Form 3160-3
(August 2007)

SECRETARY'S POTASH

ATS-14-1090

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

APPLICATION FOR PERMIT TO DRILL OR REENTER

HIGH CAVE/KARST

1a. Type of work: ☑ DRILL ☐ REENTER	5. Lease Serial No. NMNM 0556290
	6. If Indian, Allotee or Tribe Name
	7. If Unit or CA Agreement, Name and No. <314334>
1b. Type of Well: ☑ Oil Well ☐ Gas Well ☐ Other ☑ Single Zone ☐ Multiple Zone	8. Lease Name and Well No. Ithaca 15 B2DA Fed #1H
2. Name of Operator Mewbourne Oil Company	9. API Well No. 30-015- 42996
3a. Address PO Box 5270 Hobbs, NM 88241 / 3b. Phone No. (include area code) 575-393-5905	10. Field and Pool, or Exploratory Getty Bone Spring (27470)
4. Location of Well (Report location clearly and in accordance with any State requirements.*) At surface 550' FNL & 185' FWL Sec. 15, T20S, R29E At proposed prod. zone 500' FNL & 330' FEL Sec. 15, T20S, R29E UNORTHODOX LOCATION	11. Sec., T. R. M. or Blk. and Survey or Area Sec. 15, T20S, R29E
14. Distance in miles and direction from nearest town or post office* 20 miles northeast from Carlsbad, NM	12. County or Parish Eddy / 13. State NM
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 185' / 16. No. of acres in lease 1,600 / 17. Spacing Unit dedicated to this well 160	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 170'-Federal "15" #1-TOCO LLC / 19. Proposed Depth 12,566.4'-MD 8,067.0'-TVD / 20. BLM/BIA Bond No. on file NM-1693 nationwide, NMB-000919	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3287' / 22. Approximate date work will start* 09/15/2014 / 23. Estimated duration 60 Days	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must 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 must 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 BLM.

25. Signature Bradley Bishop	Name (Printed/Typed) BRADLEY BISHOP	Date 8-4-14
Title		
Approved by (Signature) /s/George MacDonell	Name (Printed/Typed)	MAR 19 2015
Title 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 TWO YEARS

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.

(Continued on page 2)

*(Instructions on page 2)

Capitan Controlled Water Basin

NM OIL CONSERVATION
ARTESIA DISTRICT
MAR 23 2015
RECEIVED

Approval Subject to General Requirements & Special Stipulations Attached

SEE ATTACHED FOR CONDITIONS OF APPROVAL

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-015-42996	27470	GETTY BONE SPRING

4 Property Code	5 Property Name	6 Well Number
314334	ITHACA 15 B2DA FED #1H	1H

7 OGRID No.	8 Operator Name	9 Elevation
14744	MEWBOURNE OIL COMPANY	3287'

10 Surface Location

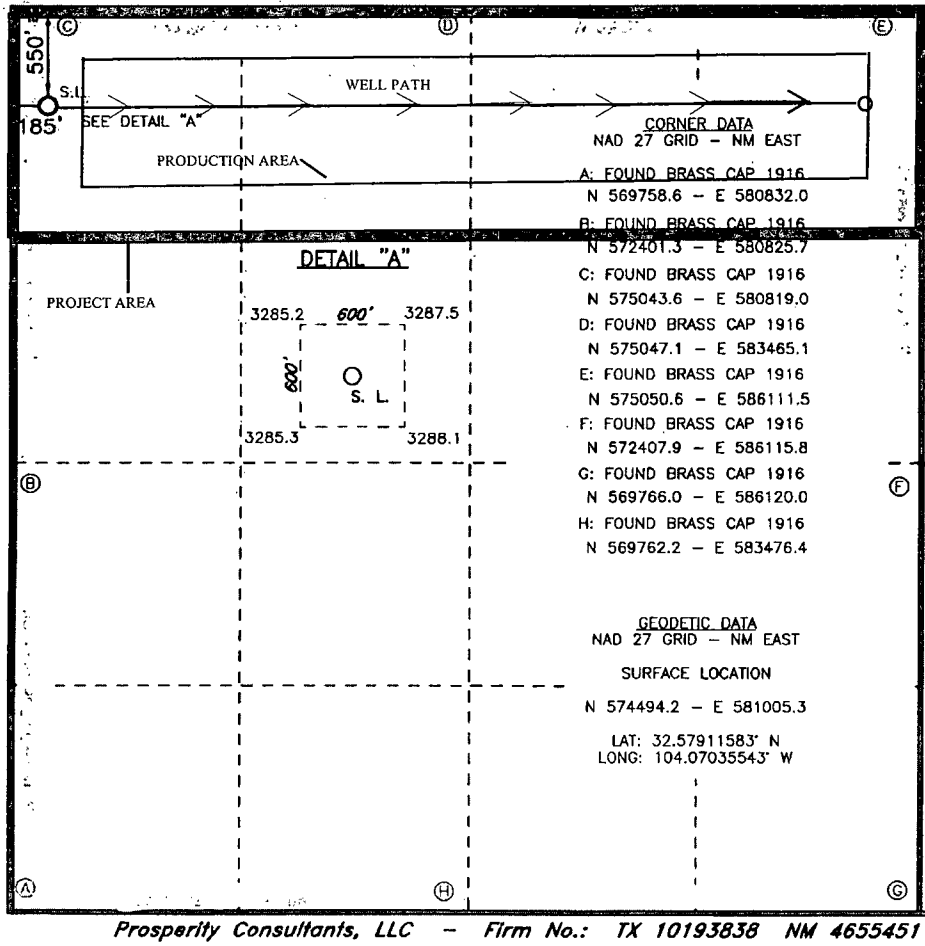
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	15	20-S	29-E		550	NORTH	185	WEST	EDDY

11 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
A	15	20-S	29-E		500	NORTH	330	EAST	EDDY

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
160			

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.



17 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 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.

Bradley Bishop 8-4-14
Signature Date

BRADLEY BISHOP
Printed Name

E-mail Address

18 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.

11-26-13
Date of Survey

Signature and Seal of Professional Surveyor:

ROBERT M. HOWETT
NEW MEXICO
19680
PROFESSIONAL SURVEYOR

19680
Certificate Number

Prosperity Consultants, LLC – Firm No.: TX 10193838 NM 4655451 – Job No.: LS130481

Mewbourne Oil Company

PO Box 5270
Hobbs, NM 88241
(575) 393-5905

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 4 day of August, 2014.

Name: Robin Terrell

Signature: Bradley Billy for Robin Terrell

Position Title: Hobbs District Manager

Address: PO Box 5270, Hobbs NM 88241

Telephone: 575-393-5905

E-mail: rterrell@mewbourne.com

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: NMNM 00556290

Legal Description of Land: Section 15, T-20S, R-29E Eddy County, New Mexico
Location @ 2417' FNL & 62' FWL

Formation (if applicable): Bone Spring

Bond Coverage: $150,000

BLM Bond File: NM1693 Nationwide, NMB-000919

Authorized Signature: Brady Bird for Robi Terrell
Name: Robin Terrell
Title: District Manager
Date: 9-4-14

Drilling Program
Mewbourne Oil Company
Ithaca 15 B2DA Fed #1H
550' FNL & 185' FWL (SHL)
Sec 15-T20S-R29E
Eddy County, New Mexico

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

Top Salt	610'
Base Salt/Tansill	1150'
*Yates	1335'
Seven Rivers	NP
Queen	NP
Capitan	1590'
Grayburg	NP
San Andres	NP
*Delaware	3225'
*Bone Springs	5960'
*1st Bone Spring Sand	7070'
*2nd Bone Spring Sand	7710'
Wolfcamp	Will Not Penetrate

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

Water	Fresh water is anticipated @ 75' & will be protected by setting surface casing at 450' and cementing to surface.
Hydrocarbons	Oil and gas are anticipated in the above (*) formations. These zones will be protected by casing as necessary.

3. Pressure control equipment:

MOC requests a variance for a 2M diverter to be installed after running 20" casing. A 2000# WP Annular will be installed after running 13 ⅜" casing. A 3000# WP Double Ram BOP and 3000# WP Annular will be installed after running 9 ⅝" & 7" casing strings. 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. BOPE will be inspected and operated as recommended in Onshore Order #2. A 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.
Will test 13 ⅜" Annular BOP to 1250#. Will test the 7" & 9 ⅝" BOPE to 3000# and both Annular BOPs to 1500#. All tests will be done with a third party testing company before drilling below each shoe, but will test again, if needed, in 30 days from the 1st test as per BLM Onshore Oil and Gas Order #2.

4. MOC proposes to drill a vertical wellbore to 7515' & kick off to horizontal @ 7992' TVD. The well will be drilled to12566' MD (8067' TVD). See attached directional plan.

5. Proposed casing and cementing program:

A. Casing Program:

Hole Size	Casing	Wt/Ft.	Grade	Depth	Jt Type
26"	20" (new)	94#	K55	0'-450'	BT&C
17 ½"	13 ⅜" (new)	48#	H40	0'-1200'	ST&C
17 ½"	13 ⅜" (new)	54.5#	J55	1200'-1385'	ST&C
12 ¼"	9 ⅝" (new)	36#	J55	0'-3125'	LT&C
8 ¾"	7" (new)	26#	P110	0'-7515' MD	LT&C
8 ¾"	7" (new)	26#	P110	7515'-8256' MD	BT&C
6 1/8"	4 ½" (new)	13.5#	P110	8056'-TD	LT&C

Minimum casing design factors: Collapse 1.125, Burst 1.0, Tensile strength 1.8.
*Subject to availability of casing.

B. Cementing Program:

i. Surface Casing: 510 sacks Class "C" (35:65:4) light cement w/2% CaCl2 & LCM additives. Yield at 2.12 cuft/sk. Mix 11.17 gal/sk FW. 200 sacks Class "C" cement w/2% CaCl2. Yield at 1.34 cuft/sk. Mix 6.33 gal/sk FW. Cmt circulated to surface w/100% excess.

ii. 1st Intermediate Casing: 440 sacks Class "C" (35:65:4) light cement w/salt and LCM additives. Yield at 2.12 cuft/sk. Mix 11.17 gal/sk FW. 200 sacks Class "C" cement w/2% CaCl2. Yield at 1.34 cuft/sk. Mix 6.33 gal/sk FW. Cmt circulated to surface w/25% excess.

See COA

iii. 2nd Intermediate Casing: 450 sacks Class "C" (35:65:4) light cement w/salt and LCM additives. Yield at 2.12 cuft/sk. Mix 11.17 gal/sk FW. 200 sacks Class "C" cement w/2% CaCl2. Yield at 1.34 cuft/sk. Mix 6.33 gal/sk FW. Cmt circulated to surface w/25% excess.

See COA

Note:
If returns are lost while drlg 12 ¼" hole thru Capitan Reef, a DV tool & external csg packer will be added to casing design @ 1540'. 1st Stage: 170 sacks Class "C" (35:65:4) light cement w/salt and LCM additives. Yield at 2.12 cuft/sk. Mix water @ 11.17 gal/sk. 200 sacks Class "C" cement w/2% CaCl2. Yield at 1.34 cuft/sk. Mix water @ 6.33 gal/sk. Cmt calculated to 1540' w/25% excess. External casing packer & DV tool @ 1540' for 2nd stage cmt.
2nd Stage: 160 sacks Class "C" (35:65:4) light cement w/salt and LCM additives. Yield at 2.0 cuft/sk. Mix water @ 11.17 gal/sk. 200 sacks Class "C" cement w/2% CaCl2. Yield at 1.34 cuft/sk. Mix water @ 6.33 gal/sk. Cmt calculated to surface w/25% excess.

See COA

iv. Production Casing: 375 sacks Class H light cement (35:65:4) with fluid loss, LCM, & salt additives. Yield at 2.12 cuft/sk. Mix 11.32 gal/sk FW. 400 sacks Class H cement containing fluid loss additives. Yield at 1.18 cuft/sk. Mix 5.22 gal/sk FW. Cmt calculated to tie back 50' above Capitain Reef @ 1540' w/25% excess.

See COA

v. Production Liner: This will be a Packer/Port completion from TD to 200' inside 7" casing with packer type liner hanger.

*Referring to above blends of light cement: (wt% fly ash : wt% cement : wt% bentonite of the total of first two numbers). Generic names of additives are used since the availability of specific company and products are unknown at this time.

6. Mud Program:

Interval	Type System	Weight	Viscosity	Fluid Loss
0' - 450'	FW spud mud	8.6-9.0	32-34	NA
450' - 1385'	Brine water	10.0-10.2	28-30	NA
1385' - 7515' (KOP)	FW	8.5-8.7	28-30	NA
7515' - TD	FW w/Polymer	8.5-8.7	32-35	15

**Visual mud monitoring system shall be in place to detect volume changes indicating loss or gain of circulation fluid volume. Sufficient mud materials will be kept on location at all times to combat abnormal conditions.

7. Evaluation Program:

Samples:	10' samples from surface casing to TD.
Logging:	GR & Gyro from KOP -100' (7415') to surface. GR from 7415' to TD.

8. Downhole Conditions

See COA

Zones of abnormal pressure:	None anticipated
Zones of lost circulation:	Anticipated in surface and intermediate holes
Maximum bottom hole temperature:	120 degree F
Maximum bottom hole pressure:	8.3 lbs/gal gradient or less (.43368 x 8067' = 3498.5 psi)

9. Anticipated Starting Date:

Mewbourne Oil Company intends to drill this well as soon as possible after receiving approval with approximately 40 days involved in drilling operations and an additional 10 days involved in completion operations on the project.

