

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTSUBMIT IN THIS DATE
(Other instructions on
reverse side)FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒DEEPEN ☐

b. TYPE OF WELL

OIL
WELL ☒GAS
WELL ☐

OTHER

SINGLE
ZONE ☒MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Mewbourne Oil Company

3. ADDRESS AND TELEPHONE NO.

P.O. Box 5270 Hobbs, NM 88241 (505) 393-5905

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
At surface

At proposed prod. zone

330' FSL & 990' FEL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

6 miles SE of Loco Hills

15. DISTANCE FROM PROPOSED*
LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT
(Also to nearest drg. unit line, if any)

330'

16. NO. OF ACRES IN LEASE

320

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

1320'

19. PROPOSED DEPTH

8300

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3624'

22. APPROX. DATE WORK WILL START*

02/26/01

23.

PROPOSED CASING AND CEMENTING PROGRAM

Capitan Controlled Water Basin

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, 8-5/8"	36#	2000'	600 Sacks circulate to surface
7-7/8"	N80, 5-1/2"	17#	8300'	600 sacks tie back into 8-5/8"

Mewbourne Oil Company proposes to drill a well sufficient to test the Bone Springs 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) Map of Planned Pipe line and Electric Line ROW (Exhibit 3B)
- 7) List of Offset Wells (Exhibit 4)
- 8) Proposed Drilling Rig Layout (Exhibit 5)
- 9) Proposed Production Facilities Layout (Exhibit 6)
- 10) Hydrogen Sulfide Contingency Plan (Exhibit 7)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

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

TITLE Terry Burke, Drilling Foreman

DATE 01/29/01

(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:

APPROVED BY

/s/ LESLIE A. THEISS

TITLE

FIELD MANAGER

DATE

MAY 30 2001

*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 I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Bravos Rd., Artec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87604-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

P.O. BOX 2088, SANTA FE, N.M. 87604-2088		WELL LOCATION NAME	
API Number		Pool Code	Pool Name
Property Code	Property Name SHUGART 18 FEDERAL		Well Number 4
OGRID No.	Operator Name MEWBOURNE OIL CO.		Elevation 3624'

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	18	18-S	31 E		330	SOUTH	990	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 40	Joint or Infill	Consolidation Code	Order No.						

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

OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE BOARD OF SURVEYORS

The figure is a survey plat divided into four horizontal sections representing different lots:

- LOT 1:** 34.49 AC
- LOT 2:** 34.59 AC
- LOT 3:** 34.69 AC
- LOT 4:** 34.79 AC

In the center-right area, there is a rectangular detail labeled "DETAIL" with corner coordinates: 3620.5, 3628.5, 3620.7, and 3629.1. Below this, it says "Lease #NMLC-029393B".

A well location is indicated by a point with dimensions: 2310' from the left boundary and 990' from the right boundary. A smaller dimension of 330' is shown near the well point.

Handwritten notes include "MOC Stugert 18 Feb 02" with an arrow pointing to a specific location on the lot boundary.

There are several official stamps and signatures:

- A circular stamp at the top center reads "RECEIVED OCT - ARTESIA" with a date range "17 18 19 20 21 22 23 24 25 26 27 28 29 30 31".
- An "OPERATOR CERTIFICATION" section contains a signature of Terry Burke, dated January 26, 2001, as Drilling Foreman.
- A "SURVEYOR CERTIFICATION" section contains a signature of Ronald J. Eidson, dated JANUARY 19, 2001, as Professional Surveyor.
- A seal for "RONALD J. EIDSON" is visible, along with the number "01-11-0075".
- The bottom right corner shows "Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12641".

Drilling Program
Mewbourne Oil Company
Shugart "18" Federal # 4
330' FSL & 990' FE:L
Section 18- T18S-R31E
Eddy County, New Mexico
Lease Number NMLC-029393B

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

Yates	1909'
Queen	3067'
Penrose	3320'
San Andres	3870'
Delaware	4496'
Bone Spring	5714'
1 st Bone Spring	7360'
2 nd Bone Spring	7942'

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.

Drilling Program

Mewbourne Oil Company

Shugart "18" Federal # 4

Page 2

4. Proposed casing and cementing program:

A. Casing Program:

<u>Hole Size</u>	<u>Casing</u>	<u>Wt/Ft.</u>	<u>Grade</u>	<u>Depth</u>
17-1/2"	13-3/8"	48#	H40	0-600'
12-1/4"	8-5/8"	32#	J55	0-2000'
7-7/8"	5-1/2"	17#	N80	0-8300'

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: 400 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'-600'	FW spud mud	8.6-9.4	32-34	NA
600'-2000'	Brine water	10.0-10.2	28-30	NA
2000'-7000'	Cut brine water	8.8-9.2	28.30	NA
7000'-8300'	Cut brine water	9.2-9.4	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

Shugart "18" Federal # 4

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 25 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

Shugart "18" Federal # 4
330' FSL & 990' FEL
Section 18-T18S-R31E
Eddy County, New Mexico
Lease Number NMLC-029393B

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 approximately 5 miles turn south on Eddy County Road #222 (Shugart Road). Go south approximately 5 miles and turn (west) right on caliche road. Go West 1.5 miles to a Y in road stay to the left and continue 1/10 mile. Turn South and follow main road as it bends East 1.2 miles. Turn South into our location Shugart "18" Federal #2 and continue East for another 1/4 mile into new location.

2. Proposed Access Road:

- A. The access road will be built from an existing lease road approximately 1320' feet 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:

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MEWBOURNE OIL COMPANY

Shugart "18" Federal # 4

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 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 ELM 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

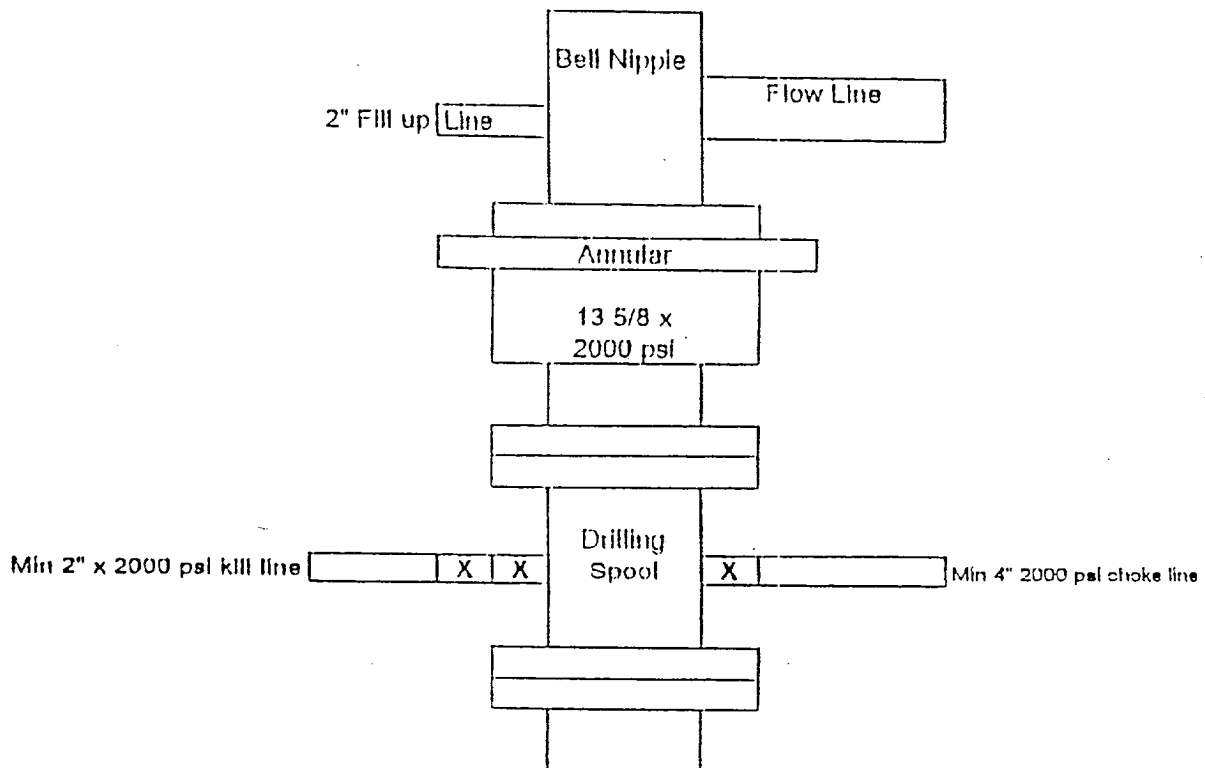
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and the work associated with 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: 1-22-01

Signature: Terry Burke

Terry Burke, Drilling Foreman
Mewbourne Oil Company
PO Box 5270
Hobbs, NM 88241
(505) 393-5905

