

Oil Cons.
UNITED STATES N.M. DIV-2
DEPARTMENT OF THE INTERIOR W. Grand Avenue
BUREAU OF LAND MANAGEMENT Artesia, NM 88210FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN				
1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>				
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>				
2. NAME OF OPERATOR Mewbourne Oil Company				
3. ADDRESS AND TELEPHONE NO. P.O. Box 5270, Hobbs, NM 88241 (505)393-5905				
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 660' FSL & 660' FWL 990' IN & 1650' FSL At proposed prod. zone 1100' IN & 1650' FSL				
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 4 Mile NE of Carlsbad				
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drg. unit line, if any)		16. NO. OF ACRES IN LEASE		17. NO. OF ACRES ASSIGNED TO THIS WELL
660'		320		320
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.		19. PROPOSED DEPTH		20. ROTARY OR CABLE TOOLS
		11900		Rotary
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3207' GL				22. APPROX. DATE WORK WILL START* 03/01/03
23. PROPOSED CASING AND CEMENTING PROGRAM Carlsbad Controlled Water Basin				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	H40, 13-3/8"	48#	400'	400 sacks, Circulate to Surface
12-1/4"	J-55, 8-5/8"	32#	2600'	800 sacks Circulate to Surface
7-7/8"	N80, 5-1/2"	17#	11,900'	600 sacks

Mewbourne Oil Company proposes to drill this well to a depth sufficient to test the Morrow Formation for the presence of hydrocarbons. If determined to be productive, the well will be equipped with 5-1/2" production casing to total depth. If determined to be nonproductive, the well will be plugged and abandoned in accordance with regulatory guidelines. Specific plans are outlined in the following attachments.

- 1) Location and Elevation Plat (NMOCD Form C102)
- 2) Drilling Program
- 3) Surface Use and Operation Plan
- 4) Schematic Diagram of Blowout Preventer and Choke Manifold (Exhibits 2 & 2A)
- 5) Map of existing and Planned Access Road and Location (Exhibits 3 & 3A)
- 6) List of Offset Wells
- 7) Proposed Drilling Rig Layout (Exhibit 5)
- 8) Proposed Production Facilities Layout (Exhibit 6)
- 9) Hydrogen Sulfide Contingency Plan (Exhibit 7)

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

IN ABOVE SPACE DESCRIBE PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED *Tony Barber* TITLE Drilling Foreman DATE 01/29/03
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:

APPROVED BY /s/ Joe G. Lara ACTING FIELD MANAGER DATE 1 AUG 2003
TITLE FIELD MANAGER

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001, makes 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.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT-" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Mewbourne Oil Company 14744

3. Address and Telephone No.

PO Box 5270, Hobbs, New Mexico 88241. 505-393-5905

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Old Location: 910' FSL & 660' FWL. Sec. 12 T-21S R-27E

NEW LOCATION: 990' FNL & 1650' FEL. Sec. 12 T-21S R-27E

5. Lease Designation and Serial No.
NM-17095

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Esperanza 12 Federal Com #1

9. API Well No.

10. Field and Pool, or Exploratory Area
Burton Flats Morrow

11. County or Parish, State

Eddy Co., New Mexico

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

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Move Location due to Arch
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

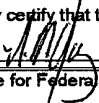
13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Mewbourne Oil Company has applied for an APD on the above OLD LOCATION. After field review, both MOC & BLM approved the NEW LOCATION footages @ 990' FNL & 1650' FEL. Sec. 12 T-21S R-27E, Eddy County, N.M.

Both new C-102 & Arch report enclosed.

14. I hereby certify that the foregoing is true and correct

Signed



Title N.M. Young District Manager

Date 06/26/03

(This space for Federal or State office use)

Approved by

/s/ Joe G. Lara

ACTING
FIELD MANAGER

Date 1 AUG 2003

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes 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.

