

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
MEWBOURNE OIL COMPANY

Red Hills West "22" CN Fed Com #1H
150' FNL & 2310' FWL (SHL)
Sec 22-T26S-R32E
Lea County, New Mexico

HOBBS OCD

JUN 04 2012

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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 black. Exhibits #3-#3C are maps showing the location of the proposed well and access road.
- B. Directions to location from Jal, NM: Go West 29.5 miles on Hwy 128. Turn South on Orla Hwy (CR 1) and go 12.5 miles. Turn West on lease road and go 1.7 miles to location.
- C. Existing roads will be maintained in a condition the same as or better than before operations begin.

2. Proposed Access Road:

- A. Approx 1989' new road construction will be needed.
- B. The maximum width of the driving surface will be 14 feet. The road will be crowned and ditched with a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 1 foot deep with 3:1 slopes. The road will be surfaced with rolled and compacted caliche.
- C. Mewbourne Oil Co. will cooperate with other operators in the maintenance of lease roads.

3. Location of Existing Wells:

There are producing wells within the immediate vicinity of the well site. Exhibit #4 shows the proposed well and existing wells within a one mile radius.

4. Location of Existing and/or Proposed Facilities:

- A. There are production facilities on this lease at the present time.
- B. In the event that the well is productive, production facilities will be located at the MOC Red Hills West "22" Fed Com #1H. A 2 7/8" buried steel flowline (carrying all wellbore fluids) & a 3" surface polypipe line (carrying dry gas for Gas Lift operations) will be laid along the lease road, approx 1600' as shown on Exhibit 3C. 3-phase overhead electricity lines will follow same route.
- C. Production vessels that will remain on this location will be painted to conform to BLM painting stipulations within 180 days of installation.

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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 hauled to a permitted off-site facility.
- B. Water produced during operations will be hauled to an off-site permitted SWD in the area.
- C. If any liquid hydrocarbons are produced during operations, those liquids will be stored in suitable tanks until sold.
- D. Sewage and gray water will be safely contained on-site, and then waste will be disposed at an approved off-site facility.
- E. 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 and location of major rig components are shown.
- B. The pad dimension of 280' x 320' has been staked and flagged.
- C. Archaeology is cleared by BLM MOA.

10. Plans for Restoration of Surface

- A. 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.
- B. Interim reclamation:
 - i. All areas not needed for production operations will be reclaimed.
 - ii. Caliche will be removed, the land will be recontoured, the top soil from stockpile will be spread over these areas.

- iii. The disturbed area will be restored by re-seeding during the proper growing season.
- iv. Any additional caliche required for production facilities will be obtained from the area shown in exhibit #6 as interim reclamation.

C. Final Reclamation:

- i. Upon cessation of the proposed operations, if the well is abandoned, all equipment and trash will be removed and taken to a proper facility.
- ii. The location and road surfacing material will be removed and used to patch area lease roads. The entire location will be restored to the original contour as much as reasonable possible. The top soil used for interim reclamation will be spread over the entire location. All restoration work will be completed within 180 days of cessation of activities.

11. Surface Ownership:

The surface is owned by BLM.

12. Other Information:

- A. 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
575-393-5905

Mewbourne Oil Company

PO Box 5270
Hobbs, NM 88241
(575) 393-5905

I hereby certify that I, or someone under my direct supervision, have inspected the drill site and access route proposed herein; that I am familiar with the conditions which currently exist; that I have full knowledge of State and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 22nd day of Feb., 2012.