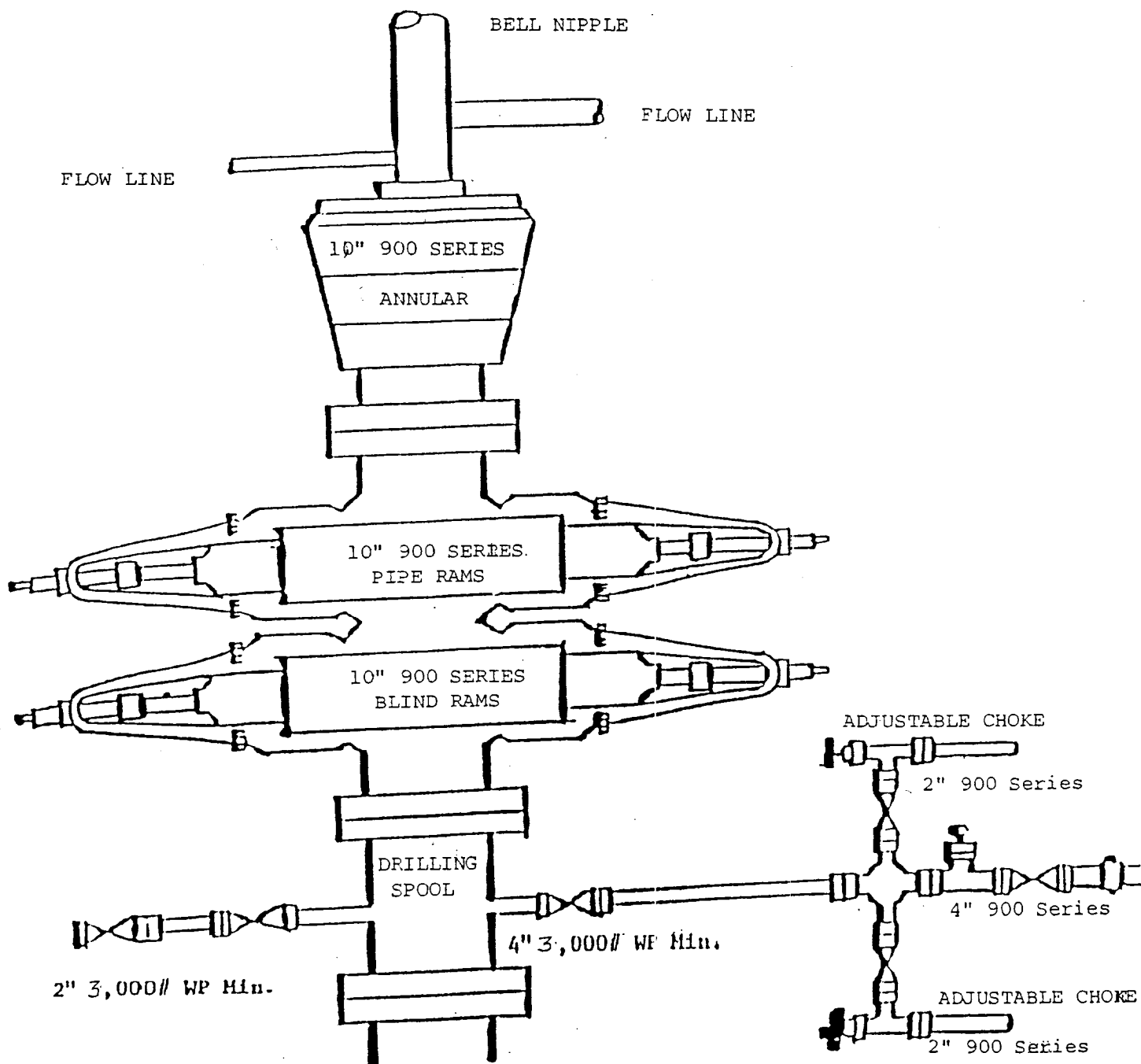
Mewbourne Oil Company
BOP Schematic for
12 1/4 Hole