*See Instruction on Reverse Side

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

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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 <i>Burton Flat Morrow</i>
Property Code	Property Name ESPERANZA "12" FEDERAL COM.	Well Number 1
OGRID No. 1A7A4	Operator Name MEWBOURNE OIL COMPANY	Elevation 3201

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	12	21S	27E		990	NORTH	1650	EAST	EDDY

Bottom Hole Location If Different From Surface

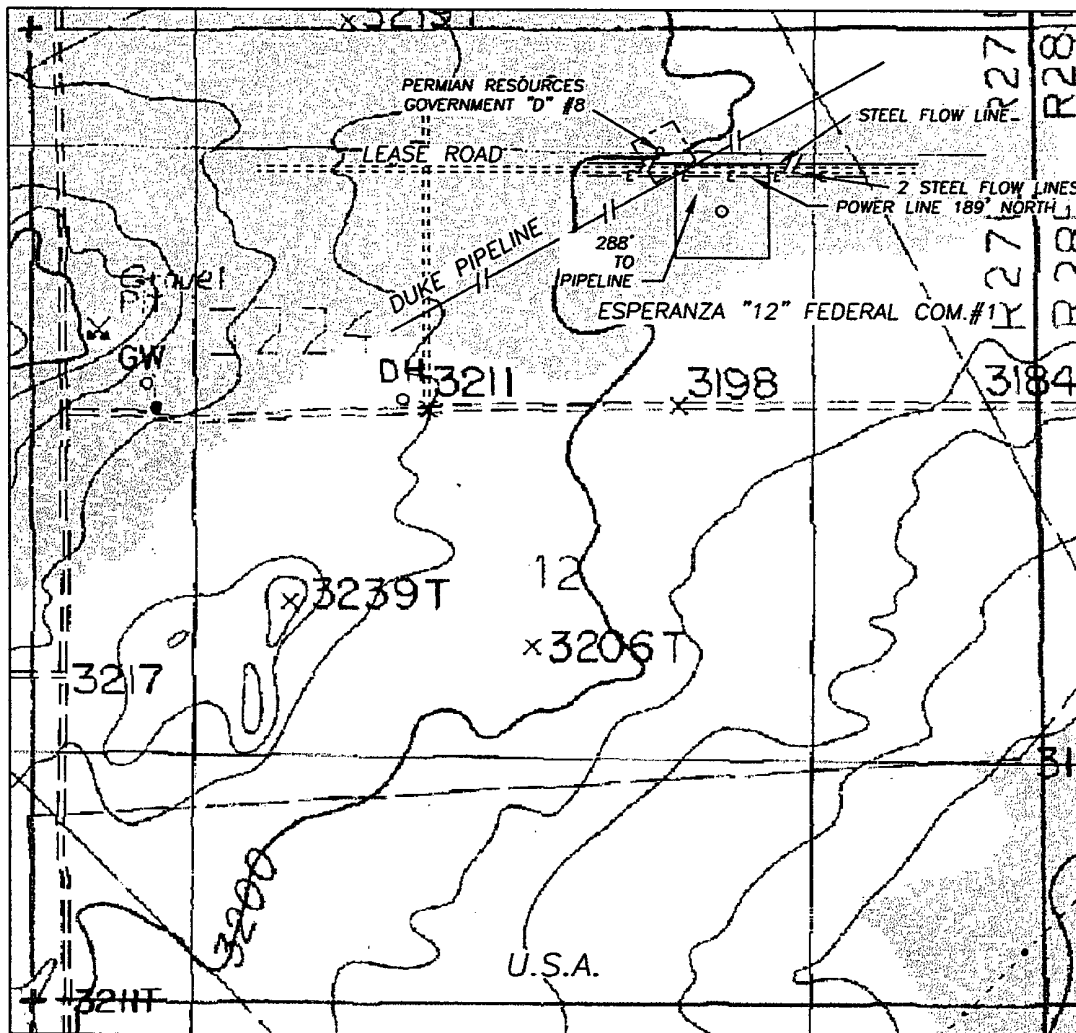
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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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. <i>[Signature]</i> Signature N.M. Young Printed Name District Manager Title 6/25/03 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 supervision, and that the same is true and correct to the best of my belief. 5/13/2003 Date Surveyed <i>[Signature]</i> Signature Professional Surveyor Certificate No. Herschel Jones RLS 3640 ESPERANZA GENERAL SURVEYING COMPANY

SECTION 12, TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM, EDDY COUNTY, NEW MEXICO.



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.

[Signature]
HERSCHEMER 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 ESPERANZ "12" FEDERAL COM. #1 WELL, LOCATED IN SECTION 12, TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM, EDDY COUNTY, NEW MEXICO.

Survey Date: 5/13/2003	Sheet 1 of 2 Sheets
Drawn By: Ed Blevins	W.O. Number
Date: 5/13/03	Scale 1" = 1000' ESPER12-1A

Drilling Program
Mewbourne Oil Company
Esperanza "12" Federal Com # 1
660' FSL & 660' FWL
Section 12-T21S-R27E
Eddy County, New Mexico
Lease Number NM-17095

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

Delaware	3,068'
Bone Springs	5,378'
Wolfcamp	9,009'
Strawn	10,275'
Atoka	10,762'
Morrow	11,254'
Barnett	11,900'

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

Water	Approximately 200'
Hydrocarbons	All zones below San Andres

3. Pressure control equipment:

Two thousand psi working pressure annular BOP's will be installed on the 13-3/8" surface casing. Three thousand psi working pressure BOP's and two thousand psi working pressure Hydril will be installed on the 8-5/8" intermediate casing. Pressure tests with rig pump will be conducted prior to drilling out under all casing strings. A third party Safety Test Company will pressure test and record on chart the approved testing pressure of the BOP, Choke, Hydril, Kelly Cock Valves before we drill below the Bone Springs formation.

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.

Drilling Program

Mewbourne Oil Company

Esperanza "12" Federal Com # 1

Page 2

4. Proposed casing and cementing program:

A. Casing Program:

<u>Hole Size</u>	<u>Casing</u>	<u>Wt/Ft.</u>	<u>Grade</u>	<u>Depth</u>
17-1/2"	13-3/8"	48#	H40	0-400'
12-1/4"	8-5/8"	32#	J55	0-2,600'
7-7/8"	5-1/2"	17#	N80/S95	0-11,900'

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

B. Cementing Program

- C. i. Surface Casing: 400 sacks Class "C" light cement containing .25 lbs/sack cellophane flakes, 2% CaCl, 6% bwoc Bentonite. 200 sacks Class "C" cement containing 2% CaCl.
- ii. Intermediate Casing: 1200 sacks 35:65 pozmix cement containing 6% gel, 5 lbs/sack LCM-1. 200 sacks Class "C" cement containing 2% CaCl.
- iii. Production Casing: 1200 sacks Class "H" cement containing fluid loss additive, friction reducer additive, compressive strength enhancer, and NaCl. Shallower productive zones may be protected by utilizing and 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'-400'	FW spud mud	8.6-9.4	32-34	NA
400'-2600'	FW spud mud	8.6-9.4	32-34	NA
2600'-11900'	Cut brine water	9.2-9.4	32-42	8-12

(Note: Any Weight Above 9.4#/gallon would be to hold back Wolfcamp shale, rather than abnormal BHP in Morrow Formation)

Drilling Program

Mewbourne Oil Company

Esperanza "12" Federal Com # 1

Page 3

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: 8.3 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 35 days involved in drilling operations and an additional 10 days involved in completion operations on the project.

Mewbourne Oil Company

BOP Scematic for

12 1/4" Hole

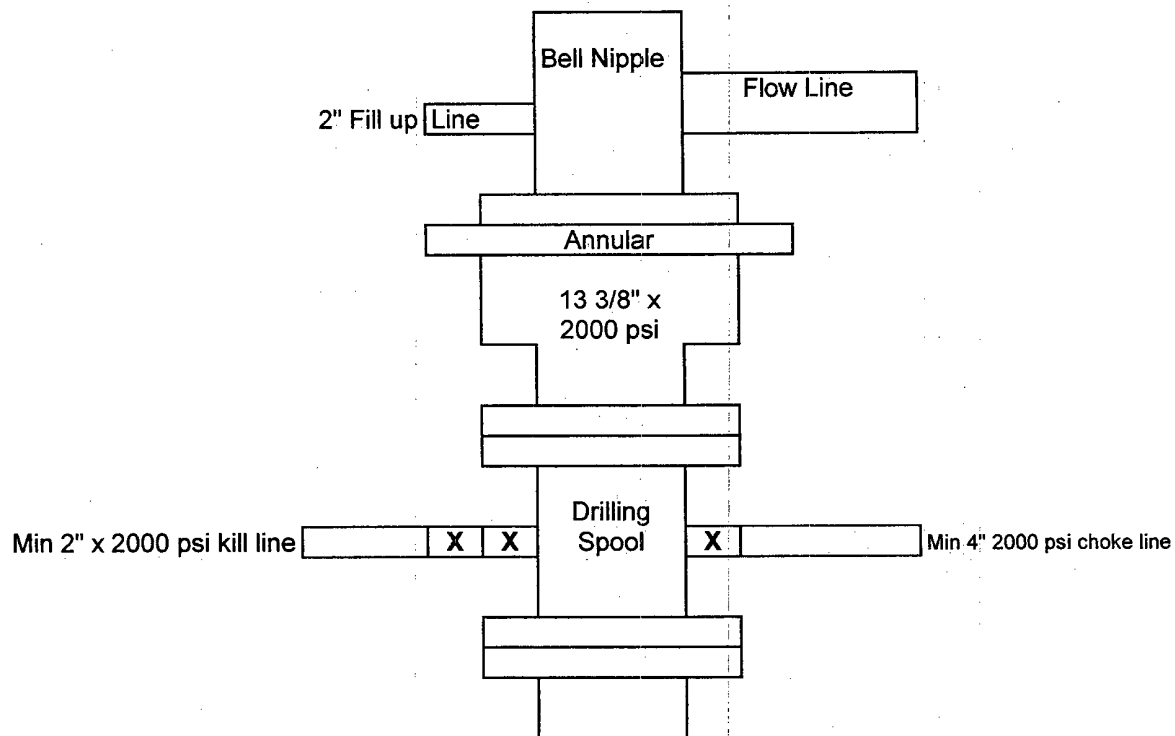


Exhibit #2

Esperanza "12" Federal Com # 1
660' FSL & 660' FWL
Sec.12-21S; R27E
Eddy County, New Mexico

