Permitee: Mewbourne Oil Company
Location Name: Pecos River "20" # 1

CITY OF CARLSBAD

PERMIT

Carlsbad Code of Ordinances, Chapter 34

API# 30-015-34230

ACTIVITY PERMITTED

- ■ Drill Well
- ❑ Re-enter / Deepen Existing Well
- ❑ Construct / Operate Pipeline
- ❑ Repressurizing Facility
  - ❑ Water
  - ❑ Gas
- ❑ Injection Facility
  - ❑ Water
  - ❑ Gas

RECEIVED
JUL 24 2006
OCD-ARTESIA

CONTACT INFORMATION

	Permittee	**Registered Agent**	**Emergency Contact**
Name	Mewbourne Oil Company		N M Young
Address	PO Box 5270		
	Hobbs, NM 88241		
Telephone No.	(505) 393-5905		(505) 393-5905
Fax No.	(505) 397-6252		(505) 397-6252

TOOL PUSHER and OPERATOR REPRESENTATIVE (Drilling Permits Only)

	Tool Pusher	**Operator Representative**
Name		
Address		
Telephone No.		
Fax No.		

LOCATION OF PERMITTED ACTIVITY

See Attached Exhibit "A".

Name of Well or Facility: Pecos River "20" # 1

COUNCIL APPROVAL DATE

January 25, 2006

INSPECTION FEE

$5,000.00 paid to the City

Date: November 4, 2005 Form: ❑ Cash ❑ Cashier's Check ■ Certified Check

CONDITIONS

This permit incorporates by reference all the provisions of:

- Chapter 34 of the City of Carlsbad Code of Ordinances
  Attached as Exhibit "B"
- All applicable requirements of the:
  OCD;
  State Land Office; and
  Bureau of Land Management
- All applicable terms and conditions of the Wellhead and Water Facilities Protection Ordinance.
- Such other terms or provisions as the City may consider to be necessary
  ❑ Attached as Exhibit "C" ❑ None
- For Wells:
  Approved Drilling Program
  Attached as Exhibit "D"
  Approved Operating Conditions
  Attached as Exhibit "E"
  The specifications and requirements of:
  Bureau of Land Management Onshore Oil and Gas Operations; Federal and Indian Oil and Gas Leases; Onshore Oil and Gas Order No. 2, Drilling operations, 43 CFR 3160; and
  OCD Rule 118, Hydrogen Sulfide Gas - Public Safety
  as such may be amended from time to time, whether or not the well is otherwise subject to the jurisdiction or control of the Bureau of Land Management or the OCD. The specifications and requirements of that Order No. 2 and Rule 118 shall constitute minimum acceptable levels of performance. When Chapter 34, this permit, or other applicable law, rule or regulation impose a higher or more stringent standard, then that higher or more stringent standard shall apply.

BOND

Amount (minimum of $100,000):

- ■ $100,000
- ❑ As set by City Council:

$ _____

Date Received:

February 17, 2006

INSURANCE

Amount (minimum of $5,000,000):

- ■ $5,000,000
- ❑ As set by City Council:

$ _____

Date Received:

Certificate of Insurance: March 7, 2006

Complete Copy of Policy: _____

The issuance of a permit constitutes a contract between the City and the permittee that the permittee shall abide by all conditions set by the City and shall be liable and must pay the reasonable attorney's fees and costs incurred by the city in a successful enforcement of the provisions of Chapter 34 of the City of Carlsbad Code of Ordinances.

THIS PERMIT EXPIRES ONE YEAR AFTER THE DATE OF ITS APPROVAL IF THE PERMITEE HAS NOT UNDERTAKEN THE ACTIVITY AUTHORIZED BY THIS PERMIT.

IF THE ACTIVITY AUTHORIZED BY THIS PERMIT IS UNDERTAKEN WITHIN ONE YEAR AFTER THE DATE OF THE PERMIT'S APPROVAL, THE PERMIT SHALL CONTINUE FOR SO LONG THEREAFTER AS OIL AND GAS IS PRODUCED OR UNTIL SUCH TIME AS THE PERMITTEE HAS ABANDONED THE OPERATION OF SUCH WELL OR FACILITY FOR WHICH THE PERMIT WAS ISSUED.

CITY OF CARLSBAD:

_____ 6/20/06

HARRY BURGESS, CITY ADMINISTRATOR — Date

PERMITTEE:

_____ 6/20/06

N.M. Young District Manager — Date

(Name and Title)

OFFICIAL SEAL
Kristi J. Green
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: 6/16/08

STATE OF NEW MEXICO)
) ss.
COUNTY OF EDDY)

The foregoing instrument was signed and acknowledged before me this 20 day of June, 20 06, by NM Young (Name), Hobbs District Manager (Title).

My Commission Expires:

6/16/08

Kristi J. Green
NOTARY PUBLIC

EXECUTE IN TRIPLICATE ORIGINALS
One original for the City;
Other two originals for the Permittee

MEWBOURNE OIL COMPANY
P.O. Box 5270
Hobbs, NM 88241

November 4, 2005

Dear Mr. Tully,

Enclosed is Mewbourne Oil Company's application to drill the Pecos River "20" #1, located 868' FSL & 990' FEL of Sec 20-T22S-R27E in Eddy County, NM. Please also note that included with the application is:

1. Application for City of Carlsbad
2. Company check for filing and inspector's fees
3. Form C-101
4. Form C-102
5. Certified surveyor's plat
6. Surface ownership
7. Drilling prognosis including:
    a. Mewbourne's Contingency Plan
    b. Projected Tops and Structural Relationships
    c. Geological Prognosis
    d. List of potential water aquifers and oil and/or gas zones
    e. Mud program
    f. Casing and cement program
    g. Evaluation program
8. Multi-point Surface Use and Operations plan
9. Hydrogen Sulfide Operations Plan
10. Blowout Preventer procedures complete with schematics
11. Diagram of well pad with rig structures
12. Diagram of proposed production facilities
13. Hydrogen Sulfide contingency plan
14. Emergency Assistance Telephone Numbers
15. Third-party Hydrogen Sulfide Radius of Exposure study

If any questions, please feel free to contact me at the Hobbs Office (505) 393-5905 or by cell phone (505) 390-0999.

Sincerely,

N. M. Young
Hobbs District Manager

CITY OF CARLSBAD, NM
P.O. BOX 1569
CARLSBAD, NM 88221

OIL AND GAS WELLS AND PIPELINES
APPLICATION FOR PERMIT

Carlsbad Code of Ordinances, Chapter 34

A separate application is required for each well, trunkline pipeline and each water or gas repressurizing or injection facility.

TYPE OF PERMIT REQUESTED	INSPECTION / FILING FEE
☒ Drill Well	☒ $5,000.00
☐ Re-enter/Deepen Existing Well	☐ $5,000.00
☐ Water/Gas Repressurizing/Injection Facility	☐ $5,000.00
☐ Trunk Line	☐ $5,000.00
☐ Other: _____ (Describe)	☐ $500.00

Applicant Name:	Mewbourne Oil Company
Applicant's Address: Street / P.O. Box:	P.O. Box 5270
City, State, Zip Code:	Hobbs, NM 88240
If Corporation, Name of NM Registered Agent:	
Application Contact Name and Title:	N. M. Young - District Manager
Address:	P.O. Box 5270 Hobbs, NM 88240
Telephone Number(s):	Office 505 393-5905 Cell 505 390-0999
Fax Number:	505 397-6252
Emergency Contact Name and Title:	N. M. Young - District Manager
Address:	P.O. Box 5270 Hobbs, NM 88240
Telephone Number(s):	Office 505 393-5905 Cell 505 390-0999

Proposed site of all wells, pipelines, or repressurizing or injection facilities (including location of well at surface, location of the bottom of well hole, location of gathering lines, crossings, etc.):

Surface location @ 868' FSL & 990' FEL in Section 20 T22S R27E Eddy Co., NM with no horizontal displacement of bottom hole.

Name of lease owner(s): Mewbourne Oil Company

Accurate description of facility location (with legal description of all acreage dedicated to well) and/or legal description of easements to be used by pipeline(s):

SE/4 of SE/4 of Section 20 T22S R27E of Eddy Co., NM
See also attached certified Surveyor's plat

Ground elevation at well site: 3128'

Proposed depth of well or pipeline: 12,100' TVD 12,200

APPLICATION CONTINUES ON REVERSE SIDE

Identify location of public notice signage:

Carlsbad Current-Argus, 3900 blk of Thomason, City Hall

Detailed explanation of operating pressures of all pipelines and facilities:

Pressure range of wellhead, gathering lines, and Sales line expected to be 450 to 550 psig

Location and operating characteristics of compressor, compressor control and safety devices:

Hi-Lo safety valve located @ wellhead W/ Controller @ Stackpack

Attachments:

☒ **Surveyor's Plat, including:**

- ☒ Property Lines
- ☒ Surface Contours
- ○ Right-of-Way Boundaries
- ○ Distance to Nearest:
  - • Residential Structure
  - • Commercial Structure

☒ **Well Drilling Program**

- ○ Not Applicable

❑ **All Applications and Forms Submitted to or Received from:**

- ☒ OCD, List: C-101 and C-102
- ○ BLM, List: _____
- ○ State Land Office, List: _____

❑ **Well Re-Entry or Deepening Information (Sec. 34-33(c))**

- ○ Not Applicable

Signature of authorized agent: N.M. Young	Date: 11/4/05
Typed or Printed name of authorized agent: N.M. Young	

This application shall be filed with the City Administrator. Applications to drill, reenter or deepen a well or to install a water or gas repressurizing or injection facility or a trunk line shall be accompanied by an inspection fee of $5,000.00. All other applications shall be accompanied by a non-refundable filing fee of $500.00. The filing fee shall be paid in cash, company check, cashier's check or certified check made payable to the City of Carlsbad.

If a permit is granted, it will incorporate by reference and require compliance with all applicable City Ordinances and regulations, including, but not limited to the Wellhead and Water Protection Area, and all applicable laws, rules, regulations and requirements of the OCD, the State Land Office and the Bureau of Land Management. For a well, the permit will include by reference and require compliance with BLM Onshore Oil and Gas Order No. 2 (Drilling Operations) and OCD Rule 118 (Hydrogen Sulfide Gas). A PERMIT EXPIRES ONE YEAR AFTER THE DATE OF ITS APPROVAL if the permittee has not undertaken the activity authorized by the permit.

Inspection Fee:	☒ $5,000	**Payment:**	❑ Cash	☒ Company Check
Filing Fee:	☒ $500		❑ Cashier's Check	❑ Certified Check
Permit Action:	❑ Approved by Council		❑ Disapproved by Council	
Date of Action:	_____			

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED
JUL 20 2005
OCD-ARTESIA

Form C-101
May 27, 2004

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

[1] Operator Name and Address	[2] OGRID Number
Mewbourne Oil Company Po Box 5270 Hobbs, NM 88240	14744
	[3] API Number 30 - 015- 34230

[3] Property Code	[5] Property Name	[6] Well No.
34969	Pecos River 20	1

[9] Proposed Pool 1	[10] Proposed Pool 2
South Carlsbad Morrow	

[7] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	20	22S	27E		868	S	990	E	Eddy

[No8] Proposed 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

Additional Well Information

[11] Work Type Code	[12] Well Type Code	[13] Cable/Rotary	[14] Lease Type Code	[15] Ground Level Elevation
N	G	R	P	3128'
[16] Multiple	**[17] Proposed Depth**	**[18] Formation**	**[19] Contractor**	**[20] Spud Date**
No	12100	Morrow	TBA	ASAP

Depth to Groundwater	Distance from nearest fresh water well	Distance from nearest surface water
50' or more but less than 100 yes = 20 pts	Less than 1000 from all other wtr sources .20 pts	1000' or more 10 pts

Pit: Liner: Synthetic ☒ ____ mils thick Clay ☐ Pit Volume: 24000 bbls Drilling Method: Production

Closed-Loop System ☐ Fresh Water ☒ Brine ☒ Diesel/Oil-based ☐ Gas/Air ☐

[21] Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 ½"	13 ⅜"	48#	400'	400	Surface
12 ¼"	9 ⅝"	40#	2100'	1000	Surface
8 ¾"	7"	26#	8900'	1500	Tie Back
6 ⅛"	5"	18#	12200'	500	Tie Back

[22] Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

BOP Program: 13 ⅝" 2k Hydril (see Exhibit #2) from surface casing to intermediate TD. Schaffer LWS or equivalent (Double-Ram Hydraulic) 11" 5000# with Hydril. (See Exhibit #2A) from surface casing to total depth. Rotating head, PVT, flow monitors and mud gas Separator from the Wolfcamp to TD.

Mud Program:

0' to 400' Fresh Water, spud mud, lime for PH and LCM as needed for seepage.
400' to 2100' Brine Water, lime for PH and LCM as needed for seepage.
2100' to 8900' Fresh Water, lime for PH and LCM as needed for seepage.
8900' to TD Cut brine. 9.3 #/g, Caustic for PH, Starch for WL control and LCM as needed for seepage

AS A CONDITION OF APPROVAL, A DETAILED CLOSURE PLAN MUST BE APPROVED BEFORE CLOSURE MAY COMMENCE.

City of Carlsbad Permit required to Spud.

[23] I hereby certify that the information given above is true and complete to the best of my knowledge and belief. **I further certify that the drilling pit will be constructed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**

Printed name: Kristi Green

Title: Hobbs Production

E-mail Address:

Date: 07/19/05

OIL CONSERVATION DIVISION

Approved by: TIM W. GUM
DISTRICT II SUPERVISOR

Title:

Approval Date: JUL 26 2005

Expiration Date: JUL 26 2006

As a condition of approval, if during pit construction water is encountered or if water seeps in pits after construction the OCD MUST BE CONTACTED IMMEDIATELY!

nditions of Approval Attached

NOTIFY OCD OF SPUD & TIME TO WITNESS CEMENTING OF SURFACE CASING

1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Revised March 17, 1999
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-015-34230		South Carlsbad Morrow

Property Code	Property Name	Well Number
	PECOS RIVER "20"	# 1

OGRID No.	Operator Name	Elevation
14744	MEWBOURNE OIL COMPANY	3128

Surface Location

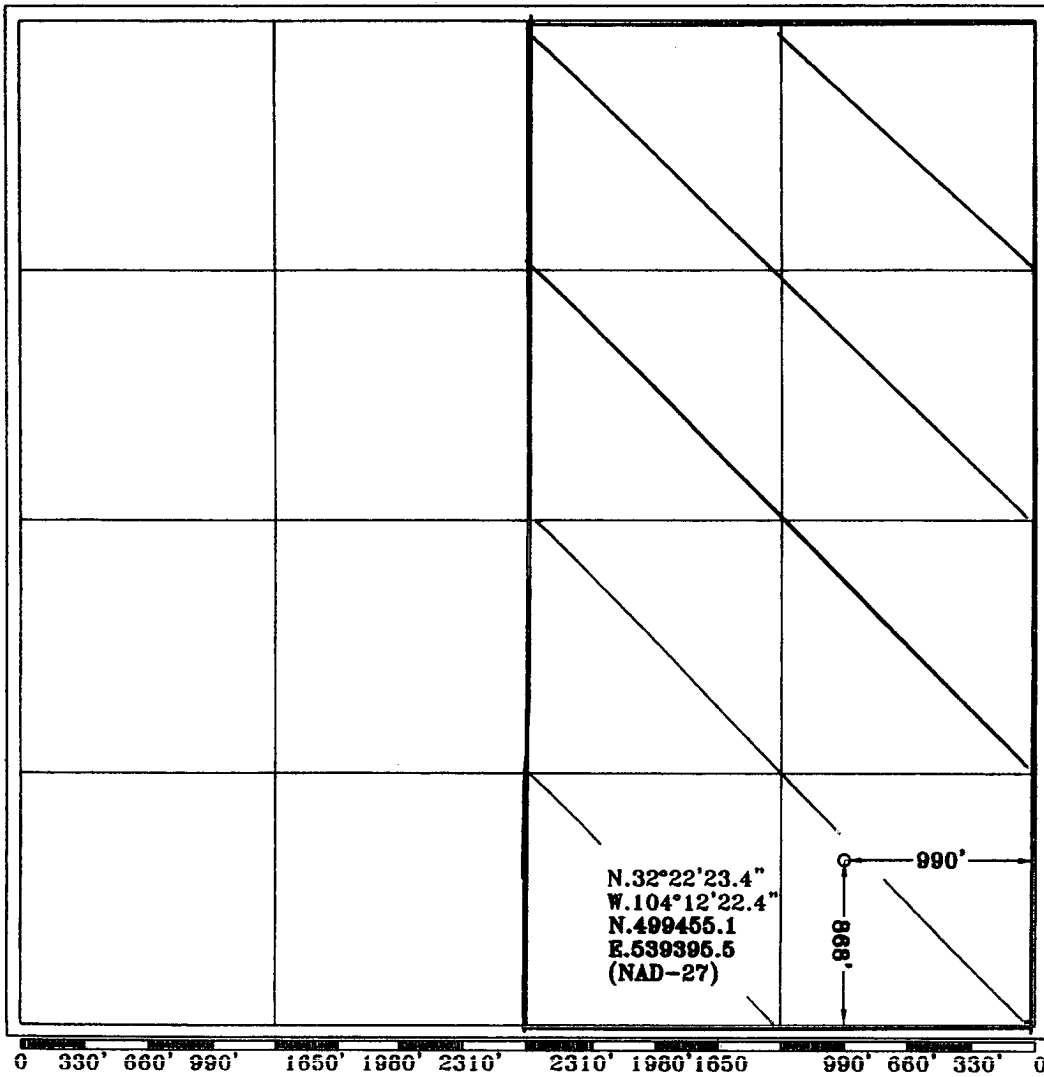
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	20	22S	27E		868	SOUTH	990	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Kristi Green
Signature

Kristi Green
Printed Name

Hobbs Regulatory
Title

06/22/05
Date

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 supervison, and that the same is true and correct to the best of my belief.

