

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

OCD Artesia

5. Lease Serial No.
NMNM 044698 NM0144698
6. Indian, Allottee or Tribe Name
7. Unit, CA/Agreement, Name and/or No.
8. Well Name and No.
Colt 5 Federal #3H
9. API Well No.
30-015-38064
10. Field and Pool, or Exploratory Area
Winchester Bone Spring 65010
11. County or Parish, State
Eddy County, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well	
<input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	
2. Name of Operator	
Mewbourne Oil Company 14744	
3a. Address	3b. Phone No. (include area code)
PO Box 5270 Hobbs, NM 88241	575-393-5905
4. Location of Well (Footage, Sec., T, R., M., or Survey Description)	
330' FSL & 990' FEL, Sec 5-T20S-R29E Unit Letter P (Surface)	
330' FNL & 400' FEL, Sec 5-T20S-R29E Unit Letter A (BHL)	

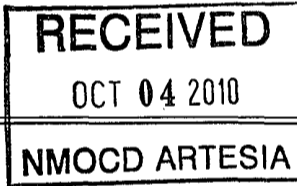
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

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

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

MOC requests permission to lay 7150' of 2 7/8" steel above ground low pressure (Max 100#) flowline from Colt 5 Fed #3H to Gatuna Canyon 5 Fed #3 & to Colt 5 Fed #2H. Flowline will be used to transport oil, water & gas from well to production & testing facility. Line will start at well & go NW along existing pipeline ROW until intersecting E/W lease road & will then follow lease road to facilities. Line will be within 11' of lease road. Entire line will be on lease. Line must be layed to both production & test batteries in order to obtain accurate well test for this well & other wells within this lease that also flow to these common batteries. Arch cleared on file. Once conditions allow, MOC will replace 2 7/8" steel line with surface layed 3" SDR7 polyline (Max pressure & route will remain the same).

Attached site diagram for both tests & production facilities, diagram showing flow of all wells to the test & production facilities, new plan for this wells interim reclamation & additional reclamation plan to be done upon closure of frac pit & map showing route of flowline.



14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Jackie Lathan

Title Hobbs Regulatory

Signature

Jackie Lathan

Date 09/14/10

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature)

/s/ Don Peterson

Name FIELD MANAGER
(Printed/Typed)