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

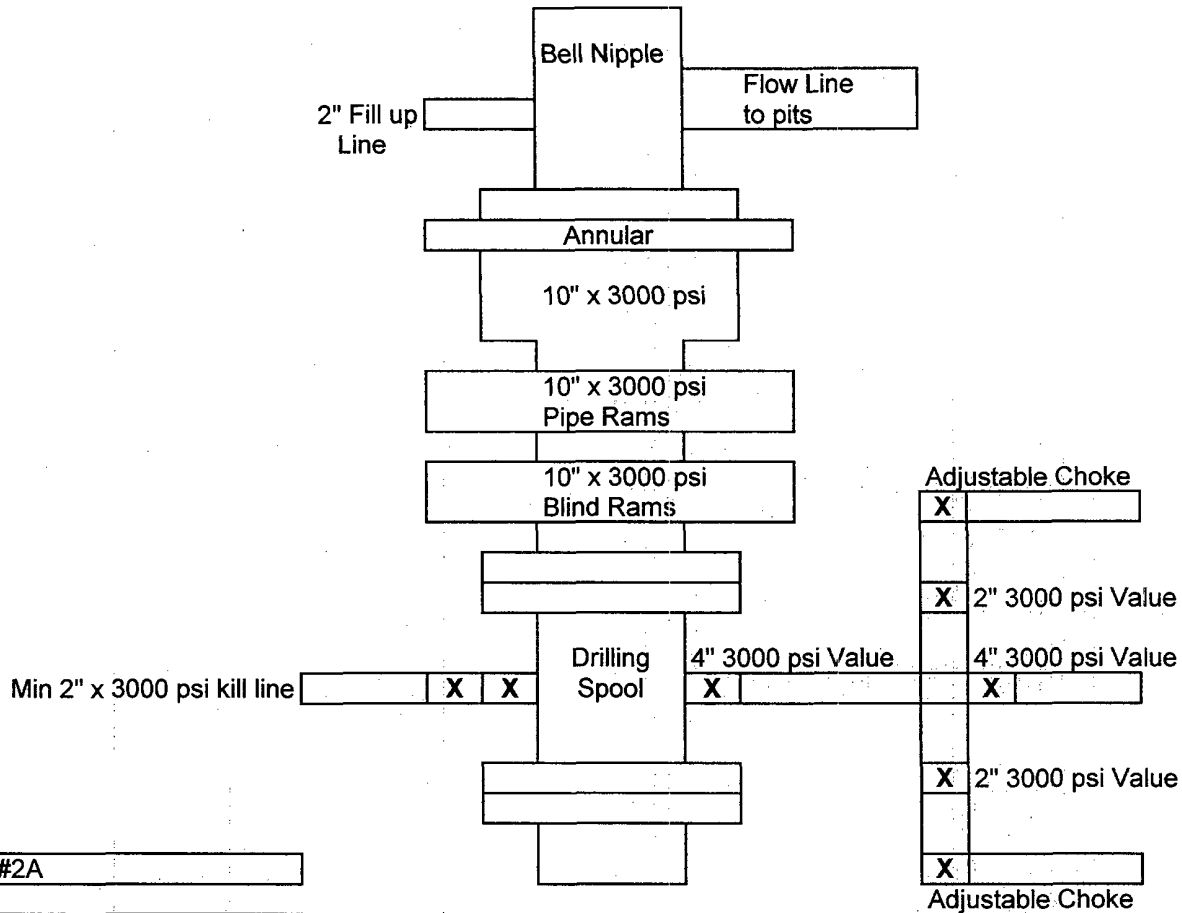


Exhibit #2A

Esperanza "12" Federal Com # 31
 660' FSL & 660' FWL
 Sec.12; T21S; R27E
 Eddy County, New Mexico

Notes Regarding Blowout Preventer

Mewbourne Oil Company
Esperanza "12" Federal Com # 1
660' FSL & 660' FWL
Section 12- T21S-R27E
Eddy County, New Mexico
Lease Number NM-17095

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 2000 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 2000 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.