Mewbourne Oil Company

Exhibit #2
Schematic of BOP for Intermediate Hole

Shugart "18" Federal # 4
330' FSL & 990' FEL
Sec.18;T18S;31E
Eddy County, NM



Shugart "18" Federal # 4
 330' FSL & 990' FEL
 Sec.18;T18S;31E
 Eddy County, NM

Notes Regarding Blowout Preventer

Mewbourne Oil Company

Shugart "18" Federal # 4

330' FSL & 990' FEL

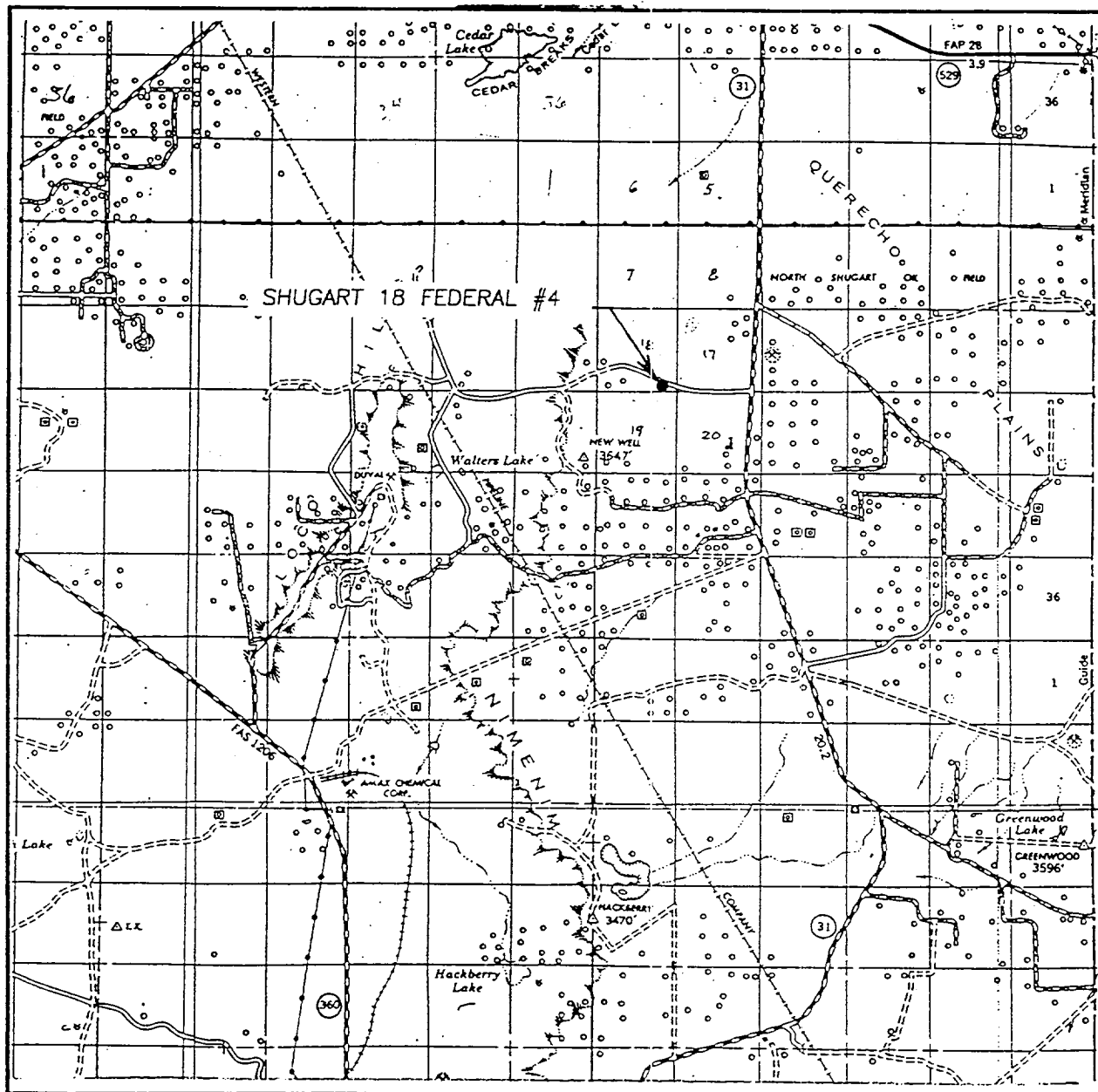
Section 18- T18S-R31E

Eddy County, New Mexico

Lease Number NMLC-029393B

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.