Title

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

CARLSBAD FIELD OFFICE

Date

SEP 30 2010

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

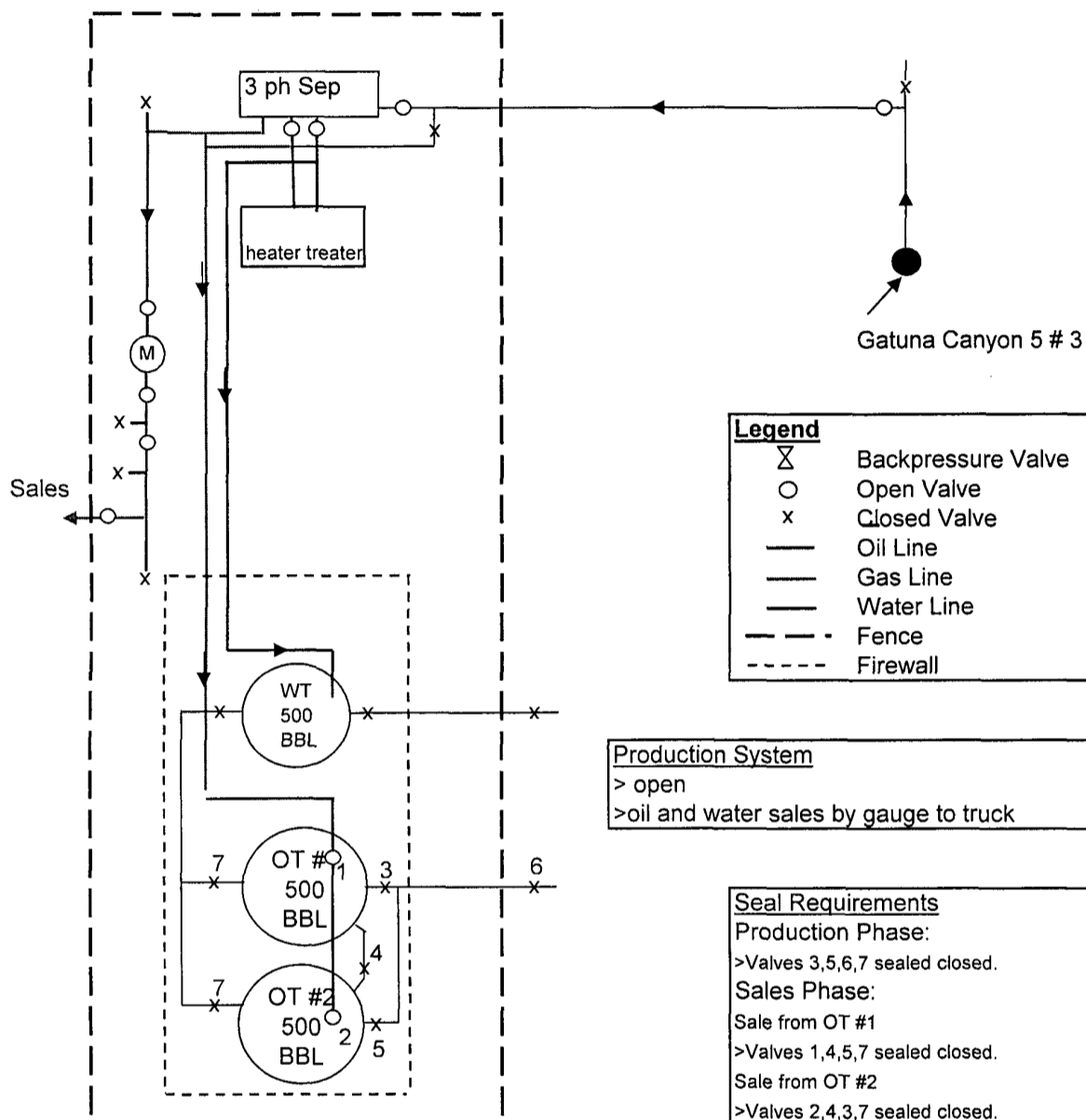
(Continued on next page)

OK

Gatuna Canyon 5 Fed Com # 3
330' FNL & 2130' FWL
Sec. 5, T20S, R29E
Eddy County, NM
API #30-015-34969

East

701 S. Cecil
Box 5270
Hobbs, NM 88240



Mewbourne Oil Co.