Mewbourne Oil Company

Eddy County, New Mexico
Ithaca 15 B2DA Fed #1H
Sec 15, T20S, R29E
SL: 550' FNL & 185' FWL
BHL: 500' FNL & 330' FEL

Plan: Design #1

Standard Planning Report

29 July, 2014

Database:	Hobbs	Local Co-ordinate Reference:	Site Ithaca 15 B2DA Fed #1H
Company:	Mewbourne Oil Company	TVD Reference:	WELL @ 3307.0usft (Original Well Elev)
Project:	Eddy County, New Mexico	MD Reference:	WELL @ 3307.0usft (Original Well Elev)
Site:	Ithaca 15 B2DA Fed #1H	North Reference:	Grid
Well:	Sec 15, T20S, R29E	Survey Calculation Method:	Minimum Curvature
Wellbore:	BHL: 500' FNL & 330' FEL		
Design:	Design #1		

Project Eddy County, New Mexico

Map System:	US State Plane 1927 (Exact solution)	System Datum:	Mean Sea Level
Geo Datum:	NAD 1927 (NADCON CONUS)		
Map Zone:	New Mexico East 3001		

Site Ithaca 15 B2DA Fed #1H

Site Position:		Northing:	574,494.20 usft	Latitude:	32° 34' 44.817 N
From:	Map	Easting:	581,005.30 usft	Longitude:	104° 4' 13.280 W
Position Uncertainty:	0.0 usft	Slot Radius:	13-3/16 "	Grid Convergence:	0.14 °

Well Sec 15, T20S, R29E

Well Position	+N/-S	0.0 usft	Northing:	574,494.20 usft	Latitude:	32° 34' 44.817 N
	+E/-W	0.0 usft	Easting:	581,005.30 usft	Longitude:	104° 4' 13.280 W
Position Uncertainty		0.0 usft	Wellhead Elevation:	3,307.0 usft	Ground Level:	3,287.0 usft

Wellbore BHL: 500' FNL & 330' FEL

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF200510	7/29/2014	7.46	60.39	48,514

Design Design #1

Audit Notes:

Version:		Phase:	PROTOTYPE	Tie On Depth:	0.0

Vertical Section:	Depth From (TVD) (usft)	+N/-S (usft)	+E/-W (usft)	Direction (°)
	0.0	0.0	0.0	89.31

Plan Sections

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)	TFO (°)	Target
0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.00	0.00	
7,514.5	0.00	0.00	7,514.5	0.0	0.0	0.00	0.00	0.00	0.00	
8,256.4	89.00	89.31	7,992.0	5.6	469.2	12.00	12.00	0.00	89.31	
12,566.4	89.00	89.31	8,067.0	57.2	4,778.3	0.00	0.00	0.00	0.00	BHL: 500 FNL & 330 I

Database:	Hobbs	Local Co-ordinate Reference:	Site Ithaca 15 B2DA Fed #1H
Company:	Mewbourne Oil Company	TVD Reference:	WELL @ 3307.0usft (Original Well Elev)
Project:	Eddy County, New Mexico	MD Reference:	WELL @ 3307.0usft (Original Well Elev)
Site:	Ithaca 15 B2DA Fed #1H	North Reference:	Grid
Well:	Sec 15, T20S, R29E	Survey Calculation Method:	Minimum Curvature
Wellbore:	BHL: 500' FNL & 330' FEL		
Design:	Design #1		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
0.0	0.00	0.00	0.0	0.0	0.0	0.0	0.00	0.00	0.00
100.0	0.00	0.00	100.0	0.0	0.0	0.0	0.00	0.00	0.00
200.0	0.00	0.00	200.0	0.0	0.0	0.0	0.00	0.00	0.00
300.0	0.00	0.00	300.0	0.0	0.0	0.0	0.00	0.00	0.00
400.0	0.00	0.00	400.0	0.0	0.0	0.0	0.00	0.00	0.00
500.0	0.00	0.00	500.0	0.0	0.0	0.0	0.00	0.00	0.00
600.0	0.00	0.00	600.0	0.0	0.0	0.0	0.00	0.00	0.00
700.0	0.00	0.00	700.0	0.0	0.0	0.0	0.00	0.00	0.00
800.0	0.00	0.00	800.0	0.0	0.0	0.0	0.00	0.00	0.00
900.0	0.00	0.00	900.0	0.0	0.0	0.0	0.00	0.00	0.00
1,000.0	0.00	0.00	1,000.0	0.0	0.0	0.0	0.00	0.00	0.00
1,100.0	0.00	0.00	1,100.0	0.0	0.0	0.0	0.00	0.00	0.00
1,200.0	0.00	0.00	1,200.0	0.0	0.0	0.0	0.00	0.00	0.00
1,300.0	0.00	0.00	1,300.0	0.0	0.0	0.0	0.00	0.00	0.00
1,400.0	0.00	0.00	1,400.0	0.0	0.0	0.0	0.00	0.00	0.00
1,500.0	0.00	0.00	1,500.0	0.0	0.0	0.0	0.00	0.00	0.00
1,600.0	0.00	0.00	1,600.0	0.0	0.0	0.0	0.00	0.00	0.00
1,700.0	0.00	0.00	1,700.0	0.0	0.0	0.0	0.00	0.00	0.00
1,800.0	0.00	0.00	1,800.0	0.0	0.0	0.0	0.00	0.00	0.00
1,900.0	0.00	0.00	1,900.0	0.0	0.0	0.0	0.00	0.00	0.00
2,000.0	0.00	0.00	2,000.0	0.0	0.0	0.0	0.00	0.00	0.00
2,100.0	0.00	0.00	2,100.0	0.0	0.0	0.0	0.00	0.00	0.00
2,200.0	0.00	0.00	2,200.0	0.0	0.0	0.0	0.00	0.00	0.00
2,300.0	0.00	0.00	2,300.0	0.0	0.0	0.0	0.00	0.00	0.00
2,400.0	0.00	0.00	2,400.0	0.0	0.0	0.0	0.00	0.00	0.00
2,500.0	0.00	0.00	2,500.0	0.0	0.0	0.0	0.00	0.00	0.00
2,600.0	0.00	0.00	2,600.0	0.0	0.0	0.0	0.00	0.00	0.00
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2,800.0	0.00	0.00	2,800.0	0.0	0.0	0.0	0.00	0.00	0.00
2,900.0	0.00	0.00	2,900.0	0.0	0.0	0.0	0.00	0.00	0.00
3,000.0	0.00	0.00	3,000.0	0.0	0.0	0.0	0.00	0.00	0.00
3,100.0	0.00	0.00	3,100.0	0.0	0.0	0.0	0.00	0.00	0.00
3,200.0	0.00	0.00	3,200.0	0.0	0.0	0.0	0.00	0.00	0.00
3,300.0	0.00	0.00	3,300.0	0.0	0.0	0.0	0.00	0.00	0.00
3,400.0	0.00	0.00	3,400.0	0.0	0.0	0.0	0.00	0.00	0.00
3,500.0	0.00	0.00	3,500.0	0.0	0.0	0.0	0.00	0.00	0.00
3,600.0	0.00	0.00	3,600.0	0.0	0.0	0.0	0.00	0.00	0.00
3,700.0	0.00	0.00	3,700.0	0.0	0.0	0.0	0.00	0.00	0.00
3,800.0	0.00	0.00	3,800.0	0.0	0.0	0.0	0.00	0.00	0.00
3,900.0	0.00	0.00	3,900.0	0.0	0.0	0.0	0.00	0.00	0.00
4,000.0	0.00	0.00	4,000.0	0.0	0.0	0.0	0.00	0.00	0.00
4,100.0	0.00	0.00	4,100.0	0.0	0.0	0.0	0.00	0.00	0.00
4,200.0	0.00	0.00	4,200.0	0.0	0.0	0.0	0.00	0.00	0.00
4,300.0	0.00	0.00	4,300.0	0.0	0.0	0.0	0.00	0.00	0.00
4,400.0	0.00	0.00	4,400.0	0.0	0.0	0.0	0.00	0.00	0.00
4,500.0	0.00	0.00	4,500.0	0.0	0.0	0.0	0.00	0.00	0.00
4,600.0	0.00	0.00	4,600.0	0.0	0.0	0.0	0.00	0.00	0.00
4,700.0	0.00	0.00	4,700.0	0.0	0.0	0.0	0.00	0.00	0.00
4,800.0	0.00	0.00	4,800.0	0.0	0.0	0.0	0.00	0.00	0.00
4,900.0	0.00	0.00	4,900.0	0.0	0.0	0.0	0.00	0.00	0.00
5,000.0	0.00	0.00	5,000.0	0.0	0.0	0.0	0.00	0.00	0.00
5,100.0	0.00	0.00	5,100.0	0.0	0.0	0.0	0.00	0.00	0.00
5,200.0	0.00	0.00	5,200.0	0.0	0.0	0.0	0.00	0.00	0.00
5,300.0	0.00	0.00	5,300.0	0.0	0.0	0.0	0.00	0.00	0.00

Database:	Hobbs	Local Co-ordinate Reference:	Site Ithaca 15 B2DA Fed #1H
Company:	Mewbourne Oil Company	TVD Reference:	WELL @ 3307.0usft (Original Well Elev)
Project:	Eddy County, New Mexico	MD Reference:	WELL @ 3307.0usft (Original Well Elev)
Site:	Ithaca 15 B2DA Fed #1H	North Reference:	Grid
Well:	Sec 15, T20S, R29E	Survey Calculation Method:	Minimum Curvature
Wellbore:	BHL: 500' FNL & 330' FEL		
Design:	Design #1		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
5,400.0	0.00	0.00	5,400.0	0.0	0.0	0.0	0.00	0.00	0.00
5,500.0	0.00	0.00	5,500.0	0.0	0.0	0.0	0.00	0.00	0.00
5,600.0	0.00	0.00	5,600.0	0.0	0.0	0.0	0.00	0.00	0.00
5,700.0	0.00	0.00	5,700.0	0.0	0.0	0.0	0.00	0.00	0.00
5,800.0	0.00	0.00	5,800.0	0.0	0.0	0.0	0.00	0.00	0.00
5,900.0	0.00	0.00	5,900.0	0.0	0.0	0.0	0.00	0.00	0.00
6,000.0	0.00	0.00	6,000.0	0.0	0.0	0.0	0.00	0.00	0.00
6,100.0	0.00	0.00	6,100.0	0.0	0.0	0.0	0.00	0.00	0.00
6,200.0	0.00	0.00	6,200.0	0.0	0.0	0.0	0.00	0.00	0.00
6,300.0	0.00	0.00	6,300.0	0.0	0.0	0.0	0.00	0.00	0.00
6,400.0	0.00	0.00	6,400.0	0.0	0.0	0.0	0.00	0.00	0.00
6,500.0	0.00	0.00	6,500.0	0.0	0.0	0.0	0.00	0.00	0.00
6,600.0	0.00	0.00	6,600.0	0.0	0.0	0.0	0.00	0.00	0.00
6,700.0	0.00	0.00	6,700.0	0.0	0.0	0.0	0.00	0.00	0.00
6,800.0	0.00	0.00	6,800.0	0.0	0.0	0.0	0.00	0.00	0.00
6,900.0	0.00	0.00	6,900.0	0.0	0.0	0.0	0.00	0.00	0.00
7,000.0	0.00	0.00	7,000.0	0.0	0.0	0.0	0.00	0.00	0.00
7,100.0	0.00	0.00	7,100.0	0.0	0.0	0.0	0.00	0.00	0.00
7,200.0	0.00	0.00	7,200.0	0.0	0.0	0.0	0.00	0.00	0.00
7,300.0	0.00	0.00	7,300.0	0.0	0.0	0.0	0.00	0.00	0.00
7,400.0	0.00	0.00	7,400.0	0.0	0.0	0.0	0.00	0.00	0.00
7,500.0	0.00	0.00	7,500.0	0.0	0.0	0.0	0.00	0.00	0.00
7,514.5	0.00	0.00	7,514.5	0.0	0.0	0.0	0.00	0.00	0.00
KOP @ 7515									
7,600.0	10.26	89.31	7,599.5	0.1	7.6	7.6	12.00	12.00	0.00
7,700.0	22.25	89.31	7,695.4	0.4	35.6	35.6	12.00	12.00	0.00
7,800.0	34.25	89.31	7,783.3	1.0	82.8	82.8	12.00	12.00	0.00
7,900.0	46.25	89.31	7,859.5	1.8	147.3	147.3	12.00	12.00	0.00
8,000.0	58.25	89.31	7,920.6	2.7	226.2	226.2	12.00	12.00	0.00
8,100.0	70.24	89.31	7,964.0	3.8	316.1	316.1	12.00	12.00	0.00
8,200.0	82.24	89.31	7,987.7	4.9	413.1	413.1	12.00	12.00	0.00
8,256.3	89.00	89.31	7,992.0	5.6	469.2	469.2	12.00	12.00	0.00
LP: 545' FNL & 657' FWL									
8,300.0	89.00	89.31	7,992.8	6.1	512.9	512.9	0.01	0.01	0.00
8,400.0	89.00	89.31	7,994.5	7.3	612.8	612.9	0.00	0.00	0.00
8,500.0	89.00	89.31	7,996.2	8.5	712.8	712.9	0.00	0.00	0.00
8,600.0	89.00	89.31	7,998.0	9.7	812.8	812.9	0.00	0.00	0.00
8,700.0	89.00	89.31	7,999.7	10.9	912.8	912.8	0.00	0.00	0.00
8,800.0	89.00	89.31	8,001.5	12.1	1,012.7	1,012.8	0.00	0.00	0.00
8,900.0	89.00	89.31	8,003.2	13.3	1,112.7	1,112.8	0.00	0.00	0.00
9,000.0	89.00	89.31	8,004.9	14.5	1,212.7	1,212.8	0.00	0.00	0.00
9,100.0	89.00	89.31	8,006.7	15.7	1,312.7	1,312.8	0.00	0.00	0.00
9,200.0	89.00	89.31	8,008.4	16.9	1,412.7	1,412.8	0.00	0.00	0.00
9,300.0	89.00	89.31	8,010.2	18.1	1,512.6	1,512.7	0.00	0.00	0.00
9,400.0	89.00	89.31	8,011.9	19.3	1,612.6	1,612.7	0.00	0.00	0.00
9,500.0	89.00	89.31	8,013.6	20.5	1,712.6	1,712.7	0.00	0.00	0.00
9,600.0	89.00	89.31	8,015.4	21.7	1,812.6	1,812.7	0.00	0.00	0.00
9,700.0	89.00	89.31	8,017.1	22.9	1,912.5	1,912.7	0.00	0.00	0.00
9,800.0	89.00	89.31	8,018.9	24.1	2,012.5	2,012.7	0.00	0.00	0.00
9,900.0	89.00	89.31	8,020.6	25.3	2,112.5	2,112.7	0.00	0.00	0.00
10,000.0	89.00	89.31	8,022.3	26.5	2,212.5	2,212.6	0.00	0.00	0.00
10,100.0	89.00	89.31	8,024.1	27.7	2,312.5	2,312.6	0.00	0.00	0.00
10,200.0	89.00	89.31	8,025.8	28.9	2,412.4	2,412.6	0.00	0.00	0.00

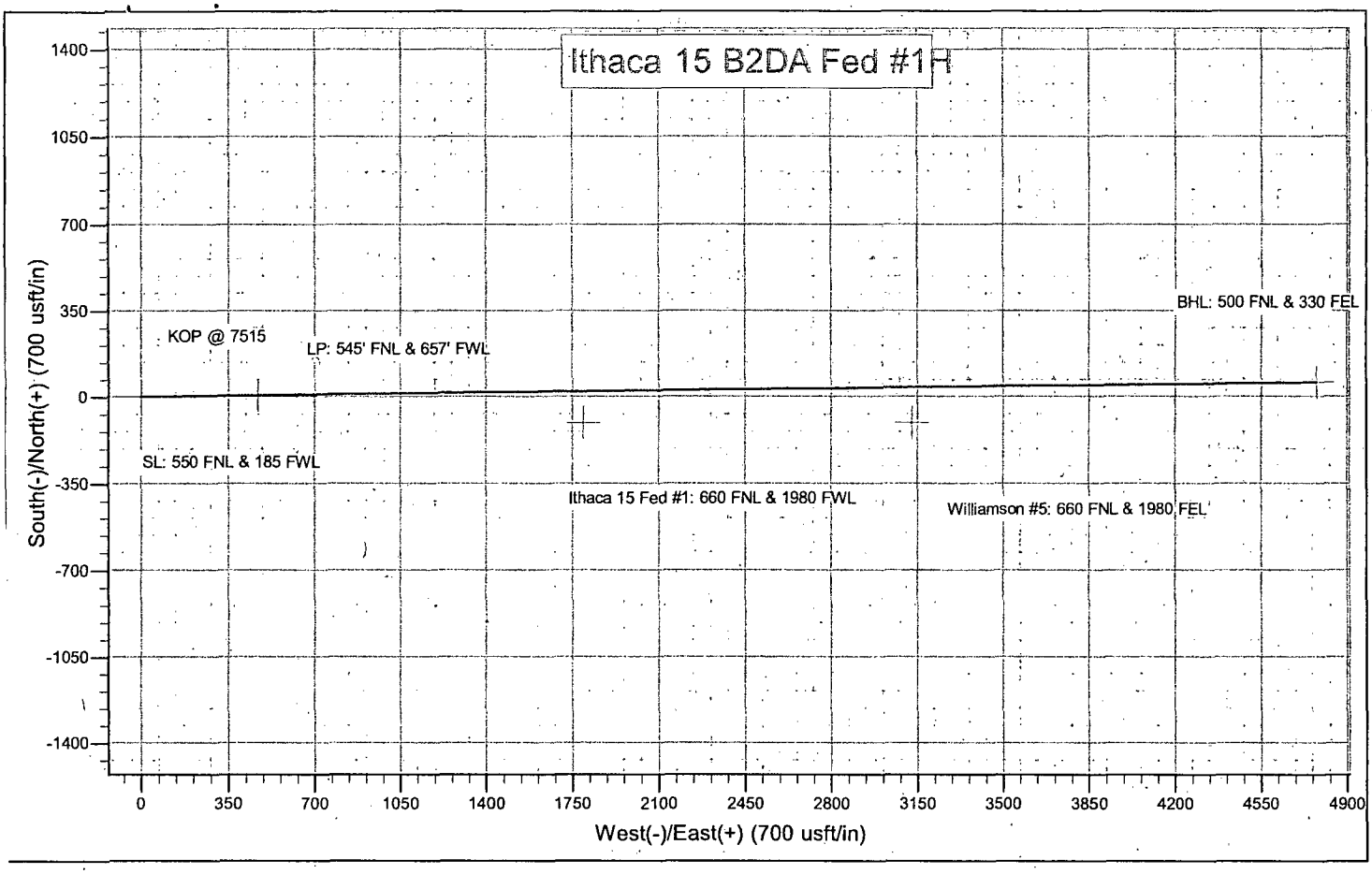
Database:	Hobbs	Local Co-ordinate Reference:	Site Ithaca 15 B2DA Fed #1H
Company:	Mewbourne Oil Company	TVD Reference:	WELL @ 3307.0usft (Original Well Elev)
Project:	Eddy County, New Mexico	MD Reference:	WELL @ 3307.0usft (Original Well Elev)
Site:	Ithaca 15 B2DA Fed #1H	North Reference:	Grid
Well:	Sec 15, T20S, R29E	Survey Calculation Method:	Minimum Curvature
Wellbore:	BHL: 500' FNL & 330' FEL		
Design:	Design #1		

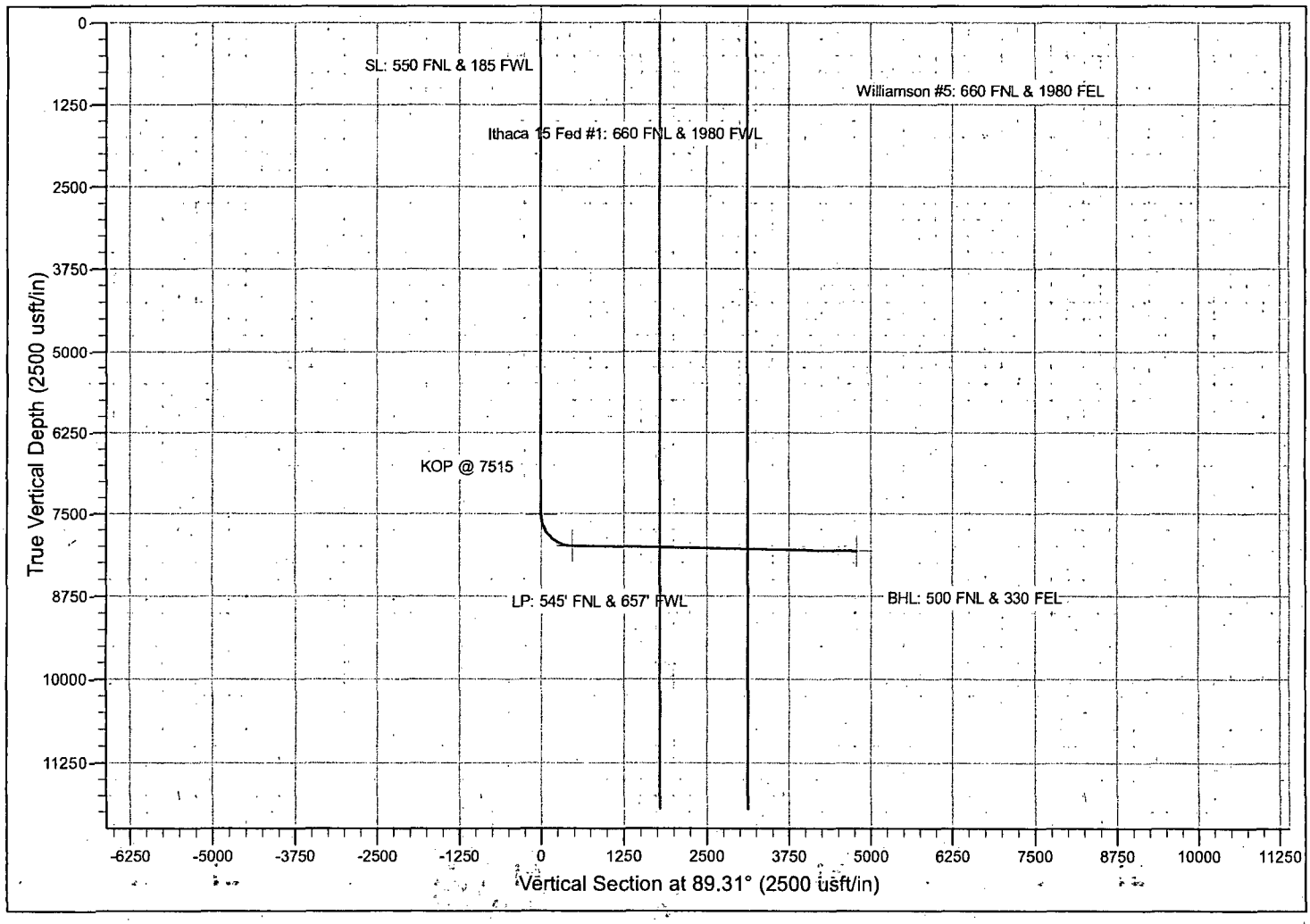
Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100usft)	Build Rate (°/100usft)	Turn Rate (°/100usft)
10,300.0	89.00	89.31	8,027.6	30.1	2,512.4	2,512.6	0.00	0.00	0.00
10,400.0	89.00	89.31	8,029.3	31.3	2,612.4	2,612.6	0.00	0.00	0.00
10,500.0	89.00	89.31	8,031.0	32.5	2,712.4	2,712.6	0.00	0.00	0.00
10,600.0	89.00	89.31	8,032.8	33.7	2,812.3	2,812.5	0.00	0.00	0.00
10,700.0	89.00	89.31	8,034.5	34.9	2,912.3	2,912.5	0.00	0.00	0.00
10,800.0	89.00	89.31	8,036.3	36.1	3,012.3	3,012.5	0.00	0.00	0.00
10,900.0	89.00	89.31	8,038.0	37.3	3,112.3	3,112.5	0.00	0.00	0.00
11,000.0	89.00	89.31	8,039.7	38.5	3,212.3	3,212.5	0.00	0.00	0.00
11,100.0	89.00	89.31	8,041.5	39.7	3,312.2	3,312.5	0.00	0.00	0.00
11,200.0	89.00	89.31	8,043.2	40.9	3,412.2	3,412.5	0.00	0.00	0.00
11,300.0	89.00	89.31	8,045.0	42.1	3,512.2	3,512.4	0.00	0.00	0.00
11,400.0	89.00	89.31	8,046.7	43.2	3,612.2	3,612.4	0.00	0.00	0.00
11,500.0	89.00	89.31	8,048.4	44.4	3,712.1	3,712.4	0.00	0.00	0.00
11,600.0	89.00	89.31	8,050.2	45.6	3,812.1	3,812.4	0.00	0.00	0.00
11,700.0	89.00	89.31	8,051.9	46.8	3,912.1	3,912.4	0.00	0.00	0.00
11,800.0	89.00	89.31	8,053.7	48.0	4,012.1	4,012.4	0.00	0.00	0.00
11,900.0	89.00	89.31	8,055.4	49.2	4,112.1	4,112.4	0.00	0.00	0.00
12,000.0	89.00	89.31	8,057.1	50.4	4,212.0	4,212.3	0.00	0.00	0.00
12,100.0	89.00	89.31	8,058.9	51.6	4,312.0	4,312.3	0.00	0.00	0.00
12,200.0	89.00	89.31	8,060.6	52.8	4,412.0	4,412.3	0.00	0.00	0.00
12,300.0	89.00	89.31	8,062.4	54.0	4,512.0	4,512.3	0.00	0.00	0.00
12,400.0	89.00	89.31	8,064.1	55.2	4,611.9	4,612.3	0.00	0.00	0.00
12,500.0	89.00	89.31	8,065.8	56.4	4,711.9	4,712.3	0.00	0.00	0.00
12,566.4	89.00	89.31	8,067.0	57.2	4,778.3	4,778.6	0.00	0.00	0.00
BHL: 500 FNL & 330 FEL									

Design Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
KOP @ 7515 - plan hits target center - Point	0.00	0.00	7,514.5	0.0	0.0	574,494.20	581,005.30	32° 34' 44.817 N	104° 4' 13.280 W
LP: 545' FNL & 657' FWl - plan hits target center - Point	0.00	0.00	7,992.0	5.6	469.2	574,499.80	581,474.50	32° 34' 44.861 N	104° 4' 7.796 W
BHL: 500 FNL & 330 FE - plan hits target center - Point	0.00	0.00	8,067.0	57.2	4,778.3	574,551.41	585,783.56	32° 34' 45.263 N	104° 3' 17.435 W


Ithaca 15 B2DA Fed #1H
South(-)/North(+) (700 usft/in)
West(-)/East(+) (700 usft/in)
KOP @ 7515
LP: 545' FNL & 657' FWL
BHL: 500 FNL & 330 FEL
SL: 550 FNL & 185 FWL
Ithaca 15 Fed #1: 660 FNL & 1980 FWL
Williamson #5: 660 FNL & 1980 FEL
1400
1050
700
350
0
-350
-700
-1050
-1400
0
350
700
1050
1400
1750
2100
2450
2800
3150
3500
3850
4200
4550
4900


True Vertical Depth (2500 usft/in)
Vertical Section at 89.31° (2500 usft/in)
SL: 550 FNL & 185 FWL
Williamson #5: 660 FNL & 1980 FEL
Ithaca 15 Fed #1: 660 FNL & 1980 FWL
KOP @ 7515
LP: 545' FNL & 657' FWL
BHL: 500 FNL & 330 FEL
0
1250
2500
3750
5000
6250
7500
8750
10000
11250
-6250
-5000
-3750
-2500
-1250
0
1250
2500
3750
5000
6250
7500
8750
10000
11250

Mewbourne Oil Company

Eddy County, New Mexico
Ithaca 15 B2DA Fed #1H
Sec 15, T20S, R29E
SL: 550' FNL & 185' FWL
BHL: 500' FNL & 330' FEL
Design #1

Anticollision Summary Report

26 February, 2015

Anticollision Summary Report

Company:	Mewbourne Oil Company	**Local Co-ordinate Reference:**	Site Ithaca 15 B2DA Fed #1H
Project:	Eddy County, New Mexico	**TVD Reference:**	WELL @ 3307.0usft (Original Well Elev)
Reference Site:	Ithaca 15 B2DA Fed #1H	**MD Reference:**	WELL @ 3307.0usft (Original Well Elev)
Site Error:	0.0 usft	**North Reference:**	Grid
Reference Well:	Sec 15, T20S, R29E	**Survey Calculation Method:**	Minimum Curvature
Well Error:	0.0 usft	**Output errors are at**	2.00 sigma
Reference Wellbore	BHL: 500' FNL & 330' FEL	**Database:**	Hobbs
Reference Design:	Design #1	**Offset TVD Reference:**	Offset Datum

Reference Design #1

Filter type:	NO GLOBAL FILTER: Using user defined selection & filtering criteria	WARNING: There is hidden tight data in this project	
Interpolation Method:	Stations	**Error Model:**	ISCWSA
Depth Range:	Unlimited	**Scan Method:**	Closest Approach 3D
Results Limited by:	Maximum center-center distance of 10,000.0 usft	**Error Surface:**	Elliptical Conic
Warning Levels Evaluated at:	2.00 **Sigma**	**Casing Method:**	Not applied

Survey Tool Program **Date** 7/29/2014

From (usft)	To (usft)	Survey (Wellbore)	Tool Name	Description
0.0	12,566.4	Design #1 (BHL: 500' FNL & 330' FEL)		

Summary

Site Name Offset Well - Wellbore - Design	Reference Measured Depth (usft)	Offset Measured Depth (usft)	Distance Between Centres (usft)	Distance Between Ellipses (usft)	Separation Factor	Warning
Ithaca 15 B2DA Fed #1H						
Ithaca 15 Fed #1 - Wellbore #1 - Design #1	0.0	0.0	1,798.5			
Ithaca 15 Fed #1 - Wellbore #1 - Design #1	9,581.2	8,015.1	128.2			
Williamson #5 - Williamson #5 - Design #1	0.0	0.0	3,130.3			
Williamson #5 - Williamson #5 - Design #1	10,914.5	8,038.3	142.4			

20" Diverter & Closed Loop Equipment Schematic

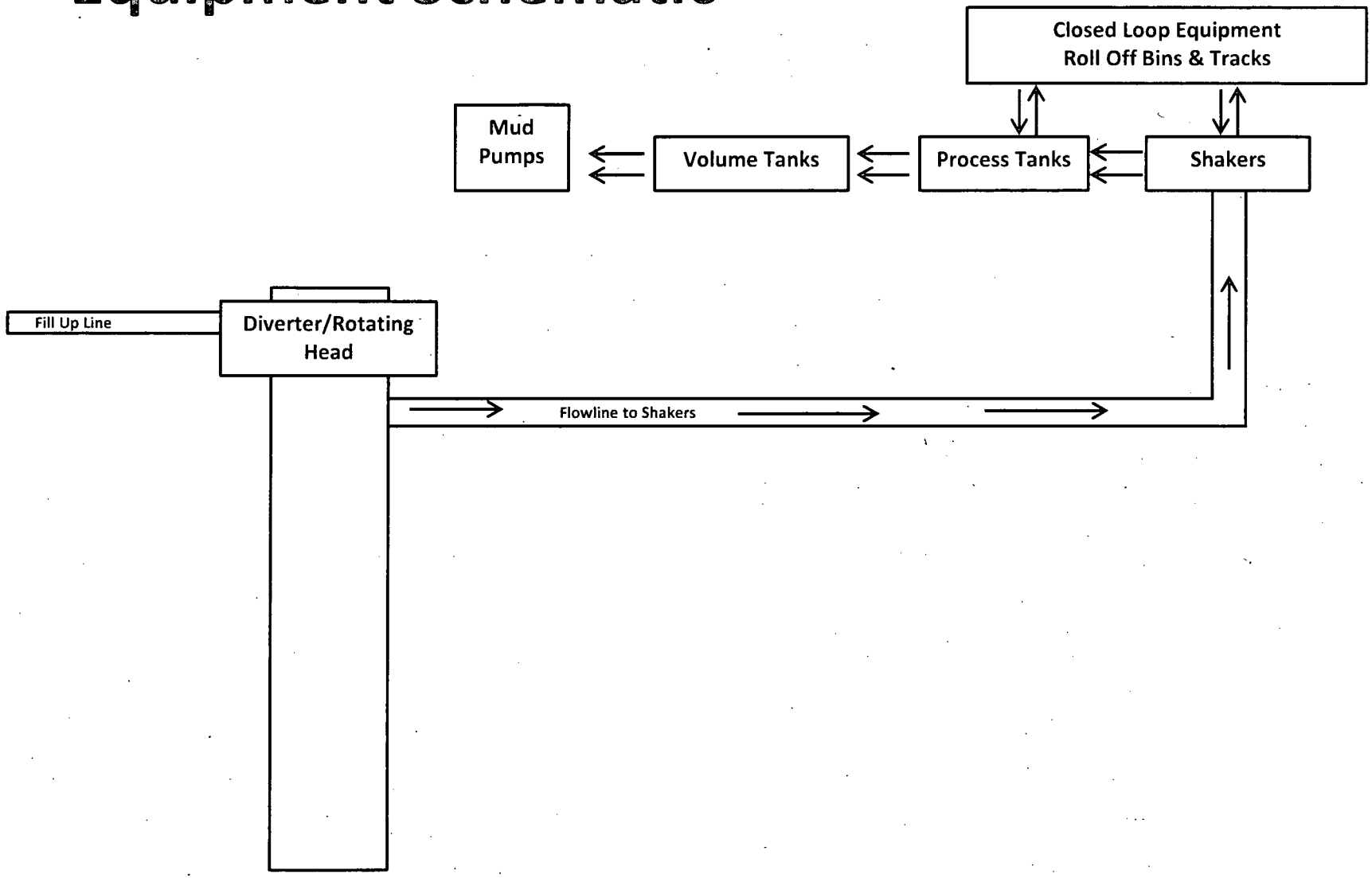


Exhibit 2B
Ithaca 15 B2DA Fed #1H

SURFACE USE PLAN OF OPERATIONS
MEWBOURNE OIL COMPANY

Ithaca 15 B2DA Fed #1H
550' FNL & 185' FWL (SHL)
Sec. 15 – T20S-R29E
Eddy County, New Mexico

Introduction

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. The existing access road route to the proposed project is depicted on **Exhibit 3F**. Improvements to the driving surface will be done where necessary. No new surface disturbance will be done, unless otherwise noted in the New or Reconstructed Access Roads section of this surface use plan.
b. The existing oil and gas roads utilized to access the proposed project will be maintained by crowning, clearing ditches, and fixing potholes. All existing structures on the entire access route such as cattleguards, other range improvement projects, culverts, etc. will be properly repaired or replaced if they are damaged or have deteriorated beyond practical use.
c. Mewbourne Oil Co. will cooperate with other operators in the maintenance of lease roads.

