

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTFORM APPROVED  
OMB NO. 1004-0137  
Expires: January 31, 2018**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.***SUBMIT IN TRIPLICATE - Other instructions on page 2**

|  |   |
|--|---|
| 1. Type of Well<br><input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other                   | 5. Lease Serial No.<br>NNMM93771                    |
| 2. Name of Operator<br>MEWBOURNE OIL COMPANY   | 6. If Indian, Allottee or Tribe Name                |
| 3a. Address<br>P O BOX 5270<br>HOBBS, NM 88241   | 7. If Unit or CA/Agreement, Name and/or No.         |
| 3b. Phone No. (include area code)<br>719.493.005   | 8. Well Name and No.<br>VIRGO 24/23 B2AD FED COM 1H |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)<br>Sec 24 T18S R30E NENE 450FNL 185FEL<br>32.738922 N Lat, 103.917488 W Lon | 9. API Well No.<br>30-015-44579-00-X1               |
|  | 10. Field and Pool or Exploratory Area<br>SHUGART   |
|  | 11. County or Parish, State<br>EDDY COUNTY, NM      |

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

| TYPE OF SUBMISSION                                   | TYPE OF ACTION  |
|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize <input type="checkbox"/> Deepen <input type="checkbox"/> Production (Start/Resume) <input type="checkbox"/> Water Shut-Off                 |
| <input type="checkbox"/> Subsequent Report           | <input checked="" type="checkbox"/> Alter Casing <input type="checkbox"/> Hydraulic Fracturing <input type="checkbox"/> Reclamation <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice    | <input type="checkbox"/> Casing Repair <input type="checkbox"/> New Construction <input type="checkbox"/> Recomplete <input type="checkbox"/> Other                         |
|  | <input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon  |
|  | <input type="checkbox"/> Convert to Injection <input type="checkbox"/> Plug Back <input type="checkbox"/> Water Disposal  |

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

Mewbourne Oil Company has an approved APD for the above well. Mewbourne requests approval to make the following changes:

- 1) Change casing and cement design (Change 9 5/8" setting depth).
- 2) Change wellhead to multi-bowl type wellhead.
- 3) Change to flexible choke line.

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

Please see attachments for wellhead schematic, flex line specs, casing & cement information.

Please contact Robert Talley with any questions.

GC 6-6-18  
Accepted for record - NMOCD

**RECEIVED****JUN 06 2018****DISTRICT II-ARTESIA O.C.D.**

|  |                 |
|--|-----------------|
| 14. I hereby certify that the foregoing is true and correct.<br>Electronic Submission #421939 verified by the BLM Well Information System<br>For MEWBOURNE OIL COMPANY, sent to the Carlsbad<br>Committed to AFMSS for processing by ZOTA STEVENS on 05/31/2018 (18ZS0126SE) |                 |
| Name (Printed/Typed) ROBERT TALLEY   | Title ENGINEER  |
| Signature (Electronic Submission)  | Date 05/30/2018 |

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

|   |                          |                 |
|---|--------------------------|-----------------|
| Approved By ZOTA STEVENS  | Title PETROLEUM ENGINEER | Date 05/31/2018 |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. |                          | Office Carlsbad |

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 page 2)

**\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\***

**Mewbourne Oil Company, Virgo 24/23 B2AD Fed Com #1H**  
**Sec 24, T18S, R30E**  
**SL: 450' FNL & 185' FEL, Sec 24**  
**BHL: 450' FSL & 330' FWL, Sec 23**