Name: NM Young

Signature: Beth Beady for NM Young

Position Title: Hobbs District Manager

Address: PO Box 5270, Hobbs NM 88241

Telephone: 575-393-5905

E-mail: myoung@mewbourne.com

SECTION 22, TOWNSHIP 26 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

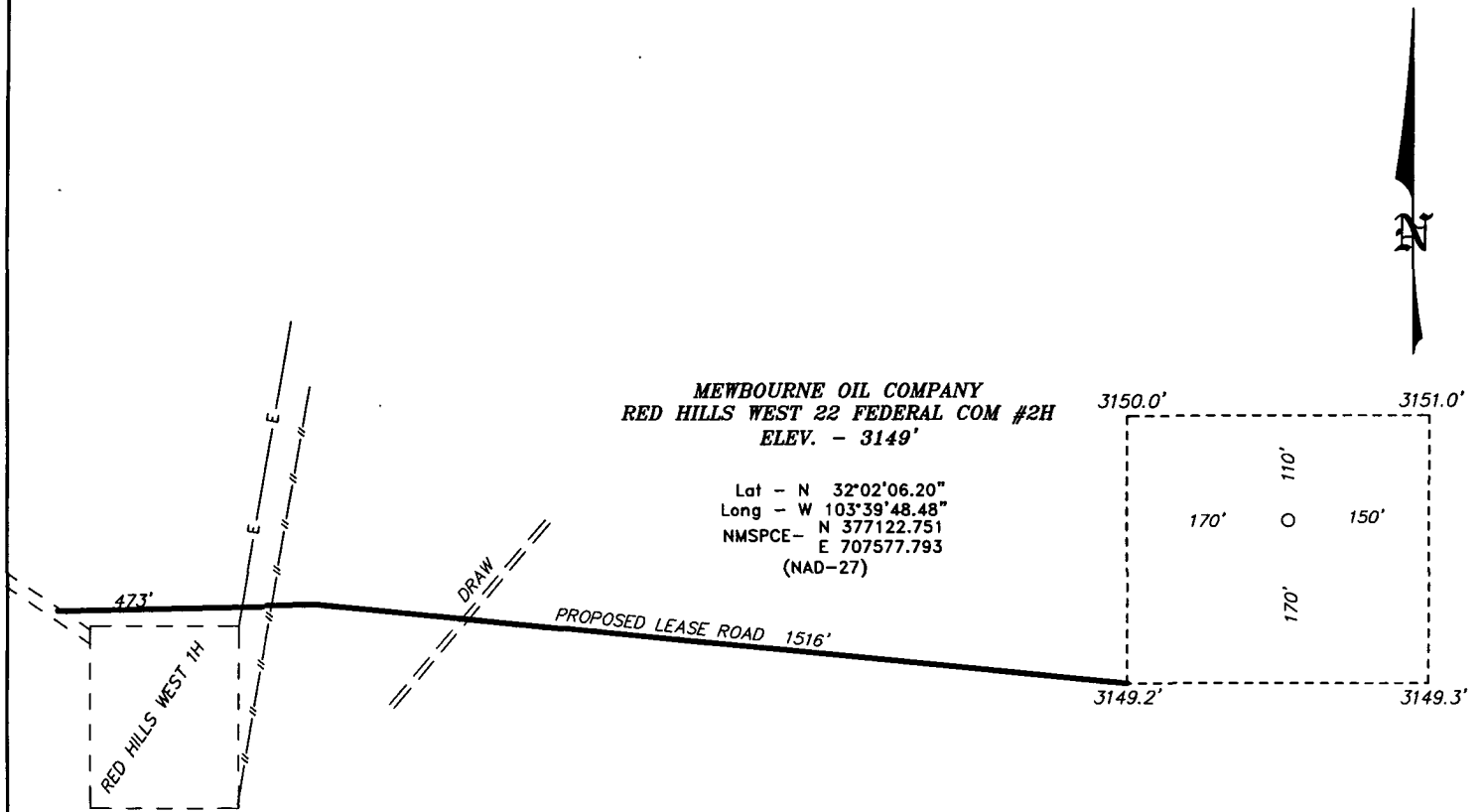
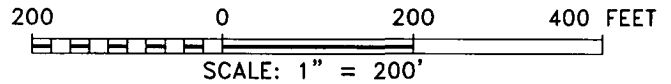


Exhibit 3



Directions to Location:

FROM THE JUNCTION OF BATTLE AXE AND ORLA, GO NORTH ON ORLA FOR 0.8 MILES TO LEASE ROAD, ON LEASE ROAD GO EAST 1.2 MILES THENCE SOUTH 0.2 MILES TO PROPOSED LEASE ROAD.

