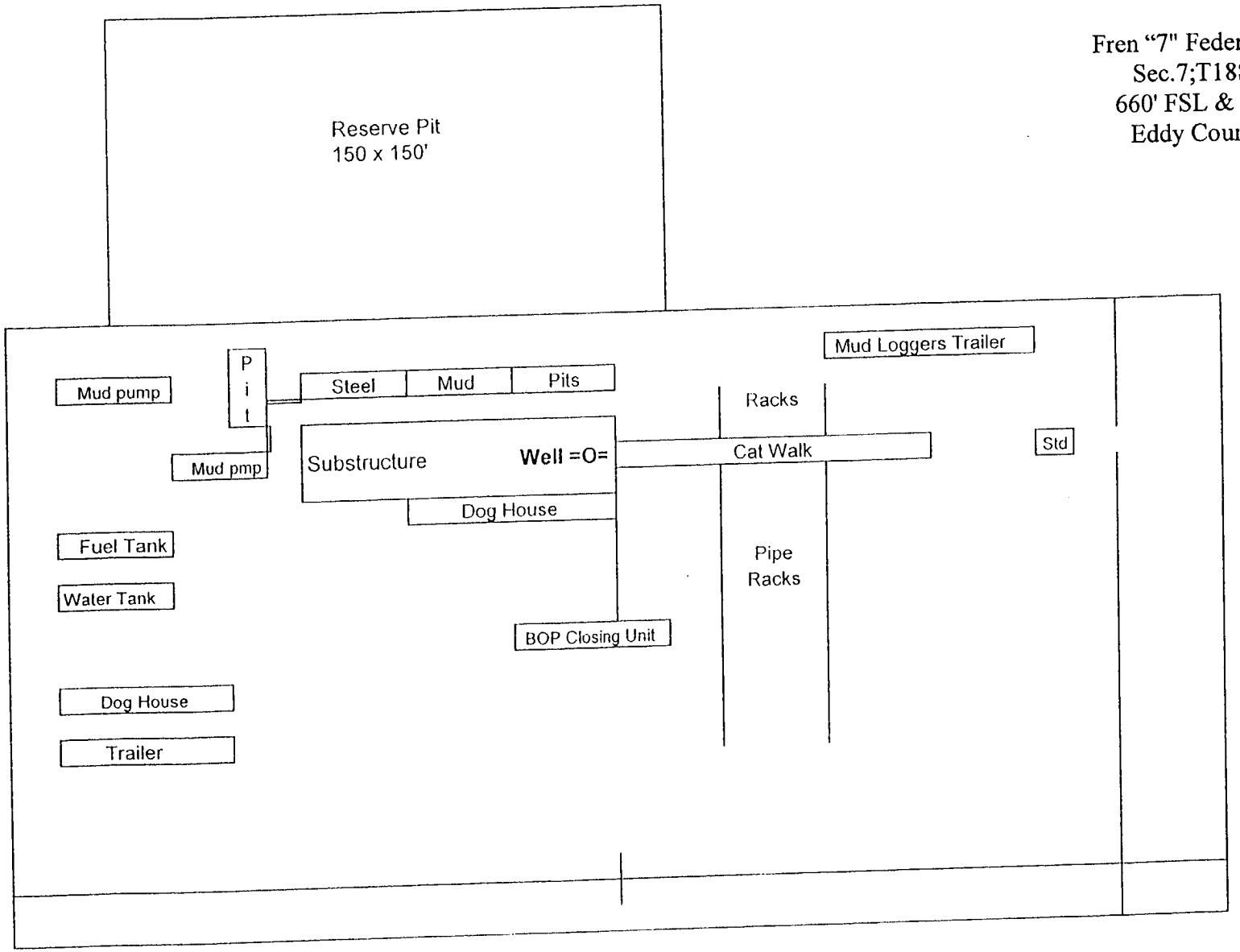
Operator: Harvey E. Yates Co.
Well Name: Parker "5" Fed #4
Unit Letter: K
Status: Producing oil well
Field: North Shugart Bone Spring

Operator: Harvey E. Yates Co.
Well Name: Parker "5" Fed #5
Unit Letter: N
Status: Producing oil well
Field: North Shugart Bone Spring

