

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.***RECEIVED**

JAN 08 2013

NMOCD ARTESIA**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

| | | |
|--|--|--|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMNM83583 |
| 2. Name of Operator MEWBOURNE OIL COMPANY | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address PO BOX 5270 HOBBS, NM 88241 | | 7. If Unit or CA/Agreement, Name and/or No. |
| 3b. Phone No. (include area code) Ph: 575-393-5905 Fx: 575-397-6252 | | 8. Well Name and No. BURTON FLAT 7 FEDERAL 5H |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 7 T20S R28E NENE 330FNL 400FEL | | 9. API Well No. 30-015-38391 |
| | | 10. Field and Pool, or Exploratory BONE SPRING |
| | | 11. County or Parish, and State EDDY COUNTY, NM |

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION |
|---|--|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Deepen |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Fracture Treat |
| | <input type="checkbox"/> New Construction |
| | <input type="checkbox"/> Plug and Abandon |
| | <input type="checkbox"/> Plug Back |
| | <input type="checkbox"/> Production (Start/Resume) |
| | <input type="checkbox"/> Reclamation |
| | <input type="checkbox"/> Recomplete |
| | <input type="checkbox"/> Temporarily Abandon |
| | <input type="checkbox"/> Water Disposal |
| | <input type="checkbox"/> Water Shut-Off |
| | <input type="checkbox"/> Well Integrity |
| | <input checked="" type="checkbox"/> Other |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Mewbourne Oil Company has an approved APD for the above captioned well that will expire on 12/03/12. We would like to extend the APD for an additional 2 years.

If you have any questions, please call 575-393-5905.

Bond on file: NM1693, Nationwide & NMB000919

ARL 1/9/13
Accepted for record
NMOCD

APPROVED FOR 24 MONTH PERIOD
ENDING 12/02/2014

Engineering Reviewed & Drafted new COA 11/09/12

14. I hereby certify that the foregoing is true and correct.

Electronic Submission #155925 verified by the BLM Well Information System
For MEWBOURNE OIL COMPANY, sent to the Carlsbad
Committed to AFMSS for processing by KURT SIMMONS on 10/23/2012 ()

Name (Printed/Typed) JACKIE LATHAN

Title AUTHORIZED REPRESENTATIVE

Signature (Electronic Submission)

Date 10/23/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

Title FIELD MANAGER

1-2-13
Date

Conditions of approval, if any, are attached. Approval of this notice 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.

Office CARLSBAD FIELD OFFICE

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

**PECOS DISTRICT
CONDITIONS OF APPROVAL**

| | |
|-----------------------|------------------------------------|
| OPERATOR'S NAME: | Mewbourne Oil Co |
| LEASE NO.: | NM83583 |
| WELL NAME & NO.: | 5H Burton Flat 7 Fed |
| SURFACE HOLE FOOTAGE: | 330' FNL & 400' FEL |
| BOTTOM HOLE FOOTAGE | 330' FSL & 400' FEL |
| LOCATION: | Section 7, T. 20 S., R 28 E., NMPM |
| COUNTY: | Eddy County, New Mexico |

**The previously approved APD with conditions of approval
dated 12/03/2010 apply to this APD extension. Any deviations
to the previously approved APD are as follows:**

☒ **Drilling**

H₂S – Onshore Order #6
High Cave/Karst
Casing/Cement- Rig Moves
Waste Material and Fluids
Logging Requirements

I. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☒ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(575) 361-2822

1. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated 500 feet prior to drilling into the **Bone Spring** formation. **As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.**
2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval. **If the drilling rig is removed without approval – an Incident of Non-Compliance will be written and will be a “Major” violation.**
3. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works is located, this does not include the dog house or stairway area.
4. **The record of the drilling rate along with the GR/N well log run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.**

B. CASING

Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.).

Centralizers required on surface casing per Onshore Order 2.III.B.1.f.

Wait on cement (WOC) time prior to drilling out for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater for all casing strings. **DURING THIS WOC TIME, NO DRILL PIPE, ETC. SHALL BE RUN IN THE HOLE.** Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. See individual casing strings for details regarding lead cement slurry requirements.

No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

HIGH CAVE/KARST – CONTINGENCY CASING WILL BE REQUIRED IF LOST CIRCULATION OCCURS WHILE DRILLING THE SURFACE HOLE. THE SURFACE HOLE WILL HAVE TO BE REAMED AND A LARGER CASING INSTALLED. IF LOST CIRCULATION OCCURS WHILE DRILLING THE 8-3/4" HOLE, THE CEMENT PROGRAM FOR THE 7" CASING MAY NEED TO BE MODIFIED AND THE BLM IS TO BE CONTACTED PRIOR TO RUNNING THE CASING. A MINIMUM OF TWO CASING STRINGS CEMENTED TO SURFACE IS REQUIRED IN HIGH CAVE/KARST AREAS. THE CEMENT MUST BE IN A SOLID SHEATH THEREFORE, ONE INCH OPERATIONS WILL NOT BE PERMITTED. A DV TOOL WILL BE REQUIRED.

Possible lost circulation in the Grayburg, San Andres, Capitan Reef (if encountered), Delaware, and Bone Spring.

1. The **9-5/8** inch surface casing shall be set at **approximately 400 to 450 feet** and cemented to the surface. **Onshore Order II requires casing to be set across a competent bed. If salt is encountered, set casing 25 feet above the top of salt. Additional cement will be required – Excess calculates to -35%. Fresh water mud to be used to setting depth.**
 - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
 - b. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry.**
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial cementing will be done prior to drilling out that string.
2. The minimum required fill of cement behind the **7** inch intermediate casing is:
☒ Cement to surface. If cement does not circulate see B.1.a, c-d above.
3. The minimum required fill of cement behind the **4-1/2** inch production casing is:
☒ Cement not required – Packer/Port system to be used.
4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **3000 (3M) psi**.

3. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).
 - b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (18 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
 - c. The results of the test shall be reported to the appropriate BLM office.
 - d. All tests are required to be recorded on a calibrated test chart. **A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.**
 - e. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug. This test shall be performed prior to the test at full stack pressure.

D. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

E. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

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