New Mexico, United States, North America

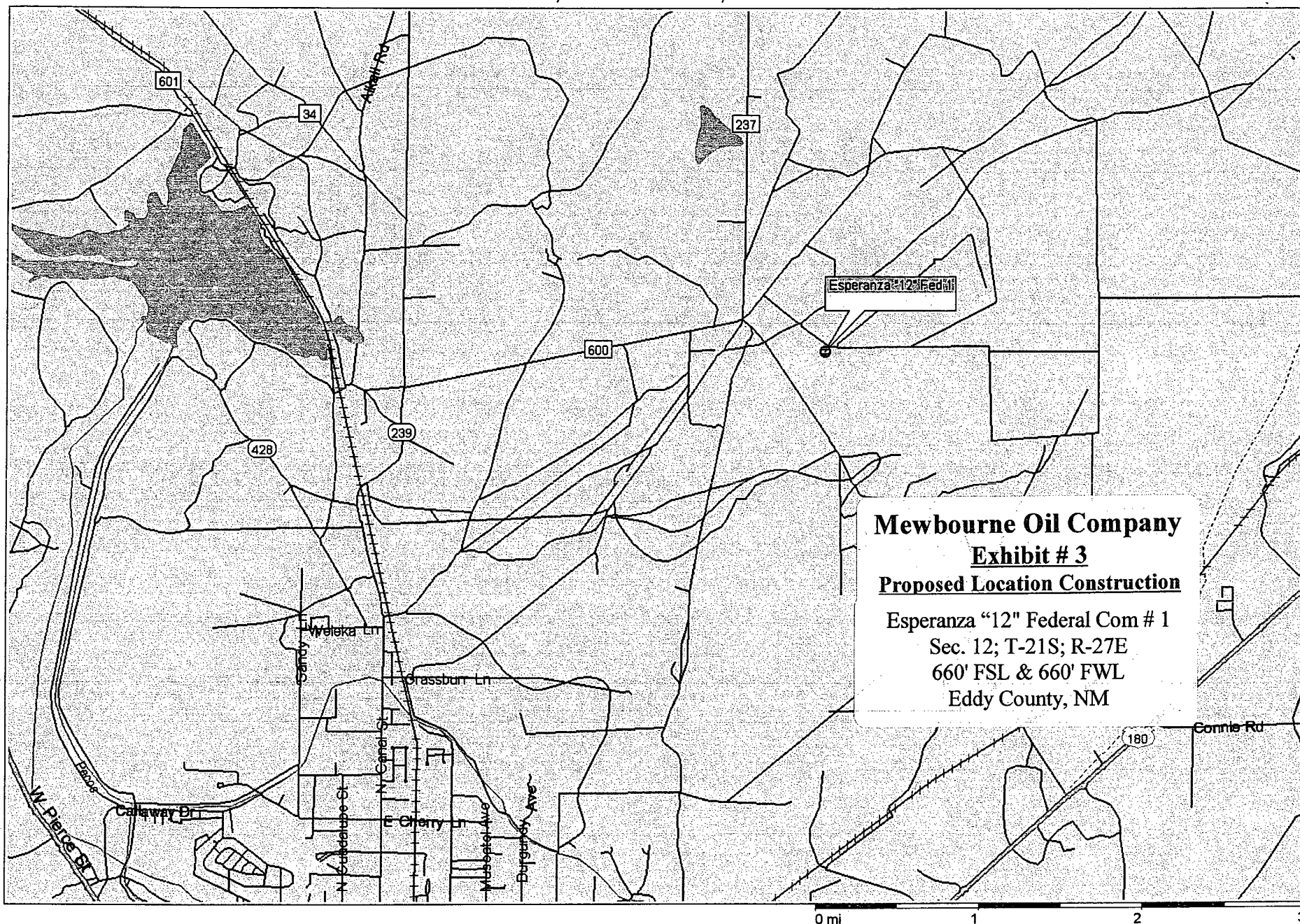


Exhibit #4
Status of Wells in Immediate Vicinity
Mewbourne Oil Company
Esperanza "12" Federal Com # 1
660' FSL & 660' FWL
Section 12 T-21S R-27E
Eddy County, New Mexico
Lease Number NM-17095

Section 11 T-21S R-27E

Operator: Mewbourne Oil Company
Well Name: Esperanza "11" State Com # 1
Unit letter: M
Status: Producing
Field: Burton Flat Morrow

Section 11 T-21S R-27E

Operator: Mewbourne Oil Company
Well Name: Esperanza "11" State Com # 2
Unit letter: J
Status: Begin Drilling 2-3-03
Field: Burton Flat Morrow

