

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

I-06-69

1a. Type of Work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator

Mewbourne Oil Company - 14744

3a. Address

PO Box 5270 Hobbs, NM 88240

3b. Phone No. (include area code)

505-393-5905

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface 990' FSL & 1650' FEL Unit O

At proposed prod. zone Same

14. Distance in miles and direction from nearest town or post office*

5 1/2 miles SW of Carlsbad

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any) 990'

16. No. of Acres in lease

320

17. Spacing Unit dedicated to this well

320

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.

3100'

19. Proposed Depth

11950'

20. BLM/BIA Bond No. on file

NM1693, Nationwide

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

3235' GL

22. Approximate date work will start*

ASAP

23. Estimated duration

45

24. Attachments

~~CARLSBAD CONTROLLED WATER BASIN~~

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. I, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

Kristi Green

Name (Printed/Typed)

Kristi Green

Date

06/20/06

Title

Hobbs Regulatory

Approved by (Signature)

/s/ James Stovall

Name (Printed/Typed)

Date

SEP 21 2006

Title

ACTING FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

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, are attached.

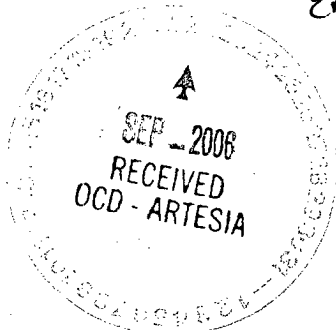
APPROVAL FOR 1 YEAR

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.

*(Instructions on reverse)

Engineering OK 7/18/06 DRG

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.



APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

DECLARED WATER BASIN
CEMENT BEHIND THE 13 3/8"
CASING MUST BE CIRCULATE

WITNESS

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

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 78060	Pool Name Happy Valley; Morrow
Property Code	Property Name RUNWAY "27" FEDERAL	Well Number 1
OGRID No. 14744	Operator Name MEWBOURNE OIL COMPANY	Elevation 3235'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	27	22 S	26 E		990	SOUTH	1650	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 320	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

<p>Dominion Texas Expl. JA Tomasio Fld #1</p>	<p>Fee</p>	<p>K6752</p>	<p>Lat.: N32°21'31.2" Long.: W104°16'38.3" N.: 494201.401 E.: 517300.329 (NAD-27)</p>	<p>3238.1' 3235.5' 3237.8' 3233.0'</p>	<p>1650'</p>	<p>990'</p>	<p>NM 90152</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Kristi Green</i> Signature Kristi Green Printed Name Hobbs Regulatory Title 6/21/06 Date</p>
								<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>MAY 10, 2006 Date Surveyed GARY L. JONES Signature & Seal Professional Surveyor No. 6671 Certificate No. 7977 BASIN SURVEYS</p>

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MEWBOURNE OIL COMPANY

Runway "27" Federal #1

990' FSL & 1650' FEL

Sec 27-T22S-R26E

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. Existing roads are highlighted in blue. Exhibit #3A is a topographic map showing the location of the proposed well and access road. Existing roads are highlighted in blue and proposed roads are highlighted in red.
- B. **Directions to location: South from Carlsbad on US 62/180, 1.6 miles to Hildago Rd (CR672). Turn right (west) on Hidalgo and continue west 2.8 miles. Turn left and continue 0.3 miles. Turn right and go 300' to new location.**

2. Proposed Access Road:

- A Will need approx 300' of new lease road.
- B. The access to the location will be limited to 16' in width and will adequately drain runoff and control erosion as presently constructed.

3. Location of Existing Wells:

There are producing wells within the immediate vicinity of this well site shown on Exhibit 4.

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. 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/or hauled to the location by transport trucks over existing and proposed roads as indicated in Exhibit #3.

- E. 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.

11. Surface Ownership:

The surface is owned by: Thomas Kennan
PO Box 202
Eunice, NM 88231
Contact Don Deck (432-682-0457)

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, drilling, completion and production operations:

N.M. 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: 06/20/06

Signature: 

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

Drilling Program
Mewbourne Oil Company
 Runway "27" Federal #1
 990' FSL & 1650' FEL
 Sec 27-T22S-R26E
 Eddy County, New Mexico

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

Lamar	1650'	Strawn	10215'
Delaware	1800'	Atoka	10525'
Bonespring	5038'	Morrow	11205'
Wolfcamp	8478'	Barnett	11800'

2. Estimated depths of anticipated fresh water, oil, or gas:

Water	Below 200'
Hydrocarbons	All zones below Delaware

3. Pressure control equipment:

A 2000# working pressure annular BOP will be installed on the 13 3/8" surface casing. A 5000# WP Double Ram BOP and a 3000# WP Annular will be installed after running 9 5/8" 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.