2. New or Reconstructed Access Roads

a. An access road will be needed for this proposed project. See the survey plat(s) for the location of the access road.
b. The length of access road needed to be constructed for this proposed project is about **705 feet**.
c. The access road will be 14 feet wide and will be constructed with 6 inches of compacted caliche. A 25 foot wide area would be needed to construct the road.
d. When the road travels on fairly level ground, the road will be crowned and ditched with a 2% slope from the tip of the road crown to the edge of the driving surface. The ditches will be 3 feet wide with 3:1 slopes.
e. The access road will be constructed with a ditch on each side of the road.
f. The maximum grade for the access road will be 5 percent.
g. If the road is longer than 1,000 feet, turnouts will be constructed with an interval of 1,000 feet. Turnouts will be intervisible and will be 10 feet wide and 100 feet long.
h. Low water crossings will be constructed where drainages cross the access road.

i. Construction of new or reconstructed roads, on surface under the jurisdiction of the Bureau of Land Management will include ditching, draining, crowning and capping or sloping and dipping the roadbed as necessary to provide a well-drained and safe road.
j. Lead-off ditches will be constructed for the proposed access road, but will not extend more than 15 feet outside the road edge.

3. Location of Existing Wells

a. **Exhibit 4, 4A** of the APD depicts all known wells within a one mile radius of the proposed well.

4. Location of Existing and/or Proposed Production Facilities

a. All permanent, lasting more than 6 months, above ground structures including but not limited to pumpjacks, storage tanks, pipeline risers, meter housing, etc. that are not subject to safety requirements will be painted a non-reflective paint color that blends in with the surrounding landscape. The paint color will be one of the colors from the BLM Standard Environmental Colors chart selected by the BLM authorized officer.
b. All proposed production facilities that are located on the well pad will be strategically placed to allow for maximum interim reclamation, recontouring, and revegetation of the well location.
c. If any plans change regarding the production facility or other infrastructure (pipeline, electric line, etc.), we will submit a sundry notice or right of way (if applicable) prior to installation of construction.
d. An electric line will be applied for through a sundry notice or BLM right of way at a later date.

5. Location and Types of Water

a. 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 identified above in this surface use plan.

6. Construction Materials

a. Construction material that will be used to build the well pad and road will be caliche.
b. 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.

c. Obtaining caliche: One way of obtaining caliche to build locations and roads will be by "turning over" the location. This means, caliche will be obtained from the actual well site. A caliche permit will be obtained from BLM prior to obtaining caliche. Amount of caliche will vary for each pad. The procedure below has been approved by BLM personnel:
   i. The top 6 inches of topsoil is pushed off and stockpiled along the side of the location.
   ii. An approximate 160' X 160' area is used within the proposed well site to remove caliche.
   iii. Subsoil is removed and stockpiled within the surveyed well pad.
   iv. When caliche is found, material will be stock piled within the pad site to build the location and road.
   v. Then subsoil is pushed back in the hole and caliche is spread accordingly across entire location and road.
   vi. Once well is drilled, the stock piled top soil will be used for interim reclamation and spread along areas where caliche is picked up and the location size is reduced.
   vii. Neither caliche, nor subsoil will be stock piled outside of the well pad. Topsoil will be stockpiled along the edge of the pad as depicted in the Well Site Layout or survey plat.

In the event that no caliche is found onsite, caliche will be hauled in from a BLM, state, or private mineral pit. A BLM mineral material permit will be acquired prior to obtaining any mineral material from BLM pits or land.

7. Methods of Handling Waste

a. The well will be drilled utilizing a closed loop system. Drill cuttings will be properly contained in steel tanks and taken to an NMOCD approved disposal facility.
b. Drilling fluids and produced oil and water from the well during completion operations will be stored safely in closed containers and disposed of properly in an NMOCD approved disposal facility.
c. Garbage and trash produced during drilling and completion operations will be collected in trash containers and disposed of properly at a state approved site. All trash on and around the well site will be collected for disposal.
d. All human waste and grey water from drilling and completion operations will be properly contained and disposed of properly at a disposal facility.
e. After drilling and completion operations, trash, chemicals, salts, frac sand and other waste material will be removed and disposed of properly at a disposal site.

8. Ancillary Facilities

a. No ancillary facilities will be needed for this proposed project.

9. Well Site Layout

a. The proposed drilling pad to be built was staked and surveyed by a professional surveyor. The attached survey plat of the well site depicts the drilling pad layout as staked.
b. A title of a well site diagram is **Exhibit 5**. This diagram depicts the rig layout.
c. In areas to be heavily disturbed, the top 6 inches of soil material, will be stripped and stockpiled on the perimeter of the well location to keep topsoil viable, and to make redistribution of topsoil more efficient during interim reclamation. Stockpiled topsoil should include vegetative material. Topsoil will be clearly segregated and stored separately from subsoils. Contaminated soil will not be stockpiled, but properly treated and handled prior to topsoil salvaging.

10. Plans for Surface Reclamation

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.

a. Interim Reclamation (well pad)

i. Interim reclamation will be performed on the well site after the well is drilled and completed. **Exhibit 6** depicts the location and dimensions of the planned interim reclamation for the well site.
ii. The well location and surrounding areas will be cleared of, and maintained free of, all materials, trash, and equipment not required for production.
iii. In areas planned for interim reclamation, all the surfacing material will be removed and returned to the original mineral pit or recycled to repair or build roads and well pads.
iv. The areas planned for interim reclamation will then be recontoured to the original contour if feasible, or if not feasible, to an interim contour that blends with the surrounding topography as much as possible. Where applicable, the fill material of the well pad will be backfilled into the cut to bring the area back to the original contour. The interim cut and fill slopes prior to re-seeding will not be steeper than a 3:1 ratio, unless the adjacent native topography is steeper. Note: Constructed slopes may be much steeper during drilling, but will be recontoured to the above ratios during interim reclamation.

v. Topsoil will be evenly respread and aggressively revegetated over the entire disturbed area not needed for all-weather operations including cuts & fills. To seed the area, the proper BLM seed mixture, free of noxious weeds, will be used. Final seedbed preparation will consist of contour cultivating to a depth of 4 to 6 inches within 24 hours prior to seeding, dozer tracking, or other imprinting in order to break the soil crust and create seed germination micro-sites.

vi. Proper erosion control methods will be used on the area to control erosion, runoff and siltation of the surrounding area.

vii. The interim reclamation will be monitored periodically to ensure that vegetation has reestablished and that erosion and invasive/noxious weeds are controlled.

b. Final Reclamation (well pad, buried pipelines, etc.)

i. Prior to final reclamation procedures, the well pad, road, and surrounding area will be cleared of material, trash, and equipment.

ii. All surfacing material will be removed and returned to the original mineral pit or recycled to repair or build roads and well pads.

iii. All disturbed areas, including roads, pipelines, pads, production facilities, and interim reclaimed areas will be recontoured to the contour existing prior to initial construction or a contour that blends indistinguishably with the surrounding landscape. Topsoil that was spread over the interim reclamation areas will be stockpiled prior to recontouring. The topsoil will be redistributed evenly over the entire disturbed site to ensure successful revegetation.

iv. After all the disturbed areas have been properly prepared, the areas will be seeded with the proper BLM seed mixture, free of noxious weeds. Final seedbed preparation will consist of contour cultivating to a depth of 4 to 6 inches within 24 hours prior to seeding, dozer tracking, or other imprinting in order to break the soil crust and create seed germination micro-sites.

v. Proper erosion control methods will be used on the entire area to control erosion, runoff and siltation of the surrounding area.

vi. All unused equipment and structures including pipelines, electric line poles, tanks, etc. that serviced the well will be removed.

vii. All reclaimed areas will be monitored periodically to ensure that revegetation occurs, that the area is not redisturbed, and that erosion and invasive/noxious weeds are controlled.

11. Surface Ownership

a. The surface ownership of the proposed project is federal.

12. Other Information

a. No other information is needed at this time.

13. Operator's Representative

a. Through APD approval, drilling, completion and production operations:

Robin Terrell, District Manager
Mewbourne Oil Company
PO Box 5270
Hobbs, NM 88241
575-393-5905

Notes Regarding Blowout Preventer
Mewbourne Oil Company
Ithaca 15 B2EH Fed #1H
2417' FNL & 62' FWL (SHL)
Sec 15-T20S-R29E
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 3000 psi working pressure on 9 5/8" and 7" casing.

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 3000 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.

Hydrogen Sulfide Drilling Operations Plan

Mewbourne Oil Company

Ithaca 15 B2DA Fed #1H

550' FNL & 185' FWL (SL)

Sec 15-T20S-R29E

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 Delaware formation 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 know 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 9-5/8" intermediate casing.

1. Well Control Equipment
   - A. Choke manifold with minimum of one adjustable choke/remote choke.
   - B. Blowout preventers equipped with blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit
   - C. Auxiliary equipment including annular type blowout preventer.
2. Protective Equipment for Essential Personnel

   Thirty minute self contained work unit located in the dog house and at briefing areas.

Additionally: If H2S is encountered in concentrations less than 10 ppm, fans will be placed in work areas to prevent the accumulation of hazardous amounts of poisonous gas. If higher concentrations of H2S are detected the well will be shut in MOC will follow Onshore Order 6 and install a rotating head, mud/gas separator, remote choke and flare line with igniter will be installed.

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 well site 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 and will be conducted with a minimum number of personnel in the immediate vicinity. The test will be conducted during daylight hours only.

8. Emergency Phone Numbers

Lea County Sheriff's Office	**911 or 575-396-3611**
Ambulance Service	**911 or 575-885-2111**
Carlsbad Fire Dept	**911 or 575-885-2111**
Closest Medical Facility - Columbia Medical Center of Carlsbad	**575-492-5000**

Mewbourne Oil Company	**Hobbs District Office**	**575-393-5905**
	Fax	**575-397-6252**
	2nd Fax	**575-393-7259**
District Manager	**Robin Terrell**	**575-390-4816**
Drilling Superintendent	**Frosty Lathan**	**575-390-4103**
	Bradley Bishop	**575-390-6838**
Drilling Foreman	**Wesley Noseff**	**575-441-0729**

11" 3M BOPE & Closed Loop Equipment Schematic

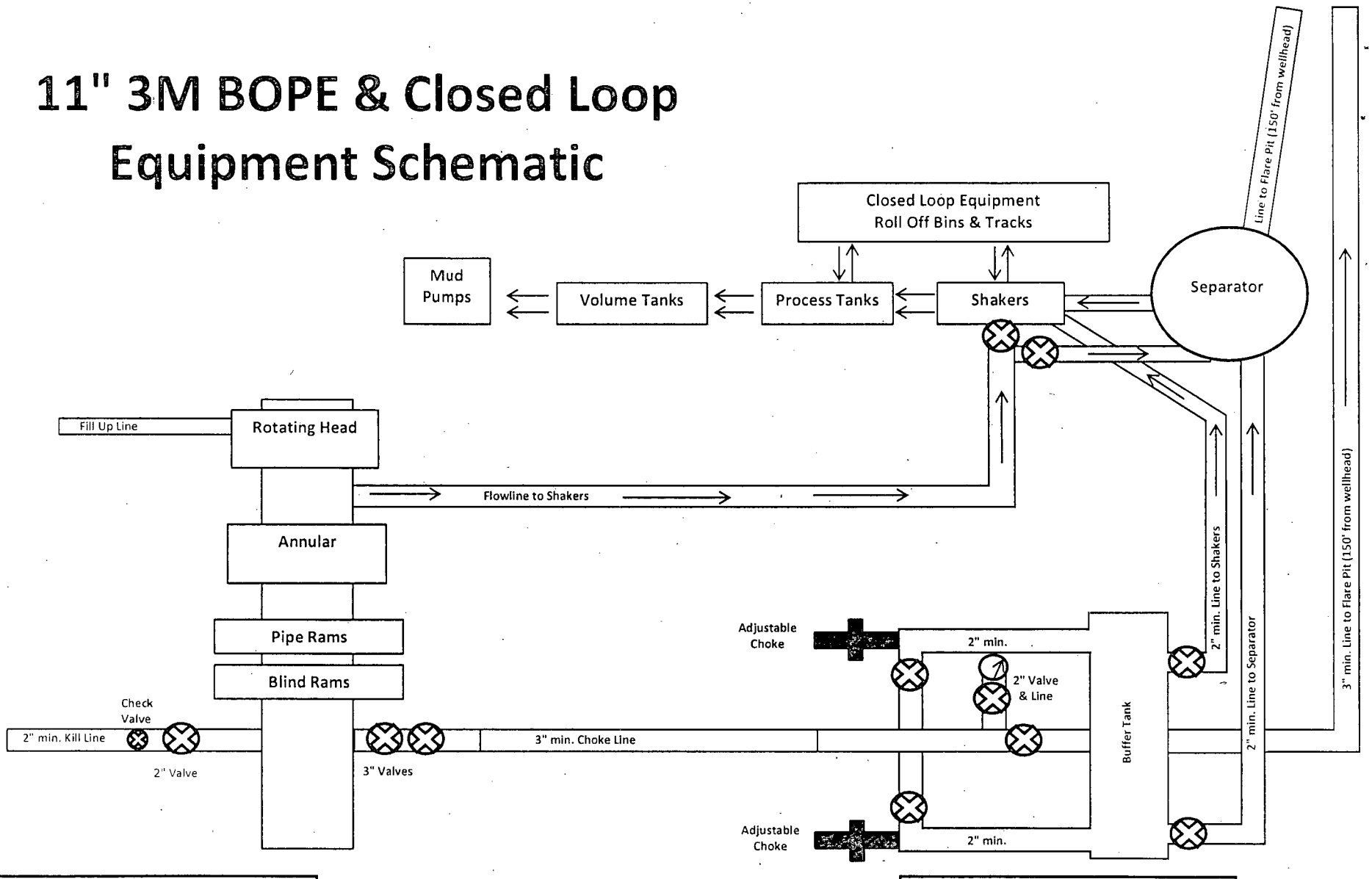


Exhibit "2"
Ithaca 15 B2EH Fed #1H

Note: All valves & lines on choke manifold are 3" unless otherwise noted. Exact manifold configuration may vary.