BASIN SURVEYS P.O. BOX 1786—HOBBS, NEW MEXICO

W.O. Number: 26039	Drawn By: J. SMALL
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Date: 01-24-2012	Disk: JMS 26039
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MEWBOURNE OIL COMPANY

REF: RED HILLS WEST 22 FEDERAL COM #2H / WELL PAD TOPO

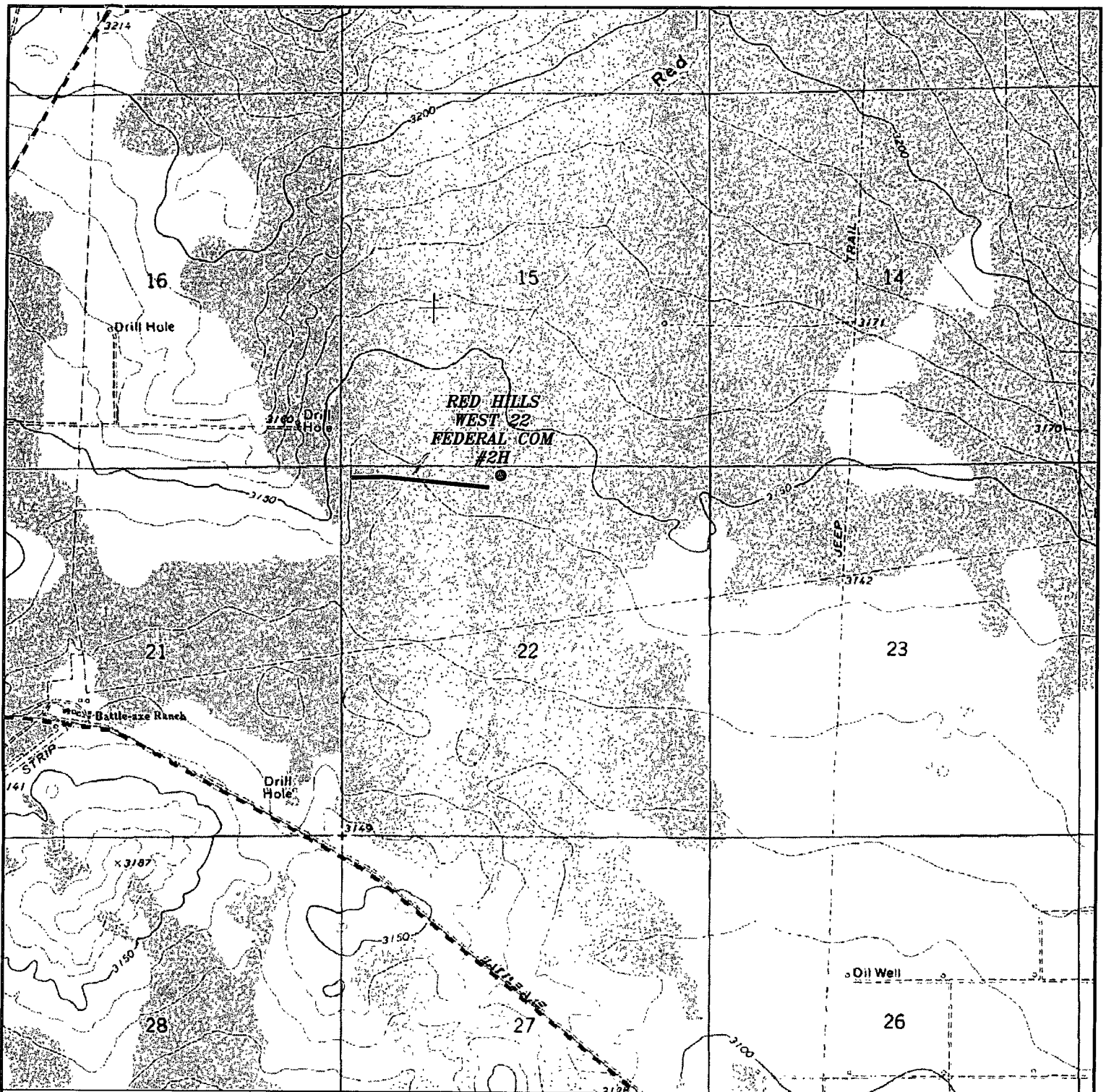
THE RED HILLS WEST 22 CN Fed Com #111 LOCATED 150'

FROM THE NORTH LINE AND 2310' FROM THE WEST LINE OF

SECTION 22, TOWNSHIP 26 SOUTH, RANGE 32 EAST,

N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 01-18-2012	Sheet 1 of 1 Sheets
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RED HILLS WEST 22 CN Fed Com #1H
 Located 150' FNL and 2310' FWL
 Section 22, Township 26 South, Range 32 East,
 N.M.P.M., Lea County, New Mexico.