VICINITY MAP



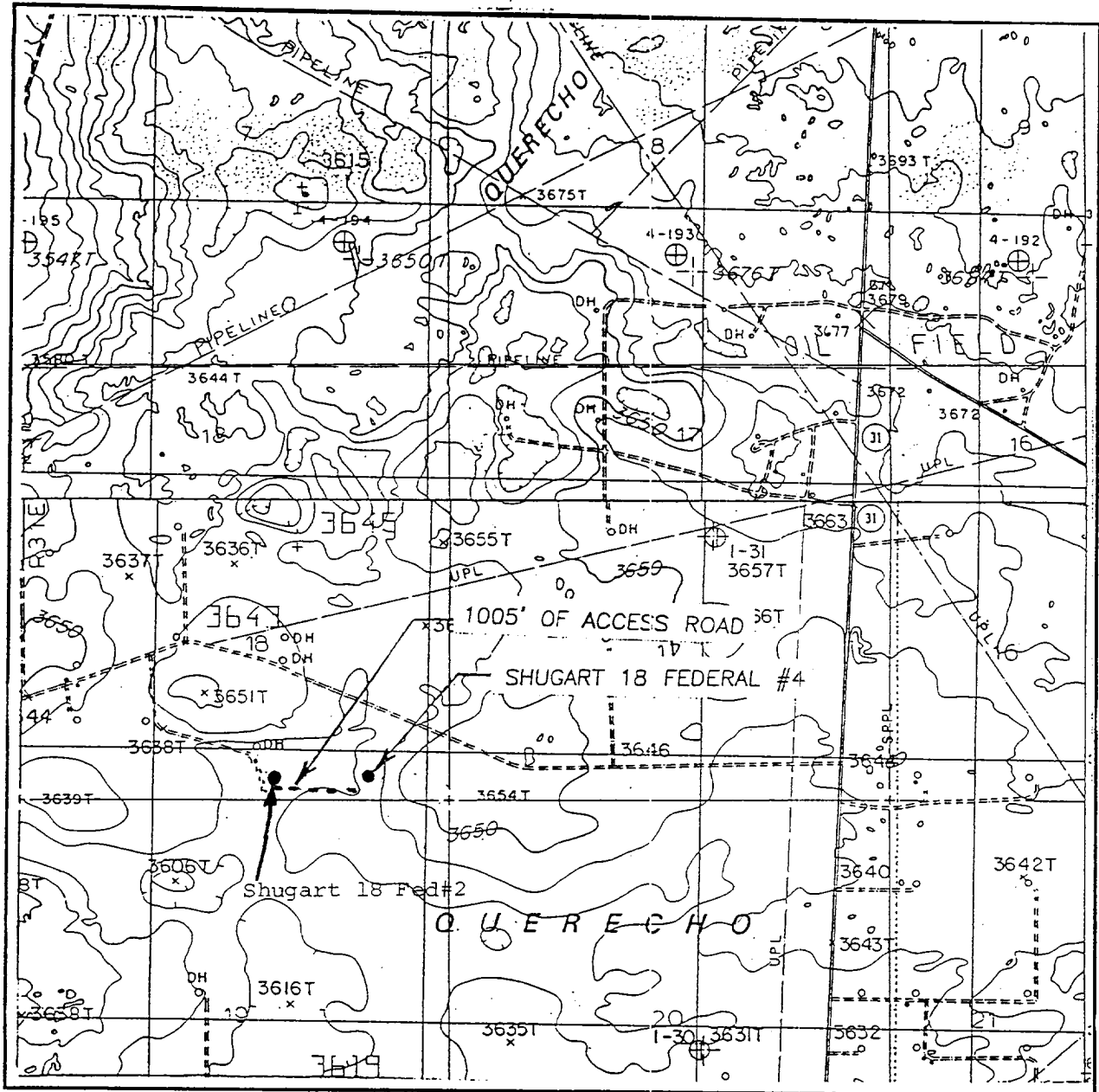
SCALE: 1" = 2 MILES

SEC. 18 TWP. 18-S RGE. 31-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 330' FSL & 990' FEL
 ELEVATION 3624'
 OPERATOR MEWBOURNE OIL CO.
 LEASE SHUGART 18 FEDERAL

Mewbourne Oil Company
Exhibit #3
Proposed Location Construction

Shugart "18" Federal #4
 330' FSL & 990' FEL
 Sec. 18; T18S; R31E
 Eddy County, NM

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'
LOCO HILLS, HACKBERRY LAKE, N.M.

SEC. 18 TWP. 18-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 330' FSL & 990' FEL

ELEVATION 3624'

OPERATOR MEWBOURNE OIL CO.

LEASE SHUGART 18 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP

LOCO HILLS, HACKBERRY LAKE N.M.

Mewbourne Oil Company

Exhibit #3A

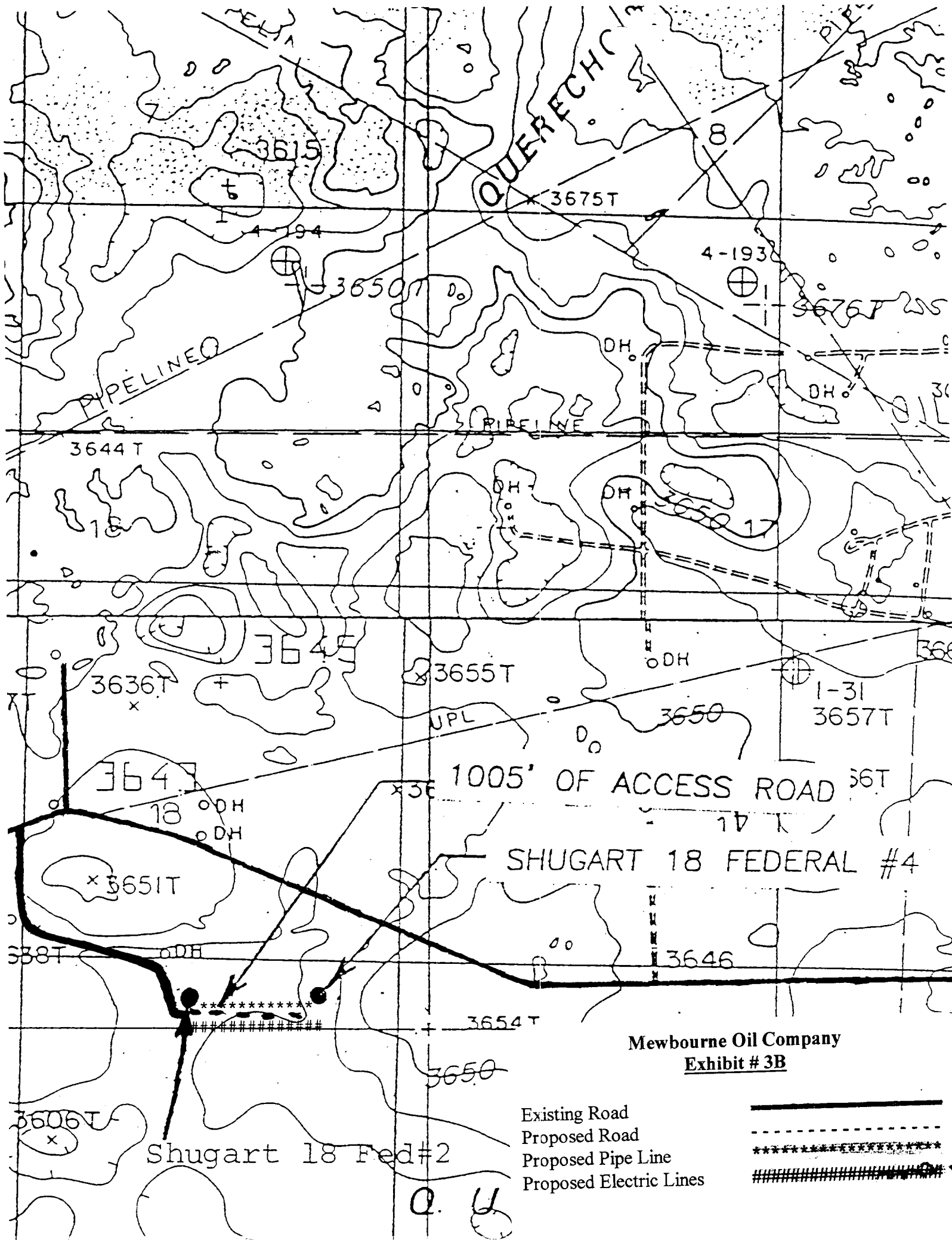
Existing and Planned Road Access

Shugart "18" Federal # 4

330' FSL & 990' FEL

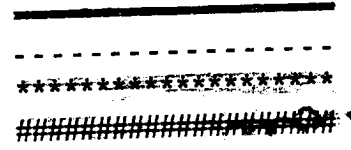
Sec.18;T18S;31E

Eddy County, NM



Mewbourne Oil Company
Exhibit # 3B

Existing Road
Proposed Road
Proposed Pipe Line
Proposed Electric Lines



Q. U

Exhibit #4

Status of Wells in Immediate Vicinity

Mewbourne Oil Company

Shugart "18" Federal # 4

330' FSL & 990' FEL

Section 18 T-18S R-31E

Eddy County, New Mexico

Lease # NMLC-029393B

Section 18 T-18S R-31E

Operator: Mewbourne Oil Company

Well Name: Shugart "18" Federal #1

Unit letter: A

Status: Producing

Field: North Shugart Morrow

Operator: Mewbourne Oil Company

Well Name: Shugart "18" Federal #2

Unit letter: O

Status: Producing

Field: North Shugart Bone Springs

Section 8 T-18S R-31E

Operator: Mewbourne Oil Company

Well Name: Fren 8 Federal Comm #1

Unit letter: D

Status: Producing

Field: North Shugart Morrow

Operator: Harvey E. Yates Company

Well Name: Arco 8 Federal #1

Unit letter: K

Status: Producing

Field: North Shugart Bone Springs

Operator: Harvey E. Yates Company

Well Name: Arco 8 Federal #4

Unit letter: N

Status: Producing

Field: North Shugart Bone Springs

Operator: Harvey E. Yates Company
Well Name: Arco 8 Federal #5
Unit letter: L
Status: Producing
Field: North Shugart Bone Springs