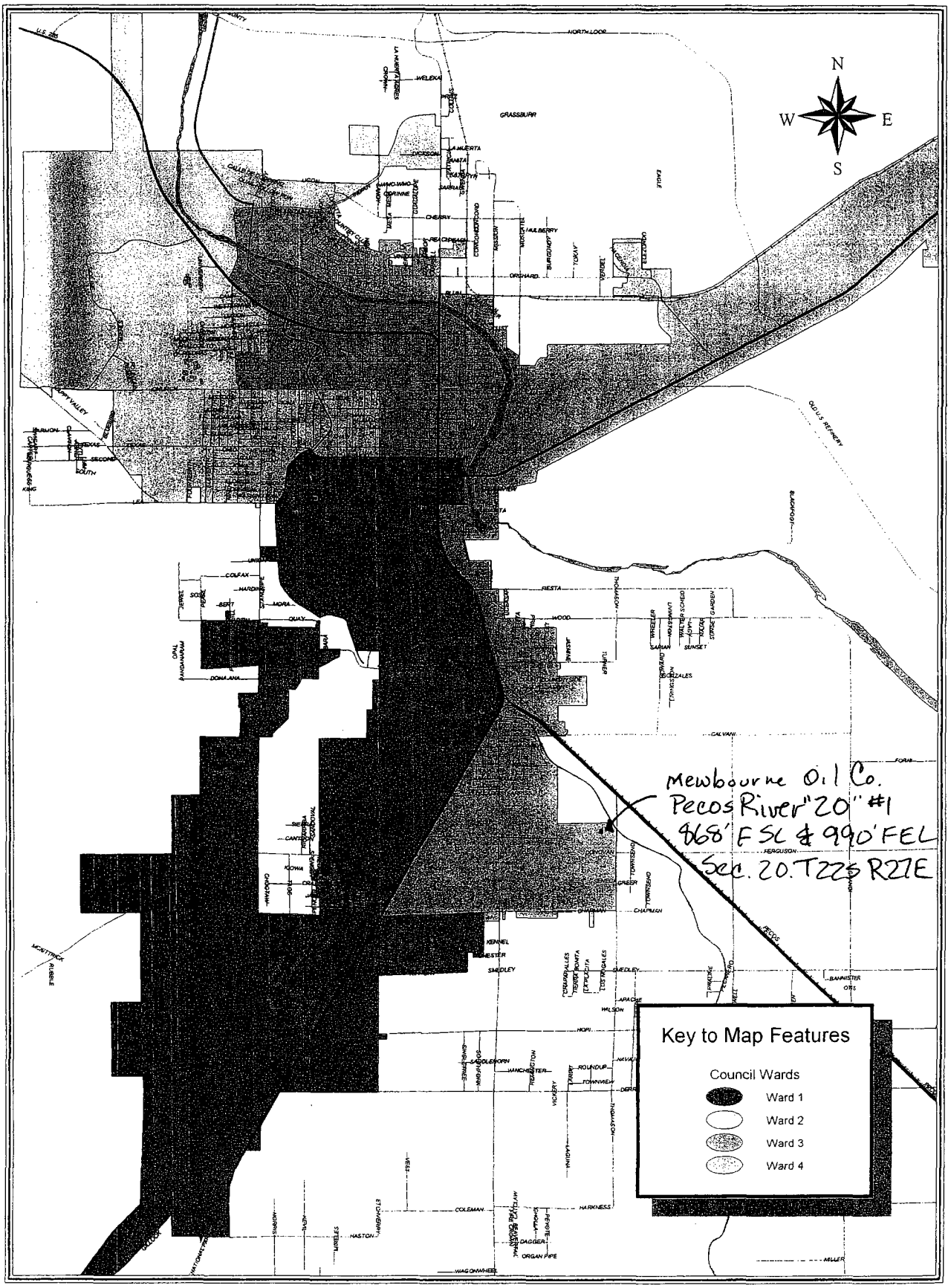
6/07/2005
Date Surveyed

Signature & Seal of Professional Surveyor

HERSCHEL L. JONES
NEW MEXICO
3640
REGISTERED PROFESSIONAL LAND SURVEYOR
PECOS RIVER 2052
GENERAL SURVEYING COMPANY

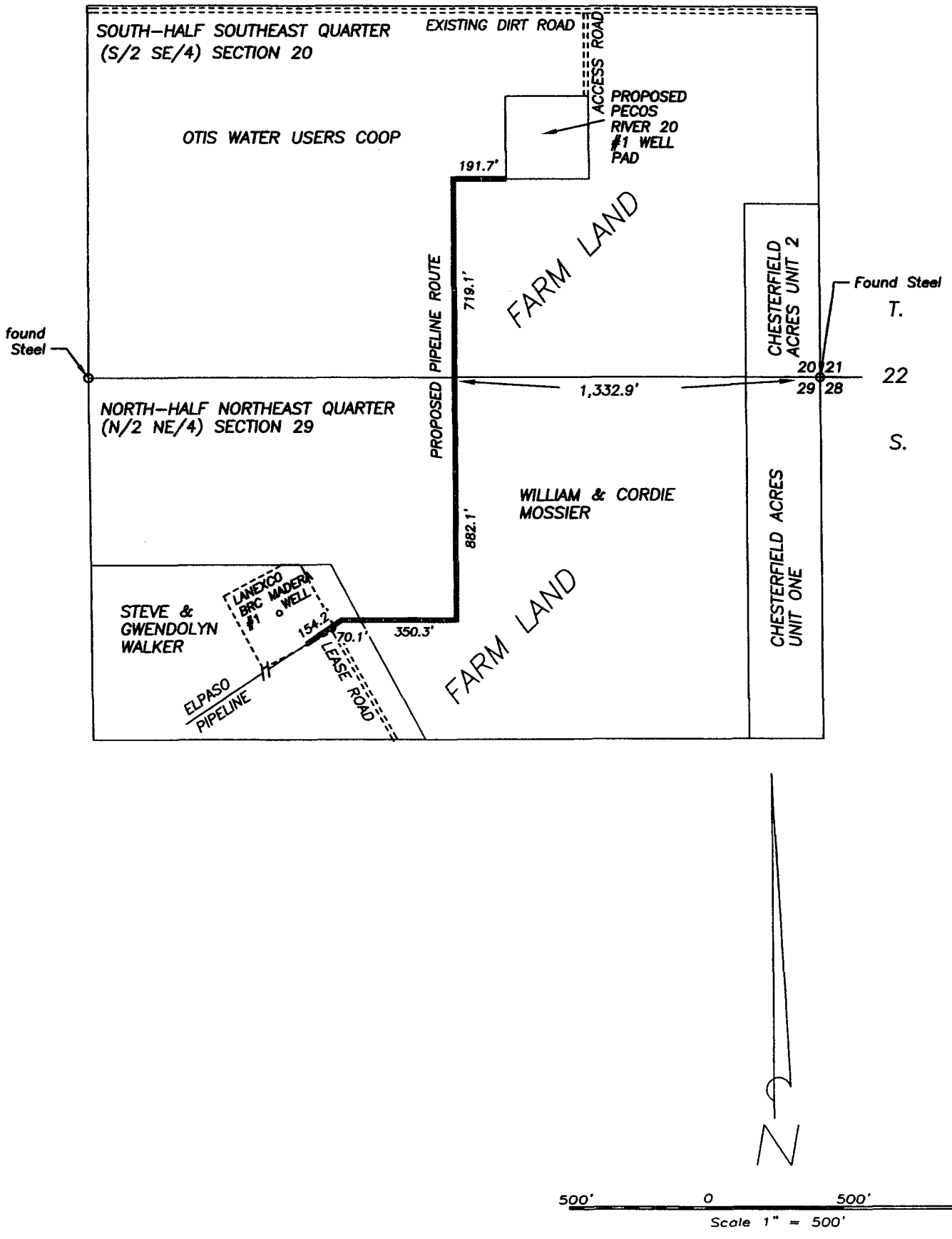
Certificate No. Herschel L. Jones RLS 3640

COUNCIL WARDS
Carlsbad, New Mexico

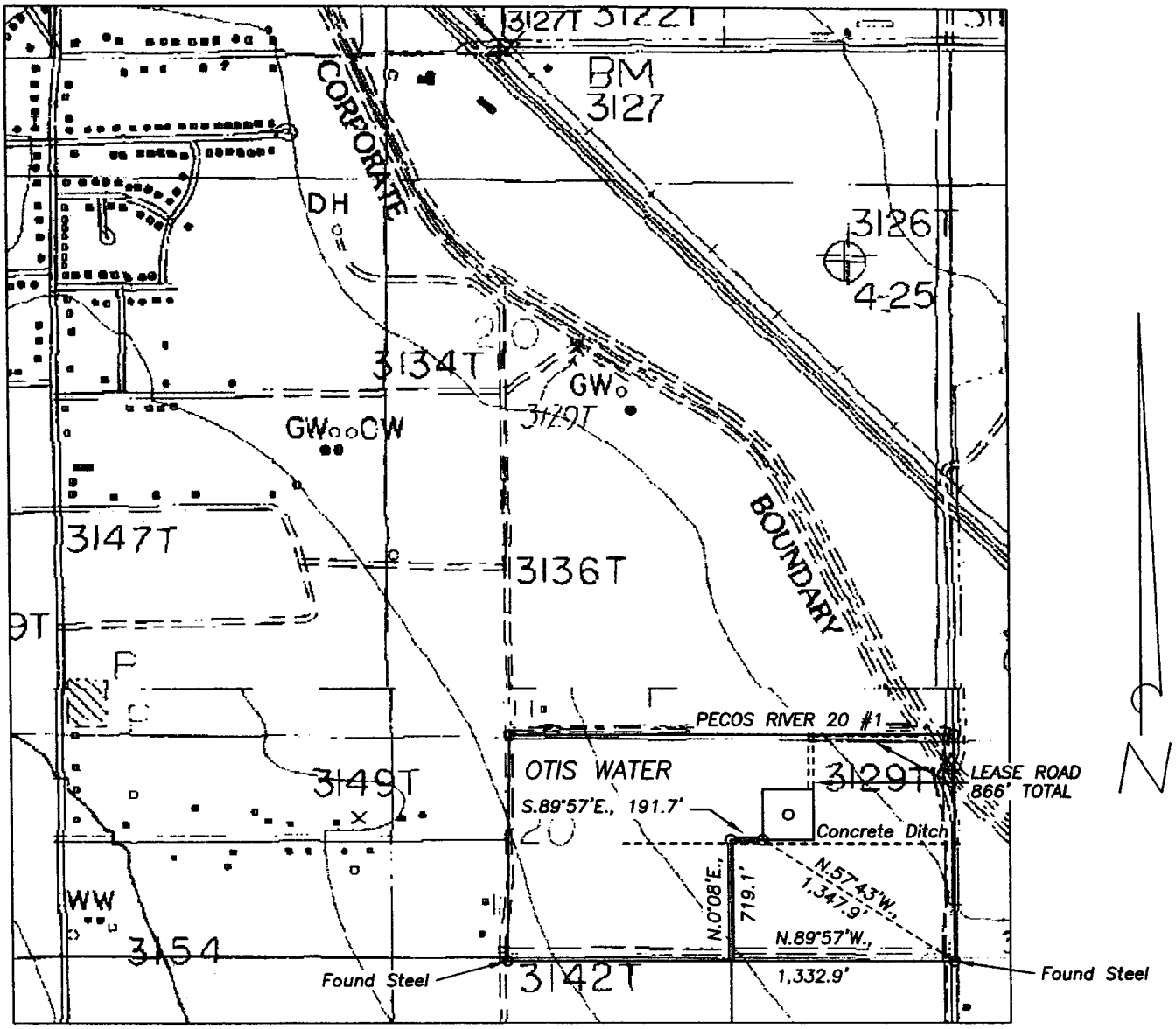


MEWBOURNE OIL COMPANY PROPOSED PIPELINE TO CONNECT THE PROPOSED MEWBOURNE PECOS RIVER "20" #1 WELL LOCATED IN SECTION 20, T. 22 S., R. 27 E., NMPM, EDDY COUNTY, NEW MEXICO.

R. 27 E.



SECTION 20, TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



DESCRIPTION:

A PIPELINE RIGHT OF WAY 30 FEET WIDE, BEING 15 FEET TO THE LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE AS SHOWN IN RED ON THIS PLAT.

BEGINNING AT A POINT LOCATED ON THE SOUTH SECTION LINE AND BEARING N.89°57'E., 1,332.9 FEET DISTANT FROM THE SOUTHEAST CORNER OF SECTION 20, TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM, EDDY COUNTY, NEW MEXICO; THENCE N.0°08'E., 719.1 FEET; THENCE S.89°57'E., 191.7 FEET TO A POINT LOCATED N.57°43'W., 1,347.9 FEET DISTANT FROM THE SOUTHEAST CORNER OF SAID SECTION 20.

910.8 FEET = 55.2000 RODS, MORE OR LESS.

1000' 0 1000' 2000'

Scale 1" = 1000'

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

HERSCHEL L. JONES, R.L.S. No.3640

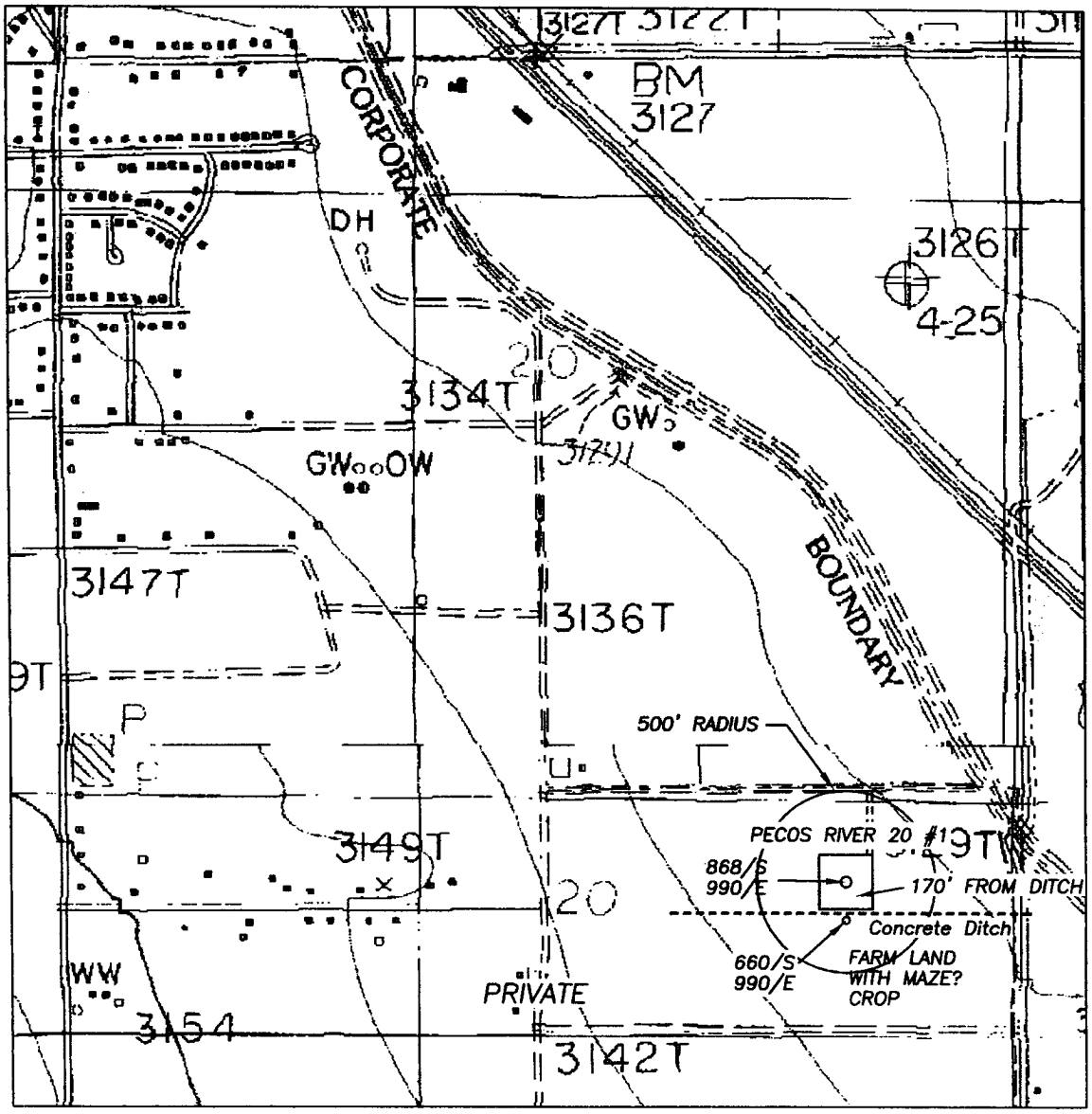
GENERAL SURVEYING COMPANY P.O. BOX 1928 LOVINGTON, NEW MEXICO 88260

MEWBOURNE OIL COMPANY

PIPELINE TO CONNECT THE MEWBOURNE PECOS RIVER "20" #1 WELL, LOCATED IN SECTION 20, TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 8/30/2005		Sheet 3 of 3 Sheets	
Drawn By: Ed Blevins		W.O. Number	
Date: 9/03/05		Scale 1" = 1000'	PECOS RIVER

SECTION 20, TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



NOTE:

THIS LOCATION (PECOS RIVER 20 #1) FALLS IN FARM LAND AND THIS IS TO CERTIFY THAT THERE ARE NOT ANY HOUSES, BARNS OR DWELLINGS OF ANY KIND WITHIN A 500 FOOT RADIUS OF THE WELL CENTER HOLE.

1000' 0 1000' 2000'

Scale 1" = 1000'

THE PREPARATION OF THIS PLAT AND THE PERFORMANCE OF THE SURVEY UPON WHICH IT IS BASED WERE DONE UNDER MY DIRECTION AND THE PLAT ACCURATELY DEPICTS THE RESULTS OF SAID SURVEY AND MEET THE REQUIREMENTS OF THE STANDARDS FOR LAND SURVEYS IN NEW MEXICO AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS.

REGISTERED PROFESSIONAL LAND SURVEYOR 3640

HERSCHEL L. JONES, R.L.S. No.3640

GENERAL SURVEYING COMPANY P.O. BOX 1928
LOVINGTON, NEW MEXICO 88260

MEWBOURNE OIL COMPANY

LEASE ROAD TO ACCESS THE MEWBOURNE PECOS RIVER "20" #1 WELL, LOCATED IN SECTION 20, TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 6/06/2005		Sheet 1 of 1 Sheets	
Drawn By: Ed Blevins		W.O. Number	
Date: 6/06/05		Scale 1" = 1000'	PECOS RIVER

8/22/2005 11:04:47 COUNTY OF EDDY — Year 2005 UNITTENA

0254992 OTIS WATER USERS COOPERATIVE

Dist CI

PO BOX 5069

CARLSBAD NM 88221 5069

0	Centr	0	Livsk
32715	Land	32715	Full
0	Impr	10905	Txbl
0	P.P.	0	Exmpt
0	M.H.	10905	Net

Rend% 0 BOOK 437 PG 1088

Prop 4 158 130 397 461 _____ Last Chg by GAY on 2004/05/24 at 8:10:53

House# 1/2 Street Name() Quad Bldg# Apt# TRIADICion

Loc- 4003 S THOMASON ROAD 20030127

Township 22 S Range 27 E Section 20

Quarters NE NW SW SE Y F4 on Desc will prompts SEC/TWS/RGE

PT OF S2SE, BEG SE COR, W 270' TO	2004/05/21 16:27:25	GAY	UNITELEVA
POB, N 89 DEG 36' 42" W 2392.25', N	2004/05/21 16:27:25	GAY	UNITELEVA
0 DEG 2' 16" W 330.63', N 1 DEG 8'	2004/05/21 16:27:25	GAY	UNITELEVA
7" E 1001.83', S 89 DEG 55' 4" E	2004/05/21 16:27:25	GAY	UNITELEVA
2651.85', S 0 DEG 24' 20" W 718', N	2004/05/21 16:27:25	GAY	UNITELEVA
89 DEG 36' 42" W 270', S 0 DEG 24'	2004/05/21 16:27:25	GAY	UNITELEVA
20" W 630' TO POB	2004/05/21 16:27:25	GAY	UNITELEVA
MAP 271C-AA CAB# 3 29-1	2004/05/21 16:27:25	GAY	UNITELEVA
LOC BEHIND 4003 S THOMASON			

F1=Update F4=Prompt F5=Insert F7=Ownr Info F8=Values F9=Prop Info F10=Appraisal
F3=Cancel F12=Return

8/18/2005 11:05:01 **COUNTY OF EDDY** Year 2005 UNITSIXC

0256985 Dist CI NonRend% 0 **0 Centrl** **256098 Full**

WALKER, STEVE M & GWENDOLYN (JT) FinCo **27267 Land** **85366 Txbl**

505-302-[redacted] **228831 Impr** **5500 Exmpt**

8798 **0 P.P.**

PO BOX 2343 **0 M.H.** **79866 Net**

CARLSBAD NM 88221 2343 **0 Livstk**

Print=Y

Property Description	Code	ValueDesc	Quantity	Rate	FulT
4 158 131 173 099	131	CROP/FARM	49.27	420.00	20694
BOOK 309 PG 844	010	CSWCD	6898		
WALKER TRACTS NO 2					
TRACT 1A					
MAP# 271A-W-1A CAB# 3 163-1					
LOC W OF 4210 OLD CAVERN HWY					
ODD SHAPE TRACT					

Bottom

F3=Cancel **F4=Prompt()** **F6=Chg Yrs** **F12=Return**

8/18/2005 11:12:29 **COUNTY OF EDDY** Year 2005 UNITSIXC

0258051 Dist CI NonRend% 0 **0 Centrl** **19374 Full**

MOSSIER, WILLIAM N & CORDIE I FinCo **19374 Land** **6458 Txbl**

885-4632

0 Impr **0 Exmpt**

302 VALLEY VIEW **0 P.P.**

CARLSBAD NM 88220 **0 M.H.** **6458 Net**

0 Livstk

Pos to() **Print=Y**

Property Description	Code	ValueDesc	Quantity	Rate	Full
4 000 130 454 001	131	CROP/FARM	46.13	420.00	19374
4000 THOMASON ROAD	010	CSWCD	6458		
BOOK 328 PG 1019					
SECTION-29 TOWNSHIP-22S RANGE-27E					
BEG 270'W OF NE COR,S 00 DEG 15'23"					
W 1308.54' TO N LINE CHESTERFIELD					
ACRES SUBD,W 1171.5',N 27 DEG 59'23					
W 1496.43 TO N SEC LINE,S 89 DEG37'					
03" E 1888.74' TO POB					
MAP#271A-2.1					
LOC OFF 4000 THOMASON ROAD					

N/R-Values Full	19374
N/R-Values Taxable	6458
N/R-Values Net	6458

Bottom

F3=Cancel **F4=Prompt()** **F6=Chg Yrs** **F12=Return**

Well Design Summary

Mewbourne Oil Company
Pecos River "20" #1

Surface Interval

Hole Size:	17 ½"
Depth:	± 400' TVD
Casing Size:	13 ⅜", 48#, H-40, ST&C
Mud Design:	Fresh/Native/Spud Mud

Drilling Parameters:

Notify NMOCD prior to spudding well and in sufficient time to witness cementing of surface pipe. Bottom hole stabilization should be used to minimize deviation. A shock sub is recommended. Seepage should be controlled with paper and multi-seal sweeps. Total loss of circulation should not be encountered in this interval. After drilling to 400+' TVD, pump heavy LCM sweep and circulate ½ hour. A wiper trip is recommended if excessive drag is noticed.

Casing:

Run 13 ⅜" casing with Texas Pattern guide shoe and an insert float in the top of the first joint. Thread-lock guide shoe and 2 joints together. Centralizers go in the middle of first joint, on the second coupling, and the fourth coupling.

Cement:

After casing is on bottom, displace casing volume with rig pump. RU cementers and cement as per attached recommendation. If cement does not circulate, refer to Contingency 399-1. If cement does circulate, WOC 4 hours before cutting off and NU Annular BOP. WOC for 18 hours as required by NMOCD and test casing to 1250 psig prior to drilling out shoe joint.

Potential Problems:

- *Major fluid losses or total loss of returns should not be encountered in this interval. If returns are lost and cannot be regained with conventional LCM pills, dry drill to casing point. Cementing program should be revised if dry-drilled to include a Frac Gel sweep and 180 sacks of thixotropic Class "H" cement.*

- *Failure of primary cementing of casing.* See Contingency 399-1

Well Design Summary

Mewbourne Oil Company
Pecos River "20" #1

Intermediate Interval

Hole Size:	12 ¼ "
Depth:	±2100' TVD
Casing Size:	9 ⅝", 40#, K-55 / N-80, ST&C
Mud Design:	10# Brine

Drilling Parameters:

H_2S monitors and related safety equipment should be in operation by 1000' or prior to drilling the Yates formation. Bottom hole stabilization should be used to minimize hole deviation and aid hole cleaning. A shock sub is necessary for drilling this interval. Brine will be used and should be kept clean and free of drilled solids by circulating the inner reserve pit. Chloride content should be maintained at 170-190K ppm throughout entire interval. Periodic salt gel/LCM sweeps will aid in removal of cuttings and seepage encountered. Partial to total loss of returns is possible in this interval.

Casing:

A fluid caliper should be run 100-200' prior to TD to calculate cement volume *required to circulate* cement to surface. Upon reaching C.P., a sweep and at least one bottoms-up of circulation time must be realized. Run a float shoe, one shoe joint, and a float collar. Strap weld the bottom 6 joints and float equipment. Run centralizers/turbolizers in the middle of the 1st joint, middle of the third, and then alternate every other collar for a total of 5 centralizers and 5 turbolizers. Fill casing with drilling fluid every 30 joints or less as needed.

Cement:

Notify NMOCD prior to cementing casing and testing BOP.
After casing is on bottom, displace casing volume with rig pump. RU cementers and cement as per attached recommendation. Cement volume should be adjusted after running of fluid caliper. If cement does not circulate, refer to Contingency 399-3. If cement does circulate, NU 5000# BOP, testing with a third party, and WOC 18 hrs before drilling out. Test casing to 1500 psig prior to drilling shoe. A formation integrity test must be run after drilling no more than 50' of new formation to 11 ppg EMW.

