

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-8161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-8178 Fax:(505) 334-8170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3482

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

Form C-101
August 1, 2011
Permit 205349

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 |
| 4. Property Code 314900 | | 3. API Number 30-025-42617 |
| 5. Property Name PEPPER RIDGE 15 A3DM FEE | | 6. Well No. 001H |

7. Surface Location

| | | | | | | | | | |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
| D | 15 | 26S | 33E | D | 195 | N | 330 | W | Lea |

8. Proposed Bottom Hole Location

| | | | | | | | | | |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
| M | 15 | 26S | 33E | M | 330 | S | 330 | W | Lea |

9. Pool Information

| | |
|-----------------------------------|-------|
| RED HILLS;UPPER BONE SPRING SHALE | 97900 |
|-----------------------------------|-------|

Additional Well Information

| | | | | |
|---------------------------|-----------------------------|--|---------------------------|------------------------------------|
| 11. Work Type New Well | 12. Well Type OIL | 13. Cable/Rotary | 14. Lease Type Private | 15. Ground Level Elevation 3296 |
| 16. Multiple N | 17. Proposed Depth 14380 | 18. Formation Bone Spring | 19. Contractor | 20. Spud Date 6/22/2015 |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

☒ We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|--------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 17.5 | 13.375 | 48 | 926 | 680 | 0 |
| Int1 | 12.25 | 9.625 | 40 | 4883 | 975 | 0 |
| Prod | 8.75 | 7 | 26 | 10210 | 670 | 4683 |
| Liner1 | 6.125 | 4.5 | 13.5 | 14380 | 205 | 9310 |

Casing/Cement Program: Additional Comments

MOC proposed to drill & test the Bone Springs formation. H2S rule 118 does not apply because MOC has researched the area & no high concentrations were found. Will have on location & working all H2S safety equipment before Yates formation for safety & insurance purposes. Will stimulate as needed for production.

22. Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Annular | 2000 | 1500 | Schaffer |
| Double Ram | 3000 | 3000 | Schaffer |
| Annular | 3000 | 1500 | Schaffer |

| | |
|---|--|
| 23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable. Signature: _____ Printed Name: Electronically filed by Monty Whetstone Title: Vice President Operations Email Address: prodmgr@mewbourne.com Date: 6/2/2015 | OIL CONSERVATION DIVISION Approved By: Paul Kautz Title: Geologist Approved Date: 6/4/2015 Expiration Date: 6/4/2017 Conditions of Approval Attached |
| Phone: 903-561-2900 | |

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Form C-102
August 1, 2011
Permit 205349

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------------------|--|---|
| 1. API Number 30-025-42617 | 2. Pool Code 97900 | 3. Pool Name RED HILLS;UPPER BONE SPRING SHALE |
| 4. Property Code 314900 | 5. Property Name PEPPER RIDGE 15 A3DM FEE | 6. Well No. 001H |
| 7. OGRID No. 14744 | 8. Operator Name MEWBOURNE OIL CO | 9. Elevation 3296 |

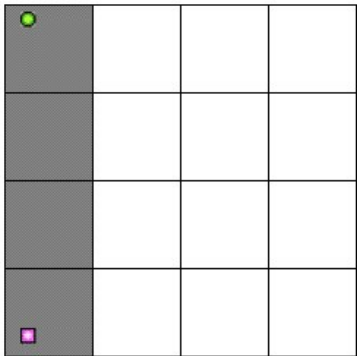
10. Surface Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|--------------|------------------|---------------|------------------|---------------|---------------|
| UL - Lot D | Section 15 | Township 26S | Range 33E | Lot Idn D | Feet From 195 | N/S Line N | Feet From 330 | E/W Line W | County Lea |
|---------------|---------------|-----------------|--------------|--------------|------------------|---------------|------------------|---------------|---------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------------------|---------------------|-----------------|------------------------|--------------|------------------|---------------|------------------|---------------|---------------|
| UL - Lot M | Section 15 | Township 26S | Range 33E | Lot Idn M | Feet From 330 | N/S Line S | Feet From 330 | E/W Line W | County Lea |
| 12. Dedicated Acres 160.00 | 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

| | |
|---|---|
|  | <p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>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.</i></p> <p>E-Signed By: Monty Whetstone Title: Vice President Operations Date: 6/2/2015</p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Surveyed By: Robert Howett Date of Survey: 5/14/2015 Certificate Number: 19680</p> |
|---|---|

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Energy, Minerals and Natural Resources
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Santa Fe, NM 87505

Form APD Comments

Permit 205349

PERMIT COMMENTS

| | |
|--|---|
| Operator Name and Address: MEWBOURNE OIL CO [14744] PO Box 5270 Hobbs, NM 88241 | API Number: 30-025-42617 |
| | Well: PEPPER RIDGE 15 A3DM FEE #001H |

| | | |
|------------|---------|--------------|
| Created By | Comment | Comment Date |
|------------|---------|--------------|

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Form APD Conditions

Permit 205349

PERMIT CONDITIONS OF APPROVAL

| | |
|--|---|
| Operator Name and Address: MEWBOURNE OIL CO [14744] PO Box 5270 Hobbs, NM 88241 | API Number: 30-025-42617 |
| | Well: PEPPER RIDGE 15 A3DM FEE #001H |

| OCD Reviewer | Condition |
|-----------------|--|
| dmull | Will require a directional survey with the C-104 |
| dmull | Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string |
| pkautz | If using a pit for drilling and completion operations, must have an approved pit from prior to spudding the well. |
| pkautz | 1) SURFACE & INTERMEDIATE CASING - Cement must circulate to surface -- 2) PRODUCTION CASING - Cement must tie back into intermediate casing -- 3) Liner -- Cement must tie back into production casing |
| pkautz | If cement does not circulate to surface, must run temperature survey or other log to determine top of cement |
| pkautz | Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water |