Mewbourne Oil Company

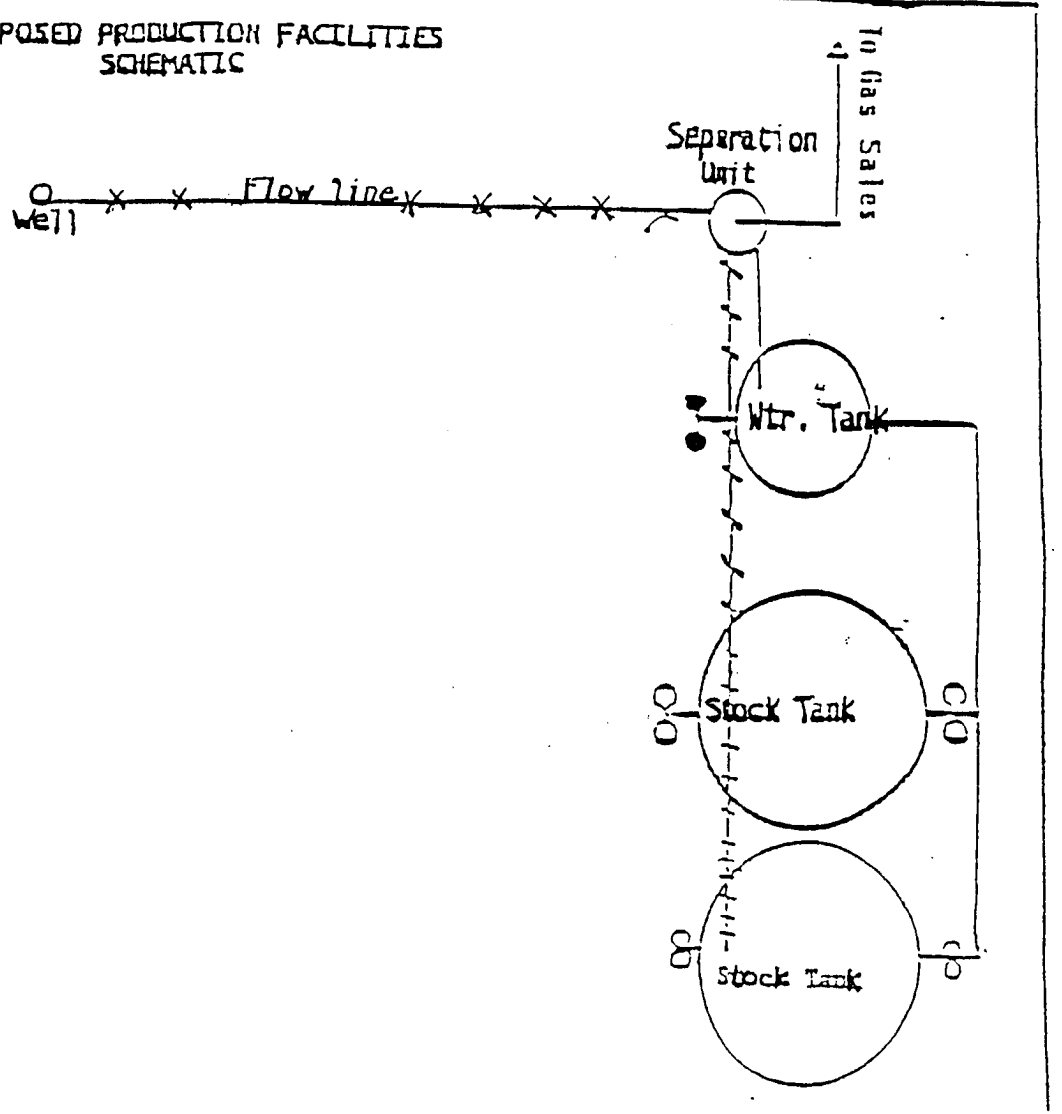
Mewbourne Oil Company
Exhibit #5
Proposed Drilling Rig Schematic

Fren "7" Federal Com. #2
Sec.7;T18S;R28E
660' FSL & 660' FEL
Eddy County, NM



Rig Location Schematic

PROPOSED PRODUCTION FACILITIES
SCHEMATIC



Flow line

Oil Dump Line -
Water line

Non sealing valve

Sealing Valve

Mewbourne Oil Company

Exhibit #6
Proposed Production Facilities Schematic

Fren "7" Federal Com. #2
Sec.7;T18S;R28E
660' FSL & 660' FEL
Eddy County, NM

Hydrogen Sulfide Drilling Operations Plan

Mewbourne Oil Company
Fren "7" Federal Com #2
660' FSL & 660' FEL
Section 7- T18S-R31E
Eddy County, New Mexico

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 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. 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-680393~~ NMLC 029393 B
Legal Description of Land:	Section 7, T18S, R31E, Eddy County, New Mexico. Location 660' FSL & 660' FEL of Section 7.
Formation (if applicable):	
Bond Coverage:	$150,000
BLM Bond File:	NM1693, Nationwide

Authorized Signature: _____

Name: NM (Micky) Young
Title: District Manager
Date: Dec.11, 2000