13 ⅝" 2M BOPE & Closed Loop Equipment Schematic

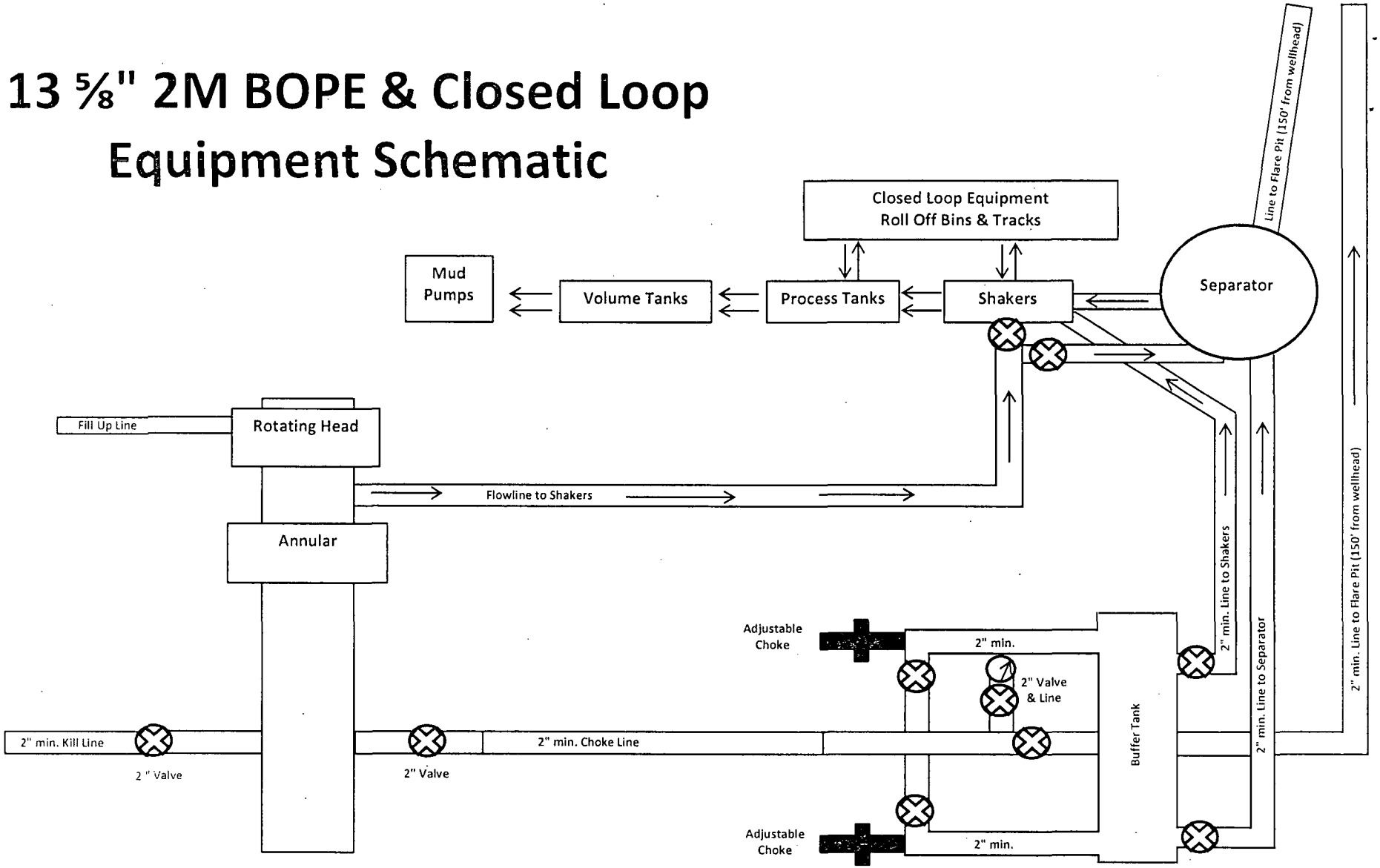
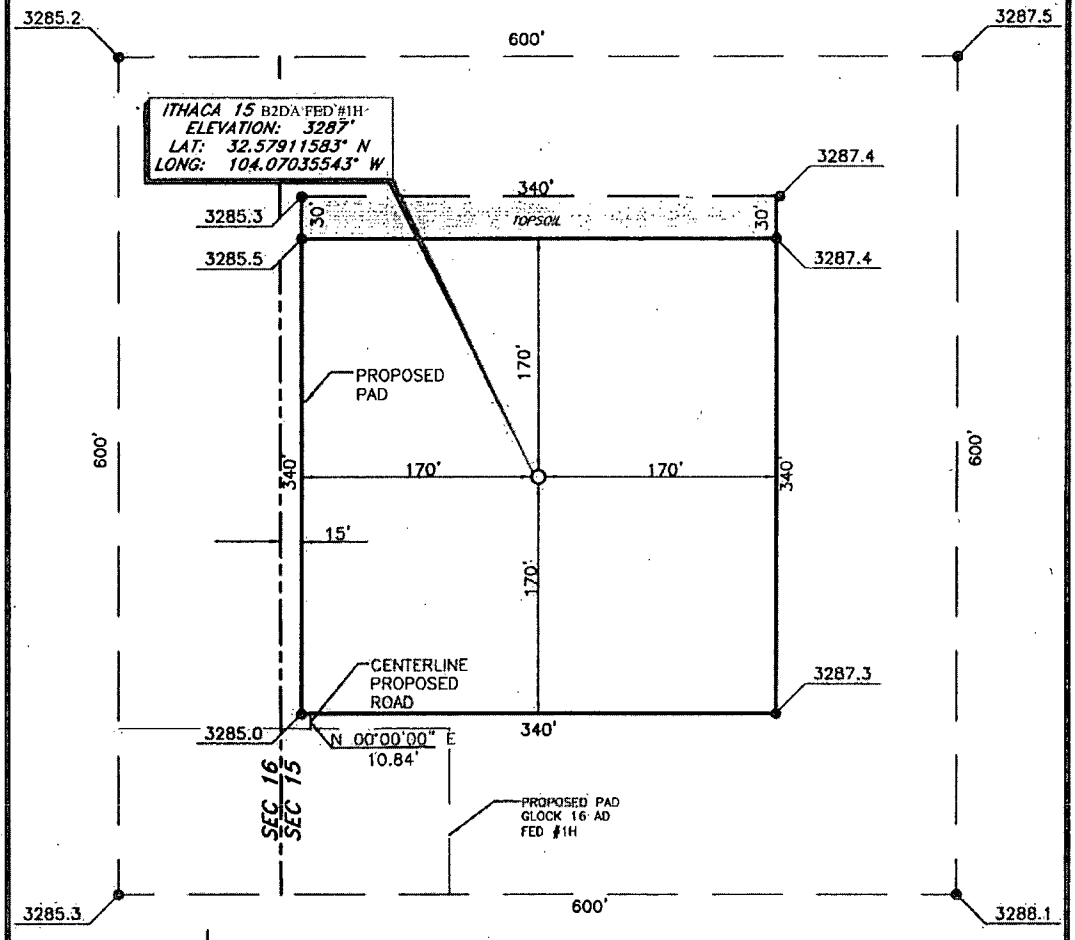


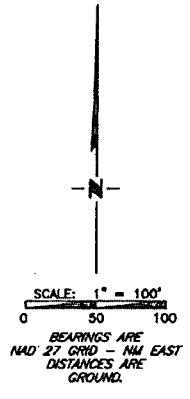
EXHIBIT "2"
Ithaca 15 B2EH Fed #1H

EXHIBIT "3"

MEWBOURNE OIL COMPANY

ITHACA 15 B2DA FED #1H
(550' FNL & 185' FWL)
Section 15, T-20-S, R-29-E,
N. M. P. M., Eddy Co., New Mexico





DIRECTIONS TO LOCATION

From the junction of CR 243 (Magnum Road) & CR 238 (Burton Flat);

Go East approx. 2.7 miles to lease Road on the left;

Turn left; Go North approx. 0.5 mile to a lease road on the right;

Turn right; Go East approx. 0.3 mile to a lease road on the left.

Turn left; Go North approx. 0.6 mile;

Pad location is approx. 540 feet to the East.

NO.	REVISION	DATE

JOB NO.: LS130481
DWG. NO.: 130481PAD

PROSPERITY CONSULTANTS, LLC

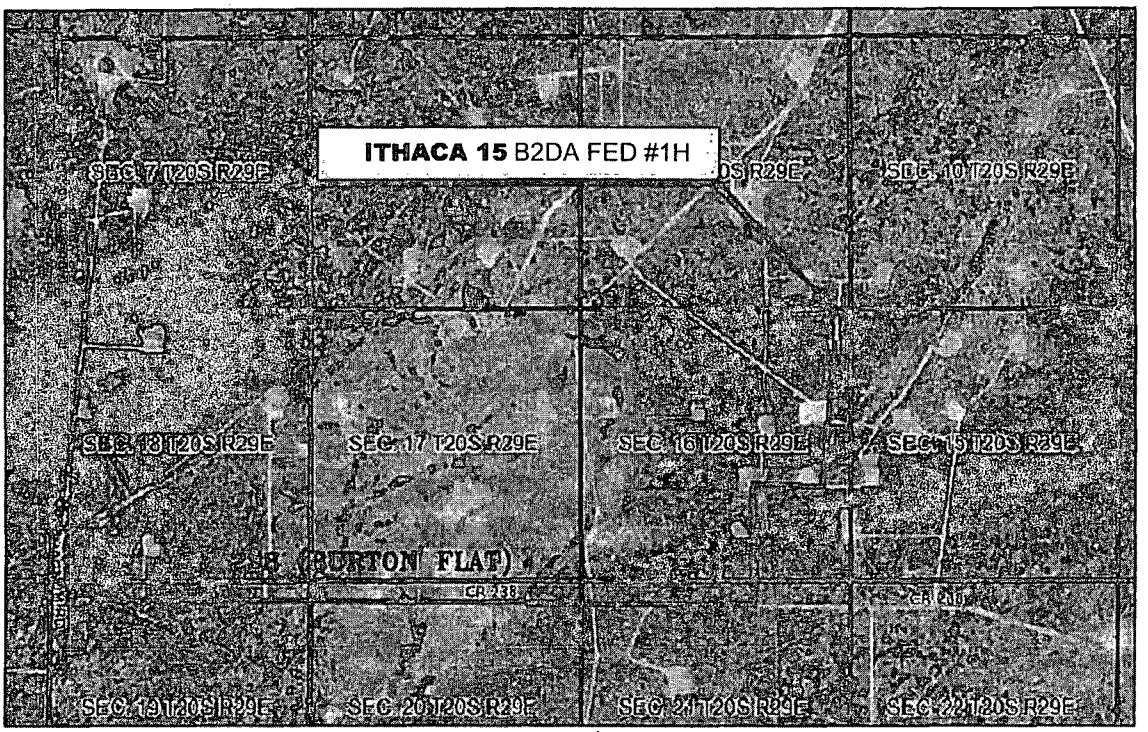
308 W. Broadway St., Hobbs, NM 88240 | Firm No.: TX 10193838 NM 4655451 | (575) 964-8200

SCALE: 1" = 100'
DATE: 11-26-13
SURVEYED BY: BC
DRAWN BY: JF
APPROVED BY: LWB
SHEET : 1 OF 1

EXHIBIT "3A"

VICINITY MAP

NOT TO SCALE



SECTION 15, TWP. 20 SOUTH, RGE. 29 EAST, N. M. P. M., EDDY COUNTY, NEW MEXICO

OPERATOR: Mewbourne Oil Company
LEASE: Ithaca 15 B2DA FED
WELL NO.: 1H

LOCATION: 550' FNL & 185' FWL
ELEVATION: 3287'

NO.	REVISION	DATE

JOB NO.: LS130481
DWG. NO.: 130481VM

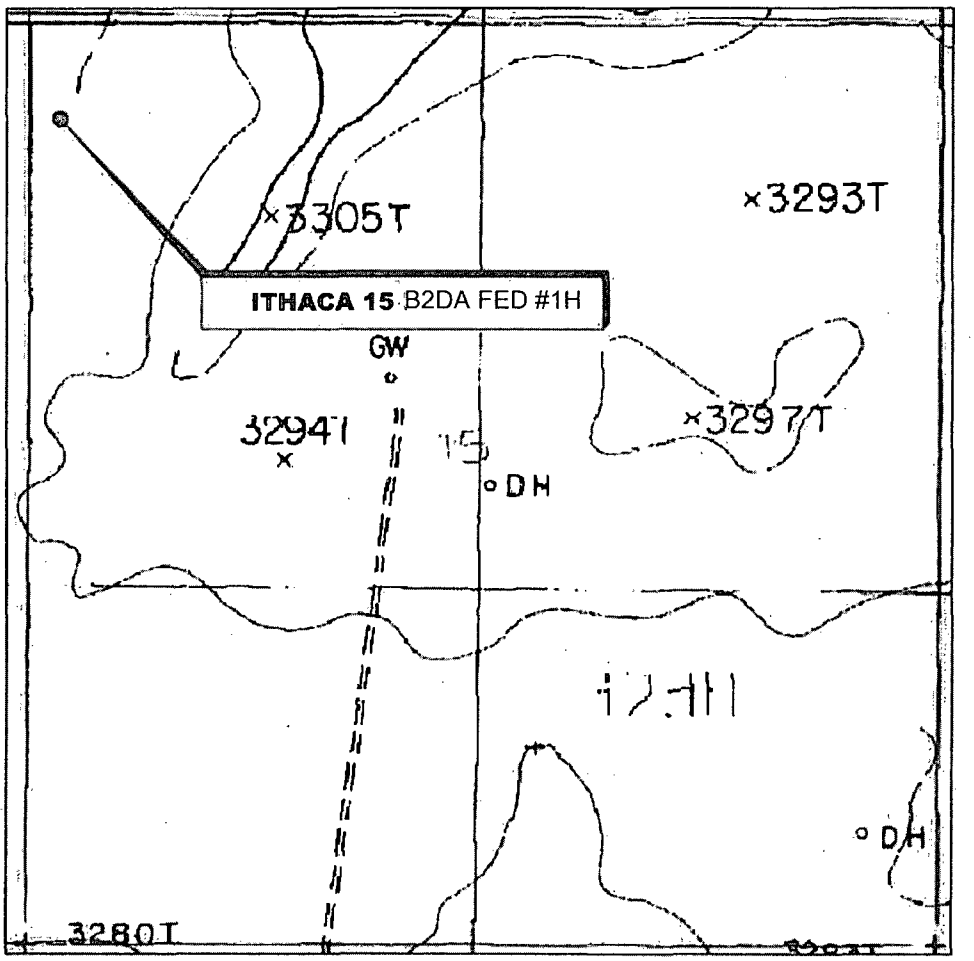
PROSPERITY CONSULTANTS, LLC

308 W. Broadway St., Hobbs, NM 88240 | Firm No. TX 10193838 NM 4655451 | (575) 964-8200

SCALE: NOT TO SCALE
DATE: 11-26-13
SURVEYED BY: BC
DRAWN BY: JF
APPROVED BY: LWB
SHEET : 1 OF 1

EXHIBIT "3B"