Potential Problems:

- *Loss of Returns – Partial or total loss of returns could occur throughout this interval. If returns fall below 25% of pumped volumes, see Contingency 399-4. Partial returns can be resolved with regular viscous/LCM sweeps.*
- *If excessive drag is noted, ream back to bottom prior to running casing.*
- *Offset wells in the immediate vicinity recorded severe deviation of up to 4 ¾° from between 600' and 2100'.*

Well Design Summary

Mewbourne Oil Company
Pecos River "20" #1

Production Interval

Hole Size:	6 ⅛"
Depth:	± 12,200' TVD
Casing Size:	5", 18#, HCP-110, ULTSJ, LT&C

Mud Design: **From C.P. to TD**

Upon drill out and completion of successful EMW test, increase mud weight as directed per company representative. Mud properties will be adjusted as per mud recommendation or as hole dictates.

Drilling Parameters:

Bottom hole stabilization is recommended to ensure minimization of deviation and optimize penetration rate. At possible test intervals or before logging, mud properties may be adjusted to compensate for hole conditions. Sufficient circulating time to allow proper hole cleaning should reduce the potential for fill on bottom. If DST is deemed necessary, refer to Contingency 399-7.

Casing:

If 5" casing is deemed necessary, a float shoe, 1 or 2 joints, and a float collar should be thread locked. Double-bow tandem rise centralizers/ double-bow spring turbolizers should be placed 15' above the shoe, top of the 2nd joint, then every third connection for a total of 15. Casing should be filled every 50 joints or as needed. Circulate only as much as necessary on fill-ups. Upon reaching TD with casing, circulate bottoms up prior to cementing.

Cement:

Cement volumes and types to be determined upon review of caliper logs and stimulation requirements.

Potential Problems:

- **Weekly BOP drills will be conducted and recorded on the IADC sheet on all crews. Slow pump rates will be conducted and recorded by one tour daily.**
- *Monitor steel pits for an hour each tour and record any losses. Each driller should note time to break circulation after connections and survey.*

- ***Company Representative and Toolpusher required on location at all times during this interval until rig release as per City Ordinance 2004 -17 Chapter 34 Sec. 34-64 b.***

Contingency 399-1

Interval: Surface

Operation: Failed primary cement job due to loss of circulation

---

1. Notify district office of OCD or BLM of intention to run temperature survey to determine the top of cement.

2. Wait for six hours for cement to cure prior to running temperature survey.

3. RU slickline unit and run temperature survey to determine top of cement.

4. PU 1" string of flush joint pipe with mule shoe on bottom and run in hole to tag top of cement.

5. Pump sufficient volume of fresh water through string to assure pipe is clear. Mix 25 sacks of Class "C" cement with 4% CaCl and pump through 1" tubing. Mix CaCl in neat cement "on the fly."

6. Pull 1" tubing out of hole and WOC for two hours.

7. TIH with 1" to tag cement. If distance to cement has not decreased, repeat steps #5 and #6. If distance has decreased, repeat step #5 and #6 increasing to 50 sacks of Class "C" cement. After two plugs, dump 50-70 buckets of pea gravel down annulus. (Approval required)

8. TIH with 1" pipe and tag cement. If distance has decreased, attempt to fill annulus with fresh water, noting volume to fill. From observed volume, calculate cement needed to fill annular void.

9. Pump sufficient Class "C" cement with 4% CaCl to fill annulus.

Contingency 399-2

Interval: Surface

Operation: Stuck pipe due to loss of circulation

---

1. If unable to establish circulation, pull bit and lay down stabilizers and run "slick."

2. Resume drilling dry. If required aerate fluid with 1000 SCFM air and 4 BPM fluid.

3. If pipe sticks, work pipe to maximum safe limits.

4. Run free point survey and back-off drill string 30+' and stuck point.

5. PU screw-in sub with bumper sub and jars. Screw back in to drill string and activate jars to free stuck pipe. LD any section of drill string that has been subjected to explosives.

6. If unable to jar loose, or if more than one collar is stuck, increase viscosity of mud system to 35 sec/qt and increase LCM to 7 lb/bbl.

7. PU rotary shoe and four joints of wash pipe. Run jars above wash pipe.

8. Wash over drill string and spot viscous mud on bottom. TOH with wash pipe.

9. PU screw-in sub with bumper sub and jars. Screw back in to drill string and activate jars to free stuck pipe. Do not use rotary table to break out connections. LD fishing tools plus any section of drill string that has been subjected to explosives.

10. TIH "slick" and resume drilling.

Contingency 399-3

Interval: Intermediate

Operation: Failed primary cement job due to loss of circulation

---

1. Notify district office of OCD or BLM of intention to run temperature survey to determine the top of cement.

2. Wait for six hours for cement to cure prior to running temperature survey.

3. RU slickline unit and run temperature survey to determine top of cement.

4. PU 1" string of flush joint pipe with mule shoe on bottom and run in hole to tag top of cement.

5. Pump sufficient volume of fresh water through string to assure pipe is clear. Mix 25 sacks of Class "C" cement with 4% CaCl and pump through 1" tubing. Mix CaCl in neat cement "on the fly."

6. Pull 1" tubing out of hole and WOC for two hours.

7. TIH with 1" to tag cement. If distance to cement has not decreased, repeat steps #5 and #6. If distance has decreased, repeat step #5 and #6 increasing to 50 sacks of Class "C" cement.

8. TIH with 1" pipe and tag cement. If distance has decreased, attempt to fill annulus with fresh water, noting volume to fill. From observed volume, calculate cement needed to fill annular void.

9. Pump sufficient Class "C" cement with 4% CaCl to fill annulus.

Contingency 399-4

Interval: Intermediate

Operation: Loss of circulation (in excess of 25%)

---

1. MI and RU air compressor units.
2. Decrease pump speed to 5 bpm and bring air compressors on-line at 500 SCFM.
3. If circulation is established with aerated fluid, adjust air to maintain fluid level in pit.
4. Add inhibitor to aerated fluid to prevent corrosion of tubulars.
5. Watch for excessive drag or torque. Pump viscous sweeps with LCM periodically to maximize lifting of cuttings and minimize seepage. Increase air volume if necessary to effectively lift cuttings.
6. Circulate a minimum of 1 hour at TD of interval while pumping sweeps to clean the hole.
7. Spot viscous pill containing LCM prior to TOH to run casing.

Air Package Specifications

- 1500 psi WP two-stage booster compressor
- 3 – 850 SCFM air compressors with 250 psi WP
- Mist pump with mixing pit
- Chemical injection pumps
- Two operators for 24 hour service
- System capacity 2350 SCFM at 1200 psi WP

Daily supplemental cost while air package is in service: $5,600

Contingency 399-5

Interval: Intermediate

Operation: Stuck pipe due to loss of circulation

---

1. If unable to establish circulation, pull bit and lay down stabilizers and run "slick."

2. Resume drilling dry. If required aerate fluid with 1000 SCFM air and 4 BPM fluid.

3. If pipe sticks, work pipe to maximum safe limits.

4. Run free point survey and back-off drill string 30+' and stuck point.

5. PU screw-in sub with bumper sub and jars. Screw back in to drill string and activate jars to free stuck pipe. LD any section of drill string that has been subjected to explosives.

6. If unable to jar loose, or if more than one collar is stuck, increase viscosity of mud system to 35 sec/qt and increase LCM to 7 lb/bbl.

7. PU rotary shoe and four joints of wash pipe. Run jars above wash pipe.

8. Wash over drill string and spot viscous mud on bottom. TOH with wash pipe.

9. PU screw-in sub with bumper sub and jars. Screw back in to drill string and activate jars to free stuck pipe. Do not use rotary table to break out connections. LD fishing tools plus any section of drill string that has been subjected to explosives.

10. TIH "slick" and resume drilling.

Contingency 399-6

Interval: Intermediate

Operation: Failed primary cement job due to void in wellbore

---

1. Notify district office of OCD or BLM of intention to run temperature survey to determine the top of cement.

2. Wait for six hours for cement to cure prior to running temperature survey.

3. RU slickline unit and run temperature survey to determine top of cement.

4. PU 1" string of flush joint pipe with mule shoe on bottom and run in hole to tag top of cement.

5. Pump sufficient volume of fresh water through string to assure pipe is clear. Mix 25 sacks of Class "C" cement with 4% CaCl and pump through 1" tubing. Mix CaCl in neat cement "on the fly."

6. Pull 1" tubing out of hole and WOC for two hours.

7. TIH with 1" to tag cement. If depth to top of cement continues to decrease, proceed to step #12.

8. If depth to top of cement does not decrease, pick up second string of 1" FJ tubing and run both strings to top of cement. Pump through both strings to assure pipe is clear. Pump 500 gallons of Flocheck down one string while spotting 50 sacks of Class "C" cement with 4% CaCl down the second string. Pull both strings as quickly as possible to avoid sticking.

9. WOC for two hours. TIH with 1" pipe and tag top of cement. If the top of cement has not decreased, pull tubing out of the hole and proceed to step #10. If the depth to the top of cement has decreased, proceed to step #12.

10. Dump four yards of pea gravel down annulus.

11. Return to step #5

12. If depth to top of cement continues to decrease, continue spotting 25 sack plugs of Class "C" cement with 4% CaCl until annulus will sustain a column of fresh water.

13. TIH with 1" tubing and tag top of cement. Calculate annular volume and sufficient cement to circulate to surface.

Contingency 399-7

Interval: Production

Operation: Drill Stem Test

---

1. Drill through test interval. Check for gain in pit volume.

2. Circulate and condition mud for sufficient weight and viscosity of +35 sec/qt.

3. Circulate bottoms up and evaluate cuttings for drill stem test. Make short trip and check bottom for fill. Check for flow prior to pulling bit.

4. Select setting depth for packers and pull out of hole.

5. Test tank and flow lines should be installed prior to anticipated test interval. Check flow lines for integrity and security. Check test tank for mechanical integrity and location. Test tank should be located in a safe position for winds and potential ignition sources. Determine maximum desirable drill pipe pressure in the event of tool closure prematurely. Determine applicable required water cushion.

6. Pick up test tools as follows:

    - Anchor – length to be determined by desired test interval.
    - Perforated subs – minimum length of three feet.
    - Sample chamber
    - Tandem (2) packers
    - Jars
    - Bypass sub
    - Metering sub
    - Circulating sub
    - Minimum of two pressure recorders (top and bottom)

7. Set packers and open tool. Conduct standard test unless conditions dictate otherwise. Evaluate during test for additional test duration.

    - 30 minute initial flow period
    - 60 minute initial shut in period
    - 60 minute final flow period
    - 120 minute final shut in period

8. Test through choke to pit or flow to tank as conditions dictate. All liquid hydrocarbons should be diverted to test tank. Shut tools if maximum drill pipe pressure is reached during flow period. Observe annulus drop for indications of packer failure.

9. Release packers and pull tools out of hole. If formation fluid is observed or indicated within drill string, drop bar and reverse fluid to test tank.

10. Lay down test tools and evaluate data. Initial reports should be forwarded as soon as available to Hobbs, Tyler, and Midland offices for distribution.

11. Resume drilling operations.

Contingency 399-8

Interval: Production

Operation: Differential sticking due to excessive seepage

---

1. If drill string becomes stuck due to excessive seepage, pull to maximum safe strength of drill pipe and continue circulating.

2. Pump 30 bbls viscous sweep and continue circulating while working drill string.

3. Spot 50 bbls of oil around bottom hole assembly. Shut pumps down and allow oil to soak for a minimum of 4 hours. Resume working pipe.

4. If string is not free, run free point survey. Back off drill string one connection above stuck point and pull remaining pipe.

5. PU shoe, wash pipe, and jars. TIH to wash over drill string until free. Pull wash pipe out of hole.

6. PU screw in sub, jars, and bumper sub. Screw into fish and retrieve from well.

7. LD fishing tools. LD any section of drill string exposed to explosive charges.

8. Resume drilling while increasing LCM in mud system to control further seepage.

Contingency 399-9

Interval: Production

Operation: Influx of formation fluids into wellbore (kick)

---

1. Observe pit volume for gain. If pit gain is noted, immediately pick up Kelly and check for flow from annulus. Notify supervisory personnel immediately.

2. If flow is noted, shut Kelly valve and blow out preventers and record stabilized pressures on the drill pipe and annulus.

3. Fill out kill sheet. Sample kill sheet is provided with this prognosis.

4. If annular pressure exceeds 80% of burst pressure of intermediate casing, reduce pressure on annulus by flowing through choke. If possible, avoid putting liquid hydrocarbons in mud pits or reserve pits.

    - Rated burst pressure of 8 ⅝" 32# J-55 casing is 3930 psig. Maximum allowable @ 80% is 3150 psig.
    - Rated burst pressure of 9 ⅝" 36# J-55 casing is 3520 psig. Maximum allowable @ 80% is 2800 psig.
    - For other sizes, grades, and weights of casing, check dimensions and strengths of API casing.

5. Circulate weighted mud down drill pipe while holding back pressure on annulus according to kill sheet calculations. Monitor mud weight returning to surface and adjust accordingly. Mud weight should exceed BHP mud weight equivalent by 0.5 ppg.

6. When returning mud weight is equal to mud weight being pumped, check well for flow.

7. If flow is not observed, resume drilling.

8. Continue checking for flow on each connection.

9. Upon reaching TD, tripping, or test point, circulate for two full circulations and spot a weighted pill on bottom.

DAILY RECORDED OPERATIONAL FIELD DATA

Location: | Rig #: | Completed By:

Wild Well Control
2202 Oil Center Court
Houston, Texas USA 77073
Phone: 281.784.4700
E-mail: wildwell@wildwell.com

CASING	
OD (in.)	
ID (in.)	
Internal yield 100% (psi)	
Safety Factor (%)	
Internal yield (psi)	
Casing Length MD (ft)	
Casing Length TVD (ft)	

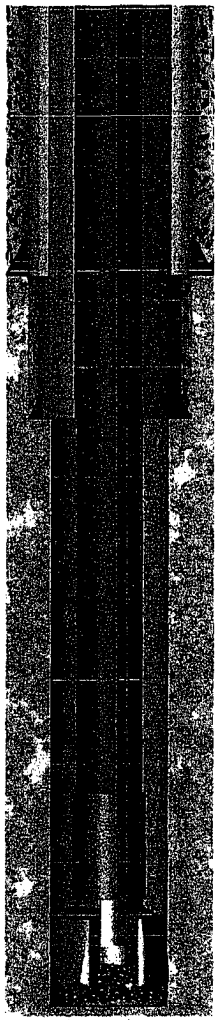
LINER	
OD (in.)	
ID (in.)	
Internal yield 100% (psi)	
Safety Factor (%)	
Internal yield (psi)	
Top of Liner MD (ft)	
Liner Depth Surface to shoe MD (ft)	
Liner Depth Surface to shoe TVD (ft)	

DRILL PIPE	
OD (in.)	
ID (in.)	
Cap. (bbls/ft)	
Length MD (ft)	

HWDP	
OD (in.)	
ID (in.)	
Cap. (bbls/ft)	
Length MD (ft)	

DRILL COLLARS	
OD (in.)	
ID (in.)	
Cap. (bbls/ft)	
Length MD (ft)	

BOP	
BOP Test Rating (psi)	



HOLE SIZE	
Bit Size (in)	

TOTAL DRILL STRING LENGTH	
Total Length MD (ft)	

SURFACE VOLUMES	
Surface Line Volume (bbls)	
Active Pit Volume (bbls)	

FORMATION TESTS	
Leak-Off Test Pressure w/ (psi)	
Test Mud Wt. (MAASP)	
Leak-Off Test Mud Wt. (ppg)	
Test Depth Csg or Liner Shoe TVD (ft)	
Maximum Mud Wt. (ppg)	

PRESENT MUD WT.	
Mud (ppg)	
LEAK OFF PRESSURE	
Leak Off Test Pressure w/ (psi)	
Present Mud Wt (MAASP)	

ANNULAR CAPACITY BETWEEN (bbls/ft)	
Drill Collars & OH	
HWDP & OH	
Drill Pipe & OH	
Drill Pipe& Liner	
Drill Pipe & Casing	

PUMPS:

Pump #1		Pump #2	
Liner (in.)		Liner (in.)	
Stroke (in)		Stroke (in.)	
Pump Output (bbls/stk)		Pump Output (bbls/stk)	
Maximum Pump Pressure (psi)		Maximum Pump Pressure (psi)	

KILL RATE SPEED (Slow Pump Rate)

	Kill Rate Speed (stks/min)	Pump Pressure (psi)	Circulating Rate (bbls/min)
Pump Number 1			
Pump Number 2			

Tour Notes

WELL CONTROL OPERATIONS

Determining Stable Shut In Drill Pipe & Casing Pressures to Complete Killsheet

Initial Time the Well was Shut In (hour)		Time (mins)					
		SIDPP					
		SICP					

Well Control Information Required to Complete Killsheet and Assist Operations

Kick Well Depth		Shut In Drill Pipe Pressure (psi)		Kick Size (bbls)		Strip/Trip/Bullhead/Circulate Well	
Bit/Bottom of Hole						Pump No.	Kill Rate
MD (ft)		Shut In Casing Pressure (psi)		Present Mud Wt. (ppg)			
TVD (ft)						(#)	(stks/min)

Strip/Trip/Bullhead/Circulate Well	
Pressure	Time
(psi)	

Contingency 399-10

Interval: Production

Operation: Loss of circulation

---

1. Pull drill string into intermediate casing.

2. Build mud volume and condition mud with LCM. Pump mud down drill string until circulation is established.

3. Resume drilling with "slick" bottom hole assembly. Maintain LCM in mud to control seepage.

MEWBOURNE OIL COMPANY
WEST TEXAS - NEW MEXICO
GEOLOGIC PROGNOSIS

DATE: August 16, 2005
BY: Mike Burke

WELL NAME: Pecos River "20" **NO:** 1 **API:**
LOCATION: 868' FSL & 990' FEL, Section 20, T22S, R27E
PROSPECT/FIELD: South Carlsbad **COUNTY:** Eddy **STATE:** New Mexico
PTD: 12,000 **FORMATION @ TD:** Barnett **ELEVATION:** 3128 **EST. SPUD DATE:**

	OBJECTIVE	EST. DEPTH	SPACING	FEET OF PAY	O/G
PRIMARY	Lower Morrow Yellow Sand	11,645	160 acres	5-10	G
PRIMARY	Middle Morrow Pink Sand	11,451	160 acres	10-20	G
SECONDARY	Middle Morrow Orange Sand	11,401	160 acres	10-15	G
SECONDARY	Wolfcamp Pay	9,560	160 acres	25-50	O&G
SECONDARY	Delaware Cherry Canyon	3250	40 acres	25-50	O

EST. FORMATION TOPS (*POSSIBLE SHOWS)	DEPTH	
KB	3145	Est.
Top Salt	584	2561
Base Salt	1844	1301
Lamar Limestone	1888	1257
Delaware	2044	1101
Bone Spring	5330	-2185
1st Sand	6357	-3212
2nd Sand	7014	-3869
3rd Sand	8469	-5324
Wolfcamp	8781	-5636
Pay	9560	-6415
Strawn	10,154	-7009
Atoka	10,541	-7396
Atoka Shale	10,692	-7547
Atoka Sand	10,721	-7576
Atoka Carbonate	10,848	-7703
Morrow Carbonate	11,027	-7882
Morrow "A" Carbonate	11,251	-8106
Upper Morrow Sand	11,334	-8189
Middle Morrow Carbonate	11,366	-8221
MM Orange Sand	11,401	-8256
MM Pink Sand	11,451	-8306
MM Blue Sand	11,495	-8350
MM Green Sand	11,545	-8400
Lower Morrow	11,645	-8500
LM Yellow Sand	11,645	-8500
LM Orange Sand	11,699	-8554
LM Brown Sand	11,731	-8586
Barnett	11,787	-8642
TD	11,937	-8792

SAMPLE INSTRUCTIONS

INT. 10 **DEPTH** 1900 **TO** TD

INT. _____ **DEPTH** _____ **TO** _____

MUD LOGGING: **SERVICE COMPANY:** Morco Geological Services **COST:**
UNIT ON AT: 1900 **EST. DAYS:** 20

OPEN HOLE LOGGING: **SERVICE COMPANY:** Baker Hughes

1. Compensated Density- Neutron Gamma Ray **INTERVAL:** Casing to TD/GR Neutron to surface
2. Dual Laterolog-Microlaterolog **INTERVAL:** Casing to TD
3. RFT **INTERVAL:** As needed

REMARKS:

1. Possible high pressure in Wolfcamp.
2. Possible seepage from 9000' to TD.

MOC
PROJECTED TOPS & STRUCTURAL RELATIONSHIPS

	Morris Antweil XL 20-G		MOC Pecos River "20" #1 9-P					Black River Corp. BRC - Madera #1 29-B	
KB	3141		3145					3162	
			Anticipated		Encountered				
	MD	SS	MD	SS	MD	SS	THICK	MD	SS
Top Salt	500	2641	584	2562				667	2495
Base Salt	1827	1314	1844	1301				1861	1301
Lamar Limestone	1869	1272	1888	1258				1906	1256
Delaware	2040	1101	2044	1101				2048	1114
Bone Spring	5317	-2176	5330	-2185				5343	-2181
1st Sand	6358	-3217	6357	-3212				6356	-3194
2nd Sand	6990	-3849	6991	-3846				6992	-3830
3rd Sand	8432	-5291	8469	-5324				8506	-5344
Wolfcamp	8756	-5615	8781	-5636				8805	-5643
Pay	9518	-6377	9560	-6415				9602	-6440
Strawn	10,107	-6966	10154	-7009				10,201	-7039
Atoka	10,506	-7365	10541	-7396				10,575	-7413
Atoka Shale	10,656	-7515	10692	-7547				10,728	-7566
Atoka Sand	10,688	-7547	10721	-7576				10,753	-7591
Atoka Carbonate	10,812	-7671	10848	-7703				10,884	-7722
Morrow Carbonate	10,988	-7847	11027	-7882				11,065	-7903
Morrow "A" Carbonate	11,207	-8066	11251	-8106				11,294	-8132
Upper Morrow Sand	11,288	-8147	11334	-8189				11,380	-8218
Middle Morrow Carbonate	11,314	-8173	11366	-8221				11,417	-8255
MM Orange Sand	11,356	-8215	11401	-8256				11,445	-8283
MM Pink Sand	11,408	-8267	11451	-8306				11,493	-8331
MM Blue Sand	11,459	-8318	11495	-8350				11,530	-8368
MM Green Sand	11,500	-8359	11545	-8400				11,590	-8428
Lower Morrow	11,596	-8455	11645	-8500				11,694	-8532
LM Yellow Sand	11,596	-8455	11645	-8500				11,694	-8532
LM Orange Sand	11,648	-8507	11699	-8554				11,750	-8588
LM Brown Sand	11,681	-8540	11731	-8586				11,780	-8618
Barnett	11739	-8598	11787	-8642				11,835	-8673
TD	11,782	8641	11937	-8792				11,850	8688