**2. Casing Program**

| Hole Size                 | Casing Interval |        | Csg. Size | Weight (lbs) | Grade  | Conn. | SF Collapse | SF Burst | SF Jt Tension      | SF Body Tension    |
|---------------------------|-----------------|--------|-----------|--------------|--------|-------|-------------|----------|--------------------|--------------------|
|                           | From            | To     |           |              |        |       |             |          |                    |                    |
| 17.5"                     | 0'              | 550'   | 13.375"   | 48           | H40    | STC   | 3.06        | 6.87     | 12.20              | 20.49              |
| 12.25"                    | 0'              | 1870'  | 9.625"    | 36           | J55    | LTC   | 2.08        | 3.62     | 6.73               | 8.38               |
| 8.75"                     | 0'              | 8981'  | 7"        | 26           | HCP110 | LTC   | 1.92        | 2.45     | 2.74               | 3.55               |
| 6.125"                    | 8223'           | 18540' | 4.5"      | 13.5         | P110   | LTC   | 2.43        | 2.83     | 2.43               | 3.03               |
| BLM Minimum Safety Factor |                 |        |           |              |        |       | 1.125       | 1        | 1.6 Dry<br>1.8 Wet | 1.6 Dry<br>1.8 Wet |

All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h  
Must have table for contingency casing

|  | Y or N |
|--|--------|
| Is casing new? If used, attach certification as required in Onshore Order #1   | Y      |
| Is casing API approved? If no, attach casing specification sheet.  | Y      |
| Is premium or uncommon casing planned? If yes attach casing specification sheet.   | N      |
| Does the above casing design meet or exceed BLM's minimum standards? If not provide justification (loading assumptions, casing design criteria). | Y      |
| Will the pipe be kept at a minimum 1/3 fluid filled to avoid approaching the collapse pressure rating of the casing?                             | Y      |
| Is well located within Capitan Reef?   | N      |
| If yes, does production casing cement tie back a minimum of 50' above the Reef?  |        |
| Is well within the designated 4 string boundary.   |        |
| Is well located in SOPA but not in R-111-P?  | Y      |
| If yes, are the first 2 strings cemented to surface and 3 <sup>rd</sup> string cement tied back 500' into previous casing?                       | Y      |
| Is well located in R-111-P and SOPA?   | N      |
| If yes, are the first three strings cemented to surface?   |        |
| Is 2 <sup>nd</sup> string set 100' to 600' below the base of salt?   |        |
| Is well located in high Cave/Karst?  | Y      |
| If yes, are there two strings cemented to surface?   | Y      |
| (For 2 string wells) If yes, is there a contingency casing if lost circulation occurs?   |        |
| Is well located in critical Cave/Karst?  | N      |
| If yes, are there three strings cemented to surface?   |        |

**Mewbourne Oil Company, Virgo 24/23 B2AD Fed Com #1H**

**Sec 24, T18S, R30E**

**SL: 450' FNL & 185' FEL, Sec 24**

**BHL: 450' FSL & 330' FWL, Sec 23**

**3. Cementing Program**

| Casing | # Sks | Wt.<br>lb/<br>gal | Yld<br>ft3/<br>sack | H <sub>2</sub> O<br>gal/<br>sk | 500#<br>Comp.<br>Strength<br>(hours) | Slurry Description   |
|--------|-------|-------------------|---------------------|--------------------------------|--------------------------------------|--|
| Surf.  | 240   | 12.5              | 2.12                | 11                             | 10                                   | Lead: Class C + Salt + Gel + Extender + LCM  |
|        | 200   | 14.8              | 1.34                | 6.3                            | 8                                    | Tail: Class C + Retarder   |
| Inter. | 245   | 12.5              | 2.12                | 11                             | 10                                   | Lead: Class C + Salt + Gel + Extender + LCM  |
|        | 200   | 14.8              | 1.34                | 6.3                            | 8                                    | Tail: Class C + Retarder   |
| Prod.  | 430   | 12.5              | 2.12                | 11                             | 9                                    | Lead: Class C + Gel + Retarder + Defoamer + Extender                                       |
|        | 400   | 15.6              | 1.18                | 5.2                            | 10                                   | Tail: Class H + Retarder + Fluid Loss + Defoamer   |
| Liner  | 420   | 11.2              | 2.97                | 17                             | 16                                   | Class C + Salt + Gel + Fluid Loss + Retarder + Dispersant + Defoamer + Anti-Settling Agent |