LOCATION VERIFICATION MAP



SECTION 15, TWP. 20 SOUTH, RGE. 29 EAST, N. M. P. M., EDDY COUNTY, NEW MEXICO

OPERATOR: Mewbourne Oil Company
LEASE: Ithaca 15 B2DA FED #1H
WELL NO.: 1H
ELEVATION: 3287'

LOCATION: 550' FNL & 185' FWL
CONTOUR INTERVAL: 10'
USGS TOPO. SOURCE MAP: Illinois Camp SE, NM

NO.	REVISION	DATE

JOB NO.: LS130481
DWG. NO.: 130481LVM

PROSPERITY CONSULTANTS, LLC

308 W. Broadway St., Hobbs, NM 88240 | Firm No. TX 10193838 NM 4655451 | (575) 964-8200

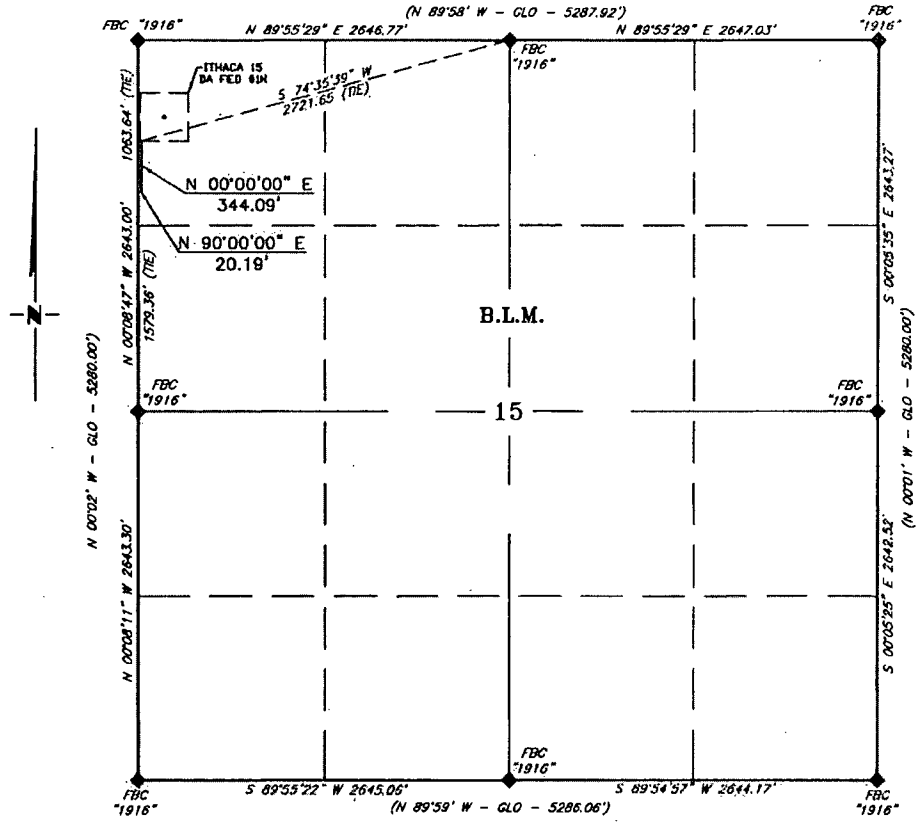
SCALE: 1" = 1000'
DATE: 11-26-13
SURVEYED BY: BC
DRAWN BY: JF
APPROVED BY: LWB
SHEET : 1 OF 1

EXHIBIT "3C"

MEWBOURNE OIL COMPANY

ROAD EASEMENT FOR THE ITHACA 15 B2DA FED #1H

SEC. 15, T20S, R29E, N.M.P.M., EDDY CO., N.M.



DESCRIPTION

A strip of land being 30 feet wide, 364.28 feet or 22.078 rods in length lying in Section 15, Township 20 South, Range 29 East, N. M. P. M., Eddy County, New Mexico, being 15 feet left and 15 feet right of the following described survey of centerline across B.L.M. lands:

Beginning at a point on the West line of said Section 15, which bears N 00°08'47" W, 1579.36 feet from a brass cap, stamped "1916", found for the East quarter corner of said Section 15;

Thence N 90°00'00" E, 20.19 feet;

Thence N 00°00'00" E, 344.09 feet to a point in the Northwest quarter of said Section 15, which bears S 74°35'39" W, 2721.65 feet from a brass cap, stamped "1916", found for the North quarter corner of said Section 15.

Said strip of land contains 0.251 acres, more or less and is allocated by forties as follows:

NW ¼ NW ¼ 0.251 Acres

SCALE: 1" = 1000'
0 500 1000

BEARINGS: NAD 27 GRID-NM EAST
DISTANCES: HORIZ. GROUND

LEGEND
( ) RECORD DATA
◆ FBC**** FOUND BRASS CAP "YEAR"

I, R. M. Howett, a N. M. Professional Surveyor, hereby certify that this plat was prepared from an actual ground survey made under my direct supervision, said survey and plat meet the Min. Stds. for Land Surveying in the State of N. M. and are true and correct to the best of my knowledge and belief.

Robert M. Howett

Robert M. Howett NM PS 19680

ROBERT M. HOWETT NEW MEXICO 19680 PROFESSIONAL SURVEYOR

NO.	REVISION	DATE

JOB NO.: LS130481
DWG. NO.: 130481RD

PROSPERITY CONSULTANTS, LLC
2251 Double Creek Drive, Suite 602, Round Rock, Texas 78664 o (512) 992-2087 f (512) 251-2518

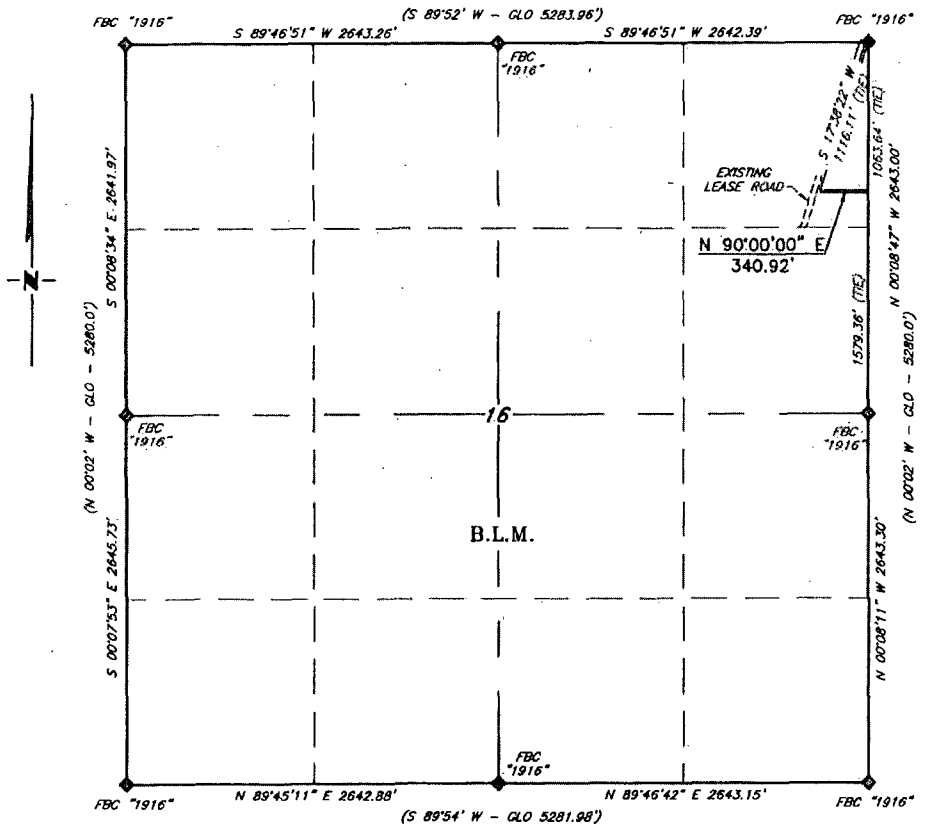
SCALE: 1" = 1000'
DATE: 11/26/13
SURVEYED BY: BK
DRAWN BY: AF
APPROVED BY: LWB
SHEET : 1 OF 1

EXHIBIT "3D"

MEWBOURNE OIL COMPANY

ROAD EASEMENT FOR THE ITHACA 15 B2DA FEDERAL #1H

SEC. 16, T20S, R29E, N.M.P.M., EDDY CO., N.M.



DESCRIPTION

A strip of land being 30 feet wide, 340.92 feet or 20.662 rods in length lying in Section 16, Township 20 South, Range 29 East, N. M. P. M., Eddy County, New Mexico, being 15 feet left and 15 feet right of the following described survey of a centerline across B.L.M. lands:

Beginning at a point in the Northeast quarter of said Section 16, which bears S 17°38'22" W, 1116.11 feet from a brass cap, stamped "1916", found for the Northeast quarter corner of said Section 16;

Thence N 90°00'00" E, 340.92 feet to a point on the East line of said Section 16, which bears N 00°08'47" W, 1579.36 feet from a brass cap, stamped "1916", found for the East quarter corner of said Section 16.

Said strip of land contains 0.235 acres, more or less and is allocated by forties as follows:

NE ¼ NE ¼ 0.235 Acres

SCALE: 1" = 1000'
0 500 1000

BEARINGS: NAD 27 GRID-NM EAST
DISTANCES: HORIZ. GROUND

LEGEND
( ) RECORD DATA
◆ FBC**** FOUND BRASS CAP "YEAR"

I, R. M. Howett, a N. M. Professional Surveyor, hereby certify that this plat was prepared from an actual ground survey made under my direct supervision, said survey and plat meet the Min. Stds. for Land Surveying in the State of N. M. and are true and correct to the best of my knowledge and belief.

Robert M. Howett

Robert M. Howett NM PS 19680

ROBERT M. HOWETT NEW MEXICO 19680 PROFESSIONAL SURVEYOR

NO.	REVISION	DATE

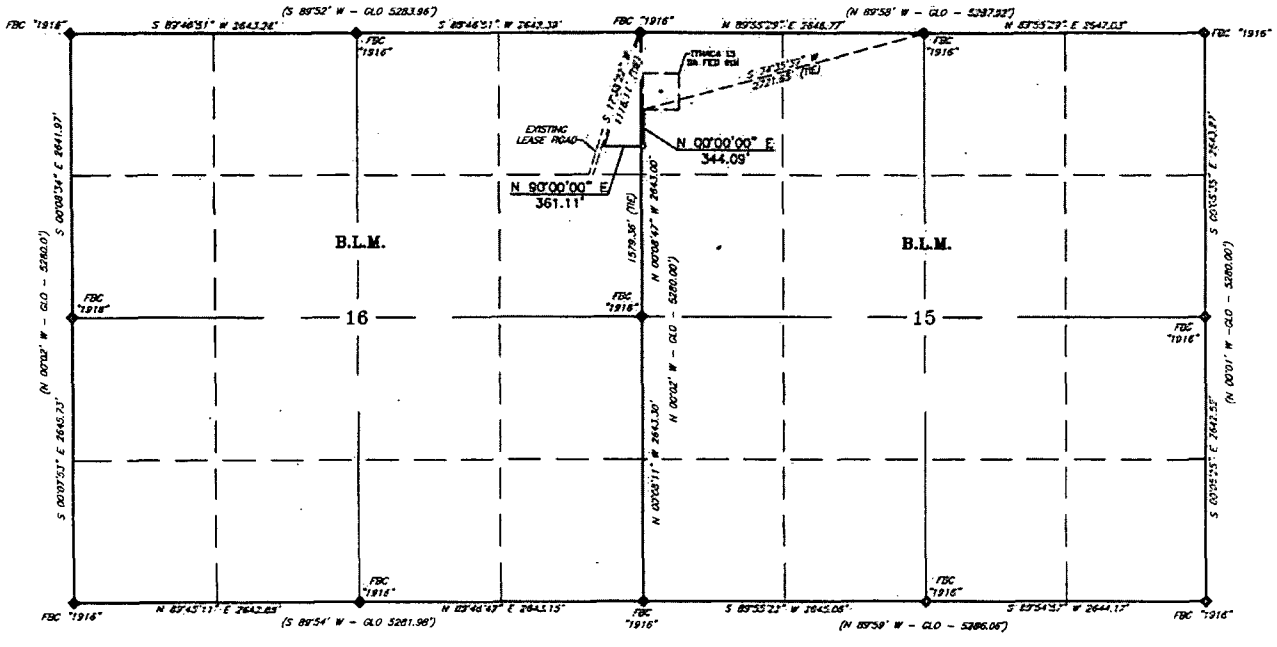
JOB NO.: LS130481
DWG. NO.: 130481RD

PROSPERITY CONSULTANTS, LLC

2251 Double Creek Drive, Suite 602, Round Rock, Texas 78664 o (512) 992-2087 f (512) 251-2518

SCALE: 1" = 1000'
DATE: 11/26/13
SURVEYED BY: BK
DRAWN BY: AF
APPROVED BY: LWB
SHEET : 1 OF 1

EXHIBIT "3E"



OVERVIEW

BEARINGS: NAD 27-NM EAST
DISTANCES: HORIZ.

LEGEND
( ) RECORD DATA
◆ FBC "1942"

MEWBOURNE OIL COMPANY

ROAD EASEMENT FOR ITHACA 15 B2DA FED #1H

SECTIONS 15 & 16, T20S, R29E, N.M.P.M., EDDY CO., N.M.