Operator: Harvey E. Yates Company
Well Name: PMS 8 Federal #1
Unit letter: A
Status: Producing
Field: North Shugart Bone Springs

Operator: Harvey E. Yates Company
Well Name: PMS 8 Federal #2
Unit letter: C
Status: Producing
Field: North Shugart Bone Springs

Operator: Harvey E. Yates Company
Well Name: PMS 8 Federal #3
Unit letter: E
Status: Producing
Field: North Shugart Bone Springs

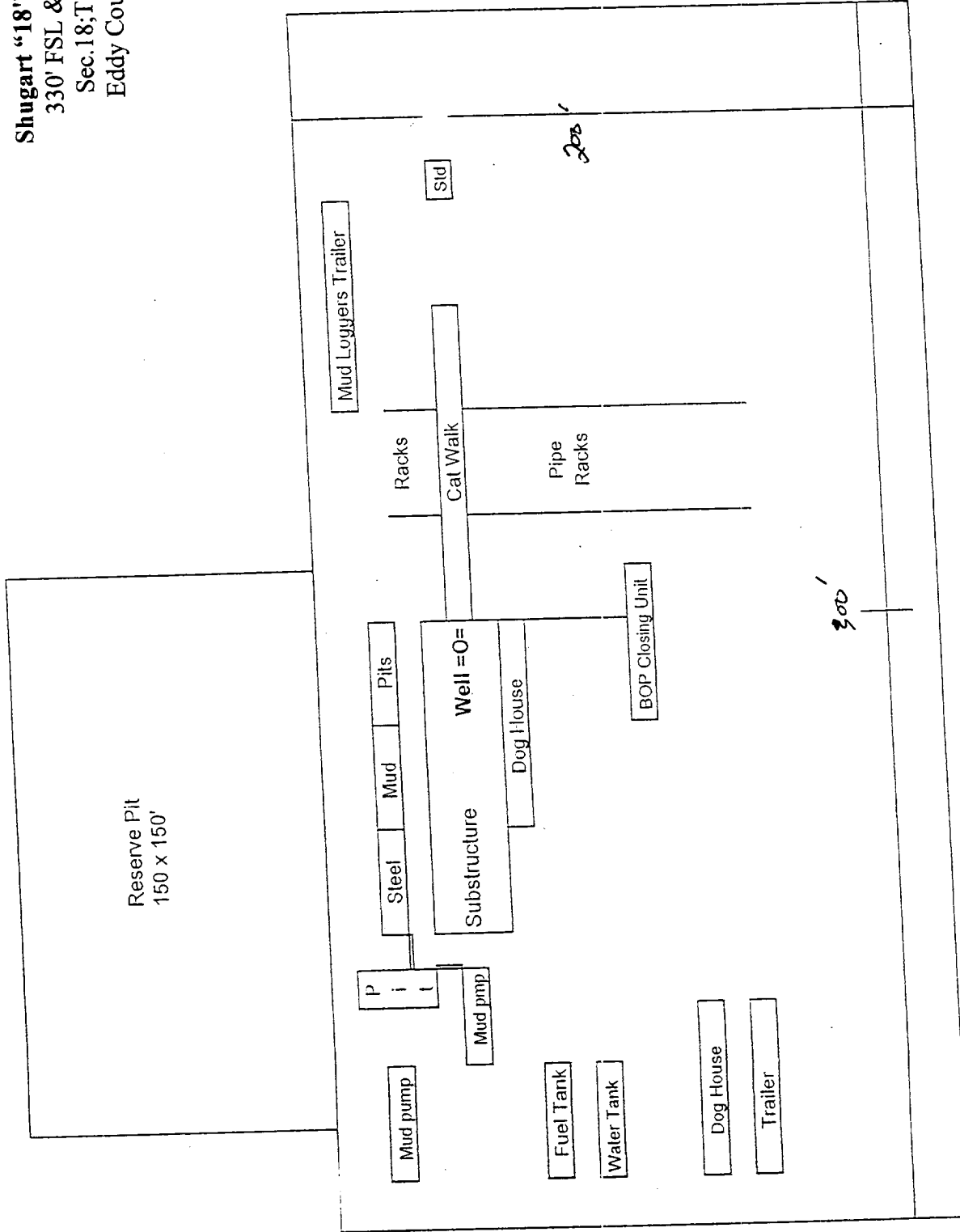
Operator: Harvey E. Yates Company
Well Name: PMS 8 Federal #4
Unit letter: G
Status: Producing
Field: North Shugart Bone Springs

Operator: Harvey E. Yates Company
Well Name: Arco 8 Federal #2
Unit letter: J
Status: Producing
Field: North Shugart Bone Springs

