

MULTI-POINT SURFACE USE AND OPERATIONS PLAN
MEWBOURNE OIL COMPANY

Querecho "28" MD Fed #1H

80' FSL & 1310' FWL (SHL)

Sec 28-T18S-R32E

Lea County, New Mexico

HOBBS OCD

AUG 14 2012

RECEIVED

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. Exhibits #3-#3C are maps showing the location of the proposed well and access road. Existing and proposed roads are highlighted in black.
- B. Directions to location from Hobbs: Go West on Hwy 62/180 for 12 miles to SR 529. Turn North and go 24.1 miles to CR 126A. Turn South and go 1.7 miles. Turn SE onto lease road and go 3.06 miles. Turn SW at intersection and 0.84 miles, turn East at intersection, go 0.15 miles, then South for 2.0 miles. Turn West and go 0.86 miles then North for 0.74 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. No 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 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 NW side of the location. 3-phase overhead electricity lines & a surface flowline run parallel to the existing road. These items will be re-routed along East side of the location as depicted on Exhibit 3. A frac pond will be located 150' directly East of the location as depicted on Exhibit 3. A 3" surface polypipe SWD line be laid along lease roads as depicted on Exhibit 3D.
- C. Production equipment that will remain on this location will be painted to conform to 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 hauled to an off-site permitted 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. 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
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 9th day of April, 2012.

Name: NM Young

Signature: Brett Beley for NM Young

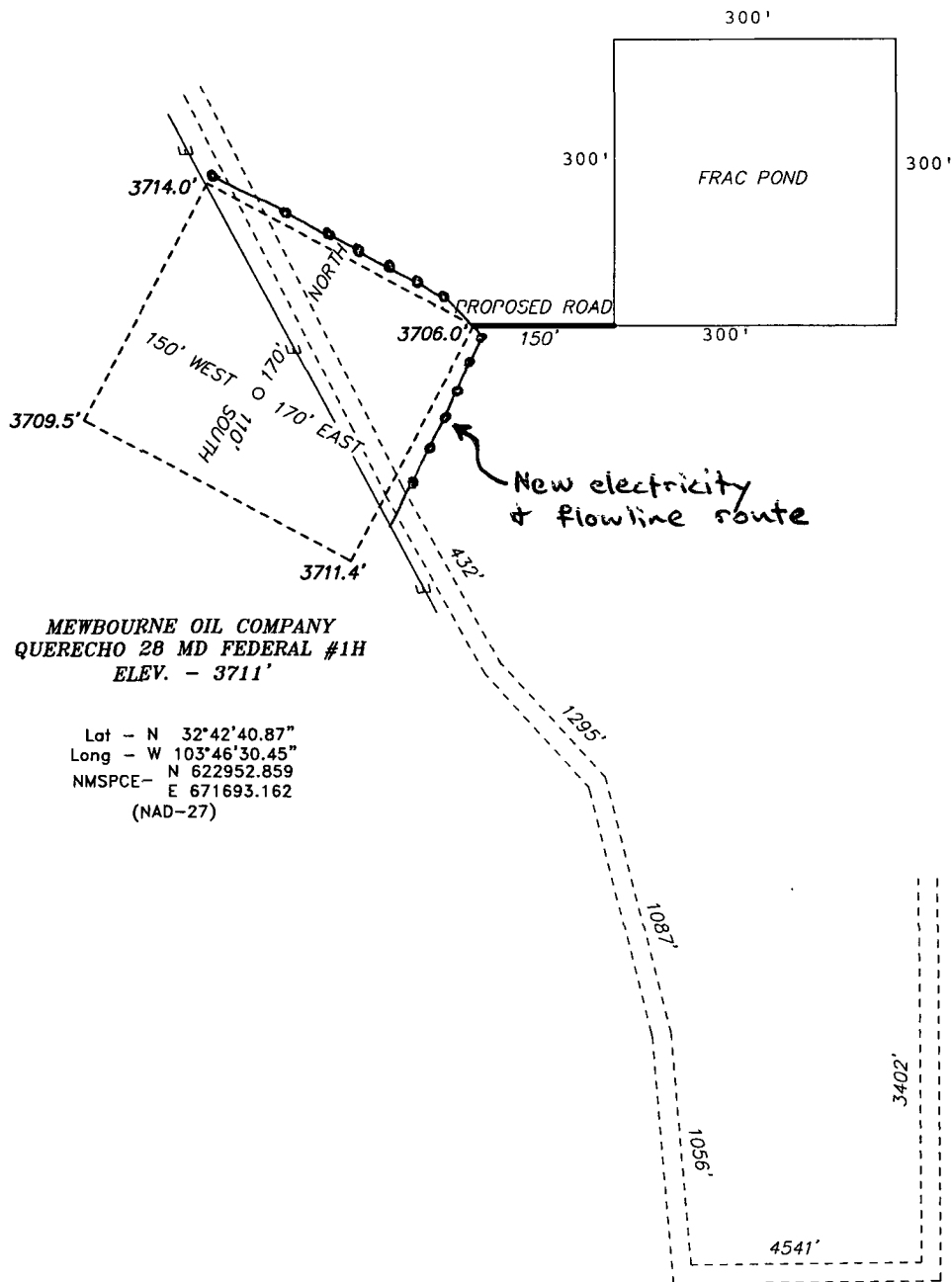
Position Title: Hobbs District Manager

Address: PO Box 5270, Hobbs NM 88241

Telephone: 575-393-5905

E-mail: myoung@mewbourne.com

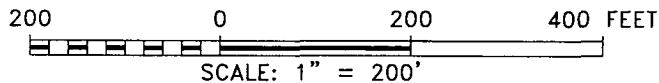
SECTION 28, TOWNSHIP 18 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