Newbourne Oil Company
Pecos River "20" #1

Anticipated Water Aquifers and Oil and/or Gas Zones

Conductor: 40' cemented w/ Redimix to surface

Water Aquifers: Researched top to be between 50' and 75'
See report from New Mexico Office of State Engineer next page

Potential Oil and/or Gas Zones:

Bone Springs	
1st Sand	6356'
2nd Sand	6992'
3rd Sand	8506'
Wolfcamp	
Pay	9602'
Atoka	
Sand	10753'
Morrow	
Main objective	11380' – TD

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: 22S Range: 27E Sections: 20

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) ○ Non-Domestic ○ Domestic
◉ All

Well / Surface Data Report | Avg Depth to Water Report | Water Column Report

Clear Form | WATERS Menu | Help

AVERAGE DEPTH OF WATER REPORT 10/12/2005

							(Depth Water in Feet)		
Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	Min	Max	Avg
C	22S	27E	20				8	50	95	69

Record Count: 8

Recommended Drilling Fluids Program

Mewbourne Oil Company * Pecos River "20" Fee # 1 * Sec 20, T-22-S, R-27-E, Eddy,

General Geological Data

Tops/Bases	Formation	Lithology	Notes/Challenges
0' - 220'	Quaternary	Sand	Seepage, caving
220' - 260'	Dewey Lake	Red sandstone	Seepage
260' - 400'	U. Rustler	Dolomitic anhydrite	Marker betw. FW sands & salt
400' - 500'	U. Rustler	Dolomitic anhydrite	Marker betw. FW sands & salt
500' - 650'	L. Rustler	Anhydritic dolomite	
650' - 1,320'	Salado	Salt, anhydrite & dolomite stringers	Dissolution, hole enlargement
1,320' - 1,820'	Capitan Reef	Limestone	Vugular, fractured, heavy seepage, lost circulation
1,820' - 1,860'	Lamar	Limestone	Top of Delaware Mt. Group
1,860' - 2,100'	Delaware		
2,100' - 2,750'	Cherry Canyon/Manzanita	Limestone	
2,750' - 3,820'	Cherry Canyon	Shaly calcareous sand	
3,820' - 5,300'	Brushy Canyon	Shaly sand	
5,300' - 8,400'	Bone Spring	Limestone	seepage, lost circ.
8,400' - 8,500'	Dean	Shaly sand	
9,000' - 9,800'	Wolfcamp	Cherty limestone	
9,800' - 10,210'	Cisco/Canyon	Limey shale	
10,210' - 10,800'	Strawn	Shaly limestone	Poss. gas kick
10,800' - 11,050'	Atoka	Sandy shale, mostly shale	Poss. gas kick
10,900' - 11,400'	Lower Atoka Lime	Limestone	Poss. gas kick
11,400' - 11,600'	Morrow Clastics	Shaly calcareous sand	Poss. underpressured, seepage, lost circulation
11,475' - 11,725'	Middle Morrow	Shaly calcareous sand	Poss. underpressured, seepage, lost circulation
11,725' - 12,200'	Lower Morrow	Cherty limestone	TD

Recommended Drilling Fluids Program

Mewbourne Oil Company * Pecos River "20" Fee # 1 * Sec 20, T-22-S, R-27-E, Eddy,

Projected Mud Properties

INTERVAL: 0 - 400		17.5" hole		13.375" csg	
Depth	Mud Wt. - ppg	Viscosity	Filtrate	pH	Solids - % by vol.
0' - 400'	8.9-9.6	32-34	N/C	7-9	3-8

INTERVAL: 400 - 2,100		12.25" hole		9.625" csg	
Depth	Mud Wt. - ppg	Viscosity	Filtrate	pH	Chlorides - ppm
400' - 2,100'	10.0	28	N/C	10.0	186k

INTERVAL: 2,100 - 8,900		8.75" hole		7" csg	
Depth	Mud Wt. - ppg	Viscosity	Filtrate	pH	Chlorides - ppm
2,100' - 8,900'	8.4-9.3	28	N/C	10.0	3-80K

INTERVAL: 8,900 - 12,200		6.125" hole		5" csg	
Depth	Mud Wt. - ppg	Viscosity	Filtrate	pH	Chlorides - ppm
8,900' - 9,800'	10.0	28	N/C	10.0	186K
9,600' - 10,200'	10.0-10.4	28-30	N/C	10.0	195K
10,200' - 10,800'	10.4-11.0	36-38	8cc	10.0	195K
10,800' - 12,200'	11.0-12.0	38-42	6cc	10.0	195K

Mewbourne Oil Company * Pecos River "20" Fee # 1 * Sec 20, T-22-S, R-27-E, Eddy,

INTERVAL: 0 - 400		17.5" hole	1 days	13.375" csg		1 drill bits	
Product	Function		Treatment	Unit Size	Usage	Unit Price	Total Price
Bentonite	Viscosifier		10-15 ppb	100 #	70	$5.91	$413.70
Cedar Fiber/Fiber Plug	LCM, sealant		6-10 ppb in sweeps	40 #	30	$4.85	$145.50
Ground Paper	Seepage and sweeps		1-3 sacks per 100 feet	40 #	40	$6.80	$272.00
Lime	pH additive and flocculant		1 sack per 15 sacks of bentonite	50 #	10	$4.12	$41.20
Maxi-Seal/Fiber Seal/Chem Seal	LCM, sealant		6-10 ppb in sweeps	40 #	30	$9.24	$277.20
Plastic	Storage aid		Cover mud	1 roll	1	$37.50	$37.50
						Interval Total:	$1,187.10

Projected Mud Properties

Depth	Mud Wt. - ppg	Viscosity	Filtrate	pH	Solids - % by vol.
0' - 400'	8.9-9.6	32-34	N/C	7-9	3-8

General Geological Data

Tops/Bases	Formation	Lithology	Notes/Challenges
0' - 220'	Quaternary	Sand	Seepage, caving
220' - 260'	Dewey Lake	Red sandstone	Seepage
260' - 400'	U. Rustler	Dolomitic anhydrite	Marker betw. FW sands & salt

Interval Notes for 0 - 400

Drill surface with a Fresh Water spud mud. Maintain the viscosity as needed to clean the large diameter hole. Add small amounts of Lime to flocculate the Bentonite for better carrying capacity. Periodically sweep the hole with Ground Paper to control seepage and to aid in hole cleaning. If severe lost circulation is encountered dry drill to total depth running periodic hole sweeps consisting of Bentonite for 50-60 viscosity with 10-20 ppb of various fibrous LCM's. Run Fresh Water as necessary to control weight and volume. We suggest sweeping the hole at total depth with a viscous (50-60) Fresh Water Gel pill (40-50bbl) prior to tripping out of hole to run casing.

Mewbourne Oil Company * Pecos River "20" Fee # 1 * Sec 20, T-22-S, R-27-E, Eddy,

INTERVAL: 400 - 2,100	12.25" hole	4 days	9.625" csg		1 drill bits	
Product	Function	Treatment	Unit Size	Usage	Unit Price	Total Price
Ground Paper	Seepage and sweeps	1-3 sacks per 100 feet	40 #	20	$6.80	$136.00
Lime	pH additive	.5-.75 ppb	50 #	30	$4.12	$123.60
MF-55/VisPlus(non-ionic)	Flocculant	1 qt in 50 gal water every 4 hr.	5 gal.	1	$82.65	$82.65
Salt Gel	Viscoelfier	12-14 ppb in sweeps	50 #	40	$7.23	$289.20
					Interval Total:	$631.45

Projected Mud Properties

Depth	Mud Wt. - ppg	Viscosity	Filtrate	pH	Chlorides - ppm
400' - 2,100'	10.0	28	N/C	10.0	186k

General Geological Data

Tops/Bases	Formation	Lithology	Notes/Challenges
400' - 500'	U. Rustler	Dolomitic anhydrite	Marker betw. FW sands & salt
500' - 650'	L. Rustler	Anhydritic dolomite	
650' - 1,320'	Salado	Salt, anhydrite & dolomite stringers	Dissolution, hole enlargement
1,320' - 1,820'	Capitan Reef	Limestone	Vugular, fractured, heavy seepage, lost circulation
1,820' - 1,860'	Lamar	Limestone	Top of Delaware Mt. Group
1,860' - 2,100'	Delaware		

Interval Notes for 400 - 2,100

Drill out with Brine circulating the inner reserve pit. Use Brine additions for volume and dilution to control solids, weight and to minimize the leaching of the salt sections. Use Lime for pH control. Periodically sweep the hole with Ground Paper to aid in seepage control and hole cleaning. Small amounts of MF-55 may be added to flocculate fine solids and keep the fluid clean. Should severe losses be encountered in the Capitan Reef consider dry drilling to total depth sweeping the hole with viscous(50-60) Salt Water Gel pills consisting of 10-20 ppb of fibrous LCM.

Mewbourne Oil Company * Pecos River "20" Fee # 1 * Sec 20, T-22-S, R-27-E, Eddy,

INTERVAL: 2,100 - 8,900		8.75" hole	15 days	7" csg		2 drill bits	
Product	Function		Treatment	Unit Size	Usage	Unit Price	Total Price
Cedar Fiber/Fiber Plug	LCM, sealant		10-20 ppb in sweeps	40 #	30	$4.85	$145.50
Ground Paper	seepage and sweeps		1-3 sacks per 200 feet	40 #	60	$6.80	$408.00
Lime	pH additive		.5-.75 ppb	50 #	70	$4.12	$288.40
Maxi-Seal/Fiber Seal/Chem Seal	LCM, sealant		10-20 ppb in sweeps	40 #	30	$9.24	$277.20
MF-55/VisPlus(non-ionic)	Flocculant		1 qt in 50 gal water every 4 hr.	5 gal.	3	$82.65	$247.95
Salt Gel	Viscosifier		12-14 ppb in sweeps	50 #	80	$7.23	$578.40
						Interval Total:	$1,945.45

Projected Mud Properties

Depth	Mud Wt. - ppg	Viscosity	Filtrate	pH	Chlorides - ppm
2,100' - 8,900'	8.4-9.3	28	N/C	10.0	3-80K

General Geological Data

Tops/Bases	Formation	Lithology	Notes/Challenges
2,100' - 2,750'	Cherry Canyon/Manzanita	Limestone	
2,750' - 3,820'	Cherry Canyon	Shaly calcareous sand	
3,820' - 5,300'	Brushy Canyon	Shaly sand	
5,300' - 8,400'	Bone Spring	Limestone	seepage, lost circ.
8,400' - 8,900'	Dean	Shaly sand	

Interval Notes for 2,100 - 8,900

Drill out from under the intermediate casing with Fresh Water circulating the outer reserve. Continue to use Lime for pH control. Use small amounts of MF-55 to flocculate fine solids and keep the fluid clear. Ground Paper additions periodically will control seepage and aid in hole cleaning. Should hole conditions dictate sweep the hole with viscous(50-60) Salt Water Gel pills to aid in hole cleaning. Should losses be encountered in the Lower Bone Spring add 10-20 ppb of fibrous LCM to the pills. At total depth sweep and spot a viscous(50-60) Salt Water Gel pill to ensure a clean hole for logs.

NOTE: the Marbob CCAP State Com #2 had a gas kick at 9,868' after setting 7" that required 11.0 ppg mud. It probably occurred in the transition between the Wolfcamp and the Cisco/Canyon. Be sure to set 7" above this zone.

Mewbourne Oil Company * Pecos River "20" Fee # 1 * Sec 20, T-22-S, R-27-E, Eddy,

INTERVAL: 8,900 - 12,200	6.125" hole	17 days	5" csg		5 drill bits	
Product	**Function**	**Treatment**	**Unit Size**	**Usage**	**Unit Price**	**Total Price**
Barite-Bulk	Weighting agent	As needed	1 ton	150	$195.00	$29,250.00
Biocide (STC)	Biocide	1 gal./100 bbls.	5 gal.	30	$67.50	$2,025.00
Caustic Soda	pH additive	.25 ppb	50 #	30	$20.90	$627.00
Drispac/Poly Pac/StaFlo/Aquapac	Filtrate control, secondary viscosifier	.5-.75 ppb	50 #	20	$172.72	$3,454.40
KCL	Weighting agent	As needed for weight	50 #	450	$8.23	$3,703.50
Mica	LCM, sealant	3-10 ppb in pills	50 #	40	$10.99	$439.60
M-I-X II/Delta P	LCM, sealant	3-10 ppb in pills	25 #	30	$25.50	$765.00
Nut Plug	LCM, sealant	3-10 ppb in pills	50 #	40	$12.09	$483.60
Silicone Defoamer	Defoamer	As needed	5 gal.	20	$74.46	$1,489.20
Soda Ash	Calcium remover	.5-.75 ppb	50 #	400	$9.10	$3,640.00
White Starch	Filtrate control	1.5-1.7 ppb	50 #	100	$23.25	$2,325.00
XCD Polymer/Flozan	Viscosifier	.5-.75 ppb	25 #	40	$159.50	$6,380.00
					Interval Total:	$54,582.30

Projected Mud Properties

Depth	Mud Wt. - ppg	Viscosity	Filtrate	pH	Chlorides - ppm
8,900' - 9,600'	10.0	28	N/C	10.0	186K
9,600' - 10,200'	10.0-10.4	28-30	N/C	10.0	195K
10,200' - 10,800'	10.4-11.0	36-38	8cc	10.0	195K
10,800' - 12,200'	11.0-12.0	38-42	6cc	10.0	195K

General Geological Data

Tops/Bases	Formation	Lithology	Notes/Challenges
8,900' - 9,800'	Wolfcamp	Cherty limestone	
9,800' - 10,210'	Cisco/Canyon	Limey shale	
10,210' - 10,800'	Strawn	Shaly limestone	Poss. gas kick
10,800' - 11,050'	Atoka	Sandy shale, mostly shale	Poss. gas kick
10,900' - 11,400'	Lower Atoka Lime	Limestone	Poss. gas kick
11,400' - 11,600'	Morrow Clastics	Shaly calcareous sand	Poss. underpressured, seepage, lost circulation
11,475' - 11,725'	Middle Morrow	Shaly calcareous sand	Poss. underpressured, seepage, lost circulation
11,725' - 12,200'	Lower Morrow	Cherty limestone	TD

Interval Notes for 8,900 - 12,200

Drill out with 10.0 ppg Brine. Circulate the reserve. Use Caustic Soda to control the pH at 10.0 Sweep the hole as necessary with viscous XCD Polymer pills to aid in hole cleaning. Prior to entering the Strawn return to the working pits and weight up as necessary with KCL and Soda Ash. Pre-treat the system with STC (biocide) to prevent bacteria growth. Add White Starch/Drispac to lower the filtrate to below 8cc. Drill ahead controlling the weight above 10.4 ppg with additions Barite. Use Mica, M-I-X II and Nut plug to control seepage. Lower the filtrate to below 6cc prior to entering the Morrow. Use XCD Polymer for viscosity as needed to control hole cleaning and to support any Barite that may be needed. Use Silicone Defoamer to prevent aeration of the mud while adding polymers and Barite. Maintain mud weight as necessary (11.0-14.0ppg) to prevent kicks and allow safe trips. Viscous pills containing Salt Gel and 6-15 ppb of various grades LCM may be needed to control seepage that may occur. We suggest the use of a Linear Shaker centrifuge and Degasser on this well.

NOTE: there is a possibility of gas kicks in the top of the Cisco/Canyon (10.5ppg) and in the Strawn (up to 12.0 ppg).

BEARING SERVICE & SUPPLY COMPANY, INC.

Operator: MEWBOURNE OIL COMPANY	Well Name: Pecos River 20-1
Project ID: 30-015-34230	Location: Eddy Co. NM

Design Parameters:

Mud weight (9.63 ppg)	: 0.500	psi/ft
Shut in surface pressure	: 200	psi
Internal gradient (burst)	: 0.000	psi/ft
Annular gradient (burst)	: 0.000	psi/ft
Tensile load is determined using air weight		
Service rating is "Sweet"		

Design Factors:

Collapse	: 1.200	
Burst	: 1.10	
8 Round	: 2.00	(J)
Buttress	: 1.60	(J)
Other	: 1.50	(J)
Body Yield	: 1.50	(B)

	Length (feet)	Size (in.)	Weight (lb/ft)	Grade	Joint	Depth (feet)	Drift (in.)	Cost
1	400	13.375	48.00	H-40	ST&C	400	12.559	

	Collapse			Burst	Min Int Yield		Tension		
	Load (psi)	Strgth (psi)	S.F.	Load (psi)	Strgth (psi)	S.F.	Load (kips)	Strgth (kips)	S.F.
1	200	740	3.700	200	1730	8.65	19.20	322	16.77 J

Prepared by : , Artesia, New Mexico
Date : 08-16-2005
Remarks :

Minimum segment length for the 400 foot well is 400 feet.

Surface string:

Next string will set at 2,100 ft. with 10.00 ppg mud (pore pressure of 1,091 psi.) The frac gradient of 0.500 psi/ft at 400 feet results in an injection pressure of 200 psi Effective BHP (for burst) is 200 psi.

The minimum specified drift diameter is 12.250 in.

NOTE: The design factors used in this casing string design are as shown above. As a general guideline, Lone Star Steel recommends using minimum design factors of 1.125 - Collapse (with evacuated casing), 1.0 - Burst, 1.8 - 8 Round Tension, 1.6 - Buttress Tension, and 1.5 - Body Yield. Collapse strength under axial tension was calculated based on the Westcott, Dunlop and Kemler curve. Engineering responsibility for use of this design will be that of the purchaser.

Costs for this design are based on a 1987 pricing model. (Version 1.06+)

BEARING SERVICE & SUPPLY COMPANY, INC.

Operator: MEWBOURNE OIL COMPANY	Well Name: Pecos River 20-1
Project ID: 30-015-34230	Location: Eddy Co. NM

Design Parameters:

Mud weight (10.00 ppg) : 0.519 psi/ft
Shut in surface pressure : 1470 psi
Internal gradient (burst) : 0.000 psi/ft
Annular gradient (burst) : 0.000 psi/ft
Tensile load is determined using air weight
Service rating is "Sweet"

Design Factors:

Collapse : 1.200
Burst : 1.10
8 Round : 2.00 (J)
Buttress : 1.60 (J)
Other : 1.50 (J)
Body Yield : 1.50 (B)

	Length (feet)	Size (in.)	Weight (lb/ft)	Grade	Joint	Depth (feet)	Drift (in.)	Cost
1	2,100	9.625	40.00 36.00	K-55	ST&C	2,100	8.765	

	Collapse			Burst	Min Int Yield		Tension		
	Load (psi)	Strgth (psi)	S.F.	Load (psi)	Strgth (psi)	S.F.	Load (kips)	Strgth (kips)	S.F.
1	1091	2020	1.852	1470	3520	2.39	75.60	423	5.60 J

Prepared by : , Artesia, New Mexico
Date : 08-16-2005
Remarks :

Minimum segment length for the 2,100 foot well is 100 feet.
Surface/Intermediate string:
Next string will set at 8,900 ft. with 9.30 ppg mud (pore pressure of 4,300 psi.) The frac gradient of 0.700 psi/ft at 2,100 feet results in an injection pressure of 1,470 psi Effective BHP (for burst) is 1,470 psi.
The minimum specified drift diameter is 8.750 in.

NOTE: The design factors used in this casing string design are as shown above. As a general guideline, Lone Star Steel recommends using minimum design factors of 1.125 - Collapse (with evacuated casing), 1.0 - Burst, 1.8 - 8 Round Tension, 1.6 - Buttress Tension, and 1.5 - Body Yield. Collapse strength under axial tension was calculated based on the Westcott, Dunlop and Kemler curve. Engineering responsibility for use of this design will be that of the purchaser.
Costs for this design are based on a 1987 pricing model. (Version 1.06+)

BEARING SERVICE & SUPPLY COMPANY, INC.

Operator: MEWBOURNE OIL COMPANY	Well Name: Pecos River 20-1
Project ID:	Location: Eddy Co., NM

Design Parameters:

Mud weight (9.30 ppg)	: 0.483	psi/ft
Shut in surface pressure	: 6230	psi
Internal gradient (burst)	: 0.000	psi/ft
Annular gradient (burst)	: 0.483	psi/ft
Tensile load is determined using air weight		
Service rating is "Sweet"		

Design Factors:

Collapse	: 1.200	
Burst	: 1.10	
8 Round	: 2.00	(J)
Buttress	: 1.60	(J)
Other	: 1.50	(J)
Body Yield	: 1.50	(B)

	Length (feet)	Size (in.)	Weight (lb/ft)	Grade	Joint	Depth (feet)	Drift (in.)	Cost
1	8,900	7.000	26.00	LS-110	LT&C	8,900	6.151	

	Collapse			Burst	Min Int Yield		Tension		
	Load (psi)	Strgth (psi)	S.F.	Load (psi)	Strgth (psi)	S.F.	Load (kips)	Strgth (kips)	S.F.
1	4300	7800	1.814	6230	9960	1.60	231.40	693	2.99 J

Prepared by : Mike Johnson, Artesia, New Mexico
Date : 11-04-2005
Remarks :

Minimum segment length for the 8,900 foot well is 1,000 feet.