Exhibit 3A

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 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

W.O. Number: JMS 26039

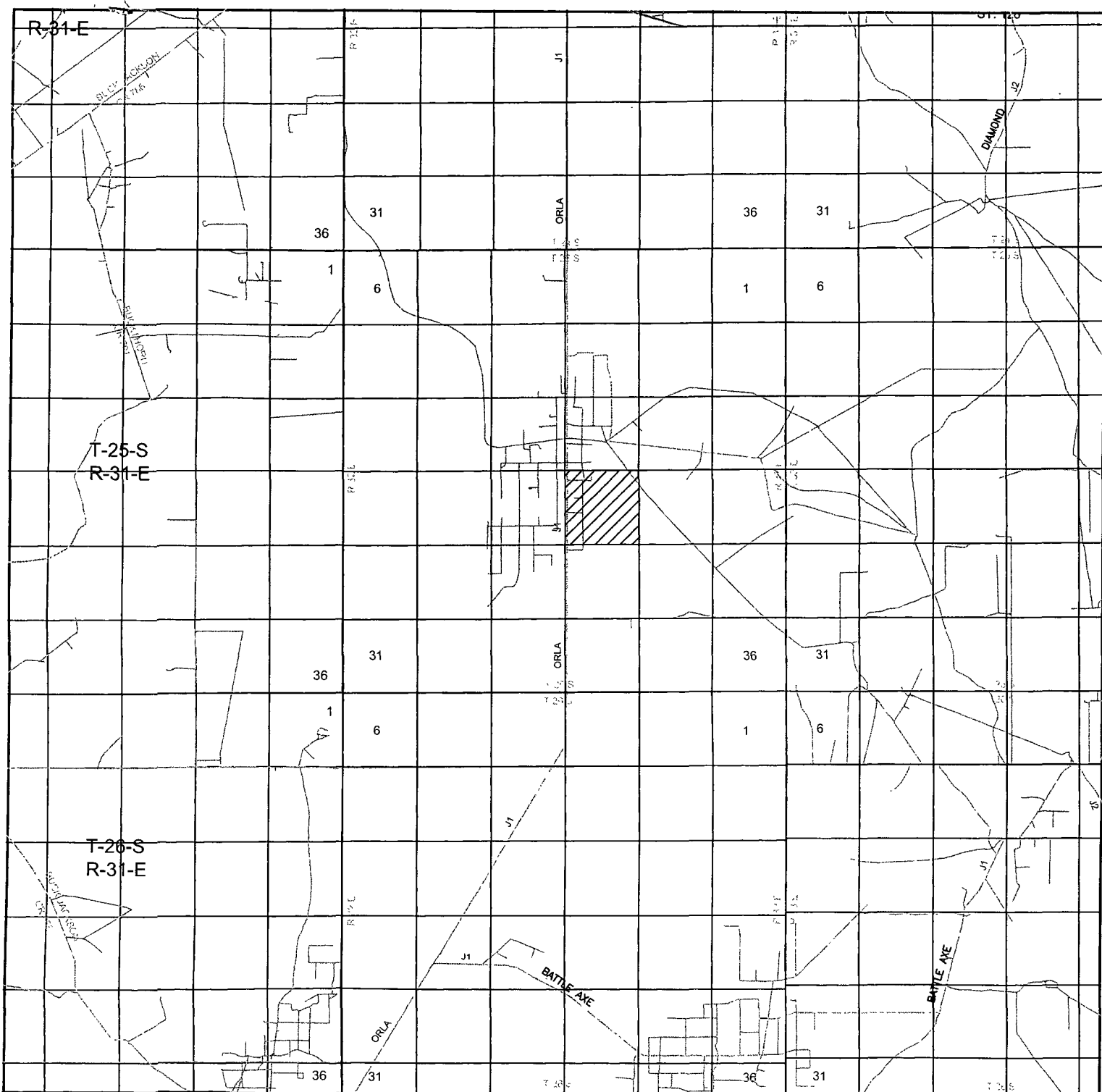
Survey Date: 01-18-2012

Scale: 1" = 2000'

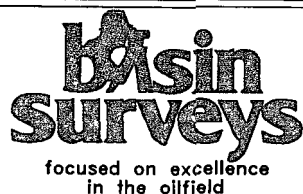
Date: 01-24-2012



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 OIL COMPANY



RED HILLS WEST 22 CN Fed com #14 Exhibit 3B
 Located 150' FNL and 2310' FWL
 Section 22, Township 26 South, Range 32 East,
 N.M.P.M., Lea County, New Mexico.