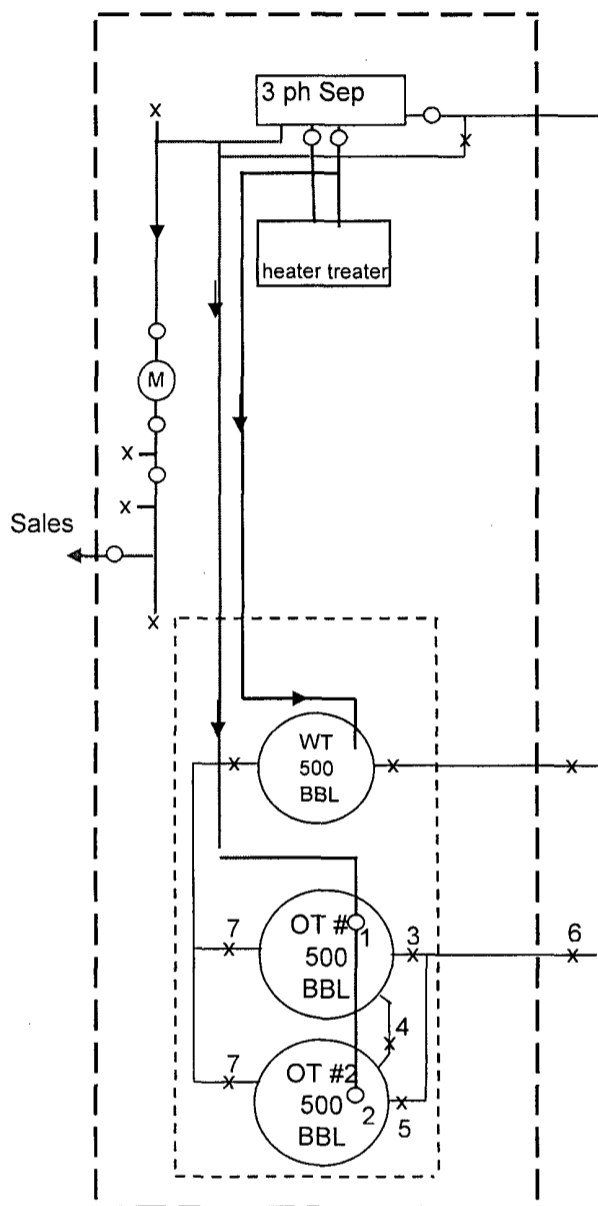
Colt "5" Fed Com # 2H
150' FNL & 1980' FEL
Sec. 5, T20S, R29E
Eddy County, NM
API #30-015-37170

This is the new Test Fac located at the Colt 5 # 2H well pad

Location of Site Security

701 S. Cecil
Box 5270
Hobbs, NM 88240

South



Legend

⌵	Backpressure Valve
○	Open Valve
x	Closed Valve
—	Oil Line
—	Gas Line
—	Water Line
- - -	Fence
· · ·	Firewall

Production System

> open
> oil and water sales by gauge to truck

Seal Requirements

Production Phase:

> Valves 3,5,6,7 sealed closed.

Sales Phase:

Sale from OT #1

> Valves 1,4,5,7 sealed closed.

Sale from OT #2

> Valves 2,4,3,7 sealed closed.

Gatuna Canyon "5" Fed # 3

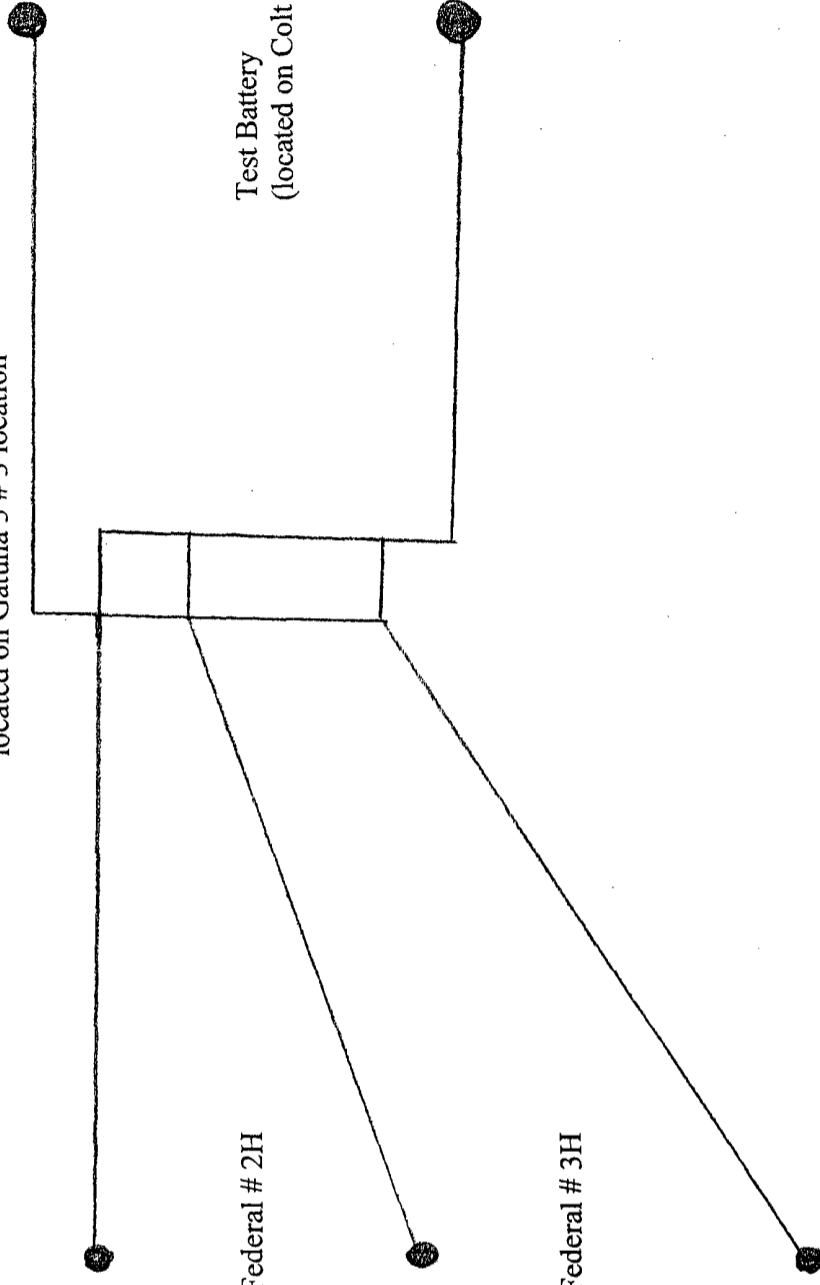
Production Header
(where wells production is
directed to test or Prod Fac)
located on Gatuna 5 # 3 location