Intermediate string:

Next string will set at 12,200 ft. with 10.40 ppg mud (pore pressure of 6,591 psi.) The frac gradient of 0.700 psi/ft at 8,900 feet results in an injection pressure of 6,230 psi Effective BHP (for burst) is 6,230 psi, the BHP load is 1,930 psi (using an annular mud of 9.30 ppg) and the differential gradient is -0.480 psi/ft.

The minimum specified drift diameter is 6.125 in.

NOTE: The design factors used in this casing string design are as shown above. As a general guideline, Lone Star Steel recommends using minimum design factors of 1.125 - Collapse (with evacuated casing), 1.0 - Burst, 1.8 - 8 Round Tension, 1.6 - Buttress Tension, and 1.5 - Body Yield. Collapse strength under axial tension was calculated based on the Westcott, Dunlop and Kemler curve. Engineering responsibility for use of this design will be that of the purchaser. Costs for this design are based on a 1987 pricing model. (Version 1.06+)

BEARING SERVICE & SUPPLY COMPANY, INC.

Operator: MEWBOURNE OIL COMPANY	Well Name: Pecos River 20-1
Project ID: 30-015-34230	Location: Eddy co. NM

Design Parameters:

Mud weight (10.40 ppg) : 0.540 psi/ft
Shut in surface pressure : 6591 psi
Internal gradient (burst) : 0.000 psi/ft
Annular gradient (burst) : 0.000 psi/ft
Tensile load is determined using air weight
Service rating is "Sweet"

Design Factors:

Collapse : 1.200
Burst : 1.10
8 Round : 2.00 (J)
Buttress : 1.60 (J)
Other : 1.50 (J)
Body Yield : 1.50 (B)

	Length (feet)	Size (in.)	Weight (lb/ft)	Grade	Joint	Depth (feet)	Drift (in.)	Cost
1	2,300	5.000	15.00	N-80	AB FL-4S	11,000	4.283	
2	1,200	5.000	15.00	S-95	AB FL-4S	12,200	4.283	

	Collapse			Burst	Min Int Yield		Tension		
	Load (psi)	Strgth (psi)	S.F.	Load (psi)	Strgth (psi)	S.F.	Load (kips)	Strgth (kips)	S.F.
1	5943	7144	1.202	6591	8290	1.26	52.50	230	4.38 J
2	6591	9380	1.423	6591	9840	1.49	18.00	253	14.06 J

Prepared by : , Artesia, New Mexico
Date : 08-16-2005
Remarks :

Minimum segment length for the 12,200 foot well is 1,000 feet.
The liner string design has a specified top of 8,700 feet, and the choice of connection is NL Atlas Bradford.
The burst load shown is the pressure at the of the segment.
The mud gradient and bottom hole pressures (for burst) are 0.540 psi/ft and 6,591 psi, respectively.

NOTE: The design factors used in this casing string design are as shown above. As a general guideline, Lone Star Steel recommends using minimum design factors of 1.125 - Collapse (with evacuated casing), 1.0 - Burst, 1.8 - 8 Round Tension, 1.6 - Buttress Tension, and 1.5 - Body Yield. Collapse strength under axial tension was calculated based on the Westcott, Dunlop and Kemler curve. Engineering responsibility for use of this design will be that of the purchaser.

Costs for this design are based on a 1987 pricing model. (Version 1.06+)

Proposal No: 180655540A

Mewbourne Oil Co
PECOS RIVER 20 FEE #1

API # 30-015-34230-0000

SEC20 T22S R27E
Eddy County, New Mexico
August 16, 2005

Well Recommendation

Prepared for:
MIKE JOHNSON
COMPANY REPRESENTATIVE

Prepared by:
Matt Boese
Region Engineer

Fax 397 6252

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Artesia, New Mexico
Mobile: 505-746-7165
Fax: 505-746-2293

Operator Name: Mewbourne Oil Co
Well Name: PECOS RIVER 20 FEE #1
Job Description: 13 3/8" surface casing @ 400'.
Date: August 16, 2005

Proposal No: 180655540A

WELL DATA

ANNULAR GEOMETRY

ANNULAR I.D. (in)	DEPTH(ft)	
	MEASURED	TRUE VERTICAL
17.500 HOLE	400	400

SUSPENDED PIPES

DIAMETER (in)		WEIGHT (lbs/ft)	DEPTH(ft)	
O.D.	I.D.		MEASURED	TRUE VERTICAL
13.375	12.715	48	400	400

Float Collar set @	360 ft
Mud Density	8.50 ppg
Mud Type	Water Based
Est. Static Temp.	83 ° F
Est. Circ. Temp.	80 ° F

VOLUME CALCULATIONS

232 ft	x	0.6946 cf/ft	with	100 % excess	=	322.0 cf
168 ft	x	0.6946 cf/ft	with	100 % excess	=	233.7 cf
40 ft	x	0.8818 cf/ft	with	0 % excess	=	35.3 cf (inside pipe)
				TOTAL SLURRY VOLUME	=	591.0 cf
					=	105 bbls

Operator Name: Mewbourne Oil Co
Well Name: PECOS RIVER 20 FEE #1
Job Description: 13 3/8" surface casing @ 400'.
Date: August 16, 2005

Proposal No: 180655540A

FLUID SPECIFICATIONS

FLUID	VOLUME CU-FT		VOLUME FACTOR	AMOUNT AND TYPE OF CEMENT
Lead Slurry	322	/	1.98	= 163 sacks (35:65) Poz (Fly Ash):Class C Cement + 2% bwoc Calcium Chloride + 0.25 lbs/sack Cello Flake + 5 lbs/sack LCM-1 + 6% bwoc Bentonite + 98.4% Fresh Water
Tail Slurry	269	/	1.34	= 200 sacks Class C Cement + 2% bwoc Calcium Chloride + 56.4% Fresh Water
Displacement				56.5 bbls 56.5 bbls WATER @ 8.4 ppg @ 8.4 ppg

CEMENT PROPERTIES

	SLURRY NO. 1	SLURRY NO. 2
Slurry Weight (ppg)	12.50	14.80
Slurry Yield (cf/sack)	1.98	1.34
Amount of Mix Water (gps)	10.27	6.36

Operator Name: Mewbourne Oil Co
Well Name: PECOS RIVER 20 FEE #1
Job Description: 9 5/8" intermediate casing @ 2,100'.
Date: August 16, 2005

Proposal No: 180655540A

WELL DATA

ANNULAR GEOMETRY

ANNULAR I.D. (in)	DEPTH(ft)	
	MEASURED	TRUE VERTICAL
12.715 CASING	400	400
12.250 HOLE	2,100	2,100

SUSPENDED PIPES

DIAMETER (in)		WEIGHT (lbs/ft)	DEPTH(ft)	
O.D.	I.D.		MEASURED	TRUE VERTICAL
9.625	8.921	36	2,100	2,100

Float Collar set @	2,060 ft
Mud Density	9.00 ppg
Mud Type	Water Based
Est. Static Temp.	96 ° F
Est. Circ. Temp.	89 ° F

VOLUME CALCULATIONS

400 ft	x	0.3765 cf/ft	with	0 % excess	=	150.6 cf
1,298 ft	x	0.3132 cf/ft	with	100 % excess	=	813.2 cf
402 ft	x	0.3132 cf/ft	with	100 % excess	=	251.6 cf
40 ft	x	0.4341 cf/ft	with	0 % excess	=	17.4 cf (inside pipe)
				TOTAL SLURRY VOLUME	=	1232.8 cf
					=	220 bbls

Operator Name: Mewbourne Oil Co
Well Name: PECOS RIVER 20 FEE #1
Job Description: 9 5/8" intermediate casing @ 2,100'.
Date: August 16, 2005

Proposal No: 180655540A

FLUID SPECIFICATIONS

FLUID	VOLUME CU-FT		VOLUME FACTOR	AMOUNT AND TYPE OF CEMENT
Lead Slurry	964	/	1.96	= 491 sacks (35:65) Poz (Fly Ash):Class C Cement + 1% bwoc Calcium Chloride + 0.25 lbs/sack Cello Flake + 5 lbs/sack LCM-1 + 6% bwoc Bentonite + 98% Fresh Water
Tail Slurry	269	/	1.34	= 200 sacks Class C Cement + 2% bwoc Calcium Chloride + 56.4% Fresh Water
Displacement				159.3 bbls WATER @ 8.4 ppg

CEMENT PROPERTIES

	SLURRY NO. 1	SLURRY NO. 2
Slurry Weight (ppg)	12.50	14.80
Slurry Yield (cf/sack)	1.96	1.34
Amount of Mix Water (gps)	10.22	6.36

Operator Name: Mewbourne Oil Co
Well Name: PECOS RIVER 20 FEE #1
Job Description: 7" long string casing @ 8,900'.
Date: August 16, 2005

Proposal No: 180655540A

WELL DATA

ANNULAR GEOMETRY

ANNULAR I.D. (in)	DEPTH(ft)	
	MEASURED	TRUE VERTICAL
8.921 CASING	2,100	2,100
8.750 HOLE	8,900	8,900

SUSPENDED PIPES

DIAMETER (in)		WEIGHT (lbs/ft)	DEPTH(ft)	
O.D.	I.D.		MEASURED	TRUE VERTICAL
7.000	6.366	23	8,900	8,900

STAGE: 1

Float Collar set @	8,860 ft
Mud Density	9.50 ppg
Mud Type	Water Based
Est. Static Temp.	149 ° F
Est. Circ. Temp.	130 ° F

VOLUME CALCULATIONS

2,900 ft	x	0.1503 cf/ft	with	35 % excess	=	588.5 cf
40 ft	x	0.2210 cf/ft	with	0 % excess	=	8.8 cf (inside pipe)
				TOTAL SLURRY VOLUME	=	597.4 cf
					=	106 bbls

STAGE: 2

Stage Collar set @	6,000 ft
Mud Density	9.50 ppg
Mud Type	Water Based
Est. Static Temp.	126 ° F
Est. Circ. Temp.	111 ° F

VOLUME CALCULATIONS

500 ft	x	0.1668 cf/ft	with	0 % excess	=	83.4 cf
3,319 ft	x	0.1503 cf/ft	with	35 % excess	=	673.5 cf
581 ft	x	0.1503 cf/ft	with	35 % excess	=	118.0 cf
				TOTAL SLURRY VOLUME	=	874.9 cf
					=	156 bbls

Operator Name: Mewbourne Oil Co
Well Name: PECOS RIVER 20 FEE #1
Job Description: 7" long string casing @ 8,900'.
Date: August 16, 2005

Proposal No: 180655540A

FLUID SPECIFICATIONS

STAGE NO.: 1

FLUID	VOLUME CU-FT		VOLUME FACTOR	AMOUNT AND TYPE OF CEMENT
Slurry	597	/	1.28	= 466 sacks Class H Cement + 1% bwoc BA-58 + 0.3% bwoc FL-52 + 1% bwoc FL-62 + 0.1% bwoc Sodium Metasilicate + 51.9% Fresh Water
Displacement				348.8 bbls WATER @ 8.4 ppg

CEMENT PROPERTIES

	SLURRY NO. 1
Slurry Weight (ppg)	15.10
Slurry Yield (cf/sack)	1.28
Amount of Mix Water (gps)	5.84

STAGE NO.: 2

FLUID	VOLUME CU-FT		VOLUME FACTOR	AMOUNT AND TYPE OF CEMENT
Lead Slurry	757	/	1.94	= 390 sacks (35:65) Poz (Fly Ash):Class H Cement + 0.25 lbs/sack Cello Flake + 0.4% bwoc FL-52 + 6% bwoc Bentonite + 102% Fresh Water
Tail Slurry	118	/	1.18	= 100 sacks Class H Cement
Displacement				236.2 bbls WATER @ 8.4 ppg

CEMENT PROPERTIES

	SLURRY NO. 1	SLURRY NO. 2
Slurry Weight (ppg)	12.50	15.60
Slurry Yield (cf/sack)	1.94	1.18
Amount of Mix Water (gps)	10.65	5.23

Operator Name: Mewbourne Oil Co
Well Name: PECOS RIVER 20 FEE #1
Job Description: 5" liner @ 12,200'.
Date: August 16, 2005

Proposal No: 180655540A

WELL DATA

ANNULAR GEOMETRY

ANNULAR I.D. (in)	DEPTH(ft)	
	MEASURED	TRUE VERTICAL
6.366 CASING	8,900	8,900
6.125 HOLE	12,200	12,200

SUSPENDED PIPES

DIAMETER (in)		WEIGHT (lbs/ft)	DEPTH(ft)	
O.D.	I.D.		MEASURED	TRUE VERTICAL
5.000	4.408	15	12,200	12,200

Float Collar set @	12,160 ft
Mud Density	10.00 ppg
Mud Type	Water Based
Est. Static Temp.	174 ° F
Est. Circ. Temp.	138 ° F

VOLUME CALCULATIONS

500 ft	x	0.0847 cf/ft	with	0 % excess	=	42.3 cf
3,300 ft	x	0.0683 cf/ft	with	35 % excess	=	304.1 cf
40 ft	x	0.1060 cf/ft	with	0 % excess	=	1.2 cf (inside pipe)
				TOTAL SLURRY VOLUME	=	350.7 cf
					=	63 bbls

Operator Name: Mewbourne Oil Co
Well Name: PECOS RIVER 20 FEE #1
Job Description: 5" liner @ 12,200'.
Date: August 16, 2005

Proposal No: 180655540A

FLUID SPECIFICATIONS

Spacer — 500.0 gals MUD CLEAN II

FLUID	VOLUME CU-FT		VOLUME FACTOR	AMOUNT AND TYPE OF CEMENT
Slurry	351	/	1.28	= 274 sacks Class H Cement + 1% bwoc BA-58 + 0.3% bwoc FL-52 + 1% bwoc FL-62 + 0.1% bwoc Sodium Metasilicate + 51.9% Fresh Water

Displacement — 229.5 bbls Water

CEMENT PROPERTIES

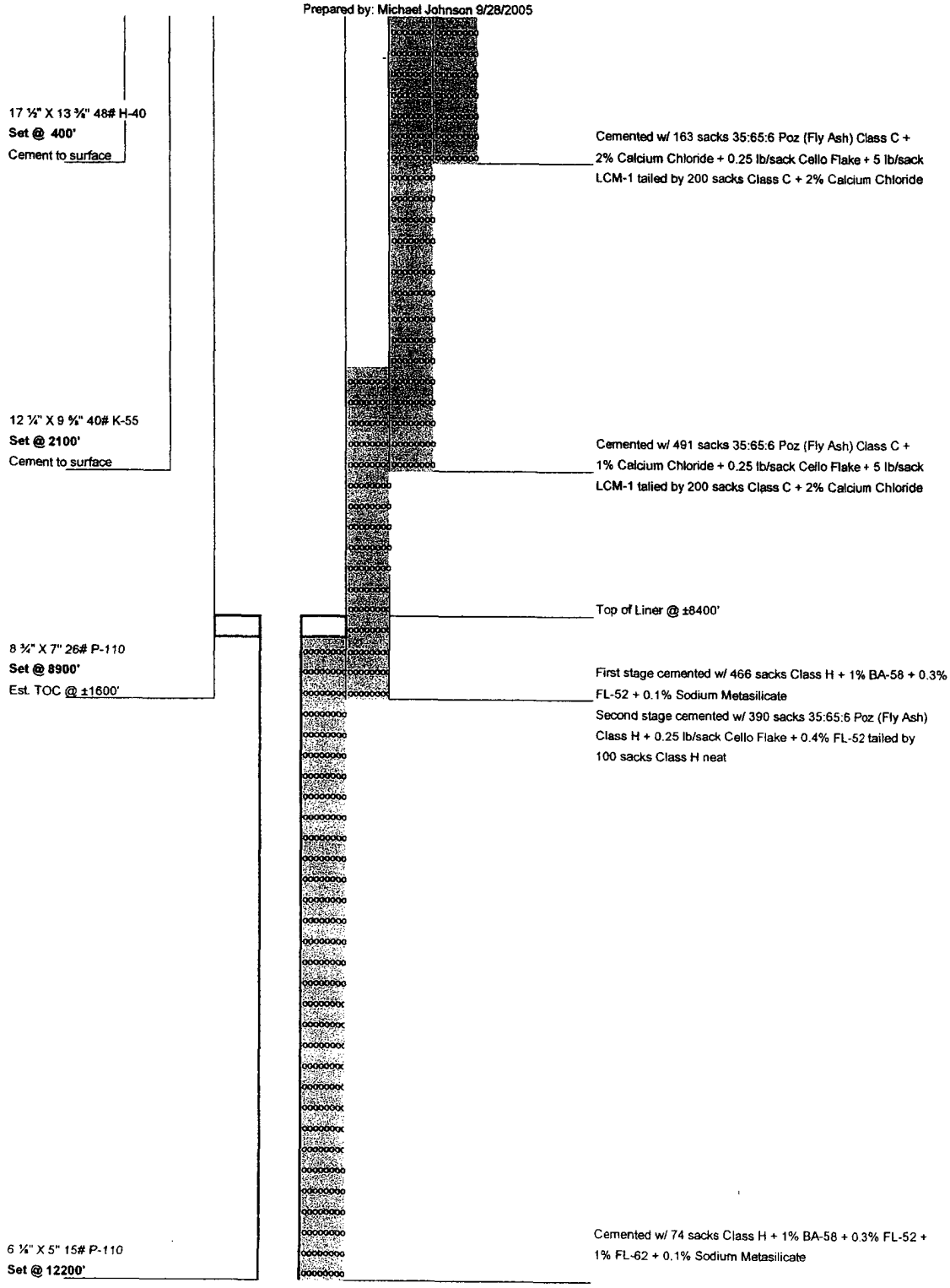
	SLURRY NO. 1
Slurry Weight (ppg)	15.10
Slurry Yield (cf/sack)	1.28
Amount of Mix Water (gps)	5.84

868' FSL & 990' FEL

Well Name Pecos River "20" Fed #1

Sec. 20 T22S R27E

Prepared by: Michael Johnson 9/28/2005



Mewbourne Oil Company

Evaluation Program
Pecos River "20" #1

Electric wireline logs will be run on second intermediate interval (8 ¾" Hole) and production interval (6 ⅛" Hole)

Logging suites chosen:

Compensated Density- Neutron Gamma Ray
Dual Laterlog- Microlaterlog
Repeat Formation Test

No other evaluation procedures anticipated

DST procedure covered in Contingency 399-7

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MEWBOURNE OIL COMPANY

Pecos River 20 #1
868' FSL & 990' FEL
Section 20-T22S-R27E
Eddy County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, Covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved, and the procedures to be followed in restoring the surface so that a complete appraisal can be made of the environmental impact associated with the proposed operations.

1. Existing Roads:

A. Exhibit #3 is a road map showing the location of the proposed well. Exhibit #3A is a topographic map showing the location of the proposed well and access road. Existing roads are highlighted in red and proposed roads are highlighted in yellow.

B. Directions to location from Carlsbad, NM: South on Canal street to Old Caverns Hwy and turn left. Continue east then road will turn south. Continue approx 1 mile to Elgin Road and turn left. Continue east 0.75 miles to new location.

2. Proposed Access Road:

A Will need 866' of new road.

B. The access to the location will be limited to 16' in width and will adequately drain runoff and control erosion as presently constructed.

3. Location of Existing and/or Proposed Facilities:

A. There are no production facilities on this lease at the present time.

B. In the event that the well is productive, production facilities will be located on the well pad.

C. All production vessels left on location will be painted to conform with BLM painting stipulations within 180 days of installation.

4. Location and Type of Water Supply

The well will be drilled with a combination of fresh water and brine water based mud systems. The water will be obtained from commercial suppliers in the area and/or hauled to the location by transport trucks over existing and proposed roads as indicated in Exhibit #3.

5. Source of Construction Materials

All material required for construction of the drill pad and access roads will be obtained from private, state, or federal pits. 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.

6. Methods of Handling Waste Disposal:

A. Drill cuttings not retained for evaluation purposed will be disposed of in the reserve pit.
B. Drilling fluids will be allowed to evaporate in the reserve pit prior to closure.
C. Water produced during operations will be disposed of in the reserve pit.
D. If any liquid hydrocarbons are produced during operations, those liquids will be stored in suitable tanks until sold.
E. Current regulations regarding the proper disposal of human waste will be followed.
F. All trash, junk, and other waste materials will be stored in proper containers to prevent dispersal and will be removed to an appropriate facility within one week of cessation of drilling and completion activities.

7. Ancillary Facilities

There are no ancillary facilities within the immediate vicinity of the proposed well site.

8. Well Site Layout

A A diagram of the drill pad is shown in Exhibit #5. Dimensions of the pad, pits, and location of major rig components are shown.
B. The reserve pit will be lined with a high quality plastic sheeting to prevent migration of fluids.
C. The pad dimension of 400' X 250' has been staked and flagged.

9. Plans for Restoration of Surface

A. Upon cessation of the proposed operations, if the well is abandoned, the location and road will be ripped and re-seeded. The reserve pit area, after allowing to dry will be leveled. The entire location will be restored to the original contour as much as reasonable possible. All trash, garbage, and pit lining will be hauled to appropriate disposal to assure the location is aesthetically pleasing as reasonable possible. All restoration work will be completed within 180 days of cessation of activities.
B. The disturbed area will be restored by re-seeding during the proper growing season.
C. Three sides of the reserve pit will be fenced prior to and during drilling operations. The reserve pit will be fenced on the fourth side after the drilling rig is removed to prevent the endangerment of livestock. The fence will remain in place until the pit area has been leveled and restored.
D. Upon cessation of the proposed operations, if the well is not abandoned, the reserve pit area will be restored as per OCD guidelines. Any additional caliche required for production facilities will be obtained from a source as described in Section 6.
E. Within 90 days of cessation of drilling and completion operations, all equipment not necessary for production operations will be removed. The location will be cleaned of all trash and junk to assure the well site is left as aesthetically pleasing as reasonably possible.

10. Surface Ownership:

The surface is owned by: Walterscheid Trucking & Farms, Inc
3226 Tidwell Road
Carlsbad, NM 88220
(505) 361-3432 (Phillip Walterscheid)

11. Other Information:

A. Topography: Refer to the archaeological report for a detailed description of flora, fauna, soil characteristics, dwellings, and historical or cultural sites.

B. The primary use of the surface at the location is for grazing of livestock.

12. Operator's Representative:

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

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

13. Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by Mewbourne Oil Company, its contractors and subcontractors, in accordance with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date: Brett Guen for N.M. Young Signature: 07/19/05

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

Hydrogen Sulfide Drilling Operations Plan

Mewbourne Oil Company
Pecos River 20 #1
868' FSL & 990' FEL
Section 20-T22S-R27E
Eddy County, New Mexico

1. 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:

A. The hazards and characteristics of hydrogen sulfide gas.
B. The proper use of personal protective equipment and life support systems.
C. The proper use of hydrogen sulfide detectors, alarms, warning systems, briefing areas, evacuation procedures.
D. The proper techniques for first aid and rescue operations.

Additionally, supervisory personnel will be trained in the following areas:

A. 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.
B. Corrective action and shut in procedures, blowout prevention, and well control procedures while drilling a well.
C. 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.

2. Hydrogen Sulfide Safety Equipment and Systems

All hydrogen sulfide safety equipment and systems will be installed, tested, and operational prior to drilling below the intermediate casing.

A. Well Control Equipment
   1. Flare line with automatic igniter or continuous ignition source.
   2. Choke manifold with minimum of one adjustable choke.
   3. Blowout preventers equipped with blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit
   4. Auxiliary equipment including rotating head and annular type blowout preventer.

B. Protective Equipment for Essential Personnel
   Thirty minute self contained work unit located at briefing area as indicated on well site diagram.

C. 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.

D. Visual Warning Systems
1. Wind direction indicators as indicated on the well site diagram.
2. 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.

3. 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.

4. 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.

5. Communications

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

6. Well Testing

Drill stem testing is not an anticipated requirement for evaluation of this well. A drill stem test is required, it will be conducted with a minimum number of personnel in the immediate vicinity. The test will be conducted during daylight hours only.

7. General Requirements

MOC has researched this area and no high concentrations of H2S was found. MOC will have on location and working all H2S safety equipment before Delaware formations.

Notes Regarding Blowout Preventer

Mewbourne Oil Company
Pecos River 20 #1
868' FSL & 990' FEL
Section 20-T22S-R27E
Eddy County, New Mexico

1. 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.

2. Blowout preventer and all fittings must be in good condition with a minimum 5000 psi working pressure.

3. Safety valve must be available on the rig floor at all times with proper connections to install in the drill string. Valve must be full bore with minimum 5000 psi working pressure.

4. Equipment through which bit must pass shall be at least as large as internal diameter of the casing.

5. A kelly cock shall be installed on the kelly at all times.

6. Blowout preventer closing equipment to include and accumulator of at least 40 gallon capacity, two independent sources of pressure on closing unit, and meet all other API specifications.

Mewbourne Oil Company
BOP Scematic for
12 ¼" Hole

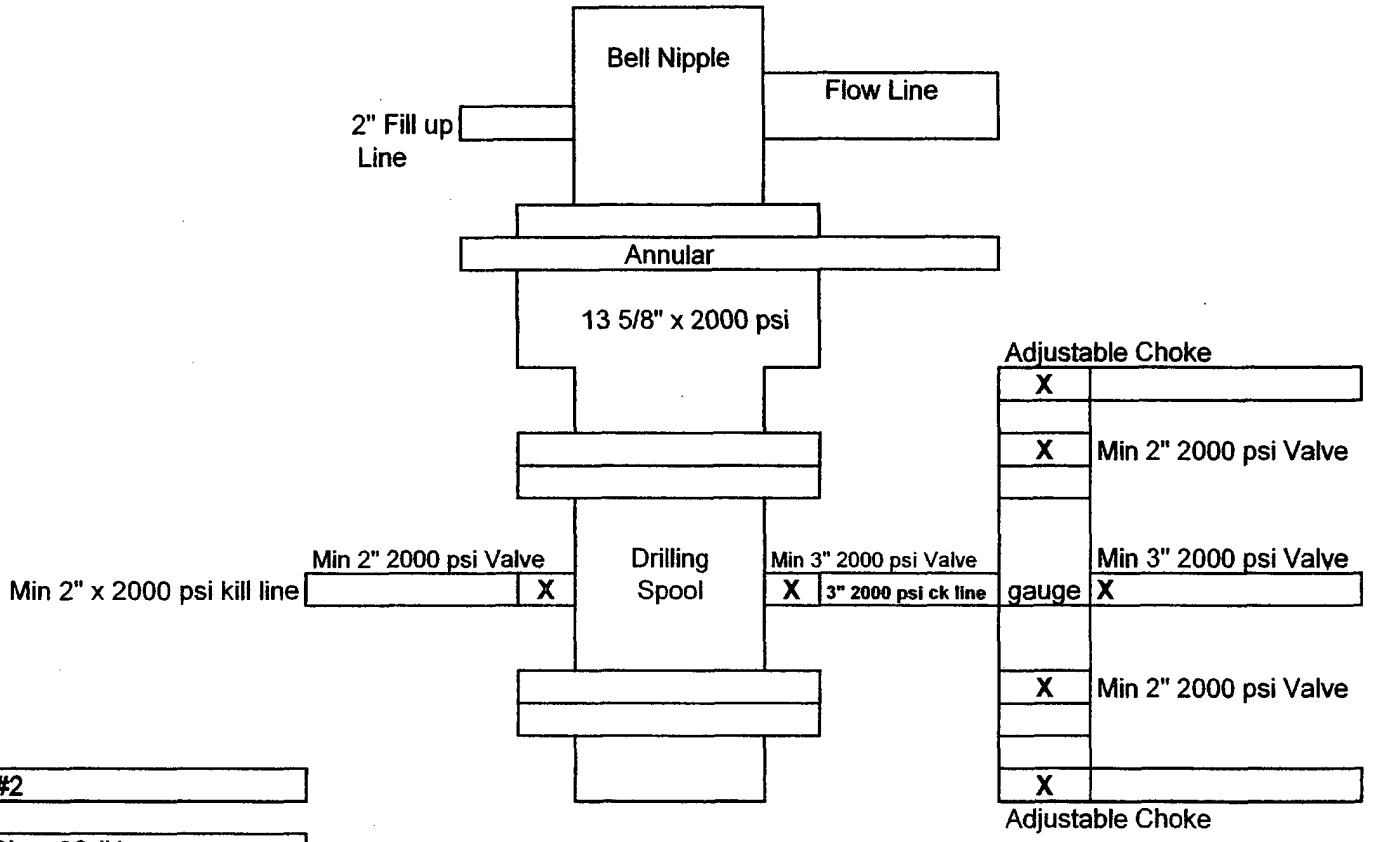


Exhibit #2

Pecos River 20 #1
868' FSL & 990' FEL
Section 20-T22S-R27E
Eddy County, New Mexico
New Mexico

Mewbourne Oil Company
BOP Scematic for
8 3/4" or 7 7/8" Hole

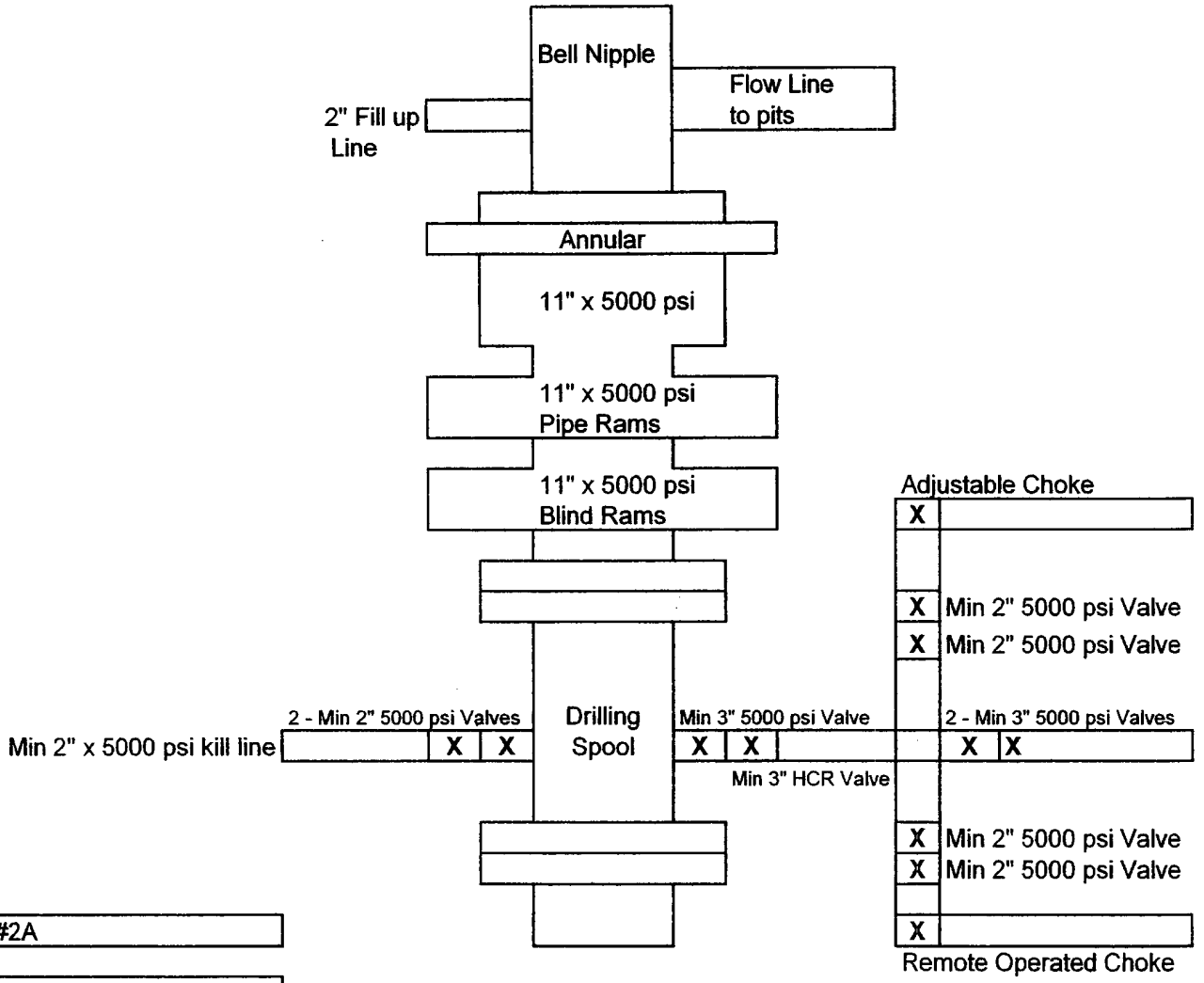


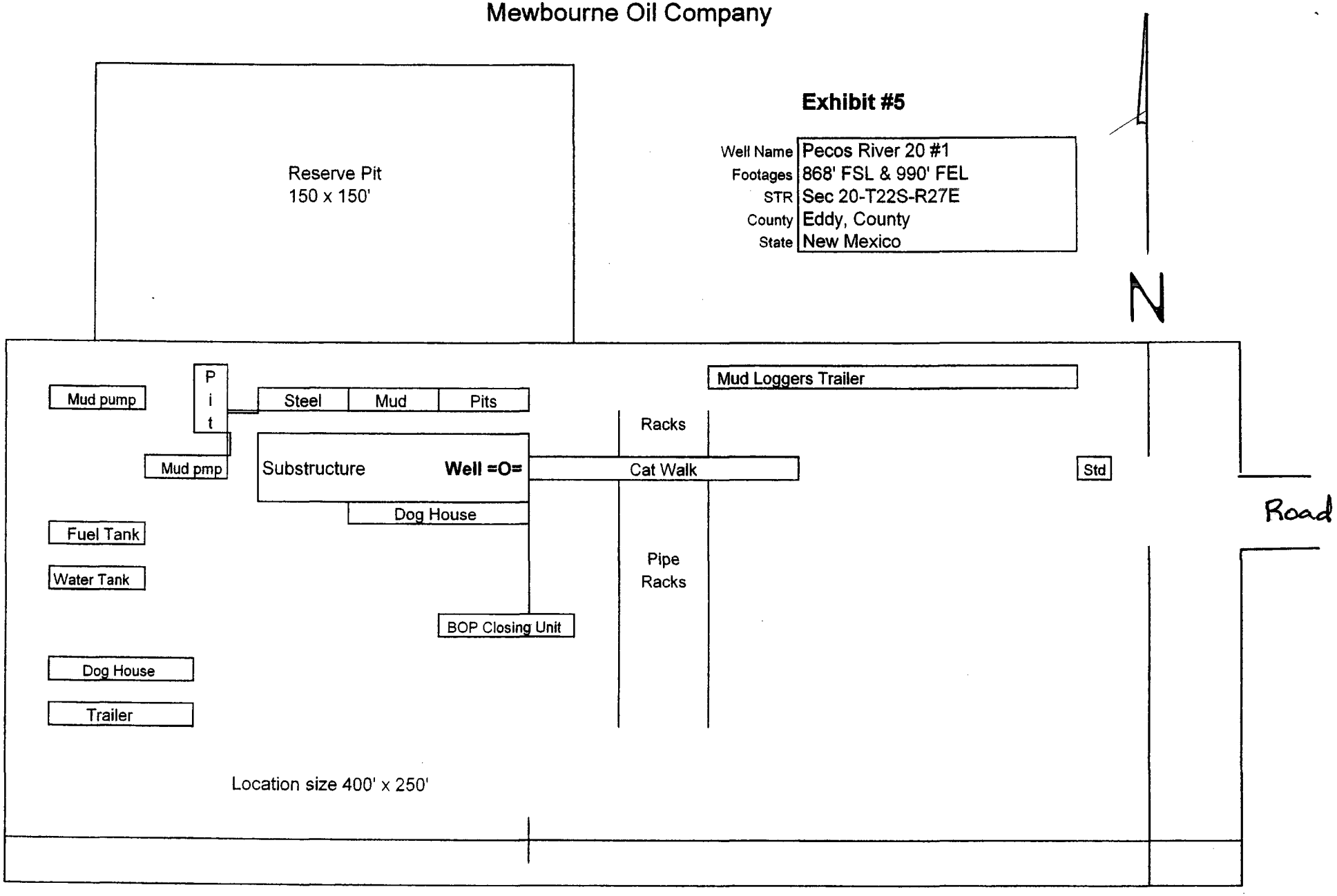
Exhibit #2A

Pecos River 20 #1
868' FSL & 990' FEL
Section 20-T22S-R27E
Eddy County, New Mexico
New Mexico

Mewbourne Oil Company

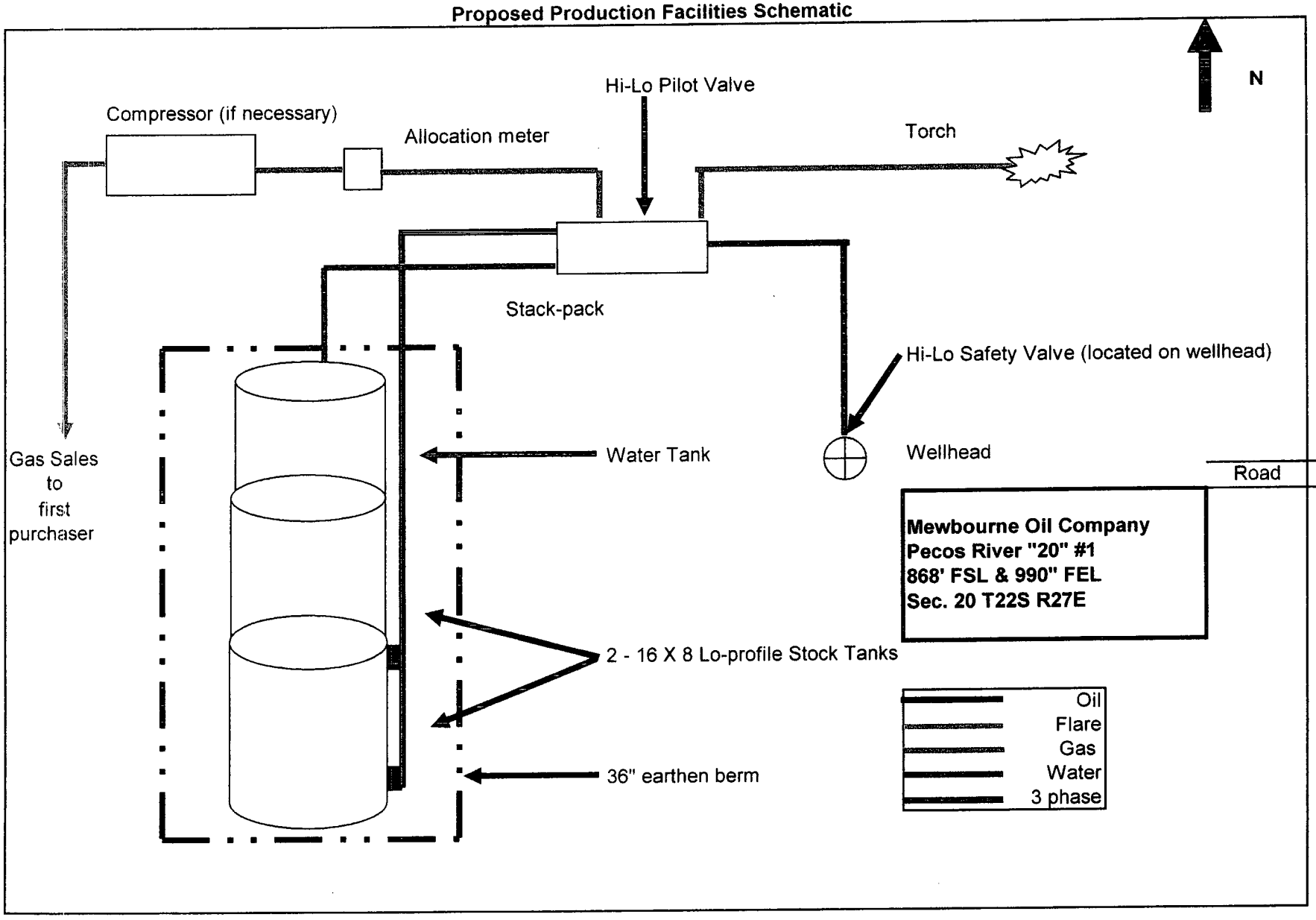
Exhibit #5

Well Name	Pecos River 20 #1
Footages	868' FSL & 990' FEL
STR	Sec 20-T22S-R27E
County	Eddy, County
State	New Mexico



Rig Location Schematic

Proposed Production Facilities Schematic



Mewbourne Oil Company
Pecos River "20" #1

Production Facilities Specifications

Flowlines and Gathering Lines:

Below Ground: 0.188 wall thickness API 5L-X42 PE beveled w/ TG-3 coating
Tested to 1800 psig for 4 hours.

Above Ground: 0.224 wall thickness uncoated
Tested to 1800 psig for 4 hours.

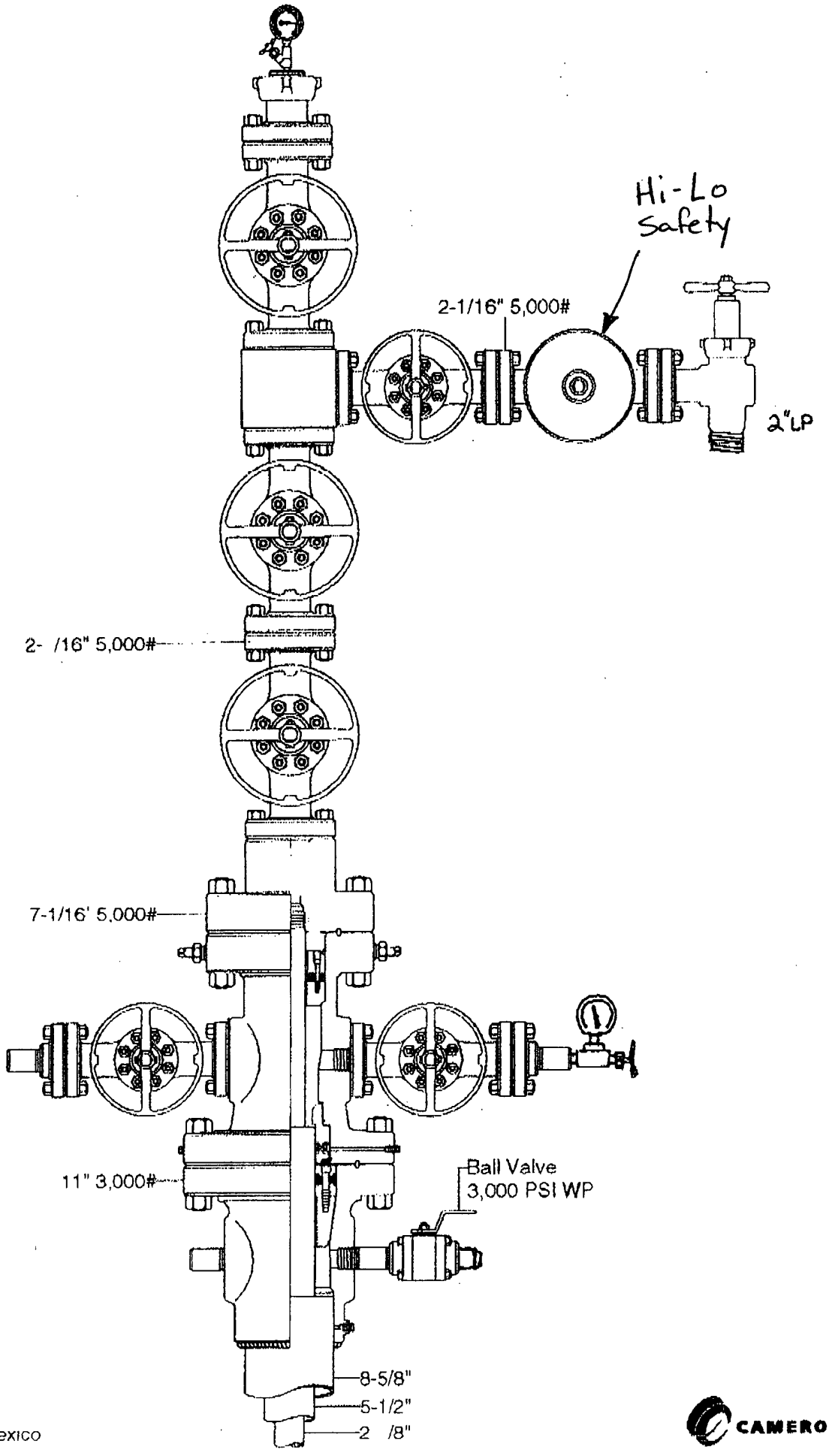
All welding done by certified welders to API specifications.