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"	54.5#	H40	0-600'
12 1/4"	9 5/8"	40#	N80/J55	0-5100'
8 3/4"	5 1/2"	17#	P110/N80	0-11,850'

Minimum casing design factors: Collapse 1.2, Burst 1.1, Tensile strength 2.0.

B. Cementing Program

- i. Surface Casing: 400 sacks Class C light cement with additives. 200 sks Class C cement containing 2% CaCl.
- ii. Intermediate Casing: 700 Class C light cement with additives. 400 sacks Class C cement containing 2% CaCl.
- iii. Production Casing: 400 sacks Class H cement with additives. Shallower productive zones may be protected by utilizing a 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'-5100'	Brine water	10.0-10.2	28-30	NA
5100'-12500'	Fresh water	9.2-9.8	32-42	8-12

(Note: Any Weight Above 8.6#/gallon would be to hold back Wolfcamp shale, rather than abnormal BHP.)

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:	9.0 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 45 days involved in drilling operations and an additional 10 days involved in completion operations on the project.

Hydrogen Sulfide Drilling Operations Plan

Mewbourne Oil Company

Runway "27" Federal #1

990' FSL & 1650' FEL

Sec 27-T22S-R26E

Eddy County, New Mexico

1. General Requirements

Rule 118 does not apply to this well because MOC has researched this area and no high concentrations of H₂S were found. MOC will have on location and working all H₂S safety equipment before the Lamar formation @ 1650' for purposes of safety and insurance requirements.

2. 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.

3. 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.

4. 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.

5. 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.

6. Communications

State & County Officials phone numbers are posted on rig floor and supervisors trailer. Communications in company vehicles and toolpushers are either two way radios or cellular phones.

7. 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 5270
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 #NM-98152

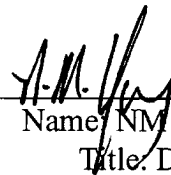
Legal Description of Land: Unit O of Section 27, T-22S, R-26E Eddy County, New Mexico.
Location @ 990' FSL & 1650' FEL.

Formation (if applicable):

Bond Coverage: \$150,000

BLM Bond File: NM1693, Nationwide

Authorized Signature: _____



Name: NM (Micky) Young
Title: District Manager
Date: June 20, 2006

Notes Regarding Blowout Preventer

Mewbourne Oil Company

Runway "27" Federal #1

990' FSL & 1650' FEL

Sec 27-T22S-R26E

Eddy County, New Mexico

- I. 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.
- II. Blowout preventer and all fittings must be in good condition with a minimum 5000 psi working pressure.
- III. 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 5000 psi working pressure.
- IV. Equipment through which bit must pass shall be at least as large as internal diameter of the casing.
- V. A kelly cock shall be installed on the kelly at all times.

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.