Mewbourne Oil Company
 Exhibit #5
 Proposed Drilling Rig Schematic

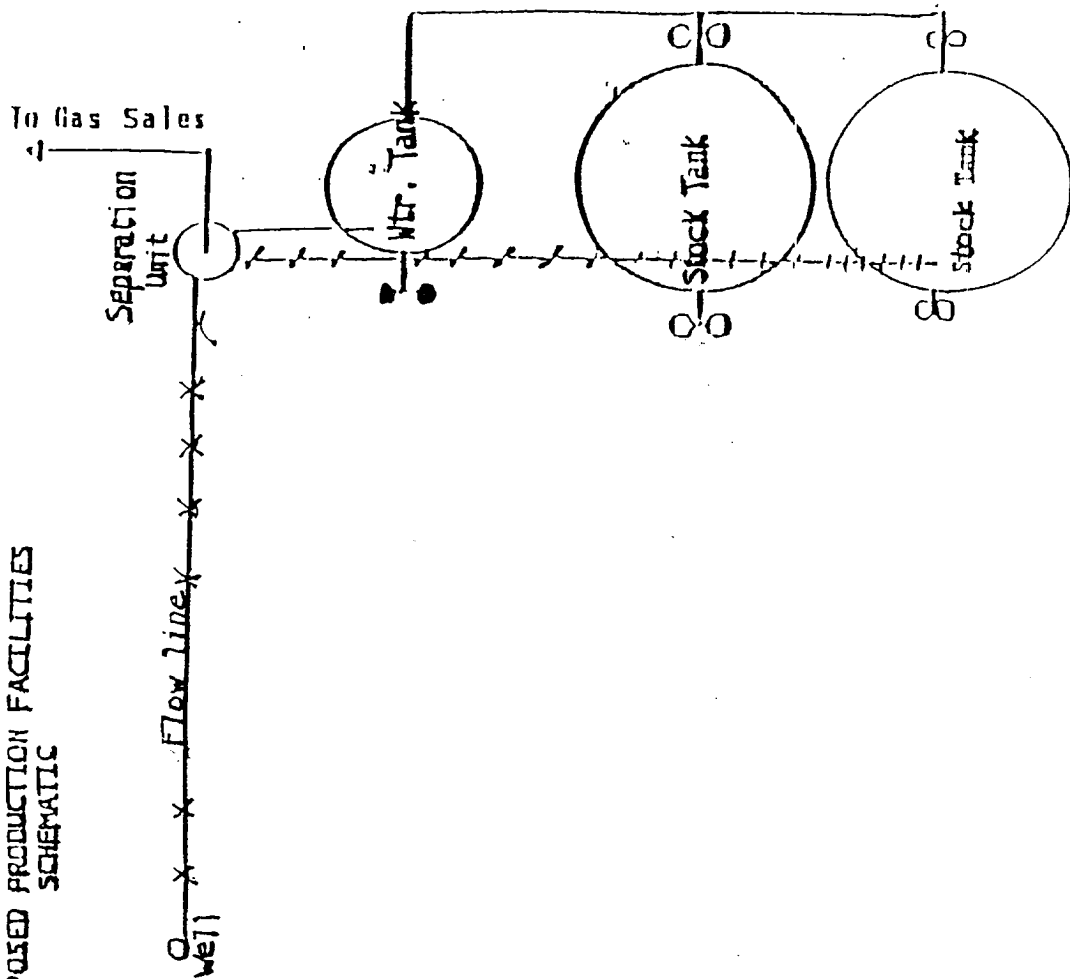
Mewbourne Oil Company

Shugart "18" Federal # 4
 330' FSL & 990' FEL
 Sec. 18; T18S; 31E
 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

Shugart "18" Federal # 4
330' FSL & 990' FEL
Sec. 18; T18S; 31E
Eddy County, NM

Hydrogen Sulfide Drilling Operations Plan

Mewbourne Oil Company

Shugart "18" Federal # 4

330 'FSL & 990' FEL

Section 18- T18S-R31E

Eddy County, New Mexico

Lease Number NMLC-029393B

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.

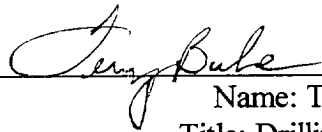
Lease Number: Lease Number NMLC-029393B

Legal Description of Land: Section 18, T18S, R31E, Eddy County, New Mexico. Location 330' FSL & 990' FEL of Section 18.

Formation (if applicable):

Bond Coverage: \$150,000

BLM Bond File: NM1693, Nationwide

Authorized Signature: 
Name: Terry Burke
Title: Drilling Foreman
Date: January 26, 2001