A copy of cement test will be available on location at time of cement job providing pump times, compressive strengths, etc.

| Casing String | TOC   | % Excess |
|---------------|-------|----------|
| Surface       | 0'    | 100%     |
| Intermediate  | 0'    | 25%      |
| Production    | 1670' | 25%      |
| Liner         | 8223' | 25%      |

**Mewbourne Oil Company, Virgo 24/23 B2AD Fed Com #1H**  
**Sec 24, T18S, R30E**  
**SL: 450' FNL & 185' FEL, Sec 24**  
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**4. Pressure Control Equipment**

| BOP installed and tested before drilling which hole? | Size?   | System Rated WP | Type       | ✓ | Tested to: |
|--|---------|-----------------|------------|---|------------|
| 12-1/4"  | 13-5/8" | 5M              | Annular    | X | 2500#      |
|  |         |                 | Blind Ram  | X | 5000#      |
|  |         |                 | Pipe Ram   | X |            |
|  |         |                 | Double Ram |   |            |
|  |         |                 | Other*     |   |            |

\*Specify if additional ram is utilized.

BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The system may be upgraded to a higher pressure but still tested to the working pressure listed in the table above. If the system is upgraded all the components installed will be functional and tested.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold. See attached schematics.

|   |   |
|---|---|
| X | Formation integrity test will be performed per Onshore Order #2.<br>On exploratory wells or on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.i.                 |
| Y | A variance is requested for the use of a flexible choke line from the BOP to Choke Manifold. See attached for specs and hydrostatic test chart.   |
| N | Are anchors required by manufacturer?   |
| Y | A multibowl wellhead is being used. The BOP will be tested per Onshore Order #2 after installation on the surface casing which will cover testing requirements for a maximum of 30 days. If any seal subject to test pressure is broken the system must be tested.<br><br>• Provide description here: See attached schematic. |



**GATES E & S NORTH AMERICA, INC.**  
134 44TH STREET  
CORPUS CHRISTI, TEXAS 78405

PHONE: 361-887-9807  
FAX: 361-887-0812  
EMAIL: [Tim.Cantu@gates.com](mailto:Tim.Cantu@gates.com)  
WEB: [www.gates.com](http://www.gates.com)

### 10K CEMENTING ASSEMBLY PRESSURE TEST CERTIFICATE

|                 |                     |                  |                |
|-----------------|---------------------|------------------|----------------|
| Customer :      | AUSTIN DISTRIBUTING | Test Date:       | 4/30/2015      |
| Customer Ref. : | 4060578             | Hose Serial No.: | D-043015-7     |
| Invoice No. :   | 500506              | Created By:      | JUSTIN CROPPER |

Product Description: 10K3.548.0CK4.1/1610KFLGE/E LE

|                    |                |                 |                        |
|--------------------|----------------|-----------------|------------------------|
| End Fitting 1 :    | 4 1/16 10K FLG | End Fitting 2 : | 4 1/16 10K FLG         |
| Gates Part No. :   | 4773-6290      | Assembly Code : | L36554102914D-043015-7 |
| Working Pressure : | 10,000 PSI     | Test Pressure : | 15,000 PSI             |

Gates E & S North America, Inc. certifies that the following hose assembly has been tested to the Gates Oilfield Roughneck Agreement/Specification requirements and passed the 15 minute hydrostatic test per API Spec 7K/Q1, Fifth Edition, June 2010, Test pressure 9.6.7 and per Table 9 to 15,000 psi in accordance with this product number. Hose burst pressure 9.6.7.2 exceeds the minimum of 2.5 times the working pressure per Table 9.

|                   |           |             |            |
|-------------------|-----------|-------------|------------|
| Quality Manager : | QUALITY   | Production: | PRODUCTION |
| Date :            | 4/30/2015 | Date :      | 4/30/2015  |
| Signature :       |           | Signature : |            |