PROSPERITY CONSULTANTS, LLC
2251 Double Creek Drive, Suite 402, Round Rock, Texas 78664 o (512) 992-2087 f (512) 251-2516

DATE:	SURVEYED BY: BK/IE	
DWG. NO.: 1304810V	DRAWN BY: AF	SCALE: N.T.S.
JOB NO.: LS130481	APPR. BY: LWB	SHEET: 1 OF 1

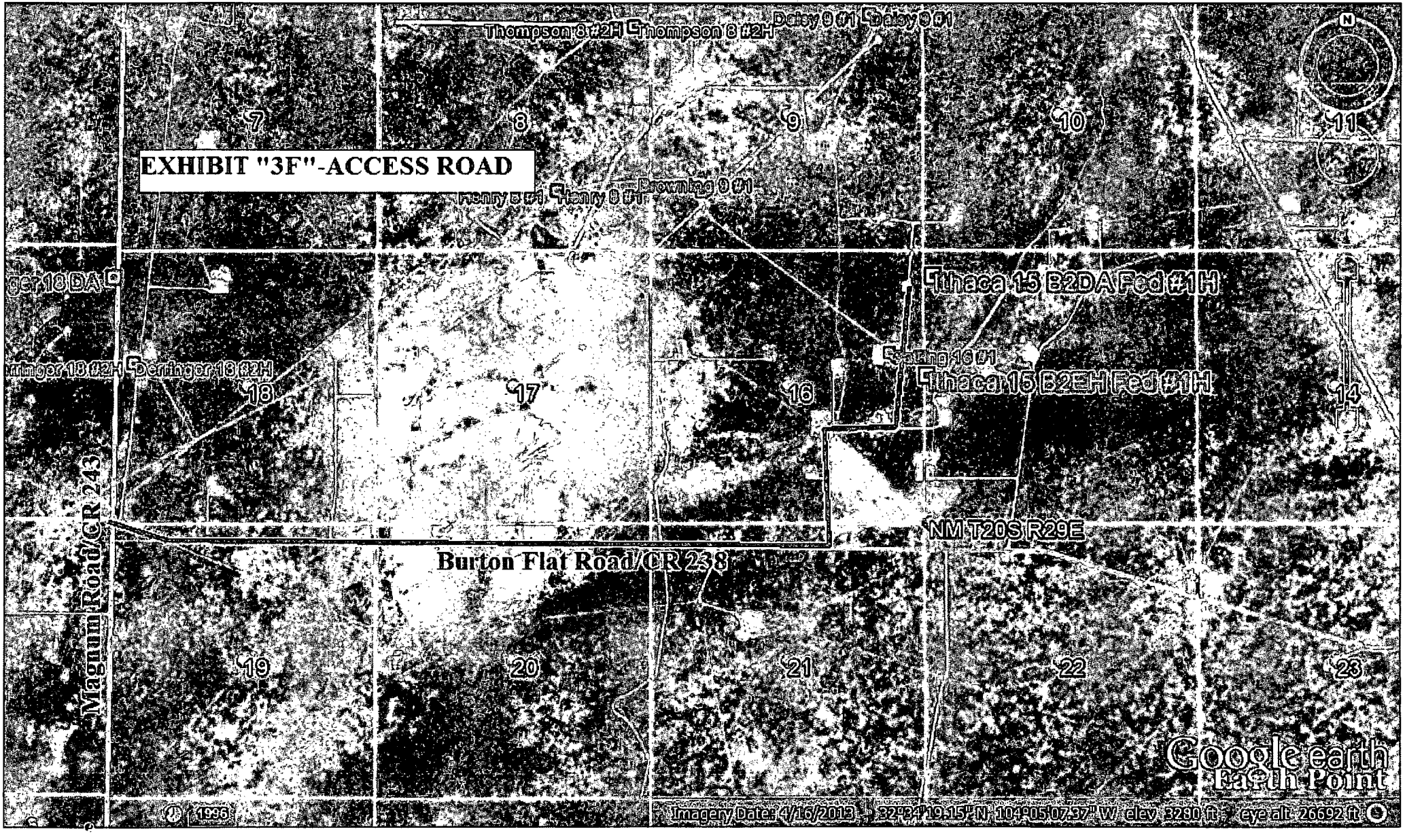
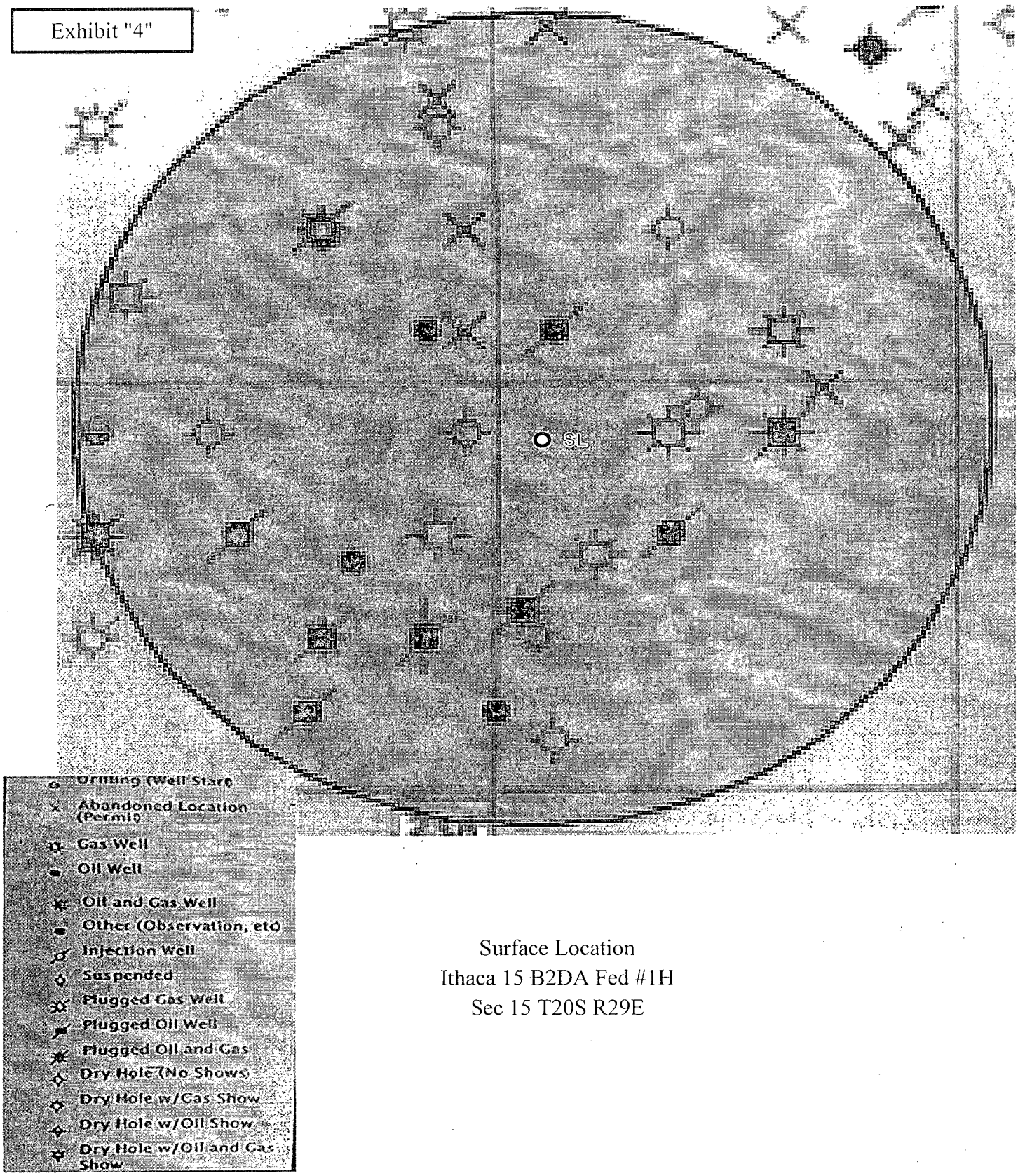


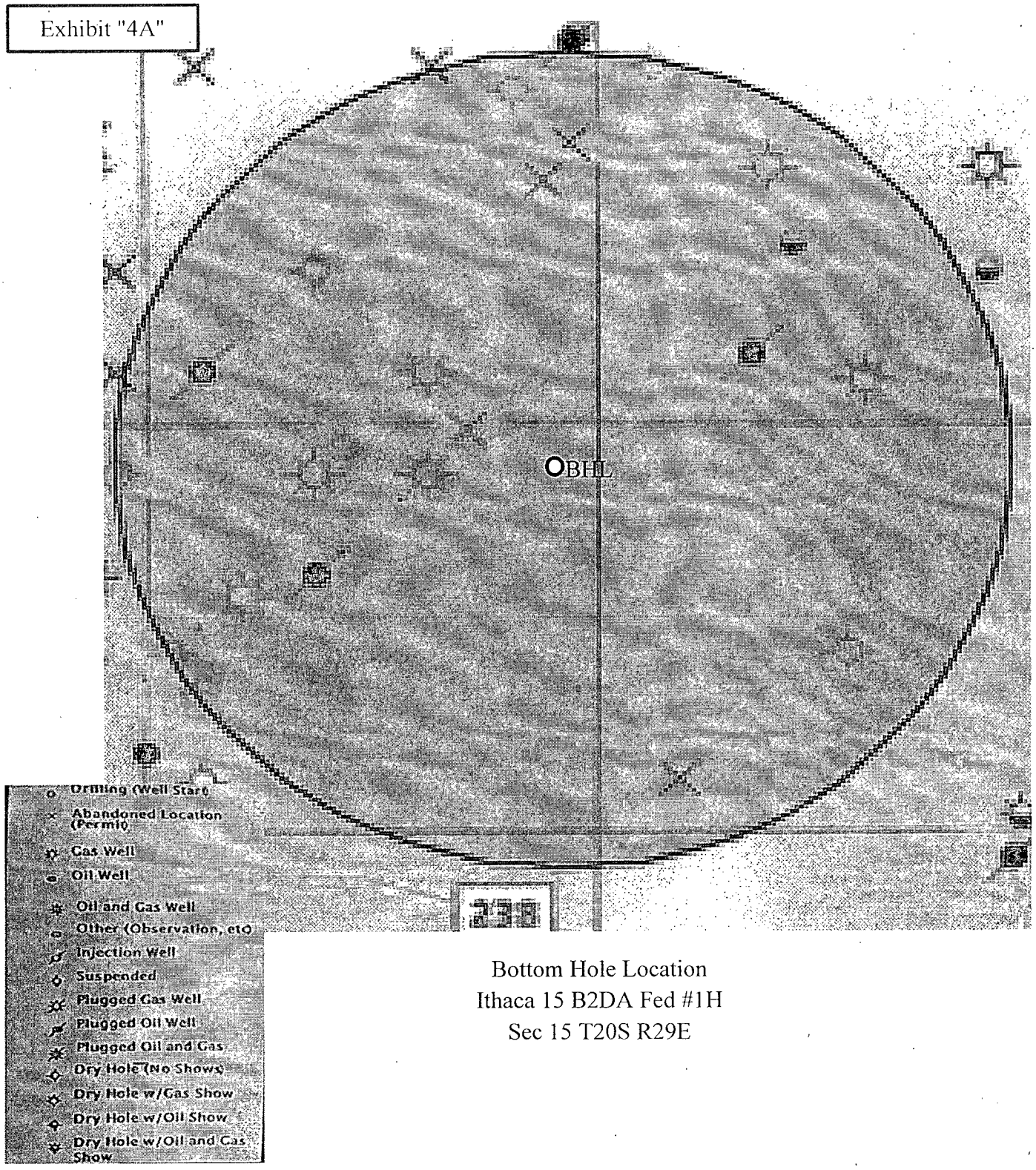
EXHIBIT "3F"-ACCESS ROAD
Thompson 8 #2H
Thompson 8 #2H
Daisy 9 #1
Daisy 9 #1
Henry 8 #1
Henry 8 #1
Browning 9 #1
Ithaca 15 B2DA Fed #1H
Ithaca 15 B2EH Fed #1H
Berninger 18 #2H
Berninger 18 #2H
Magnum Road/CR 243
Burton Flat Road/CR 238
NM T20S R29E
7
8
9
10
11
14
16
17
18
19
20
21
22
23
Google earth
Earth Point
1996
Imagery Date: 4/16/2013 32°34'19.15" N 104°05'07.37" W elev 3280 ft eye alt 26692 ft

Exhibit "4"



Surface Location
Ithaca 15 B2DA Fed #1H
Sec 15 T20S R29E

Exhibit "4A"

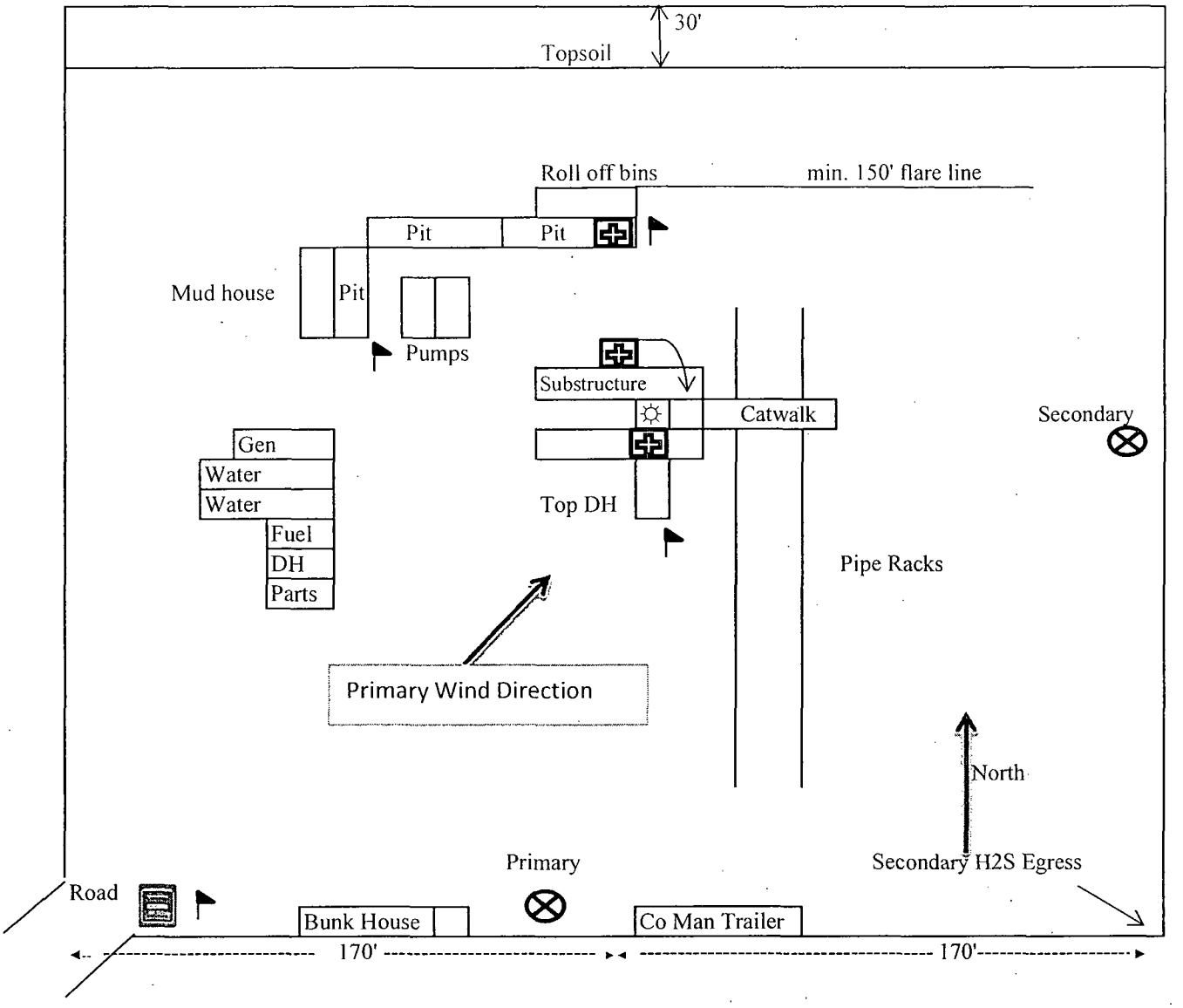


Bottom Hole Location
Ithaca 15 B2DA Fed #1H
Sec 15 T20S R29E

H2S Diagram

Exhibit 5

Closed Loop Pad Dimensions 340' x 340'