Mewbourne Oil Company
BOP Schematic for
12 1/4" Hole

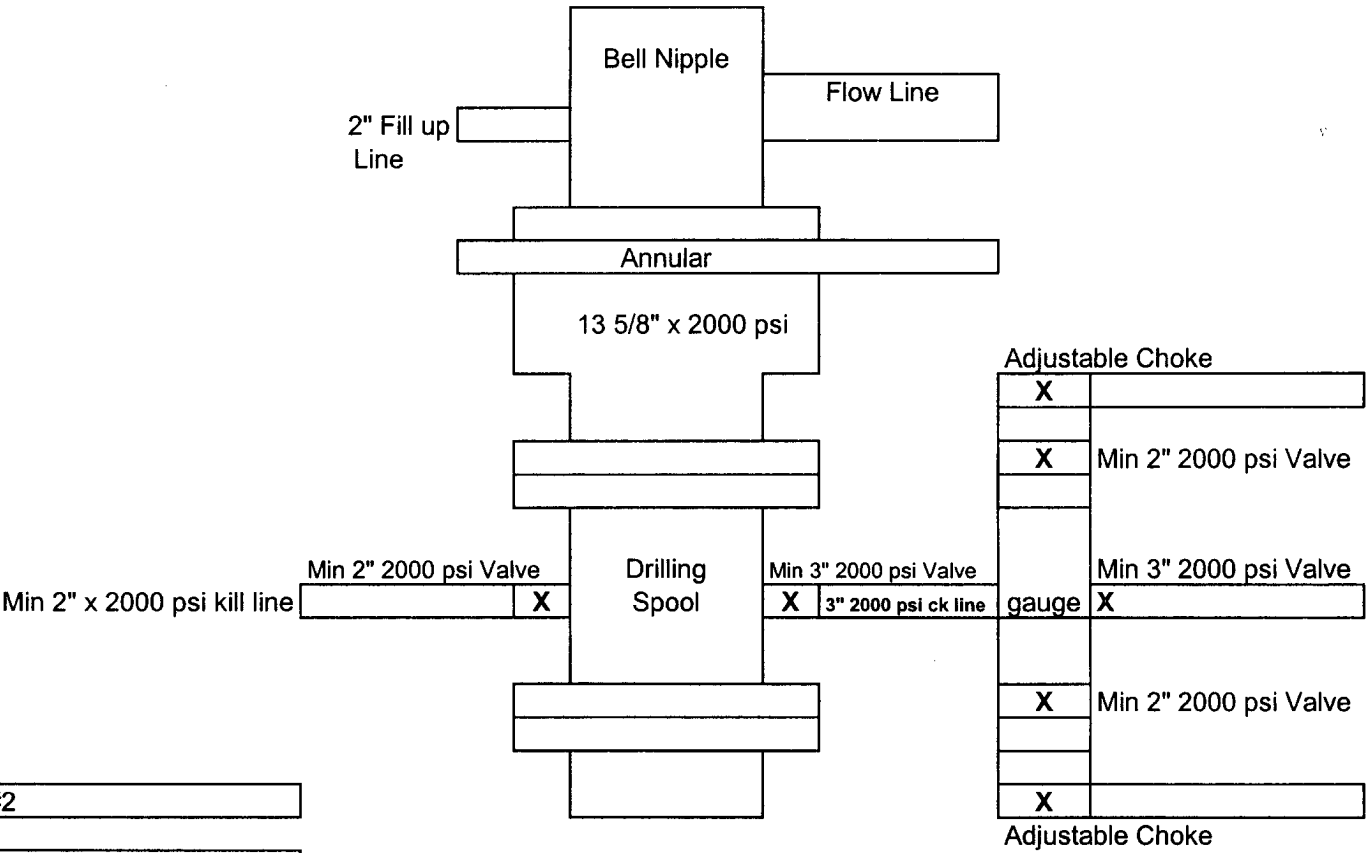


Exhibit #2

Runway 27 Federal #1
990' FSL & 1650' FEL
Sec 27-T22S-R26E
Eddy, County
New Mexico

