

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address MEWBOURNE OIL CO PO BOX 5270 HOBBS , NM 88241		2. OGRID Number 14744
		3. API Number 30-025-38492
4. Property Code 36669	5. Property Name PEARL 26	6. Well No. 002

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
F	26	19S	35E	F	1980	N	1980	W	LEA

8. Pool Information

PEARL,BONE SPRING, SOUTH	49685
--------------------------	-------

Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type Private	13. Ground Level Elevation 3708
14. Multiple N	15. Proposed Depth 10900	16. Formation Morrow	17. Contractor	18. Spud Date 2/1/2007
Depth to Ground water 42		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ miles thick Clay <input type="checkbox"/> Pit Volume: 24000 bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	500	650	0
Int1	12.25	8.625	32	3500	1500	0
Prod	7.875	5.5	17	10900	1850	3000

Casing/Cement Program: Additional Comments

MOC proposes to drill & test the Bone Spring & intermediate formations. H2S rule 118 does not apply because MOC has researched this area & no high concentrations were found. Will have on location & working all H2S safety equipment before Queens formation for safety & insurance purposes. If commercial, production casing will be run & cemented. Will perforate & stimulate as needed for production.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	5000	5000	Schaffer or equivalent

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/>. Printed Name: Electronically filed by Monty Whetstone Title: Vice President Operations Email Address: prodmgr@mewbourne.com Date: 8/16/2007	OIL CONSERVATION DIVISION	
	Approved By: Chris Williams	
	Title: District Supervisor	
	Approved Date: 8/17/2007	Expiration Date: 8/17/2008
	Conditions of Approval Attached	

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
 Permit 59212

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-38492	2. Pool Code 49685	3. Pool Name PEARL BONE SPRING, SOUTH
4. Property Code 36669	5. Property Name PEARL 26	6. Well No. 002
7. OGRID No. 14744	8. Operator Name MEWBOURNE OIL CO	9. Elevation 3708

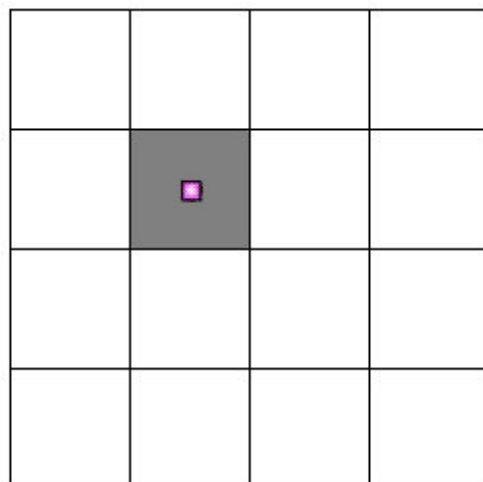
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
F	26	19S	35E		1980	N	1980	W	LEA

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00		13. Joint or Infill		14. Consolidation Code		15. 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



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Monty Whetstone
 Title: Vice President Operations
 Date: 8/16/2007

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 supervision, and that the same is true and correct to the best of my belief.

Surveyed By: Gary Jones
 Date of Survey: 5/31/2007
 Certificate Number: 7977

Permit Comments

Operator: MEWBOURNE OIL CO , 14744

Well: PEARL 26 #002

API: 30-025-38492

Created By	Comment	Comment Date
NMYOUNG	Mud Program: 0-500' Fresh water, spud mud. 500'-3500' Fresh water, spud mud. Go to brine after entering Rustler. 3500'-TD Cut Brine with sweeps. LCM for seepage.	8/16/2007

Permit Conditions of Approval

Operator: MEWBOURNE OIL CO , 14744

Well: PEARL 26 #002

API: 30-025-38492

OCD Reviewer	Condition
DMULL	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines