

OPERATOR'S

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

RECEIVED

JUL 19 2006

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM-56520	
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name	
2. Name of Operator Mewbourne Oil Company - 14744		7. If Unit or CA Agreement, Name and No.	
3a. Address PO Box 5270 Hobbs, NM 88240		8. Lease Name and Well No. Milagro 28 Federal Com #1 35871	
3b. Phone No. (include area code) 505-393-5905		9. API Well No. 30-015-35012	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface 1500' FNL & 990' FWL Unit E At proposed prod. zone Same CARLSBAD CONTROLLED WATER BASIN		10. Field and Pool, or Exploratory Happy Valley Morrow	
14. Distance in miles and direction from nearest town or post office* 5 1/2 miles SW of Carlsbad		11. Sec., T., R., M., or Blk. and Survey or Area Sec 28-T22S-R26E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 990'	16. No. of Acres in lease 160	17. Spacing Unit dedicated to this well 320	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 2450'	19. Proposed Depth 11850'	20. BLM/BIA Bond No. on file NM1693, Nationwide	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3289' GL	22. Approximate date work will start* ASAP	23. Estimated duration 45	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed/Typed) Kristi Green	Date 04/27/06
Title Hobbs Regulatory		
Approved by (Signature) 	Name (Printed/Typed) Tony J. Herrell	Date 6-5-06
Title FIELD MANAGER		
Office CARLSBAD FIELD OFFICE		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

Witness Surface Casing

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED**

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

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 7806C	Pool Name Happy Valley Morrow
Property Code	Property Name MILAGRO "28" FEDERAL COM.	Well Number 1
GRID No. 14744	Operator Name MEWBOURNE OIL COMPANY	Elevation 3289

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	28	22S	26E		1500	NORTH	990	WEST	EDDY

Bottom Hole Location If Different From Surface

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

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
------------------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Kristi Green</i> Signature Kristi Green Printed Name Hobbs Regulatory Title 04/26/06 Date</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>4/19/2006 Date Surveyed Signature & Seal of Professional Surveyor HERSCHELL L. JONES Certificate No. Herschel L. Jones RLS 3640 MILAGRO 1 GENERAL SURVEYING COMPANY</p>
--	---

0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MEWBOURNE OIL COMPANY

Milagro "28" Federal Com #1

1500' FNL & 990' FWL

Sec 28-T22S-R26E

Eddy County, New Mexico

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

1. Existing Roads:

- A. Exhibit #3 is a road map showing the location of the proposed well. Existing roads are highlighted in blue. Exhibit #3A is a topographic map showing the location of the proposed well and access road. Existing roads are highlighted in blue and proposed roads are highlighted in red.
- B. **Directions to location South from Carlsbad on US 62/180, 1.6 miles to Hildago Rd (CR672). Turn right (west) on Hidalgo and continue west 3.4 miles. Turn right (NW) on McKittrick Rd (CR429) and continue 1.2 miles. Turn right (NE) on lease road to new location.**

2. Proposed Access Road:

- A. Will need approx 115' of new lease road.
- B. The access to the location will be limited to 16' in width and will adequately drain runoff and control erosion as presently constructed.

3. Location of Existing Wells:

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

4. Location of Existing and/or Proposed Facilities:

- A. There are no production facilities on this lease at the present time.
- B. In the event that the well is productive, production facilities will be located on the well pad.
- C. All production vessels left on location will be painted to conform with BLM painting stipulations within 180 days of installation.

5. Location and Type of Water Supply

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

6. 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.

7. 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.

8. Ancillary Facilities

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

9. 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.
- D. An archaeological survey has been conducted on the proposed access road and location pad.

10. 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/BLM 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.

11. Surface Ownership:

The surface is owned by: USA

12. Other Information:

- A. Topography: Refer to the archaeological report for a detailed description of flora, fauna, soil characteristics, dwellings, and historical or cultural sites.
- B. The primary use of the surface at the location is for grazing of livestock.

13. Operator's Representative:

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

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

14. Certification

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

Date: 04/27/06 Signature: 

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

OPERATOR'S

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

UNITED STATES
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APPLICATION FOR PERMIT TO DRILL OR REENTER

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JUL 19 2006

1a. Type of Work: ☒ DRILL ☐ REENTER

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

2. Name of Operator

Mewbourne Oil Company - 14744

3a. Address

PO Box 5270 Hobbs, NM 88240

3b. Phone No. (include area code)

505-393-5905

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

At surface 1500' FNL & 990' FWL Unit E

At proposed prod. zone Same

CARLSBAD CONTROLLED WATER BASIN

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

5 1/2 miles SW of Carlsbad

15. Distance from proposed*

location to nearest
property or lease line, ft.

(Also to nearest drig. unit line, if any) 990'

16. No. of Acres in lease

160

17. Spacing Unit dedicated to this well

320

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

2450'

19. Proposed Depth

11850'

20. BLM/BIA Bond No. on file

NM1693, Nationwide

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

3289' GL

22. Approximate date work will start*

ASAP

23. Estimated duration

45

5. Lease Serial No.

NM-56520

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.

Malagro 28 Federal Com #1

9. API Well No.

30-015-35012

10. Field and Pool, or Exploratory

Happy Valley Morrow

11. Sec., T., R., M., or Blk. and Survey or Area

Sec 28-T22S-R26E

12. County or Parish

Eddy

13. State

NM

The following, completed in accordance with

1. Well plat certified by a registered surveyor

2. A Drilling Plan.

3. A Surface Use Plan (if the location is on
SUPO shall be filed with the appropriate

25. Signature

Title

Hobbs Regulatory

Approved by (Signature)

Title

FIELD MANAGER

Application approval does not warrant or certify
operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C.
States any false, fictitious or fraudulent state

*(Instructions on reverse)

APPROVAL SUBJECT
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

covered by an existing bond on file (see

and/or plans as may be required by the

Date

04/27/06

Date

6-5-06

OFFICE

which would entitle the applicant to conduct

APPROVAL FOR 1 YEAR

any department or agency of the United States

less Surface Casing

are used in
the drilling of this
it permit must be
to pit construction.

APD w/ No API until
Today
- Drig today @ 5850'
- 1" for 41 Days on Surface
- Top of casing @ 1670'
- Lost returns @ 245'
- Drig Drilled to 1417'
Set casing at 1370'
- I am having then
send drilling report
Well is in roof
BLM witnessed
primary cement job
Nearest water well 501

Drilling Program
Mewbourne Oil Company
Milagro "28" Federal Com #1
1500' FNL & 990' FWL
Sec 28-T22S-R26E
Eddy County, New Mexico

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

Lamar	1810'	Strawn	10125'
Delaware	1910'	Atoka	10440'
Bonespring	4930'	Morrow	10925'
Wolfcamp	8538'	Barnett	11635'

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

Water	Below 200'
Hydrocarbons	All zones below Delaware

3. Pressure control equipment:

A 2000# working pressure annular BOP will be installed on the 13 3/8" surface casing. A 5000# WP Double Ram BOP and a 3000# WP Annular will be installed after running 9 5/8" casing. Pressure tests will be conducted prior to drilling out under all casing strings. BOP controls will be installed prior to drilling under surface casing and will remain in use until completion of drilling operations. BOP's will be inspected and operated daily to insure mechanical integrity and the inspection will be recorded on the daily drilling report.

Kelly cock and a sub equipped with a full opening valve sized to fit the drill pipe and collars will be available on the rig floor in the open position when the kelly is not in use.

4. Proposed casing and cementing program:

A. Casing Program:

<u>Hole Size</u>	<u>Casing</u>	<u>Wt/Ft.</u>	<u>Grade</u>	<u>Depth</u>
Conductor	20"			0-80'
17 1/2"	13 3/8"	54.5#	H40	0-1650'
12 1/4"	9 5/8"	40#	N80/J55	0-5000'
8 3/4"	5 1/2"	17#	P110/N80	0-11,850'

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

B. Cementing Program

- i. Surface Casing: 600 sacks Class C light cement containing 1/2#/sk cellophane flakes, 2% CaCl, 5#/sk gilsonite. 400 sks Class C cement containing 2% CaCl.
- ii. Intermediate Casing: 800 sacks 35:65 pozmix cement containing 6% gel, 5#/sack gilsonite. 400 sacks Class C cement containing 2% CaCl.
- iii. Production Casing: 600 sacks Class H cement containing fluid loss additive, friction reducer additive, compressive strength enhancer, and NaCl. Shallower productive zones may be protected by utilizing a multiple stage cementing tool in the production casing below potentially productive zones and cementing with a light cement slurry.

**Mewbourne Oil Company reserves the right to change cement designs as hole conditions may warrant.*

5. Mud Program:

<u>Interval</u>	<u>Type System</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>
0'-1650'	FW spud mud	8.6-9.4	32-34	NA
1650'-5000'	Fresh water	10.0-10.2	28-30	NA
5000'-11850'	Fresh water	9.2-9.8	32-42	8-12

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

6. Evaluation Program:

Samples:	10' samples from intermediate casing to TD
Logging:	Compensated density and dual laterlog from intermediate casing to TD
Coring:	As needed for evaluation
Drill Stem Tests:	As needed for evaluation

7. Downhole Conditions

Zones of abnormal pressure:	None anticipated
Zones of lost circulation:	Anticipated in surface and intermediate holes
Maximum bottom hole temperature:	180 degree F
Maximum bottom hole pressure:	9.0 lbs/gal gradient or less

8. Anticipated Starting Date:

Mewbourne Oil Company intends to drill this well as soon as possible after receiving approval with approximately 45 days involved in drilling operations and an additional 10 days involved in completion operations on the project.

Hydrogen Sulfide Drilling Operations Plan

Mewbourne Oil Company

Milagro "28" Federal Com #1

1500' FNL & 990' FWL

Sec 28-T22S-R26E

Eddy County, New Mexico

1. General Requirements

Rule 118 does not apply to this well because MOC has researched this area and no high concentrations of H₂S were found. MOC will have on location and working all H₂S safety equipment before the Capitan Reef formation @ 200' for purposes of safety and insurance requirements.

2. Hydrogen Sulfide Training

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will have received training from a qualified instructor in the following areas prior to entering the drilling pad area of the well:

1. The hazards and characteristics of hydrogen sulfide gas.
2. The proper use of personal protective equipment and life support systems.
3. The proper use of hydrogen sulfide detectors, alarms, warning systems, briefing areas, evacuation procedures.
4. The proper techniques for first aid and rescue operations.

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

- 1 The effects of hydrogen sulfide on metal components. If high tensile tubular systems are utilized, supervisory personnel will be trained in their special maintenance requirements.
- 2 Corrective action and shut in procedures, blowout prevention, and well control procedures while drilling a well.
- 3 The contents of the Hydrogen Sulfide Drilling Operations Plan.

There will be an initial training session prior to encountering a known hydrogen sulfide source. The initial training session shall include a review of the site specific Hydrogen Sulfide Drilling Operations Plan.

3. Hydrogen Sulfide Safety Equipment and Systems

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

1. Well Control Equipment

- A. Flare line with automatic igniter or continuous ignition source.
- B. Choke manifold with minimum of one adjustable choke.
- C. Blowout preventers equipped with blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit
- D. Auxiliary equipment including rotating head and annular type blowout preventer.

2. Protective Equipment for Essential Personnel

Thirty minute self contained work unit located at briefing area as indicated on wellsite diagram.

3. Hydrogen Sulfide Protection and Monitoring Equipment

Two portable hydrogen sulfide monitors positioned on location for optimum coverage and detection. The units shall have audible sirens to notify personnel when hydrogen sulfide levels exceed 20 ppm.

4. Visual Warning Systems

A. Wind direction indicators as indicated on the wellsite diagram.

B. Caution signs shall be posted on roads providing access to location. Signs shall be painted a high visibility color with lettering of sufficient size to be readable at reasonable distances from potentially contaminated areas.

4. Mud Program

The mud program has been designed to minimize the amount of hydrogen sulfide entrained in the mud system. Proper mud weight, safe drilling practices, and the use of hydrogen sulfide scavengers will minimize hazards while drilling the well.

5. Metallurgy

All tubular systems, wellheads, blowout preventers, drilling spools, kill lines, choke manifolds, and valves shall be suitable for service in a hydrogen sulfide environment when chemically treated.

6. Communications

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

7. Well Testing

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

United States Department of the Interior
Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-1287

Statement Accepting Responsibility for Operations

Operator Name: Mewbourne Oil Company
Street or Box: P.O. Box 5270
City, State: Hobbs, New Mexico
Zip Code: 88241

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted of the leased land or portion thereof, as described below.

Lease Number: Lease Number #NM-56520

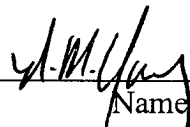
Legal Description of Land: Unit E of Section 28, T-22S, R-26E Eddy County, New Mexico.
Location @ 1500' FNL & 990' FWL.

Formation (if applicable):

Bond Coverage: \$150,000

BLM Bond File: NM1693, Nationwide

Authorized Signature: _____


Name: NM (Micky) Young

Title: District Manager

Date: April 27, 2006

Notes Regarding Blowout Preventer

Mewbourne Oil Company

Milagro "28" Federal Com #1

1500' FNL & 990' FWL

Sec 28-T22S-R26E

Eddy County, New Mexico

- I. Drilling nipple (bell nipple) to be constructed so that it can be removed without the use of a welder through the opening of the rotary table, with minimum internal diameter equal to blowout preventer bore.
- II. Blowout preventer and all fittings must be in good condition with a minimum 5000 psi working pressure.
- III. Safety valve must be available on the rig floor at all times with proper connections to install in the drill string. Valve must be full bore with minimum 5000 psi working pressure.
- IV. Equipment through which bit must pass shall be at least as large as internal diameter of the casing.
- V. A kelly cock shall be installed on the kelly at all times.

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

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

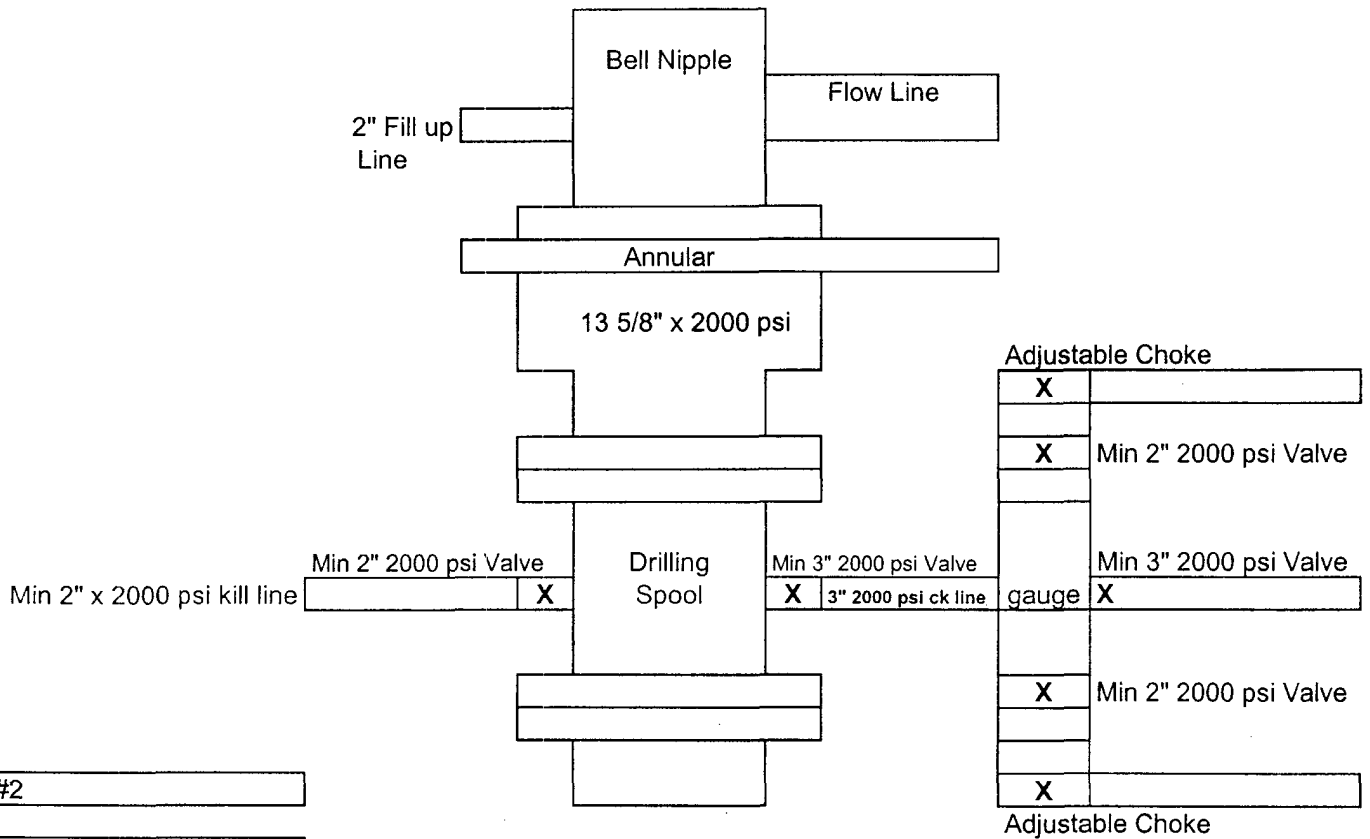


Exhibit #2

Milagro 28 Federal Com #1
1500' FNL & 990' FWL
Sec 28-T22S-R26E
Eddy, County
New Mexico

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

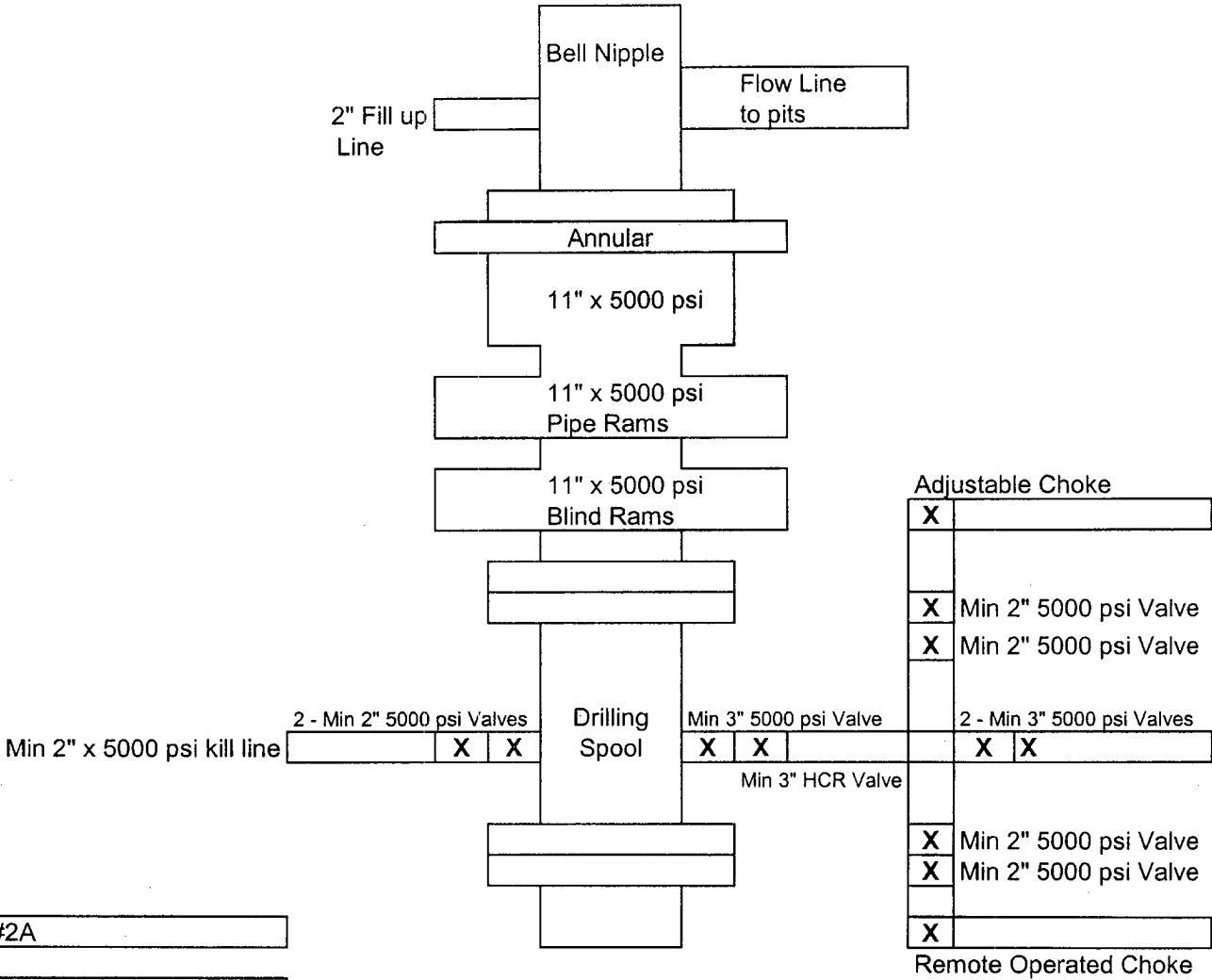


Exhibit #2A

Milagro 28 Federal Com #1
 1500' FNL & 990' FWL
 Sec 28-T22S-R26E
 Eddy, County
 New Mexico

MEWBOURNE OIL COMPANY
MILAGRO "28" FEDERAL COM. #1

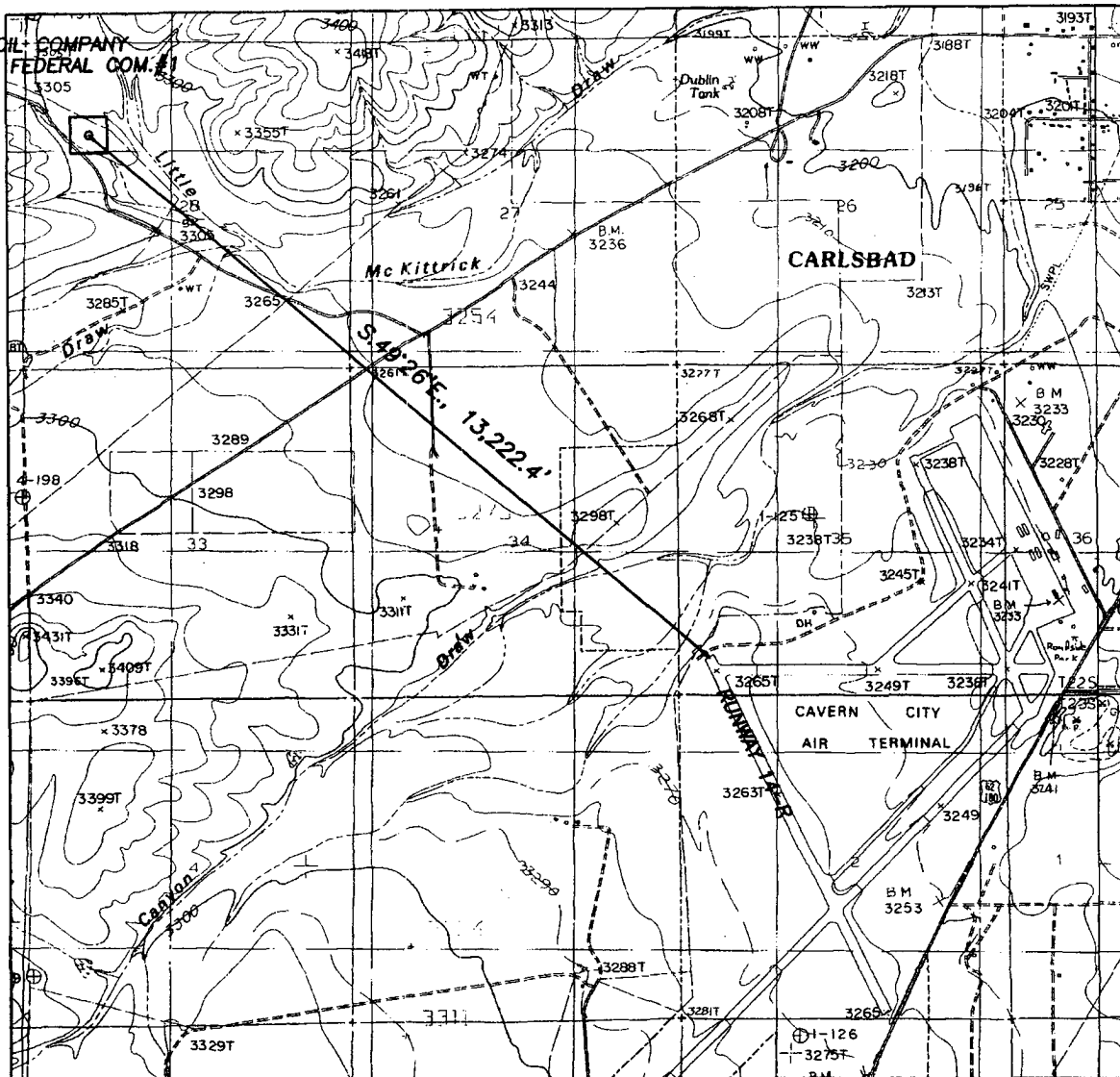


Exhibit 3

THE PREPARATION OF THIS MAP 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, S. No. 3640

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

MEWBOURNE OIL COMPANY

PLAT SHOWING THE MEWBOURNE MILAGRO "28" FEDERAL COM. #1 WELL, LOCATED IN SECTION 28, TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM, EDDY COUNTY, NEW MEXICO AND THE CARLSBAD PUBLIC AIRPORTS NEAREST RUNWAY (APPROACH END OF RUNWAY 14R).

Survey Date: 4/19/2006

Drawn By: Ed Blevins

Date: 4/21/06

Sheet 1 of 1 Sheets

W.O. Number

Scale = NONE MILAGRO 1

SECTION 28, TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

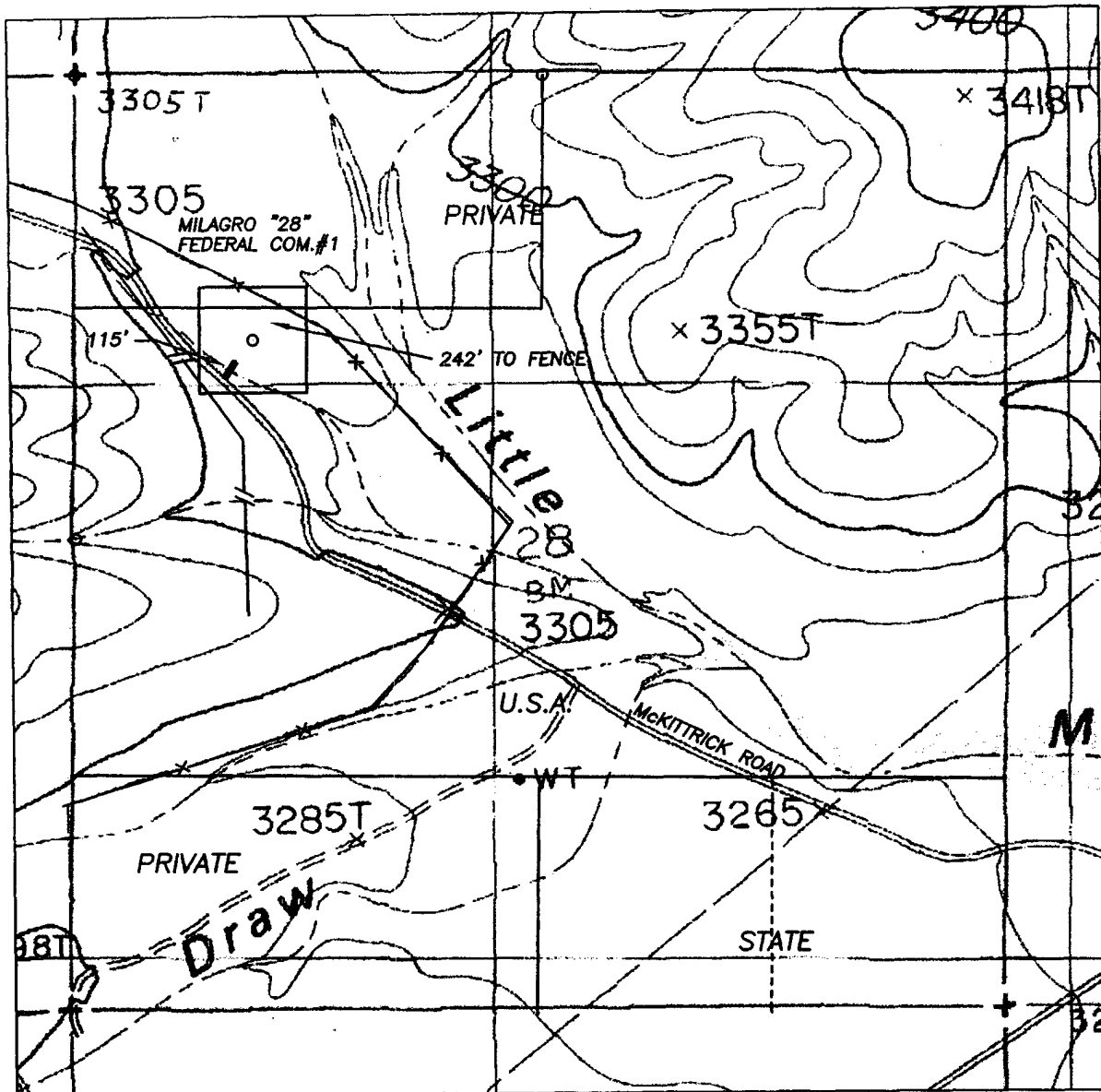
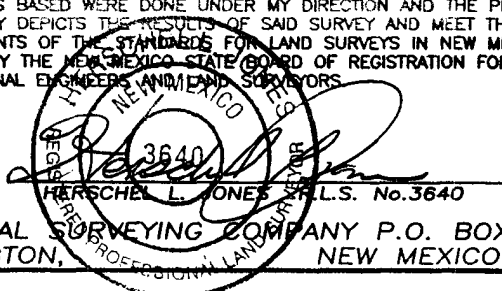


Exhibit 3A

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.



MEWBOURNE OIL COMPANY

LEASE ROAD TO ACCESS THE MEWBOURNE MILAGRO "28" FEDERAL COM. #1 WELL, LOCATED IN SECTION 28, TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 4/19/2006	Sheet 1 of 1 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 4/21/06	Scale 1" = 1000' MILAGRO 1

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

Exhibit #4
Status of Wells in Immediate Vicinity
Mewbourne Oil Company
Milagro 28 Federal Com #1
1500' FNL & 990' FWL
Sec 28-T22S-R26E
Eddy County, New Mexico