Mewbourne Oil Company

BOP Scematic for

8 3/4" or 7 7/8" Hole

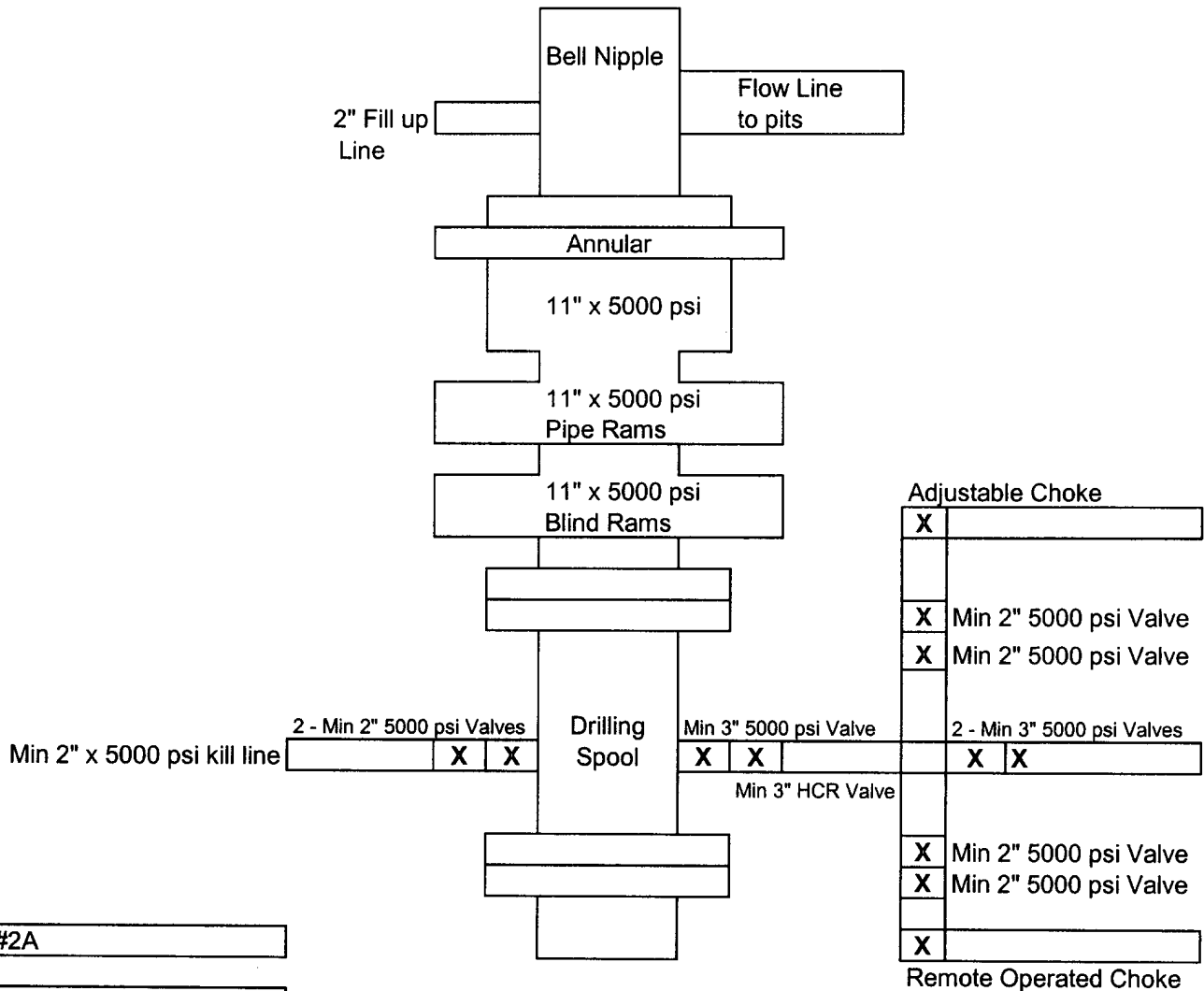


Exhibit #2A

Runway 27 Federal #1
990' FSL & 1650' FEL
Sec 27-T22S-R26E
Eddy, County
New Mexico