Compressor, located on location, will be equipped with hospital mufflers.

Well Heads:

See technical drawings immediately following this page.

Mewbourne Oil Company guarantees complete and vigilant compliance with City Ordinance 2004-17 Subsection 34-68 governing surface equipment, storage tanks, and separators.



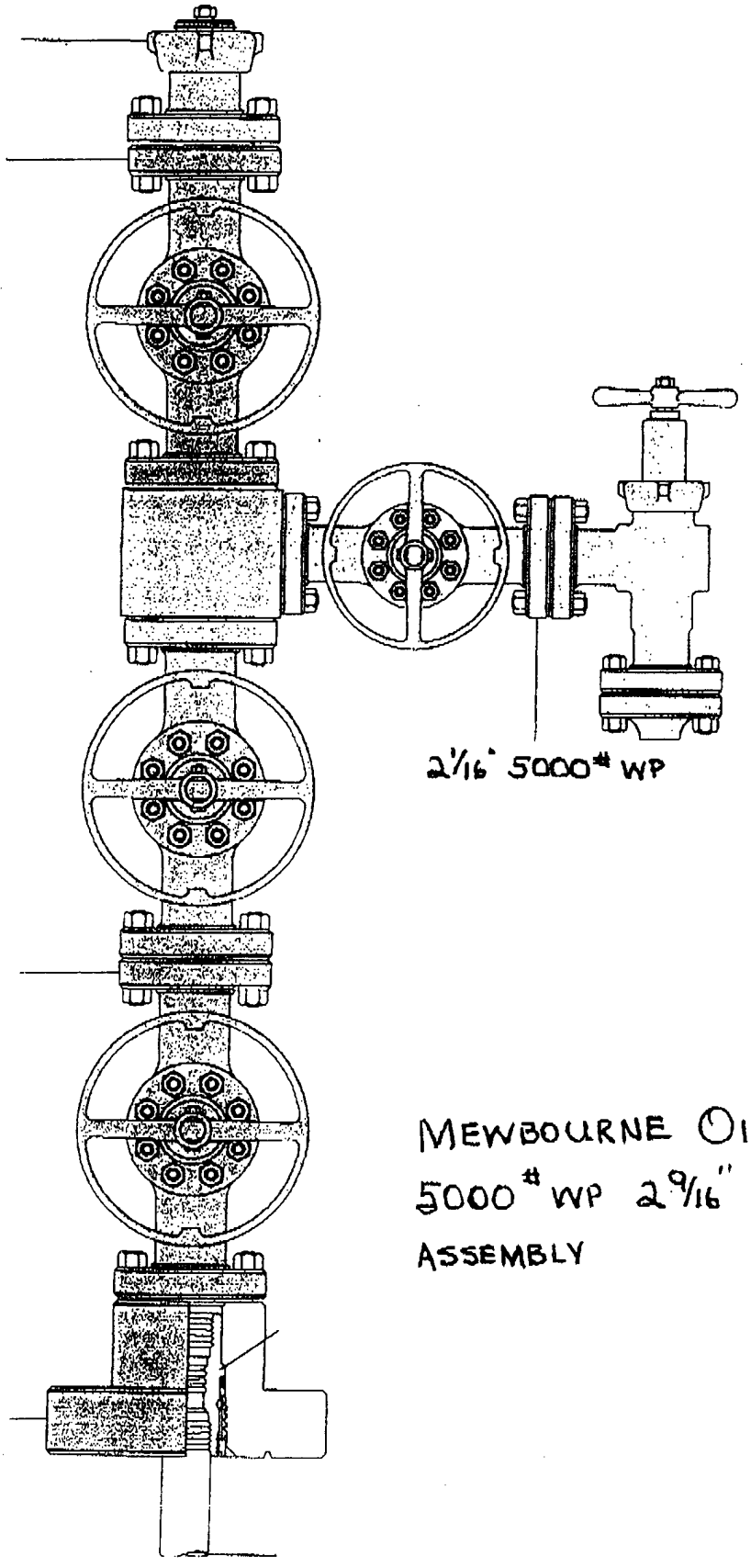
New Mexico

CAMERON

Name	Jeanette	Date		Working Pressure	#	J-2971

500 North Leech
Hobbs, NM 88240
Tel 505 397 1325
Fax 505 393 5957

CAMERON



MEWBOURNE OIL CO.
5000# WP 2 9/16" TREE
ASSEMBLY

H2S

CONTINEGENCY PLAN

FOR

MEWBOURNE OIL COMPANY

PECOS RIVER 20 #1

(868' FSL & 990' FEL of
Sec 20-T22S-R27E)

Table of Contents

X. General Information Section

A. Drilling / Re-entry Permits

B. 100 ppm Exposure Radius Chart

C. 500 ppm Exposure Radius Chart

D. Toxic Effects of Hydrogen Sulfide Poisoning

E. Use of Self Contained Breathing Apparatus

F. Rescue-First Aid for Hydrogen Sulfide Poisoning

1. H2S CONTINGENCY PLAN SECTION

Scope

This contingency plan establishes guidelines for all company employees and contract employees whose work activities may involve exposure to Hydrogen Sulfide gas (H2S).

Objective

1. Prevent any and all accidents and prevent the uncontrolled release of H2S into the atmosphere.

2. Provide proper evacuation procedures to cope with emergencies.

3. Provide immediate and adequate medical attention should an injury occur.

Discussion of Plan

Implementation: This plan, with all details, is to be fully implemented before drilling below 1000'.

Emergency Response Procedure: This section outlines the conditions and denotes steps to be taken in the event of an emergency.

Emergency Equipment and Procedure: This section outlines the safety and emergency equipment that will be required for the drilling of this well.

Training Provisions: This section outlines the training provisions that must be adhered to prior to drilling below 1000'.

Emergency Call Lists: Included are the telephone numbers of all persons that would need to be contacted should an emergency occur.

Briefing: This section deals with the briefing of all people involved in the drilling operation.

Public Safety: Public Safety Personnel will be made aware of the drilling of this well.

Check Lists: Status Check Lists and Procedural Check Lists have been included to insure adherence to the plan.

General Information: A general information section has been included to supply support information.

2. EMERGENCY PROCEDURES SECTION

Emergency Procedures

I. In the event of any evidence of H2S level above 10 ppm, take the following steps immediately:

   A. Secure breathing apparatus.

   B. Order non-essential personnel out of the danger zone.

   C. Take steps to determine if the H2S level can be corrected or suppressed and if so, proceed with normal operations.

II. If uncontrollable conditions occur, proceed with the following:

   A. Take steps to protect and / or remove any public downwind of the rig including partial evacuation or isolation. Notify necessary Public Safety personnel and Mewbourne Oil Company, Drilling Superintendent, Micky Young of the situation.

   B. Remove all personnel to the Safe Briefing Area.

   C. Notify public safety personnel for help with maintaining roadblocks and implementing evacuation.

   D. Determine and proceed with the best possible plan to regain control of the well. Maintain tight security and safety procedures.

III. Responsibility

   A. The Company Approved Supervisor shall be responsible for the total implementation of the plan.

   B. The Company Approved Supervisor shall be in complete command during any emergency.

   C. The Company Approved Supervisor shall designate a back up Supervisor in the event that he / she is not available.

3. Emergency Procedure Implementation

I. Drilling or Tripping

A. All Personnel

1. When alarm sounds, don escape unit and report to upwind Safe Briefing Area

2. Check status of other personnel (Buddy System).

3. Secure breathing apparatus.

4. Await order from Supervisor

B. Drilling Foreman

1. Report to the upwind Safe Briefing Area.

2. Don breathing apparatus and return to the point of release with the Tool Pusher or Driller (Buddy System).

3. Determine the concentration of H2S.

4. Assess the situation and take appropriate control measures.

C. Tool Pusher

1. Report to the upwind Safe Briefing Area.

2. Don breathing apparatus and return to the point of release with the Drilling Foreman or Driller (Buddy System).

3. Determine the concentration of H2S.

4. Assess the situation and take appropriate control measures.

D. Driller

1. Don escape unit.

2. Check monitor for point of release.

3. Report to the Safe Briefing Area.

4. Check the status of other personnel (in a rescue attempt, always use the buddy system).

5. Assign the least essential person to notify the Drilling Foreman and Tool Pusher, in the event of their absence.

6. Assume the responsibility of the Drilling Foreman and Tool Pusher until they arrive, in the event of their absence.

E. Derrick Man

1. Remain in the Safe Briefing Area until otherwise instructed by Supervisor.

F. Mud Engineer

1. Report to Safe Briefing Area.

2. When instructed, begin check of mud for pH level and H2S level.

G. Safety Personnel

1. Don appropriate breathing apparatus.

2. Check status of all personnel.

3. Await instructions from Drilling Foreman

II. Taking a Kick

A. All personnel report to Safe Briefing Area.

B. Follow standard BOP procedures.

III. Open Hole Logging

A. All unnecessary personnel should leave the rig floor.

B. Drilling Foreman and Safety personnel should monitor the conditions and make necessary safety equipment recommendations.

IV. Running Casing or Plugging

A. Follow "Drilling or Tripping" procedures.

C. Assure that all personnel have access to protective equipment.

4. Simulated Blowout Control Drills

All drills will be initiated by activating alarm devices (air horn). One long blast, on air horn, for Actual and Simulated Blowout Control Drills. The Drilling Foreman or Tool Pusher will perform this operation at least one time per week for each of the following conditions, with each crew:

Drill 1 Bottom Drilling

Drill 2 Tripping Drill Pipe

In each of these drills, the initial reaction time to shutting in the well shall be timed as well as the total time for the crew to complete its entire pit drill assignment. The times must be recorded on the IADC Driller's Log as "Blowout Control Drill".

Drill No.: _____

Reaction time to shut-in: _____ minutes, _____ seconds.

Total time to complete assignment: _____ minutes, _____ seconds.

I. Drill Overviews

A. Drill No. 1--Bottom Drilling

1. Sound the alarm immediately
2. Stop the rotary and hoist the kelly joint above the rotary table.
3. Stop the circulatory pump.
4. Close drill pipe rams.
5. Record casing and drill pipe shut-in pressures and pit volume increases.

B. Drill No. 2--Tripping Drill Pipe

1. Sound the alarm immediately
2. Position the upper tool joint just above the rotary table and set slips.
3. Install a full opening valve or inside blowout preventer tool in order to close the drill pipe.
4. Close the drill pipe rams.
5. Record the shut-in annular pressure.

II. Crew Assignments

A. Drill No. 1—Bottom Drilling

1. Driller

a. Stop the rotary and hoist Kelly joint above the rotary table.

b. Stop the circulatory pump.

c. Check flow.

d. If flowing, sound the alarm immediately.

e. Record the shut-in drill pipe pressure.

f. Record all data reported by the crew.

g. Determine the mud weight increase needed or other courses of action.

2. Derrickman

a. Open choke line valve at BOP.

b. Signal Floor Man #1 at accumulator, that choke line is open.

c. Close choke and upstream valve after pipe tams have been closed.

d. Read the shut-in annular pressure and report readings to Driller.

3. Floor Man #1

a. Close the pipe tams after receiving the signal from the Derrickman.

b. Report to Driller for further instructions.

4. Floor Man #2

a. Notify the Tool Pusher and Operator Representative of the H2S alarms.

b. Check for open fires and if safe to do so, extinguish them.

c. Stop all welding operations.

d. Turn off all non-explosion proof lights and instruments.

e. Report to Driller for further instructions.

5. Tool Pusher

a. Report to the rig floor.

b. Have a meeting with all crews.

c. Compile and summarize all information.

d. Calculate the proper kill weight.

e. Ensure that proper well procedures are put into action.

6. Operator Representative

a. Notify the Drilling Superintendent.

b. Determine if an emergency exists and if so, activate the contingency plan.

B. Drill No. 2—Tripping Pipe

1. Driller

a. Sound the alarm immediately when mud volume increase has been detected.

b. Position the upper tool joint just above the rotary table and set slips.

c. Install a full opening valve or inside blowout preventor tool to close the drill pipe.

d. Check flow.

e. Record all data reported by the crew.

f. Determine the course of action.

2. Derrickman

a. Come down out of derrick.

b. Notify Tool Pusher and Operator Representative.

c. Check for open fires and, if safe to do so, extinguish them.

d. Stop all welding operations.

e. Report to Driller for further instructions.

3. Floor Man #1

   a. Pick up full opening valve or inside blowout preventors and stab into tool joint above rotary table (with Floor Man #2).

   b. Tighten valve with back-up tongs.

   c. Close pipe rams after signal from Floor Man #2.

   d. Read accumulator pressure and check for possible high-pressure fluid leaks in valves or piping.

   e. Report to Driller for further instructions.

4. Floor Man #2

   a. Pick-up full opening valve or inside blowout preventors and stab into tool joint above rotary table (with Floor Man #1).

   b. Position back-up tongs on drill pipe.

   c. Open choke line valve at BOP.

   d. Signal Floor Man #1, at accumulator, that choke line is open.

   e. Close choke and upstream valve after pipe rams have been closed.

   f. Check for leaks on BOP stack and choke manifold.

   g. Read annular pressure.

   h. Report readings to the Driller.

5. Tool Pusher

   a. Report to rig floor.

   b. Have a meeting with all crews.

   c. Compile and summarize all information.

   d. Calculate proper kill weight.

   e. See that proper well kill procedures are put into action.

6. Operator Representative

   a. Notify Drilling Superintendent.

   b. Determine if an emergency exists, and if so, activate the contingency plans.

III. IGNITION PROCEDURES SECTION

Responsibility

The decision to ignite the well is the responsibility of the **DRILLING FOREMAN** in concurrence with the **STATE POLICE.** In the event the Drilling Foreman is incapacitated, it becomes the responsibility of the **RIG TOOL PUSHER.** This decision should be made only as a last resort and in a situation where it is clear that:

1. Human life and property are endangered.
2. There is no hope of controlling the blowout under the prevailing conditions.

If time permits, notify the main office, but do not delay if human life is in danger. Initiate the first phase of the evacuation plan.

Instructions for Igniting the Well

1. Two people are required for the actual igniting operation. Both men must wear self-contained breathing apparatus and attach a safety rope. One man must monitor the atmosphere for explosive gases with the Explosimeter, while the Drilling Foreman is responsible for igniting the well.
2. The primary method to ignite is a 25mm flare gun with a range of approximately 500 feet.
3. Ignite from upwind and do not approach any closer than is warranted.
4. Select the ignition site best suited for protection and which offers an easy escape route.
5. Before igniting, check for the presence of combustible gases.
6. After igniting, continue emergency actions and procedures as before.
7. All unassigned personnel will limit their actions to those directed by the Drilling Foreman.

NOTE: After the well is ignited, burning Hydrogen Sulfide will convert to Sulfur Dioxide, which is also highly toxic. Do not assume the area is safe after the well is ignited.

IV. TRAINING PROGRAM SECTION

Training Requirements

When working in an area where Hydrogen Sulfide gas (H2S) might be encountered, definite training requirements must be carried out. The Company Supervisor will insure that all personnel, at the wellsite, have had adequate training in the following:

1. Hazards and characteristics of H2S.
2. Physical effects of Hydrogen Sulfide on the human body.
3. Toxicity of Hydrogen Sulfide and Sulfur Dioxide.
4. H2S detection.
5. Emergency rescue.
6. Resuscitators.
7. First aid and artificial resuscitation.
8. The effects of H2S on metals.
9. Location Safety.

Service company personnel and visiting personnel must be notified in the zone contains H2S. Each service company must provide adequate training and equipment for their employees before they arrive at the well site.

EMERGENCY EQUIPMENT SECTION

Emergency Equipment Requirements

I. Signs
   A. Located at the location entrance with the following information:

CAUTION - POTENTIAL POISON GAS
HYDROGEN SULFIDE
NO ADMITTANCE WITHOUT AUTHORIZATION

II.* Fresh air breathing equipment
   A. Air line units for all rig personnel on location.
   B. Cascade system with hose lines to rig floor and one to the derrickman and other operation areas. Spare cascade (trailer) on location.

III. Wind Socks or Wind Streamers
   A. Two 10" windsocks located at strategic locations at a height visible from the rig floor.
   B. Wind streamers (if preferred) to be placed at various locations on the wellsite to insure wind consciousness at all times. (Corners of location).

IV. Hydrogen Sulfide detector and alarms.
   A. 1 - four channel H2S monitor with alarms.
   B. 4 - Sensors, located at floor, bell nipple, shale shaker and pits.0
   * C. Hand operated detectors with tubes.
   * D. H2S monitor tester.

V. Condition sign and flags
   A. One each of green, yellow and red condition flags to be displayed to denote conditions:

GREEN	**Normal Conditions**
YELLOW	**Potential Danger**
RED	**Danger, H2S Present**

   B. The condition flag shall be posted at the location entrance.

VI.* Auxiliary rescue equipment
   A. Stretcher
   B. Two 100' lengths of 5/8" nylon rope.

VII.* Mud Inspection devices
   A. Garrett Gas Train or Hach Tester for inspection of Hydrogen Sulfide concentration in the mud system.

VIII. Fire Extinguishers
   A. Adequate fire extinguishers shall be located at strategic locations.

IX. Blowout prevention equipment
   A. The well shall have hydraulic BOP equipment for the anticipated BHP.
   B. Equipment must be tested upon installation.

X.* Combustible gas detectors
   A. There shall be one combustible gas detector on location at all times.

XI. BOP Testing
   A. BOP, Choke Line and Kill Line will be tested as specified by operator

XII. Audio System
- A. Radio/cellular communications shall be available at the rig.
- B. Radio/cellular communications shall be available at the rig floor or trailer.
- C. Radio/cellular communications shall be available on vehicles.

XIII. Special control equipment
- A. Hydraulic BOP equipment with remote control on ground.
- B. Rotating head at surface casing point.

XIV. Evacuation Plan
- A. Evacuation routes should be established prior to spudding each well.
- B. Should be discussed with all rig personnel.

XV. Designated Areas
- A. Parking and visitor area.
  1. All vehicles are to be parked at a pre-determined safe distance from the wellhead.
  2. Designated smoking area.
- B. Safe Briefing Area
  1. Two Safe Briefing Areas shall be designated on either side of the location at the maximum allowable distance from the well bore so they offset prevailing winds or they are at a 180 degree angle if wind directions tend to shift in the area.
  2. Personal protective equipment should be stored in both protection centers or if a moveable trailer is used, it should be kept upwind of existing winds. When wind is from the prevailing direction, both protection centers should be accessible.

- *Additional equipment will be available at Callaway Safety Equipment Co., Inc., (505) 392-2973, 3229 Industrial, Hobbs, New Mexico, 88240.
- Additional personal Hydrogen Sulfide monitors on location for all hands.
- Automatic Flare igniter installed on rig.

VI. CHECK LIST SECTION

Status Check List

NOTE: Date each item as they are implemented.

1.	Sign at location entrance	_____
2.	Two (2) windsocks (in required locations)	_____
3.	Wind streamers (if required)	_____
4.	30 minute pressure demand air packs on location for all rig personnel and mud loggers.	_____
5.	Air packs, inspected and ready for use.	_____
6.	Spare bottles for each air pack (if required)	_____
7.	Cascade system and hose line hook up	_____
8.	Cascade system for refilling air bottles	_____
9.	Choke manifold hooked up and tested (Before drilling out surface casing)	_____
10.	Remote Hydraulic BOP control (hooked up and tested before drilling out surface casing)	_____
11.	BOP Preventor tested (before drilling out surface casing)	_____
12.	Mud engineer on location with equipment to test mud for Hydrogen Sulfide	_____
13.	Safe Briefing Areas set up	_____
14.	Condition sign and flags on location and ready	_____
15.	Hydrogen Sulfide detection system hooked up	_____
16.	Hydrogen Sulfide alarm system hooked up	_____
17.	Stretcher on location at Safe Briefing Area	_____
18.	1 - 100' length of 5/8" nylon rope on location	_____
19.	1 - 20 # or 30 # ABC fire extinguisher in safety trailer in addition to those on rig	_____
20.	Combustible gas detector on location and tested	_____
21.	All rig crews and supervisors trained (as required)	_____

22. Access restricted for unauthorized personnel _____

23. Drills on H2S and well control procedures _____

24. All outside service contractors advised of potential Hydrogen Sulfide on well _____

25. **NO SMOKING** sign posted _____

26. Hand operated H2S detector with tubes on location _____

27. 25 mm flare gun with flares _____

28. Automatic Flare igniter installed on rig _____

Procedural Check List

Perform the following on each tour:

1. Check fire extinguishers to see that they have the proper charge.
2. Check breathing equipment to insure that it has not been tampered with.
3. Check pressure on supply air bottles to see that they are capable of recharging.
4. Make sure all of the Hydrogen Sulfide detection systems are operative.

Perform the following each week:

1. Check each piece of breathing equipment to make sure that the demand regulator is working. This requires that the bottle be opened and the mask assembly be put on tight enough so that when you inhale, you get air.
2. Blowout preventor skills.
3. Check supply pressure on BOP accumulator stand-by source.
4. Check all work/escape units for operation: demand regulator, escape bottle air volumes, supply bottle air volume.
5. Check breathing equipment mask assembly to see that straps are loosened and turned back.
6. Check pressure on breathing equipment air bottles to make sure they are charged to full volume.
7. Check breathing equipment air bottles to make sure all demand regulators are working. This requires that the bottles be opened and the mask assembly be put on tight enough so that when you inhale, you get air.
8. Confirm pressure on all supply air bottles.
9. Perform breathing equipment drills with on-site personnel.