= Safety Stations

= Wind Markers

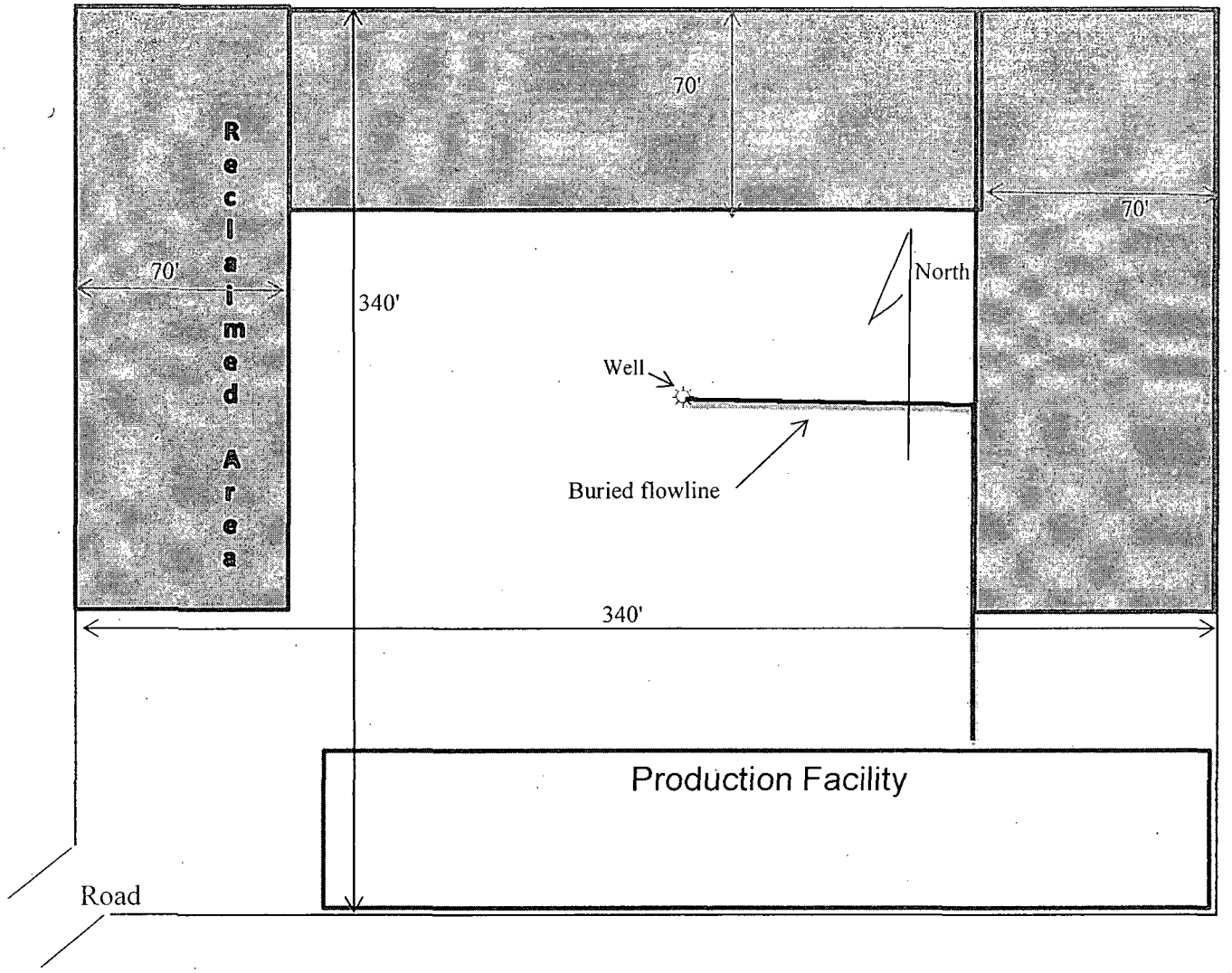
= H2S Monitors

= Warning Signs

Mewbourne Oil Company
Ithaca 15 B2DA Fed #1H
550' FNL & 185' FWL
Sec. 15 T20S R29E
Eddy County, NM

Exhibit 6

Closed Loop Pad Dimensions 340' x 340'



Mewbourne Oil Company
Ithaca 15 B2DA Fed #1H
550' FNL & 185' FWL
Sec. 15-T20S R29E
Eddy Co. NM

PECOS DISTRICT
CONDITIONS OF APPROVAL

OPERATOR'S NAME:	**Mewbourne Oil Company**
LEASE NO.:	**NMNM-0556290**
WELL NAME & NO.:	**Ithaca 15 B2DA Fed 1H**
SURFACE HOLE FOOTAGE:	**0550' FNL & 0185' FWL**
BOTTOM HOLE FOOTAGE	**0500' FNL & 0330' FEL**
LOCATION:	**Section 15, T. 20 S., R 29 E., NMPM**
COUNTY:	**Eddy County, New Mexico**

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

Cave/Karst Surface Mitigation

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

Construction:
In the advent that any underground voids are opened up during construction activities, construction activities will be halted and the BLM will be notified immediately.

No Blasting:
No blasting will be utilized for pad construction. The pad will be constructed and leveled by adding the necessary fill and caliche.

Pad Berming:
The entire perimeter of the well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad.

- The compacted berm shall be constructed at a minimum of 12 inches high with impermeable mineral material (e.g. caliche).
- No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad.
- The topsoil stockpile shall be located outside the bermed well pad.
- Topsoil, either from the well pad or surrounding area, shall not be used to construct the berm.
- No storm drains, tubing or openings shall be placed in the berm.
- If fluid collects within the bermed area, the fluid must be vacuumed into a safe container and disposed of properly at a state approved facility.
- The integrity of the berm shall be maintained around the surfaced pad throughout the life of the well and around the downsized pad after interim reclamation has been completed.
- Any access road entering the well pad shall be constructed so that the integrity of the berm height surrounding the well pad is not compromised. (Any access road crossing the berm cannot be lower than the berm height.)

Tank Battery Liners and Berms:
Tank battery locations and all facilities will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank.

Leak Detection System:
A method of detecting leaks is required. The method could incorporate gauges to measure loss, situating values and lines so they can be visually inspected, or installing electronic sensors to alarm when a leak is present. Leak detection plan will be submitted to BLM for approval.

Automatic Shut-off Systems:
Automatic shut off, check values, or similar systems will be installed for pipelines and tanks to minimize the effects of catastrophic line failures used in production or drilling.

Cave/Karst Subsurface Mitigation

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

Rotary Drilling with Fresh Water:
Fresh water will be used as a circulating medium in zones where caves or karst features are expected. SEE ALSO: Drilling COAs for this well.

Directional Drilling:
Kick off for directional drilling will occur at least 100 feet below the bottom of the cave occurrence zone. SEE ALSO: Drilling COAs for this well.

Lost Circulation:
ALL lost circulation zones from the surface to the base of the cave occurrence zone will be logged and reported in the drilling report.

Regardless of the type of drilling machinery used, if a void of four feet or more and circulation losses greater than 70 percent occur simultaneously while drilling in any cave-bearing zone, the BLM will be notified immediately by the operator. The BLM will assess the situation and work with the operator on corrective actions to resolve the problem.

Abandonment Cementing:
Upon well abandonment in high cave karst areas additional plugging conditions of approval may be required. The BLM will assess the situation and work with the operator to ensure proper plugging of the wellbore.

Pressure Testing:
Annual pressure monitoring will be performed by the operator on all casing annuli and reported in a sundry notice. If the test results indicated a casing failure has occurred, remedial action will be undertaken to correct the problem to the BLM's approval.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

The operator shall strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

C. CLOSED LOOP SYSTEM

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. EXCLOSURE FENCING (CELLARS & PITS)

Exclosure Fencing
The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

G. ON LEASE ACCESS ROADS

Road Width
The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed twenty-five (25) feet.

Surfacing
Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

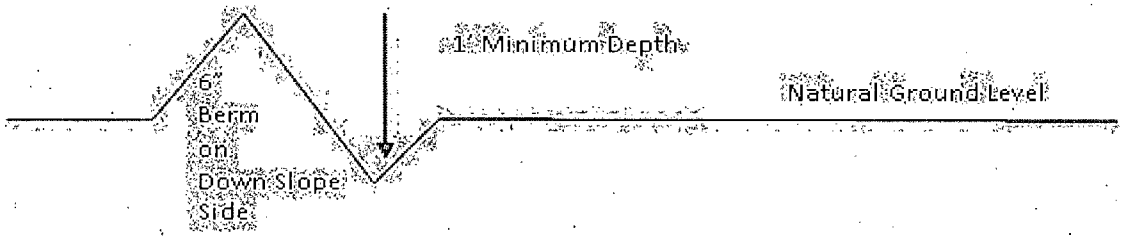
Ditching
Ditching shall be required on both sides of the road.

Turnouts
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

Drainage
Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

400 foot road with 4% road slope: $\frac{400'}{4\%} + 100' = 200'$ lead-off ditch interval

Cattleguards

An appropriately sized cattleguard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattleguards on the access road route shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguards that are in place and are utilized during lease operations.

Fence Requirement

Where entry is granted across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fences.

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Construction Steps

1. Salvage topsoil
2. Construct road
3. Redistribute topsoil
4. Revegetate slopes

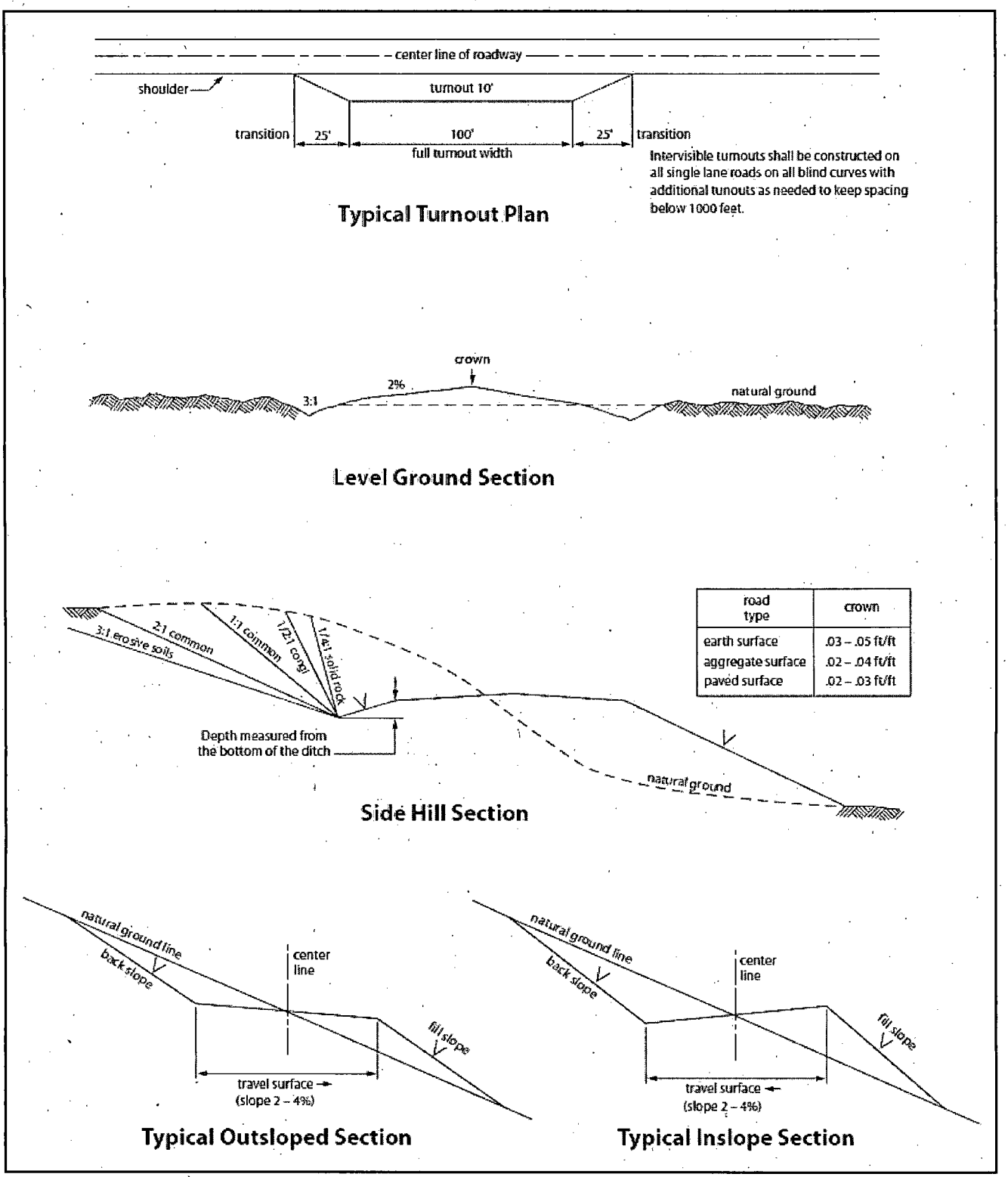


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

a. Spudding well (minimum of 24 hours)
b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
c. BOPE tests (minimum of 4 hours)

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

1. **Hydrogen Sulfide (H2S) monitors shall be installed prior to drilling out the surface shoe and a Hydrogen Sulfide (H2S) Drilling Plan shall be activated 500 feet prior to drilling into the Delaware 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 or are Non-API. 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.). The initial wellhead installed on the well will remain on the well with spools used as needed.

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

Wait on cement (WOC) for Potash Areas:
After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi for all cement blends, 2) until cement has been in place at least 24 hours. WOC time will be recorded in the driller's log.

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

Secretary's Potash
High Cave/Karst
Capitan Reef
Possibility of water flows in the Artesia Group, Salado, and Rustler.
Possibility of lost circulation in the Artesia Group.

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 ARE NOT SUFFICIENT TO PROTECT CAVE KARST RESOURCES. A CASING DESIGN THAT HAS A ONE INCH JOB PERFORMED DOES NOT COUNT AS A SOLID SHEATH.

1. The **20** inch surface casing shall be set at approximately **450** feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface. **If salt is encountered, set casing at least 25 feet above the salt.**

    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 **13-3/8** inch 1st intermediate casing is:

☒ Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst and potash. Excess calculates to 5% - Additional cement may be required.**

3. The minimum required fill of cement behind the **9-5/8** inch 2nd intermediate casing is:

Option #1 (Single Stage):

☒ Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to Capitan Reef and potash. Excess calculates to 13% - Additional cement may be required.**

Option #2:

Operator has proposed DV tool at depth of 1540'. Operator is to submit sundry if DV tool depth varies by more than 100' from approved depth.

a. First stage to DV tool:

☒ Cement to circulate. If cement does not circulate, contact the appropriate BLM office before proceeding with second stage cement job. Operator should have plans as to how they will achieve circulation on the next stage. **Excess calculates to 22% - Additional cement may be required.**

b. Second stage above DV tool:

☒ Cement to surface. If cement does not circulate see B.1.a, c-d above. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to Capitan Reef and potash. Excess calculates to 4% - Additional cement may be required.**

Centralizers required through the curve and a minimum of one every other joint.

4. The minimum required fill of cement behind the **7** inch production casing is:

   ☒ Cement should tie-back at least **50 feet above the Capitan Reef**. Operator shall provide method of verification. **Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to potash. Excess calculates to 21% - Additional cement may be required.**

5. Cement not required on the **4-1/2"** casing. **Packer system being used.**

6. 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. **A variance is granted for the use of a diverter on the 20" surface casing.**

3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **13-3/8** 1st intermediate casing shoe shall be **2000 (2M)** psi **(Installing 2M annular)**.

4. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the **9-5/8** 2nd intermediate casing shoe shall be **3000 (3M)** psi.

5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.

   a. In potash areas, 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. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time.

   b. The tests shall be done by an independent service company utilizing a test plug **not a cup or J-packer**.

c. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.

d. The results of the test shall be reported to the appropriate BLM office.

e. 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.**

f. 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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VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities
Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Exclosure Netting (Open-top Tanks)
Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

Chemical and Fuel Secondary Containment and Exclosure Screening
The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

Open-Vent Exhaust Stack Exclosures
The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

Containment Structures
Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the

largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

Painting Requirement
All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, **Shale Green** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

IX. INTERIM RECLAMATION

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

X. FINAL ABANDONMENT & RECLAMATION

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

SEED MIXTURE 4 (GYPSUM LOCATIONS)

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine months prior to purchase. Commercial seed will be certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop to the bottom of the drill and are planted first; the holder shall take appropriate measures to ensure this does not occur). Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be double the amounts listed below. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre (note: if broadcasting seed, amounts are to be doubled):

Species	**Pound/acre**
Alkali Sacaton (*Sporobolus airoides*)	1.0
De-winged Seed Four-wing Saltbush (*Atriplex canescens*)	5.0

* Pounds of pure live seed = (Pounds of seed) x (Percent purity) x (Percent germination)