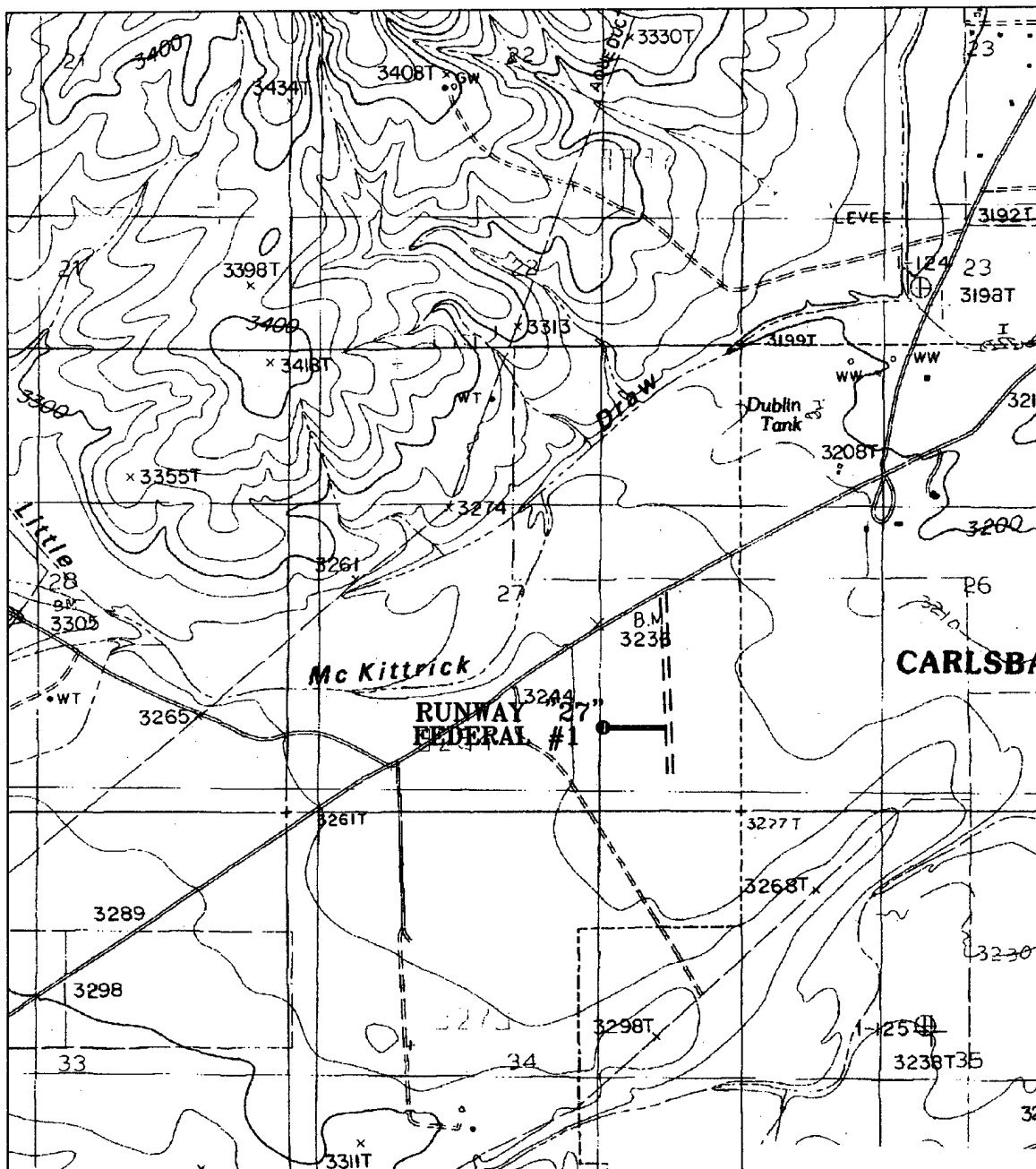


Exhibit 3

RUNWAY "27" FEDERAL #1

Located 990' FSL and 1650' FEL

Section 27, Township 22 South, Range 26 East,
N.M.P.M., EDDY County, New Mexico.

basin
surveys

focused on excellence
in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(505) 393-7316 - Office
(505) 392-3074 - Fax
basinsurveys.com

W.O. Number: 6671T - JMS

Survey Date: 05-18-2006

Scale: 1" = 2000'

Date: 05-19-2006

MEWBOURNE
OIL CO.

SECTION 27, TOWNSHIP 22 SOUTH, RANGE 26 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.