Production Battery
(located on Gatuna 5 # 3 location)

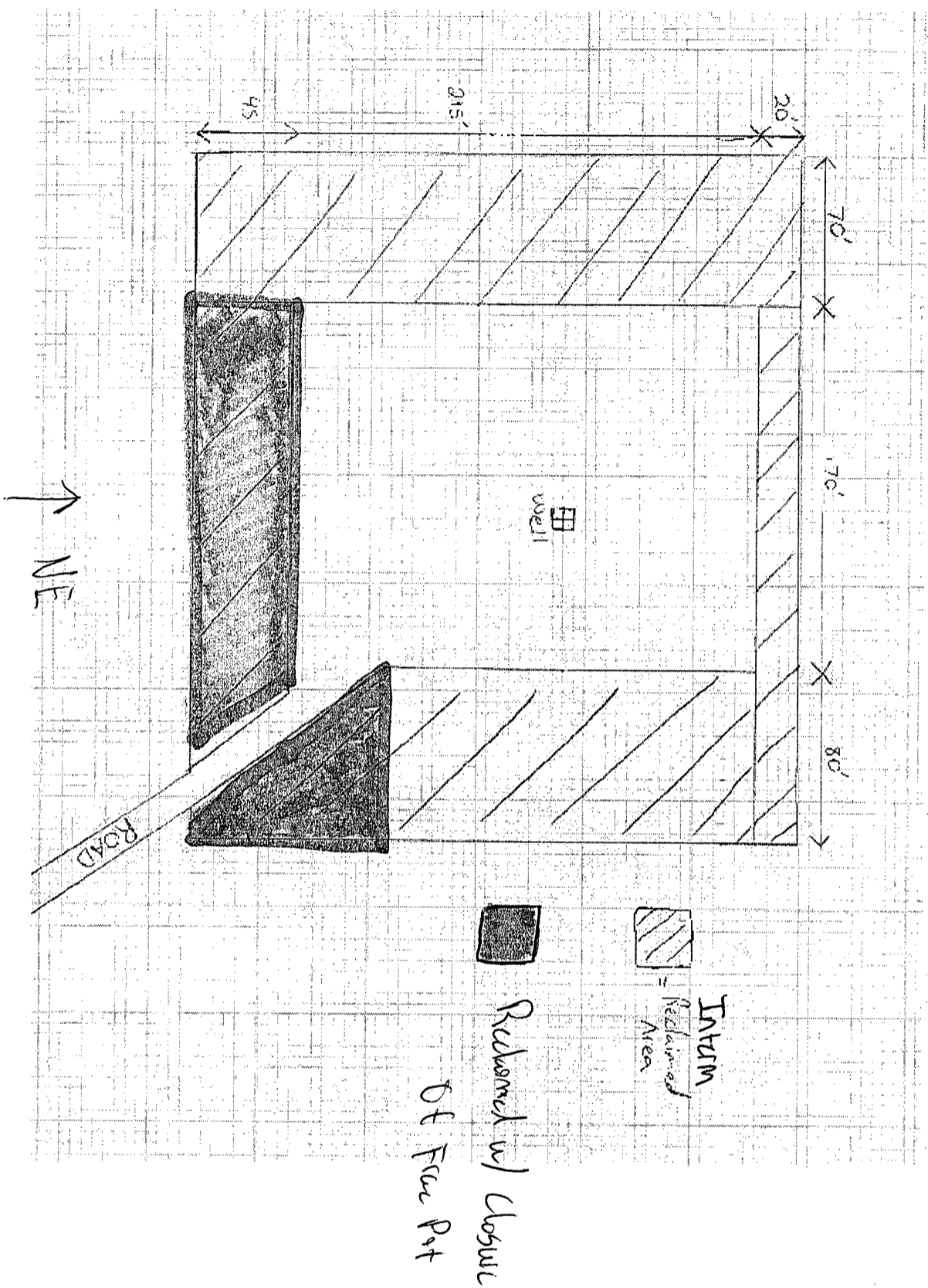