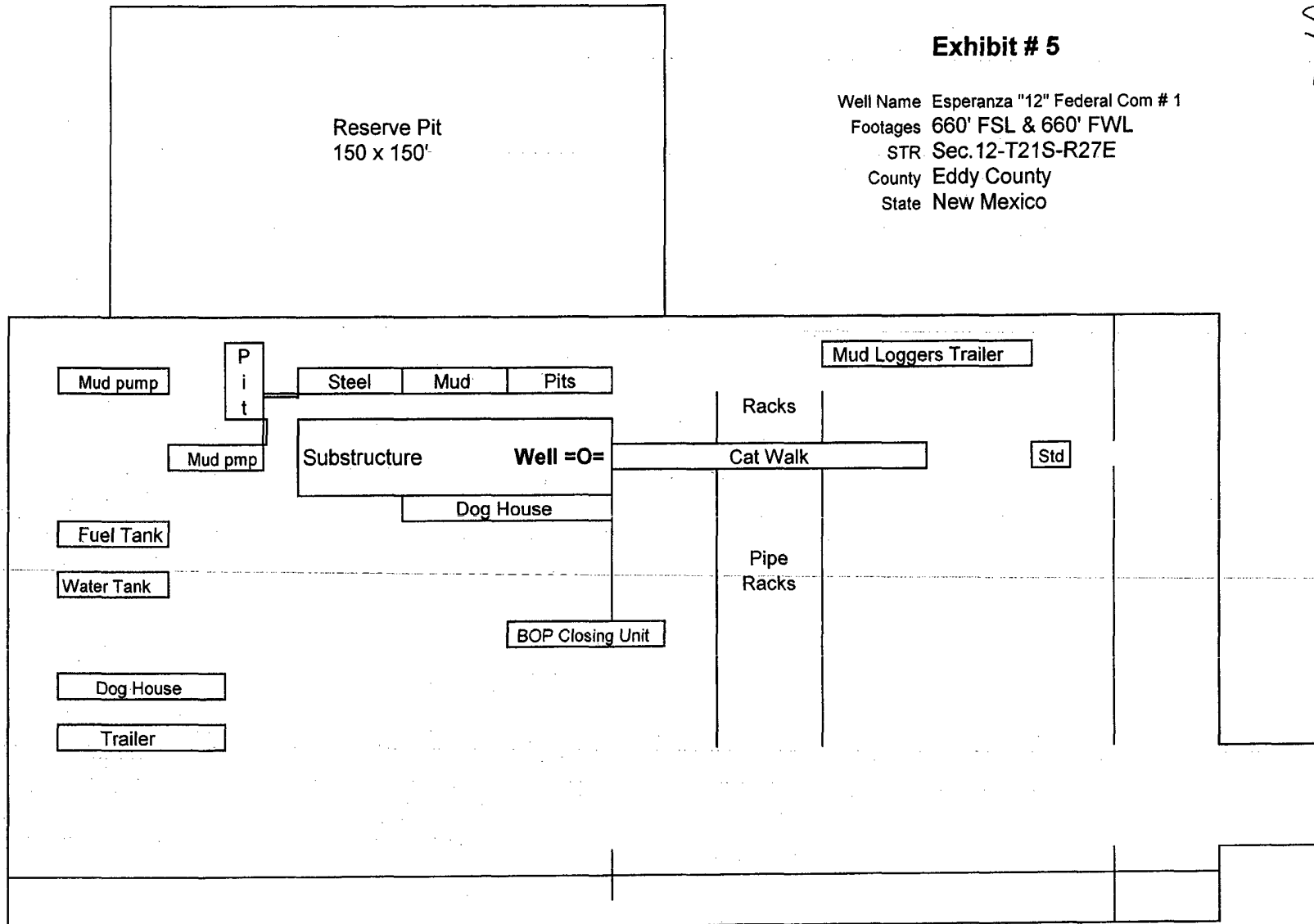
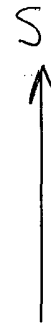
Section 11 T-21S R-27E

Operator: Mewbourne Oil Company
Well Name: Esperanza "11" Federal Com # 3
Unit letter: F
Status: Applied for Permit
Field: Burton Flat Morrow

Mewbourne Oil Company

Exhibit # 5

Well Name Esperanza "12" Federal Com # 1
Footages 660' FSL & 660' FWL
STR Sec.12-T21S-R27E
County Eddy County
State New Mexico



Rig Location Schematic

Hydrogen Sulfide Drilling Operations Plan

Mewbourne Oil Company

Esperanza "12" Federal Com # 1

660' FSL & 660' FWL

Section 12- T21S-R27E

Eddy County, New Mexico

Lease Number NM-17095

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:

- 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.

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.

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.

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**

Communications in company vehicles and toolpushers 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.