Form PTC - 01 Rev.02



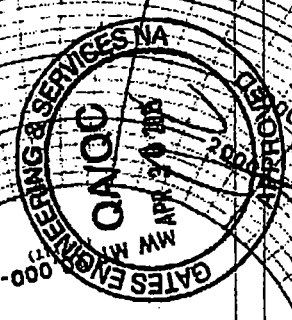
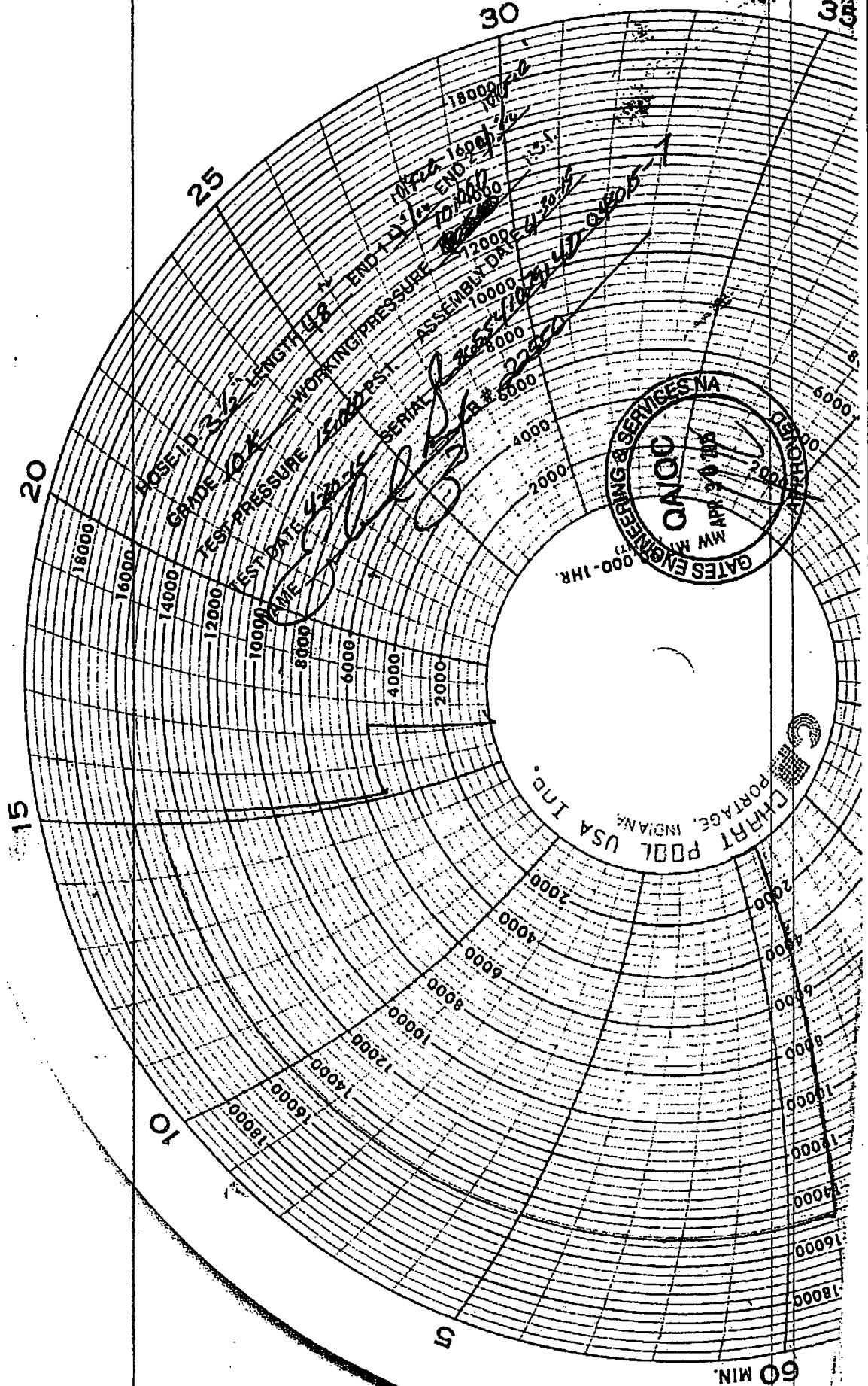
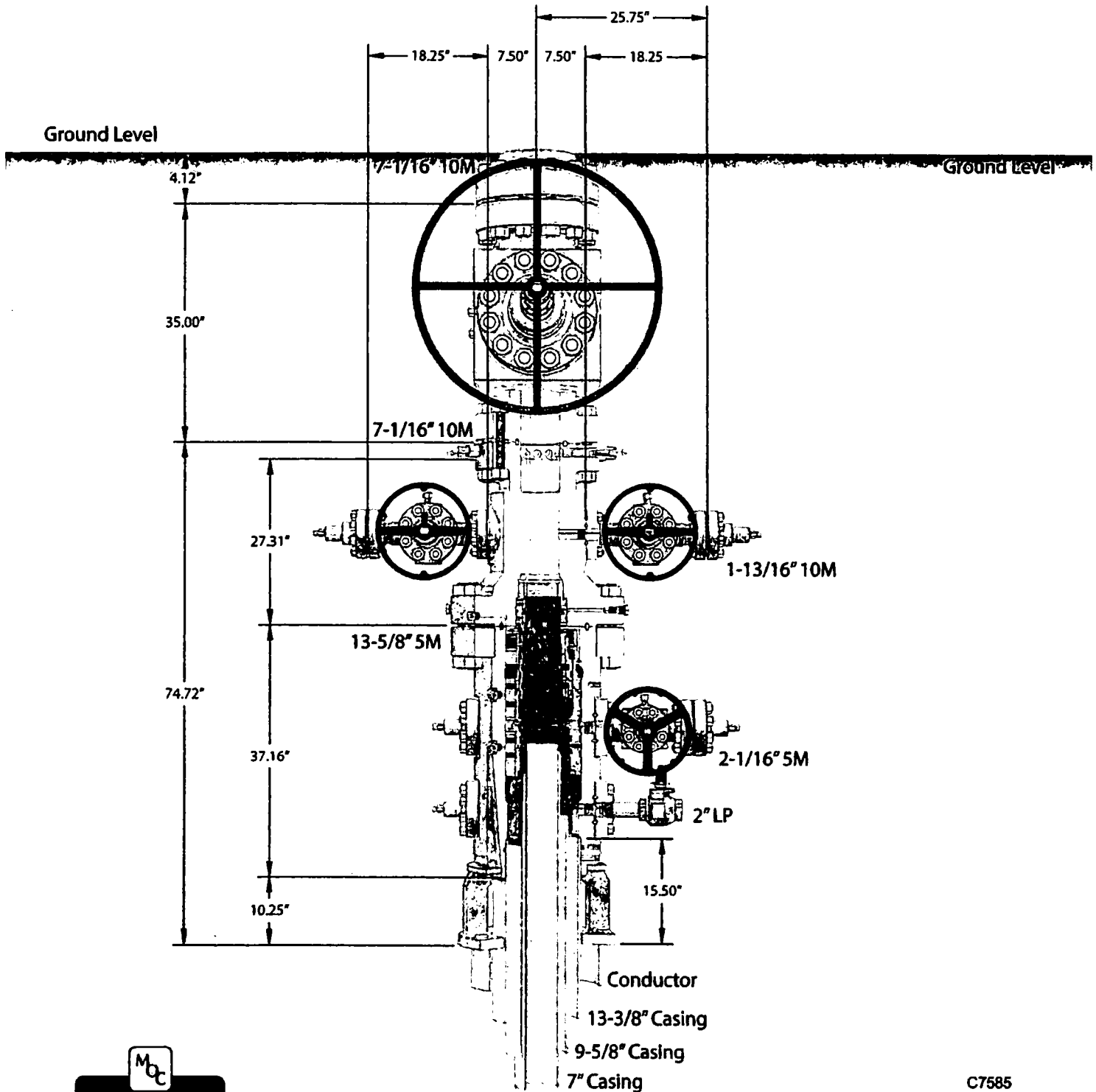