Colt "5" Federal # 2H

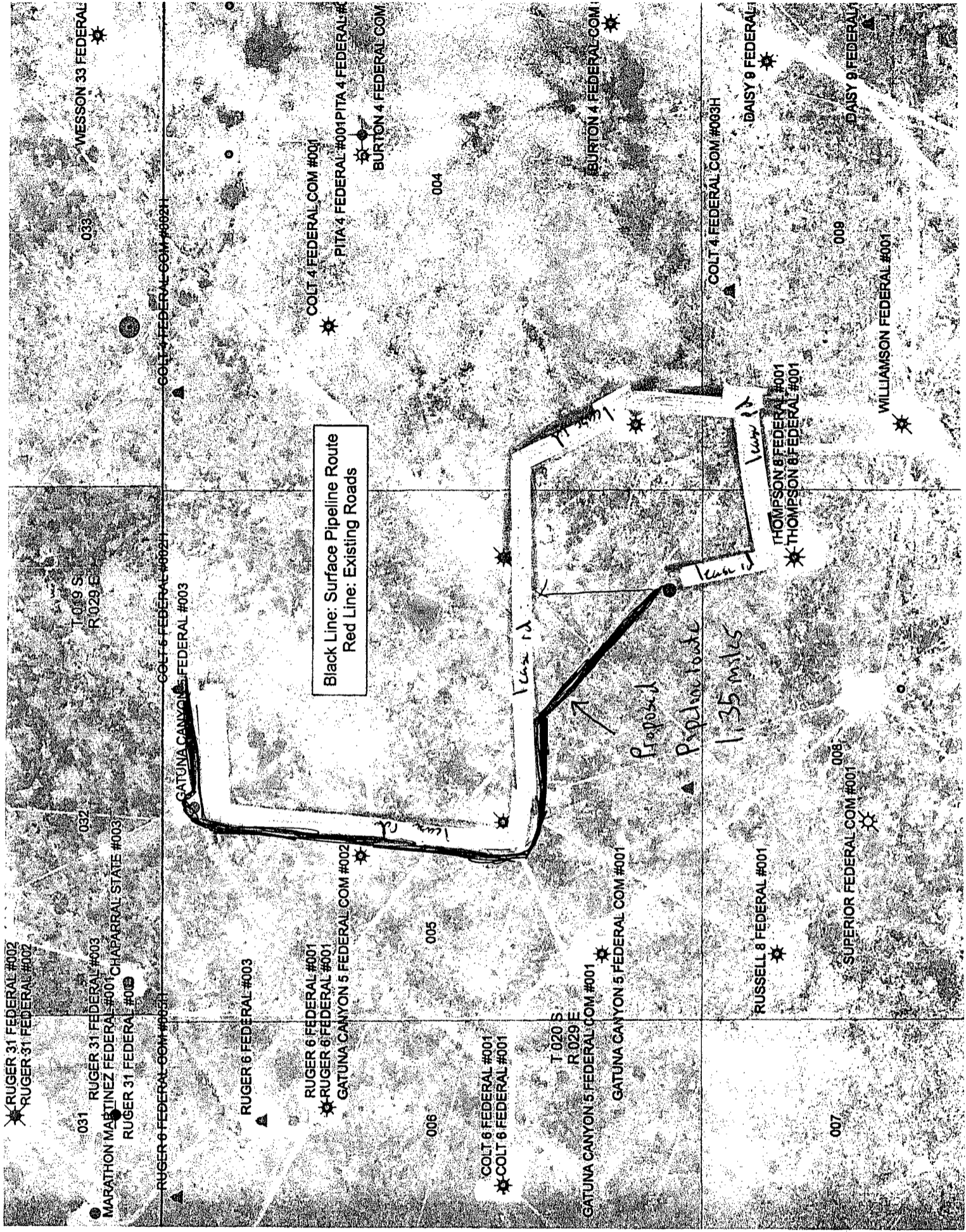
Test Battery
(located on Colt 5 # 2H location)