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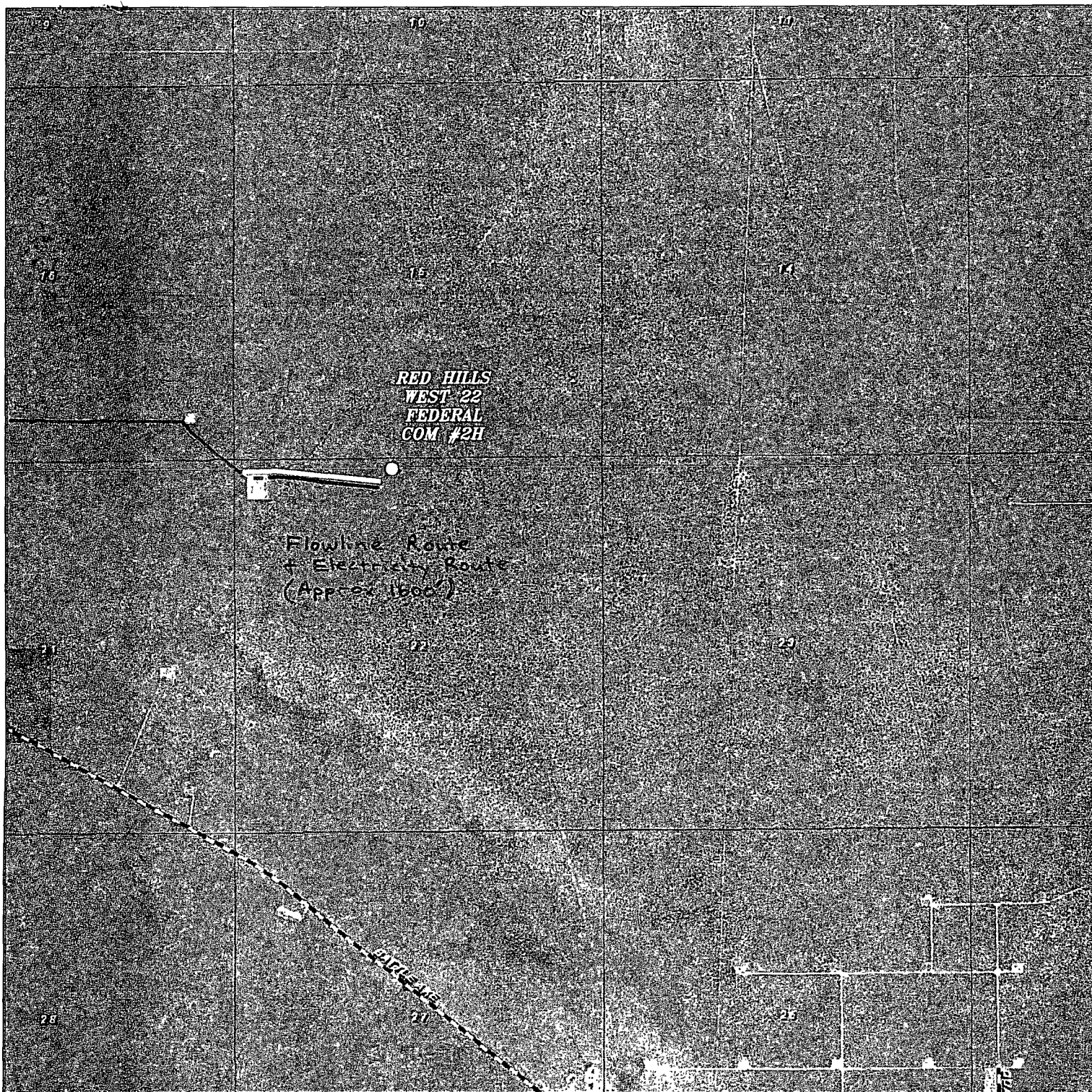
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Survey Date: 01-18-2012

Scale: 1" = 2 Miles

Date: 01-24-2012

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RED HILLS WEST 22 CN Fed Com #1H Exhibit 3C
 Located 150' FNL and 2310' FWL
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 N.M.P.M., Lea County, New Mexico.

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Scale: 1" = 2000'

YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND

MEWBOURNE
OIL COMPANY