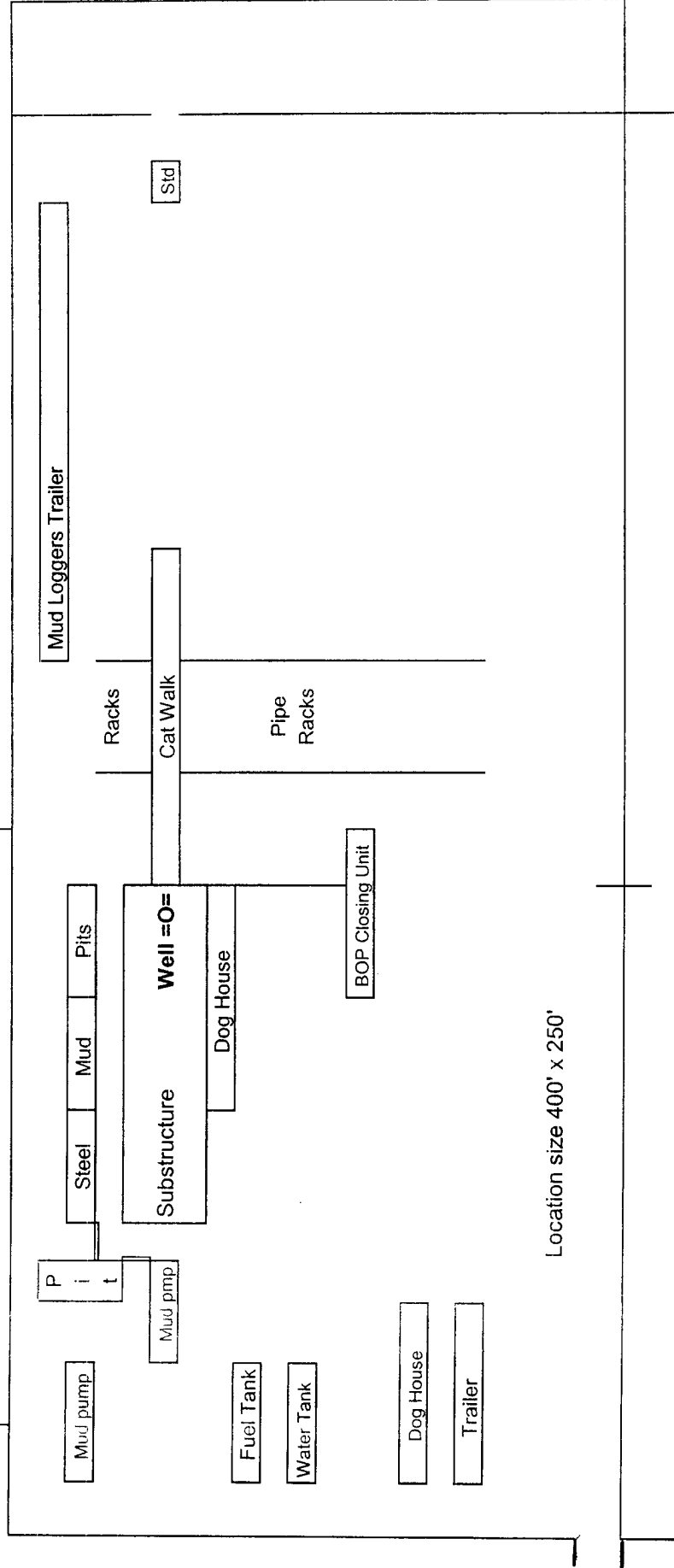
Section 28-T22S-R26E

Operator: EGL Resources
Well Name: Happy Valley Federal Com #1
Unit letter: G
Status: P&A
Field: Happy Valley Strawn

Operator: Dominion OK/Tex E&P
Well Name: Happy Valley B Federal Com #1
Unit letter: K
Status: Producing
Field: Happy Valley Morrow

Reserve Pit
150 x 150'

Well Name	Millagro 28 Federal Com #1
Footages	1500' FNL & 990' FWL
STR	Sec 28-T22S-R26E
County	Eddy, County
State	New Mexico



Rig Location Schematic

Conditions of Approval Cave and Karst

Cave/Karst Surface Mitigation

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

Berming:

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

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

Closed Mud System with Cuttings Removed:

A closed mud system or steel tanks will be utilized to drill the well. All fluids and cuttings will be hauled off site for disposal.

Cave/Karst Subsurface Mitigation

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

Rotary Drilling with Fresh Water:

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

Casing:

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

Cementing:

All casing strings will be cemented to the surface.

Lost Circulation:

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

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

Delayed Blasting:

Any blasting will be a phased and time delayed.

Abandonment Cementing:

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

Pressure Tests:

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

Differential Shut-off Systems:

A leak detection system and differential shut off systems will be installed for pipelines and tanks used in production or drilling.

Record Keeping:

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

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Mewbourne Oil Company
Well Name & No: Milagro 28 Fed Com No. 01
Location: Surface 1500' FNL & 990' FWL, Sec. 28, T. 22 S. R. 26 E.
Lease: NMNM 56520
Eddy County, New Mexico
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I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell, NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:
 - A. Spudding
 - B. Cementing casing: 13 3/8 inch; 9 5/8 inch; 5 1/2 inch.
 - C. BOP Tests
2. A Hydrogen Sulfide (H₂S) Drilling Plan is not required for this well bore.
3. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.
5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.
6. A communitization agreement shall be approved by this office prior to any sales from this well.

II. CASING:

1. The 13 3/8 inch shall be set at 1650 Feet with cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.
2. The minimum required fill of cement behind the 9 5/8 inch Intermediate casing is to circulate to surface.
3. The minimum required fill of cement behind the 5 1/2 inch Production casing is to place TOC Wolfcamp by at least 200 feet.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13 3/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

(III Cont):

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **2 M** psi. to a depth of 5,000 ft., then a minimum of a **3 M psig BOPE** shall be in operations prior to drilling below the 9 7/8 inch shoe.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the test.

- The test shall be done by an independent service company
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures.
- Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in safe workman-like manner. Hard line connections shall be required.
- Both low pressure and high pressure testing of BOPE is required.

G. Gourley RFO 05/17/06