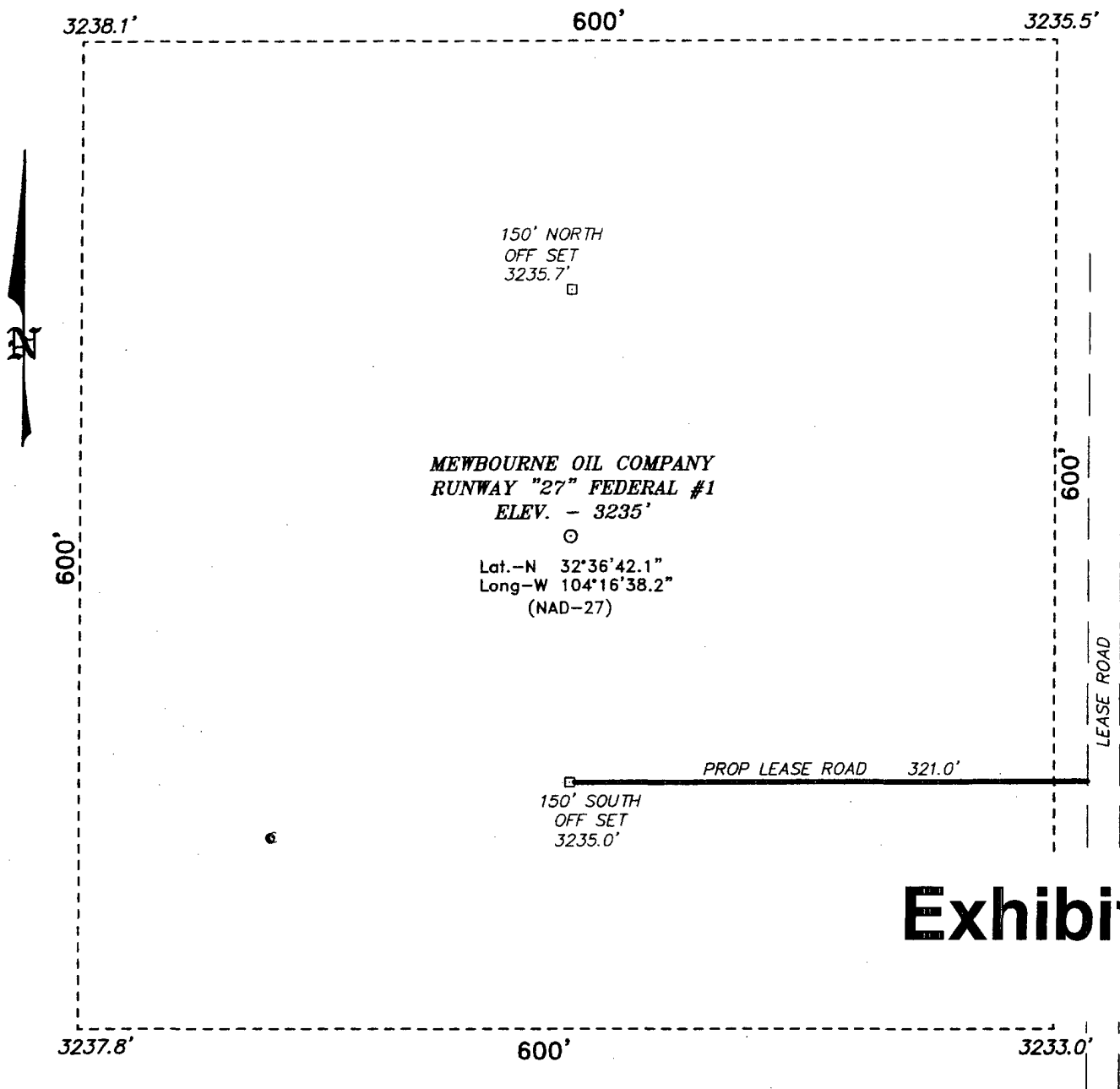
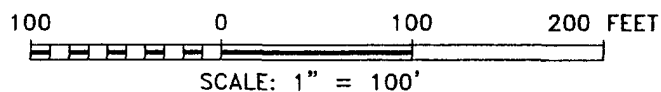


Exhibit 3A



DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF U.S. HWY 62-180 AND CO.
RD. 672 (HIDALGO), GO WEST ON HIDALGO FOR
APPROX 2.8 MILES TO AN EXISTING LEASE ROAD, ON
LEASE ROAD PROCEED SOUTH 0.3 MILE TO PROPOSED
LEASE ROAD.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 6671 Drawn By: J. SMALL

Date: 05-19-2006 Disk: JMS 6671W

MEWBOURNE OIL COMPANY

REF: RUNWAY "27" FEDERAL #1 / Well Pad Topo

THE RUNWAY "27" FEDERAL #1 LOCATED 990'

FROM THE SOUTH LINE AND 1650' FROM THE EAST LINE OF
SECTION 27, TOWNSHIP 22 SOUTH, RANGE 26 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 05-18-2006 Sheet 1 of 1 Sheets

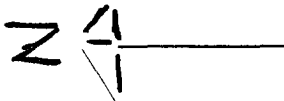
Exhibit #4
Status of Wells in Immediate Vicinity
Mewbourne Oil Company
Runway 27 Federal Com #1
990' FSL & 1650' FEL
Sec 27-T22S-R26E
Eddy County, New Mexico