Colt "5" Federal # 3H



Colt 5 Fed #3h





BLM LEASE NUMBER: NMNM144698
COMPANY NAME: Mewbourne Oil Company
WELL NO. & NAME: Colt 5 Federal #2H & #3H

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

A copy of the Sundry Notices and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976 as amended, 15 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation, and Liability Act, section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the authorized officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq.) on the Right-of-Way (unless the release or threatened release is wholly unrelated to activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder on the Right-of-Way. This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:
 - a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.

b. Activities of other parties including, but not limited to:

- (1) Land clearing.
- (2) Earth-disturbing and earth-moving work.
- (3) Blasting.
- (4) Vandalism and sabotage.

c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars (\$1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any responsibility as provided herein.

6. The authorized right-of-way width will be 20 feet. 14 feet of the right-of-way width will consist of existing disturbance (existing lease roads and pipeline rights-of-way) and the remaining 6 feet will consist of area adjacent to the disturbance. All construction and maintenance activity will be confined to existing roads and pipeline rights-of-way.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky or dune areas, the pipeline will be "snaked" around hummocks and dunes rather than suspended across these features.

9. The pipeline shall be buried with a minimum of 24 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public

lands. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

16. Special Stipulations: Cave/Karst

To avoid or lessen the potential of subsidence or collapse of karst features, toxic or combustible gas buildup, or other possible impacts to cave and karst resources from buried pipelines or cables, alignments may be rerouted to avoid karst features. The BLM, Carlsbad Field Office, will be informed immediately if any subsurface drainage channels, passages, or voids are intersected by trenching, and no pipe will be laid in the trench at that point until clearance has been issued by the Authorized Officer. Special restoration stipulations or realignment may be required at such intersections, if any. **Leak detection systems, back flow eliminators, and differential pressure shut-off valves are required to minimize the impacts of leaking or ruptured pipelines.** To eliminate these extreme possibilities, good record keeping is needed to quickly identify leaks for their immediate and proper treatment.