Check the following supplies for availability:

a. Stretcher
b. Safety belts and ropes
c. Emergency telephone lists
d. Spare air bottle
e. Spare oxygen bottles (if resuscitator required)
f. Hand operated H2S detectors and tubes

10. Test the Explosimeter to verify batteries are good.

VII. BRIEFING PROCEDURE SECTION

Briefing Procedures

The following scheduled briefings will be held to insure the effective drilling and operation of this project:

Pre-Spud Meeting

Date: Prior to spudding the well

Attendance:
Drilling Supervisor
Drilling Engineer
Drilling Foreman
Rig Pushers
Rig Driller
Mud Engineer
All Safety Personnel
Service Companies

Purpose: Review and discuss the well program, step by step, to insure complete understanding of assignments and responsibilities.

VIII. EVACUATION PLAN SECTION

General Plan

The direct lines of action prepared by CALLAWAY SAFETY EQUIPMENT CO., INC. to protect the public from hazardous gas situations are as follows:

1. When the company approved supervisor (Drilling Foreman, Tool Pusher, Driller) determine Hydrogen Sulfide gas cannot be limited to the well location and the public will be involved, he will activate the evacuation plan. Escape routes are noted on the Area map.
2. Company safety personnel or designee will notify the appropriate local government agency that a hazardous condition exists and evacuation needs to be implemented.
3. Company approved safety personnel that have been trained in the use of Hydrogen Sulfide detection equipment and self-contained breathing equipment will be utilized.
4. Law Enforcement personnel (State Police, Sheriff's Department, local Police Department and local Fire Department) will be called to aid in setting up and maintaining road blocks. Also, they will aid in evacuation of the public if necessary.

NOTE: Law enforcement personnel will not be asked to come into a contaminated area. Their assistance will be limited to uncontaminated areas. Constant radio contact will be maintained with them.

5. After the discharge of gas has been controlled, "Company" safety personnel will determine when the area is safe for re-entry.

See Emergency Reaction Plan

EMERGENCY ASSISTANCE TELEPHONE LIST

PUBLIC SAFETY

Carlsbad P.D.	(505) 885-2111 or 911
Eddy County Sheriff's Department	(505) 746-9888 or 911
New Mexico State Police	(505) 622-7200 or 911
Fire Department (Artesia)	(505) 746-5050 or 911
New Mexico, OCD (Tim Gum)	(505) 748-1283
New Mexico, D.O.T.	(505) 827-5100
Bureau of Land Management	(505) 393-3612
U.S. Dept. of Labor	(505) 248-5302
State Emergency Operation Center	(505) 476-9635

MEWBOURNE OIL CO.

Frosty Latham	Drilling Foreman	(505) 390-4103 (mobile) (505) 738-8040 (home)
Micky Young	Drilling Superintendent	(505) 390-0999 (505) 392-0869

SAFETY CONTRACTOR

Callaway Safety Equipment	Hobbs	(505) 393-2973
	Odessa	(915) 561-5049

Affected Public Notification List
(within a 65' radius of exposure @ 100 ppm)

The geologic zones that will be encountered during drilling are known to contain hazardous quantities of H2S. The accompanying map illustrates the affected areas of the community. The residents within this radius will be notified via a hand delivered written notice describing the activities, potential hazards, conditions of evacuation, evacuation drill siren alarms and other precautionary measures.

Evacuee Description:	Residents - There are no residents that live within 1000'.
Notification Process:	A continuous siren audible to all residents will be activated, signaling evacuation of previously notified and informed residents.
Evacuation Plan:	All evacuees will migrate lateral to the wind direction.

The Oil Company will identify all homebound or highly susceptible individuals and make special evacuation preparations, interfacing with the local fire and emergency medical services as necessary.

Callaway Safety Equipment

Location	Date	Sample Point	Sample	Estimated Zero Back pressure FLOW RATE cubic feet/day	Estimated Zero Back pressure FLOW RATE mcf/day	Estimated Zero Back pressure FLOW RATE mmcf/day	100 ppm Radius of Exposure-feet from source	500 ppm Radius of Exposure-feet from source
Pecos River 9#3	6/29/2005	#2000356	0ppm	90,000	90	0.90	0.00	~~0.00~~

Prepared by: Callaway Safety Equipment
Jerry Caudill

3229 Industrial Drive
Hobbs, NM 88240
505-392-2973

Callaway Safety Technician_____

Mewbourne Oil Company

THIRTY-ONE DAY GAUGE AND PRODUCTION REPORT

Lease: PECOS RIVER 9 #3 County: EDDY State: NM From: 10/2/2005 Thru: 11/1/2005

Lease ID: 52282-000 Pumper: 050012 HOBBS AREA K Seq: 30

050 HOBBS

Day of Month	STOCK ON HAND 1-OIL TYPE O	2-OIL TYPE O				Water BBLS	Oil BBLS	PRODUCTION OIL/ COND	WATER	GAS MCF	CUMUL GAS	Day of Month	PRODUCTION FACTORS TUBE PRESS	CASING PRESS	CHOKE	STAT PRESS	DIFF PRESS	ORIFICE COEFF	ON TIME	RSN DN	REMARKS
2	470.25	90.75	0.00	0.00	0.00	0.00	561.00	16.50	11.00	90.00	90.00	2	0.00	0.00	32/64	49.00	0.00	0.00	5.01	PL	
3	470.25	104.50	0.00	0.00	0.00	0.00	574.75	13.75	6.00	83.00	173.00	3	0.00	0.00	32/64	55.00	0.00	0.00	4.14	PL	
4	470.25	110.00	0.00	0.00	0.00	0.00	580.25	5.50	8.00	79.00	252.00	4	0.00	0.00	32/64	48.00	0.00	0.00	24.00	PL	
5	470.25	115.50	0.00	0.00	0.00	0.00	585.75	5.50	6.00	80.00	332.00	5	0.00	0.00	32/64	47.00	0.00	0.00	24.00	PL	
6	470.25	121.00	0.00	0.00	0.00	0.00	591.25	5.50	6.00	80.00	412.00	6	0.00	0.00	32/64	48.00	0.00	0.00	24.00	PL	
7	442.75	148.50	0.00	0.00	0.00	0.00	591.25	0.00	19.00	79.00	491.00	7	0.00	0.00	32/64	48.00	0.00	0.00	24.00	PL	Circ tk 1 to tk 2
8	442.75	159.50	0.00	0.00	0.00	0.00	602.25	11.00	6.00	78.00	569.00	8	0.00	0.00	32/64	48.00	0.00	0.00	24.00	PL	
9	442.75	167.75	0.00	0.00	0.00	0.00	610.50	8.25	8.00	78.00	647.00	9	0.00	0.00	32/64	48.00	0.00	0.00	24.00	PL	
10	442.75	181.50	0.00	0.00	0.00	0.00	624.25	13.75	6.00	79.00	726.00	10	0.00	0.00	32/64	48.00	0.00	0.00	24.00	PL	
11	255.75	192.50	0.00	0.00	0.00	0.00	448.25	11.00	6.00	80.00	806.00	11	0.00	0.00	32/64	0.00	0.00	0.00	24.00	PL	
12	68.75	203.50	0.00	0.00	0.00	0.00	272.25	13.75	6.00	79.00	885.00	12	0.00	0.00	32/64	49.00	0.00	0.00	24.00	PL	
13	68.75	211.75	0.00	0.00	0.00	0.00	280.50	8.25	6.00	81.00	966.00	13	0.00	0.00	32/64	48.00	0.00	0.00	24.00	PL	
14	68.75	222.75	0.00	0.00	0.00	0.00	291.50	11.00	12.00	78.00	1044.00	14	0.00	0.00	32/64	47.00	0.00	0.00	14.12	PL	
15	68.75	231.00	0.00	0.00	0.00	0.00	299.75	8.25	6.00	80.00	1124.00	15	0.00	0.00	32/64	48.00	0.00	0.00	9.34	PL	
16	68.75	242.00	0.00	0.00	0.00	0.00	310.75	11.00	6.00	79.00	1203.00	16	0.00	0.00	32/64	48.00	0.00	0.00	3.02	PL	
17	68.75	250.25	0.00	0.00	0.00	0.00	319.00	8.25	6.00	81.00	1284.00	17	0.00	0.00	32/64	48.00	0.00	0.00	3.02	PL	
18	0.00	0.00	0.00	0.00	0.00	0.00	0.00					18									
19	0.00	0.00	0.00	0.00	0.00	0.00	0.00					19									
20	0.00	0.00	0.00	0.00	0.00	0.00	0.00					20									
21	0.00	0.00	0.00	0.00	0.00	0.00	0.00					21									
22	0.00	0.00	0.00	0.00	0.00	0.00	0.00					22									
23	0.00	0.00	0.00	0.00	0.00	0.00	0.00					23									
24	0.00	0.00	0.00	0.00	0.00	0.00	0.00					24									
25	0.00	0.00	0.00	0.00	0.00	0.00	0.00					25									
26	0.00	0.00	0.00	0.00	0.00	0.00	0.00					26									
27	0.00	0.00	0.00	0.00	0.00	0.00	0.00					27									
28	0.00	0.00	0.00	0.00	0.00	0.00	0.00					28									
29	0.00	0.00	0.00	0.00	0.00	0.00	0.00					29									
30	0.00	0.00	0.00	0.00	0.00	0.00	0.00					30									
31	0.00	0.00	0.00	0.00	0.00	0.00	0.00					31									
1	0.00	0.00	0.00	0.00	0.00	0.00	0.00					1									

OIL SALES

TICKET DATE	APPLIED DATE	TICKET NO.	TANK NO.	OPEN	CLOSE	GROSS BBLS	GRAVITY	OIL TEMP	TANK TEMP	BSW	NET BBLS	REMARKS
10/11/2005	10/11/2005	7750659	1-OIL	442.75	255.75	187.00	42.3	60	60	0.2%	0.00	
10/12/2005	10/12/2005	6068235	1-OIL	258.50	68.75	189.75	42.5	56	55	0.1%	0.00	

PERIOD PRODUCTION SUMMARY

	MONTHLY	DAILY AVG
ENDING STOCK (BBLS)	0.00	
PL RUNS/SALES (BBLS)	376.75	
STOCK TOTAL	376.75	
BEGINNING STOCK (BBLS)	544.50	
OIL PRODUCTION (BBLS)	151.25	9.45
GAS PRODUCTION (MCF)	1284.00	80.25
WATER PRODUCTION (BBLS)	124.00	7.75
DAYS PRODUCED	16	

Laboratory Services, Inc.
2609 West Marland
Hobbs, New Mexico 88240

Telephone: (505) 397-3713

FOR: Mewbourne Oil Company
Attention: Tommy Jones
P. O. Box 5270
Hobbs, New Mexico 88241

SAMPLE: Sta. # 2000356
IDENTIFICATION: Pecos River 9 #3
COMPANY: Mewbourne Oil Co.
LEASE:
PLANT:

SAMPLE DATA:
DATE SAMPLED: 6/29/05 2:05pm
ANALYSIS DATE: 6/30/05
PRESSURE – PSIG 105
SAMPLE TEMP. °F 111
ATMOS. TEMP. °F 95

GAS (XX) LIQUID ( )
SAMPLED BY: Tommy Jones
ANALYSIS BY: Vicki McDaniel

REMARKS:

COMPONENT ANALYSIS

COMPONENT		MOL PERCENT	GPM
Hydrogen Sulfide	(H2S)		
Nitrogen	(N2)	2.807	
Carbon Dioxide	(CO2)	1.540	
Methane	(C1)	73.446	
Ethane	(C2)	11.717	3.126
Propane	(C3)	6.266	1.723
I-Butane	(IC4)	0.774	0.253
N-Butane	(NC4)	1.816	0.571
I-Pentane	(IC5)	0.510	0.186
N-Pentane	(NC5)	0.499	0.180
Hexane Plus	(C6+)	0.625	0.271
		100.000	6.310

BTU/CU.FT. – DRY	1261
AT 14.650 DRY	1257
AT 14.650 WET	1236
AT 14.73 DRY	1264
AT 14.73 WET	1242

MOLECULAR WT. 22.3427

SPECIFIC GRAVITY –
CALCULATED 0.770
MEASURED

FAXED
JUL 12 2005

WORTHAM

John L. Wortham & Son, L.P.

Insurance & Risk Management

February 17, 2006

Mr. Drew Greene
Mewbourne Oil Co.
P.O. Box 7698
Tyler, TX 75711

Re: Bond Renewals

Dear Drew:

Please find the enclosed invoices representing the renewal premium for each of the following bonds:

Invoice no. 530688	$1,000	$50,000 Blanket Plugging Bond Bond No. 22015675 To: State of New Mexico Term: March 25, 2006/2007
Invoice no. 530689	$500	$25,000 Surety Bond for Plugging Bond No. 22015676 To: State of Oklahoma Term: March 17, 2006/2007
Invoice no. 530668	$2,000	$100,000 Oil Well Drilling Bond Bond No. 22015712 To: City of Carlsbad, New Mexico Term: February 8, 2006/2007

Prior to filing the original bond with the City of Carlsbad, it must be signed by the President or Vice President of Mewbourne Oil Co. with the corporate seal affixed. The copy is for Mewbourne's file.

The captioned bonds are continuous in form. If the bonds are not to be continued, please let us know as soon as possible. Payment is due upon receipt. Should you have any questions, please feel free to call.

Sincerely,

JOHN L. WORTHAM & SON, L.P.

Gary Hare

Gary Hare

John L. Wortham & Son, L.P.

2228 Mechanic Street, Suite 100
Galveston, Texas 77550
Telephone: Houston 713.346.1074 Galveston 409.763.0002
Facsimile: 409.763.4173

Oil Well Drilling Permit Bond

Bond No. 22 015 712

Bond Amount $100,000.00

KNOW ALL MEN BY THESE PRESENTS, That we, Mewbourne Oil Company, as Principal, and the Liberty Mutual Insurance Company, as Surety, authorized to do business in the State of New Mexico, are held and firmly bound unto the City of Carlsbad, New Mexico, as Obligee, in the penal sum of One Hundred Thousand and no/100----------($100,000.00) for the payment of which sum well and truly to be made, we, the said Principal and the said Surety, bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has applied to the Obligee for a permit for drilling of an oil well further identified as Pecos River 20 #1 within the city limits of Carlsbad, New Mexico.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, That the permittee shall comply with all applicable City code and ordinance provisions relating to the drilling of an oil well in the City of Carlsbad, New Mexico; and, in addition, the bond will be conditioned that the Principal will promptly pay all legally imposed fines, penalties, attorneys' fees, and other assessments imposed upon permittee by reason of his breach of any terms, provisions and conditions of the applicable City code and ordinance provisions.

PROVIDED, HOWEVER, THE LIABILITY OF THE SURETY upon this bond shall be and remains in full force and effect for the full period of the permit, and renewals thereof, issued to the Principal above named, or until fifteen days after receipt by the Obligee of a written notice signed by such Surety, or its authorized agent, stating that the liability of such Surety is thereby terminated and canceled; and provided further, that nothing herein shall affect any rights or liabilities which shall have accrued under this bond prior to the date of such termination.

Signed, sealed and dated this 8th day of February, 2006.

Mewbourne Oil Company Principal

By: Vice Pres.-Admin.

Liberty Mutual Insurance Company Surety

By: Jimmye Langford

Attorney in Fact Jimmye Langford

1695661

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

LIBERTY MUTUAL INSURANCE COMPANY
BOSTON, MASSACHUSETTS
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Liberty Mutual Insurance Company (the "Company"), a Massachusetts stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint

PHILIP N. BAIR, VICIE COLEMAN, JIMMYE LANGFORD, PHYLLIS RAMIREZ, ERIC S. FEIGHL, MILDRED L. MASSEY, JANIE CERMENO, JOYCE A. JOHNSON, ALL OF THE CITY OF HOUSTON, STATE OF TEXAS

, each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding **FORTY MILLION AND 00/100********** DOLLARS ($ **40,000,000.00*****) each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE XIII - Execution of Contracts: Section 5. Surety Bonds and Undertakings.
Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article XIII, Section 5 of the By-Laws, Garnet W. Elliott, Assistant Secretary of Liberty Mutual Insurance Company, is hereby authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Liberty Mutual Insurance Company has been affixed thereto in Plymouth Meeting, Pennsylvania this 16th day of March, 2005.

LIBERTY MUTUAL INSURANCE COMPANY

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 16th day of March, 2005, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Liberty Mutual Insurance Company; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Liberty Mutual Insurance Company thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.

TERESA PASTELLA COMMONWEALTH OF PENNSYLVANIA NOTARY PUBLIC

Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires Mar. 28, 2005
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Liberty Mutual Insurance Company, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article XIII, Section 5 of the By-laws of Liberty Mutual Insurance Company.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Liberty Mutual Insurance Company at a meeting duly called and held on the 12th day of March, 1980.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this _____ day of _____, _____.

By David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY): 03/06/2006

PRODUCER
JOHN L. WORTHAM & SON, L.P.
P.O. BOX 1388
HOUSTON, TEXAS 77251-1388

073564-20-59 dxs - kjones

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED
MEWBOURNE OIL COMPANY
P. O. BOX 7698
TYLER, TX 75711

INSURER A:	St. Paul Fire & Marine Ins. Co.
INSURER B:	Commerce & Industry Insurance Co.
INSURER C:	Twin City Fire Insurance Company
INSURER D:	Hartford Insurance Co. of Midwest
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	GENERAL LIABILITY ☑ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS MADE ☑ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☑ POLICY ☐ PRO-JECT ☐ LOC	VK04201244	07/01/2005	07/01/2006	EACH OCCURRENCE FIRE DAMAGE (Any one fire) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1,000,000 $ 100,000 $ 5,000 $ 1,000,000 $ 2,000,000 $ 2,000,000
C D	AUTOMOBILE LIABILITY ☐ ANY AUTO ☑ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☑ HIRED AUTOS ☑ NON-OWNED AUTOS	61UENTT6307 O/S 61UENTT6312 TX	07/01/2005 07/01/2005	07/01/2006 07/01/2006	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $
	GARAGE LIABILITY ☐ ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
A	EXCESS LIABILITY ☑ OCCUR ☐ CLAIMS MADE ☐ DEDUCTIBLE ☑ RETENTION $ 10,000	VK04201244	07/01/2005	07/01/2006	EACH OCCURRENCE AGGREGATE	$ 10,000,000 $ 10,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	WC3288818	07/01/2005	07/01/2006	☑ WC STATU-TORY LIMITS ☐ OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ $ 1,000,000 $ 1,000,000 $ 1,000,000
	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS
CITY OF CARLSBAD IS INCLUDED AS ADDITIONAL INSURED ON ALL POLICIES EXCEPT WORKERS COMPENSATION WHEN REQUIRED BY WRITTEN CONTRACT AS RESPECTS LIABILITY ARISING OUT OF NAMED INSUREDS WORK FOR THE ADDITIONAL INSURED

CERTIFICATE HOLDER | **ADDITIONAL INSURED; INSURER LETTER:** | **CANCELLATION (BELOW & SEE REVERSE)**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE

Cert. # 073564-20-59 CITY OF CARLSBAD

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement On this certificate does not confer rights to the certificate holder in lieu of such endorsement(s). If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend, or alter the coverage afforded by the policies listed thereon.

CANCELLATION NOTICE

The CANCELLATION NOTICE on the CERTIFICATE OF INSURANCE is amended to include the following additional wording: The Insurance Company may cancel the described policy(ies) by mailing or delivering ten (10) days written notice of cancellation to the Certificate Holder for: (1) Non Payment of premium or (2) any other circumstance permitted by state law or policy conditions.

Affidavit

On December 29, 2005, I placed an ad in the Carlsbad Current-Argus stating all relevant information required by City Ordinance 2004-17 Sec. 34-34. The ad was first run on January 1, 2006. On Friday January 13, 2006, I was notified by Richard Aguilar, Enviromental Services manager for the City of Carlsbad that the meeting was delayed until January 25, 2006, because of scheduling conflicts in the City Council. I changed this date in my ad on the same day. This ad ran every Sunday and Wednesday ending with the January 22, 2006 publication.

On December 30, 2005, I placed an order with Bright Sign Ad Company of Hobbs, NM. The sign was constructed according to templates provided on the City of Carlsbad website. On January 7, 2006 the sign was completed and installed at the entrance to the proposed site. On Monday January 16, 2006 I made a date correction to the sign reflecting the new date of the meeting.

I hereby certify that all stipulations set forth in City Ordinance 2004-17 Sec. 34-34 entitled "Notice" have been adhered to in a timely manner.

Michael J. Johnson
Petroleum Engineer
Mewbourne Oil Company
Hobbs District Office
(505) 393-5905
(505) 631-6322

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

Dawn Higgins, being first duly sworn, on oath says:

That she is Business Manager of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

January 1	2006
January 4	2006
January 8	2006
January 11	2006
January 15	2006
January 18	2006
January 22	2006

That the cost of publication is $ 761.84
and that payment thereof has been made and will be assessed as court costs.

Dawn Higgins

Subscribed and sworn to before me this

24 day of January, 2006

Deborah S. Penaluna

My commission expires 1-9-10
Notary Public

DEBORAH S. PENALUNA
NOTARY PUBLIC - NEW MEXICO
NOTARY BOND FILED WITH SECRETARY OF STATE
My Commission Expires 1-9-10

Public Notice

Mewbourne Oil Company

On January 25, 2006, Mewbourne Oil Company will appear before the Governing Body of the City of Carlsbad, 101 N. Halagueno Street, to request a permit to drill the Pecos River "20" #1 to 12,200 feet. The proposed gas well is located 868 feet from the South line and 990 feet from the East line of Section 20, Township 22 South, Range 27 East, more commonly known to be 1/4 of a mile northwest of the intersection of Thomason (CR 701) and Donovan (CR 820).
Questions regarding this application may be directed to Mickey Young, Hobbs District Manager, 706 S. Cecil, Hobbs, New Mexico 88240, Office (505) 393-5905.
Copies of the application for permit can be obtained at the Office of the City Clerk, 101 N. Halagueno, Carlsbad, New Mexico, (505) 887-1191 until 5:00 p.m. January 25, 2006.

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