Section 27-T22S-R26E

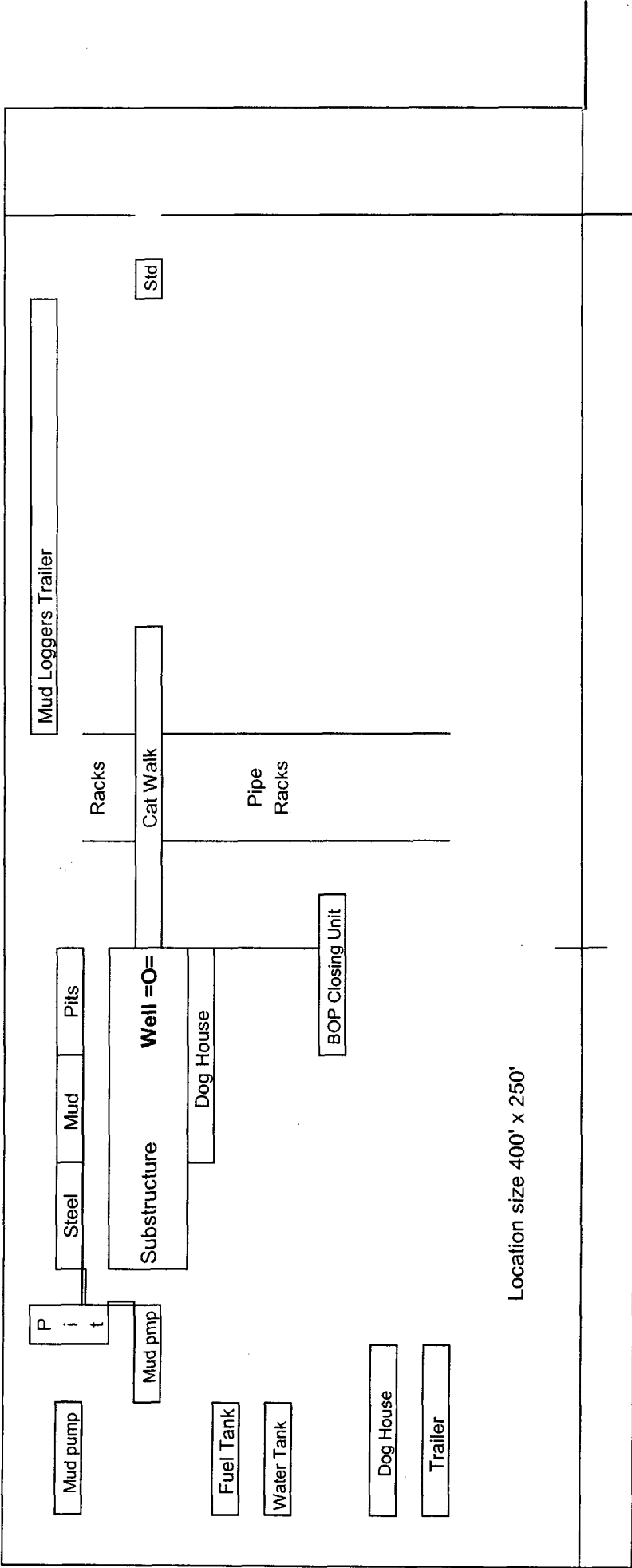
Operator: Dominion Oklahoma Texas Exploration
Well Name: JA Tomanio Federal Com #1
Unit letter: L
Status: P&A
Field: Happy Valley Morrow

Mewbourne Oil Company

Exhibit #5



Well Name	Runway 27 Federal #1
Footages	990' FSL & 1650' FEL
STR	Sec 27-T22S-R26E
County	Eddy, County
State	New Mexico



Rig Location Schematic

Conditions of Approval

Cave and Karst

EA#: NM-080-06-1074

Lease #: NM-98152

Mewbourne Oil Company

Runway 27 Fed. #1

Cave/Karst Surface Mitigation

The following stipulations will be applied to minimize impacts during construction, drilling and production.

Berming:

Any tank batteries will be constructed and bermed large enough to contain any spills that may occur.

Bermed areas will be lined with rip-stop padding to prevent tears or punctures in liners and lined with a permanent 20 mil plastic liner.

Cave/Karst Subsurface Mitigation

The following stipulations will be applied to protect cave/karst and ground water concerns:

Rotary Drilling with Fresh Water:

Rotary drilling techniques in cave or karst areas will include the use of fresh water as a circulating medium in zones where caves or karst features are expected. See geologist report for depth.

Florescene Dye Orange (Eosin Y):

Sixteen ounces of Orange (Eosin Y) Florescene dye will be added to the drilling fluid during the drilling of the first 2,500 feet of the well.

Casing:

All casing will meet or exceed National Association of Corrosion Engineers specifications pertaining to the geology of the location and be run to American Petroleum Institute and BLM standards.

Cementing:

All casing strings will be cemented to the surface.

Lost Circulation:

ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported.

Regardless of the type of drilling machinery used, if a bit drops of four feet or more and circulation losses greater than 75 percent occur simultaneously while drilling in any cave-bearing zone, drilling operations will immediately stop and the BLM will be notified by the operator. The BLM will assess the consequences of the situation and work with operator on corrective actions to resolve the problem.

Abandonment Cementing:

Upon well abandonment the well bore will be cemented completely from 100 feet below the bottom of the cave bearing zone to the surface.