CHART POOL USA INC.  
PORTAGE, INDIANA

# CAMERON

A Schlumberger Company

## 13-5/8" MN-DS Wellhead System



*6 1/2" pipe flange 59" conductor cut-off*  
*709*

C7585  
Rev. 02

NOTE: All dimensions on this drawing are estimated measurements and should be evaluated by engineering.

# PECOS DISTRICT DRILLING CONDITIONS OF APPROVAL

|                              |                               |
|------------------------------|-------------------------------|
| <b>OPERATOR'S NAME:</b>      | Mewbourne Oil Co              |
| <b>LEASE NO.:</b>            | NM93771                       |
| <b>WELL NAME &amp; NO.:</b>  | Virgo 24 23 B2AD Fed Com - 1H |
| <b>SURFACE HOLE FOOTAGE:</b> | 450'/FNL & 185'/FEL           |
| <b>BOTTOM HOLE FOOTAGE:</b>  | 450'/FNL & 330'/FWL, sec. 23  |
| <b>LOCATION:</b>             | Sec. 24, T. 18 S, R. 30 E     |
| <b>COUNTY:</b>               | Eddy County                   |

**All previous COAs still apply expect the following:**

|                      |  |  |                                       |
|----------------------|--|--|---------------------------------------|
| Potash               | <input type="radio"/> None             | <input checked="" type="radio"/> Secretary | <input type="radio"/> R-111-P         |
| Cave/Karst Potential | <input type="radio"/> Low              | <input type="radio"/> Medium               | <input checked="" type="radio"/> High |
| Variance             | <input type="radio"/> None             | <input checked="" type="radio"/> Flex Hose | <input type="radio"/> Other           |
| Wellhead             | <input type="radio"/> Conventional     | <input checked="" type="radio"/> Multibowl |                                       |
| Other                | <input type="checkbox"/> 4 String Area | <input type="checkbox"/> Capitan Reef      | <input type="checkbox"/> WIPP         |

1. The minimum required fill of cement behind the 9-5/8 inch intermediate casing is:

Cement to surface. If cement does not circulate see B.1.a, c-d above. **Excess calculates to 22% - Additional cement may be required.**

**Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst or potash.**

**See attached General Drilling Requirements**

**ZS 090717**

## GENERAL 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)

☒ Chaves and Roosevelt Counties

Call the Roswell Field Office, 2909 West Second St., Roswell NM 88201.

During office hours call (575) 627-0272.

After office hours call (575)

☒ Eddy County

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

☒ Lea County

Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (575)  
393-3612

1. 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.
  - a. In the event the operator has proposed to drill multiple wells utilizing a skid/walking rig. Operator shall secure the wellbore on the current well, after installing and testing the wellhead, by installing a blind flange of like pressure rating to the wellhead and a pressure gauge that can be monitored while drilling is performed on the other well(s).
  - b. When the operator proposes to set surface casing with Spudder Rig
    - Notify the BLM when moving in and removing the Spudder Rig.
    - Notify the BLM when moving in the 2<sup>nd</sup> Rig. Rig to be moved in within 90 days of notification that Spudder Rig has left the location.
    - BOP/BOPE test to be conducted per Onshore Oil and Gas Order No. 2 as soon as 2nd Rig is rigged up on well.
2. 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 are located, this does not include the dog house or stairway area.

3. 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.

A. CASING

1. 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.
2. 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.
3. Wait on cement (WOC) for Water Basin: 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 at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements.
4. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Have well specific cement details onsite prior to pumping the cement for each casing string.
5. No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.
6. On that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
7. 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.

8. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

**B. 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. If a variance is approved for a flexible hose to be installed from the BOP to the choke manifold, the following requirements apply: Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.
3. 5M or higher system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.
4. **If the operator has proposed a multi-bowl wellhead assembly in the APD. The following requirements must be met:**
  - a. **Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.**
  - b. **If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.**
  - c. **Manufacturer representative shall install the test plug for the initial BOP test.**
  - d. **Operator shall perform the intermediate casing integrity test to 70% of the casing burst. This will test the multi-bowl seals.**
  - e. **If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.**
5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
  - a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the

plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).

- b. 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.
- c. The tests shall be done by an independent service company utilizing a test plug not a cup or J-packer. The operator also has the option of utilizing an independent tester to test without a plug (i.e. against the casing) pursuant to Onshore Order 2 with the pressure not to exceed 70% of the burst rating for the casing. Any test against the casing must meet the WOC time for water basin (8 hours) or potash (24 hours) or 500 pounds compressive strength, whichever is greater, prior to initiating the test (see casing segment as lead cement may be critical item).
- d. 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.
- e. The results of the test shall be reported to the appropriate BLM office.
- f. 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.
- g. 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.
- h. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the Wolfcamp formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

C. DRILLING MUD

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.

D. 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.

183024A SUNDRY-421939 VIRGO 24 23 B2AD FED COM 1H 30025 NM93771 MEWBOURNE  
OIL COMPANY 12-54

R111P

| 13 3/8<br>Segment | surface csg in a<br>#/ft                   | Grade | 17 1/2<br>inch hole.<br>Coupling | Joint | Design Factors |          | SURFACE      |         |
|-------------------|--|-------|----------------------------------|-------|----------------|----------|--------------|---------|
| "A"               |  |       |                                  |       | Collapse       | Burst    | Length       | Weight  |
| "B"               | 48.00                                      | H 40  | ST&C                             | 11.00 | 2.76           | 1.78     | 610          | 29,280  |
|                   |  |       |                                  |       |                |          | 0            | 0       |
|                   | w/8.4#/g mud, 30min Sfc Csg Test psig: 945 |       |                                  |       | Tail Cmt       | does not | circ to sfc. | Totals: |
|                   |  |       |                                  |       |                |          | 610          | 29,280  |

Comparison of Proposed to Minimum Required Cement Volumes

| Hole   | Annular | 1 Stage | 1 Stage  | Min   | 1 Stage  | Drilling | Calc | Req'd | Min Dist  |
|--------|---------|---------|----------|-------|----------|----------|------|-------|-----------|
| Size   | Volume  | Cmt Sx  | CuFt Cmt | Cu Ft | % Excess | Mud Wt   | MASP | BOPE  | Hole-Cplg |
| 17 1/2 | 0.6946  | 440     | 777      | 478   | 62       | 8.80     | 560  | 2M    | 1.56      |

| 9 5/8<br>Segment | casing inside the<br>#/ft | Grade | 13 3/8<br>Coupling | Joint | Design Factors |       | INTERMEDIATE |        |
|------------------|---------------------------|-------|--------------------|-------|----------------|-------|--------------|--------|
| "A"              |                           |       |                    |       | Collapse       | Burst | Length       | Weight |
| "B"              | 36.00                     | J 55  | LT&C               | 6.73  | 2.08           | 0.82  | 1,870        | 67,320 |
|                  |                           |       |                    |       |                |       | 0            | 0      |

w/8.4#/g mud, 30min Sfc Csg Test psig:

The cement volume(s) are intended to achieve a top of 0 ft from surface or a 610 overlap.