Pressure Tests:

Annual pressure tests will be performed by the Operator on all casing annuli. If the test results indicated a casing failure, remedial actions approved by the BLM will be undertaken to correct the problem.

Record Keeping:

The Operator will track customary drilling activities, including the rate of penetration, pump pressure, weight on bit, bit drops, percent of mud returns, and presence or absence of cuttings returning to the surface. As part of customary record keeping, each detectable void or sudden increase in the rate of penetration not attributable to a change in the formation type should be documented and evaluated as it is encountered.

VISUAL RESOURCES STIPULATIONS

The project will be built in a manner to minimize visibility. The proposed project will be a linear feature for the life of the project, impacting visual resources.

Surface Mitigation

The following stipulations will apply to minimize impacts during construction, drilling and production.

1. The proposed construction will be limited to the approved pad size.
2. All above ground facilities, structures, appurtenances, and pipelines will be low profile (less than 8' feet in height).
3. All above ground facilities, structures, appurtenances, and pipelines will be painted with the non-reflective (flat) paint color Shale Green.
4. Any existing tanks will be replaced with a low profile tank and painted the same color as the proposed tanks.
5. Upon completion of the well and installation of the production facilities (if the well is a producer) the pad will be reclaimed back to a size necessary for production operations only. The edges will be recontoured and the extra caliche and pad material will be hauled off-site. After one year, the BLM may require reclamation.
6. The reclaimed area will be grid rolled and reseeded.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Mewbourne Oil Company Well No. 1 – Runway 27 Federal Com
Location: 990' FSL & 1650' FEL sec. 27, T. 22 S., R. 26 E.
Lease: NM-98152

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I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at (505) 361-2822 in sufficient time for a representative to witness:
 - A. Spudding
 - B. Cementing casing: 13-3/8 inch 9-5/8 inch 5-1/2 inch
 - C. BOP tests
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.
3. Include the API No. assigned to well by NMOCD on the subsequent report of setting the first casing string.
4. A Hydrogen Sulfide Contingency Plan should be activated prior to drilling in the Delaware formation. A copy of the plan shall be posted at the drilling site.
5. A Communitization Agreement covering the acreage dedicated to this well must be filed for approval with the BLM. The effective date of the agreement shall be prior to any sales.

II. CASING:

1. 13-3/8 inch surface casing should be set at approximately 600 feet, below usable water and circulate cement to the surface. If cement does not circulate to the surface, the BLM Carlsbad Field Office shall be notified at (505) 361-2822 and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
2. Minimum required fill of cement behind the 9-5/8 inch intermediate casing is sufficient to circulate to the surface.
3. Minimum required fill of cement behind the 5-1/2 inch production casing is sufficient to tie back 500 feet above the uppermost perforation in the pay zone.

III. PRESSURE CONTROL:

1. Before drilling below the 13-3/8 inch surface casing, the blowout preventer assembly shall consist of a minimum of One Annular Preventer or Two Ram-Type Preventers and a Kelly Cock/Stabbing Valve. Before drilling below the 9-5/8 inch intermediate casing, the blowout preventer assembly shall consist of a minimum of One Annular Preventer, Two Ram-Type Preventers, and a Kelly Cock/Stabbing Valve.
2. Before drilling below the 13-3/8 inch surface casing, minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi. Before drilling below the 9-5/8 inch intermediate casing, minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 3000 psi.

CONDITIONS OF APPROVAL - DRILLING (CONTINUED)

Operator's Name: Mewbourne Oil Company **Well No. 1 – Runway 27 Federal Com**

Location: 990' FSL & 1650' FEL **sec. 27, T. 22 S., R. 26 E.**

Lease: NM-98152

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3. After setting the 9-5/8 inch intermediate casing string and before drilling into the **Wolfcamp** formation, the BOPE shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

A. The BLM Carlsbad Field Office shall be notified at (505) 361-2822 in sufficient time for a representative to witness the tests.

B. The tests shall be done by an independent service company.

C. The results of the test shall be reported to the BLM Carlsbad Field Office at 620 East Greene Street, Carlsbad, New Mexico 88220-6292.

D. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.

E. Testing must be done in a safe workman like manner. Hard line connections shall be required.

IV. DRILLING MUD:

1. Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

A. Recording pit level indicator to indicate volume gains and losses.

B. Flow-sensor on the flow-line to warn of abnormal mud returns from the well.