| Hole   | Annular | 1 Stage | 1 Stage  | Min   | 1 Stage  | Drilling | Calc | Req'd | Min Dist  |
|--------|---------|---------|----------|-------|----------|----------|------|-------|-----------|
| Size   | Volume  | Cmt Sx  | CuFt Cmt | Cu Ft | % Excess | Mud Wt   | MASP | BOPE  | Hole-Cplg |
| 12 1/4 | 0.3132  | 445     | 787      | 643   | 22       | 10.00    | 2380 | 3M    | 0.81      |

Burst Frac Gradient(s) for Segment(s): A, B, C, D = 1.88, b, c, d

| 7<br>Segment | casing inside the<br>#/ft | Grade | 9 5/8<br>Coupling | Joint | Design Factors |       | PRODUCTION |         |
|--------------|---------------------------|-------|-------------------|-------|----------------|-------|------------|---------|
| "A"          |                           |       |                   |       | Collapse       | Burst | Length     | Weight  |
| "B"          | 26.00                     | P 110 | LT&C              | 3.06  | 1.53           | 2.32  | 8,224      | 213,824 |
|              | 26.00                     | P 110 | LT&C              | 4.62  | 1.28           | 2.32  | 757        | 19,682  |

w/8.4#/g mud, 30min Sfc Csg Test psig: 1,809

B would be: 55.88 1.45 if it were a vertical wellbore.

| No Pilot Hole Planned | MTD  | Max VTD | Csg VD | Curve KOP | Dogleg° | Severity° | MEOC   |
|-----------------------|------|---------|--------|-----------|---------|-----------|--------|
|                       | 8981 | 8701    | 8701   | 8224      | 91      | 12        | 8981.4 |

The cement volume(s) are intended to achieve a top of 0 ft from surface or a 1870 overlap.

| Hole  | Annular | 1 Stage | 1 Stage  | Min   | 1 Stage  | Drilling | Calc | Req'd | Min Dist  |
|-------|---------|---------|----------|-------|----------|----------|------|-------|-----------|
| Size  | Volume  | Cmt Sx  | CuFt Cmt | Cu Ft | % Excess | Mud Wt   | MASP | BOPE  | Hole-Cplg |
| 8 3/4 | 0.1503  | 635     | 970      | 1390  | -30      | 9.50     | 2426 | 3M    | 0.55      |

| 4 1/2<br>Segment | Liner w/top @<br>#/ft | Grade | 8223<br>Coupling | Joint | Design Factors |       | LINER  |         |
|------------------|-----------------------|-------|------------------|-------|----------------|-------|--------|---------|
| "A"              |                       |       |                  |       | Collapse       | Burst | Length | Weight  |
| "B"              | 13.50                 | P 110 | LT&C             | 1.88  | 2.14           | 2.88  | 758    | 10,233  |
|                  | 13.50                 | P 110 | LT&C             | 3.21  | 2.48           | 2.88  | 9,559  | 129,047 |

w/8.4#/g mud, 30min Sfc Csg Test psig: 1,880

A segment Design Factors would be: 2.93 2.48 if it were a vertical wellbore.

| No Pilot Hole Planned | MTD   | Max VTD | Csg VD | Curve KOP | Dogleg° | Severity° | MEOC |
|-----------------------|-------|---------|--------|-----------|---------|-----------|------|
|                       | 18540 | 8546    | 8546   | 8224      | 91      | 12        | 8981 |

The cement volume(s) are intended to achieve a top of 8223 ft from surface or a 758 overlap.

| Hole  | Annular | 1 Stage | 1 Stage  | Min   | 1 Stage  | Drilling | Calc | Req'd | Min Dist  |
|-------|---------|---------|----------|-------|----------|----------|------|-------|-----------|
| Size  | Volume  | Cmt Sx  | CuFt Cmt | Cu Ft | % Excess | Mud Wt   | MASP | BOPE  | Hole-Cplg |
| 6 1/8 | 0.0942  | 420     | 1247     | 983   | 27       | 9.70     |      |       | 0.56      |

Capitan Reef est top XXXX.