MEWBOURNE OIL COMPANY
QUERECHO 28 MD FEDERAL #1H
ELEV. - 3711'

Lat - N 32°42'40.87"
Long - W 103°46'30.45"
NMSPCE - N 622952.859
E 671693.162
(NAD-27)

Exhibit 3



Directions to Location:

FROM JUNCTION OF 529 & 126 GO SOUTH ON 126
1.5 MILES TO LEASE ROAD THEN GO SOUTHEASTERLY
3.0 MILES, THEN GO SOUTHWEST ON LEASE ROAD
0.7 MILES, THEN GO EAST 0.2 MILES THEN GO
SOUTH 1.5 MILES TO THE BEGINNING OF ROAD
SURVEY.

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

W.O. Number: 26237 Drawn By: J. GOAD

Date: 3-20-2012 Disk: JG - 26237WELL

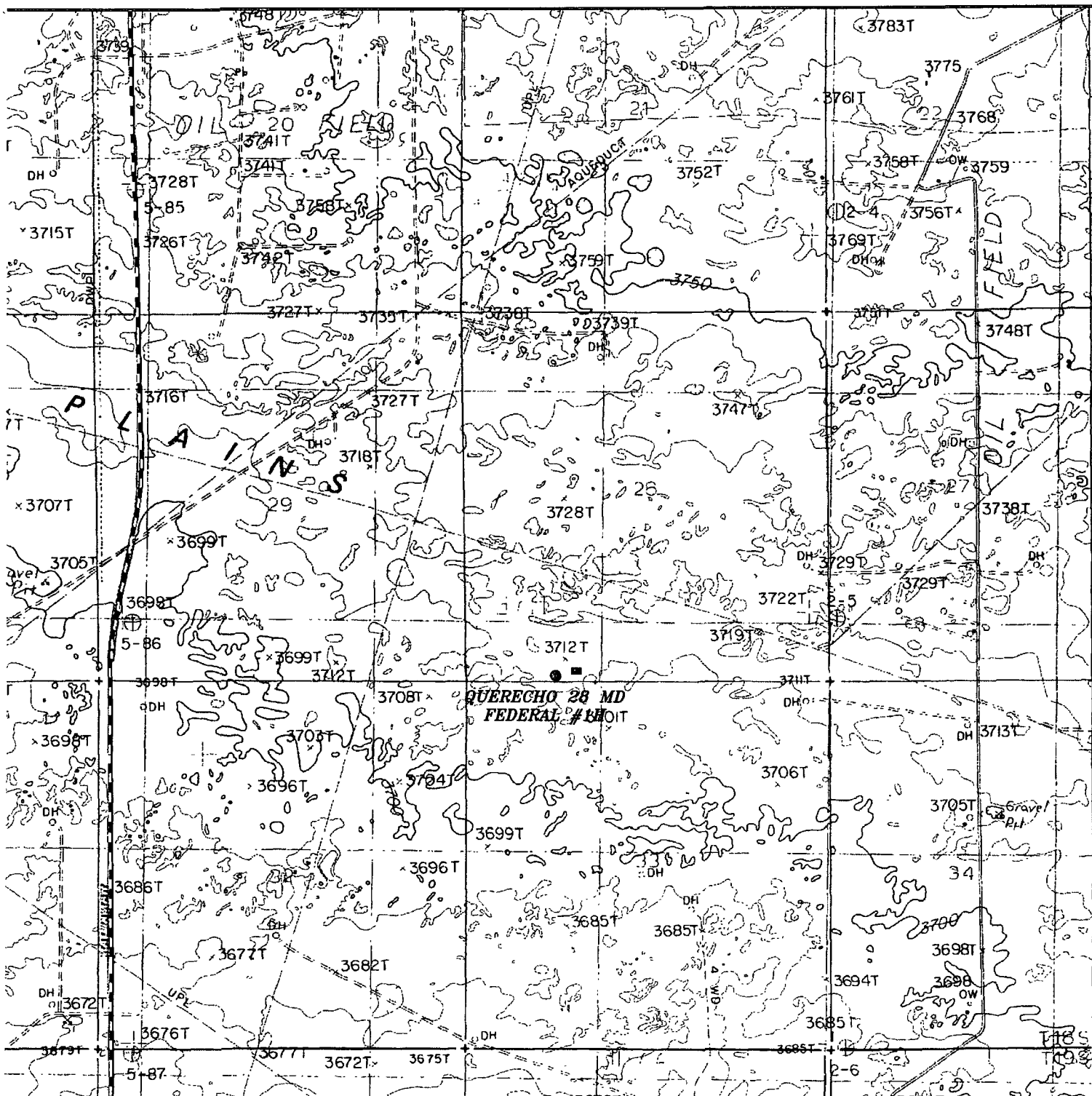
MEWBOURNE OIL COMPANY

REF: QUERECHO 28 MD FEDERAL #1H / WELL PAD TOPO

THE QUERECHO 28 MD FEDERAL #1H LOCATED 80'

FROM THE SOUTH LINE AND 1310' FROM THE WEST LINE OF
SECTION 28, TOWNSHIP 18 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 3-14-2012 Sheet 1 of 1 Sheets



QUERECHO 28 MD FEDERAL #1H
 Located 80' FSL and 1310' FWL
 Section 28, Township 18 South, Range 32 East,
 N.M.P.M., Lea County, New Mexico.

Exhibit 3A

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

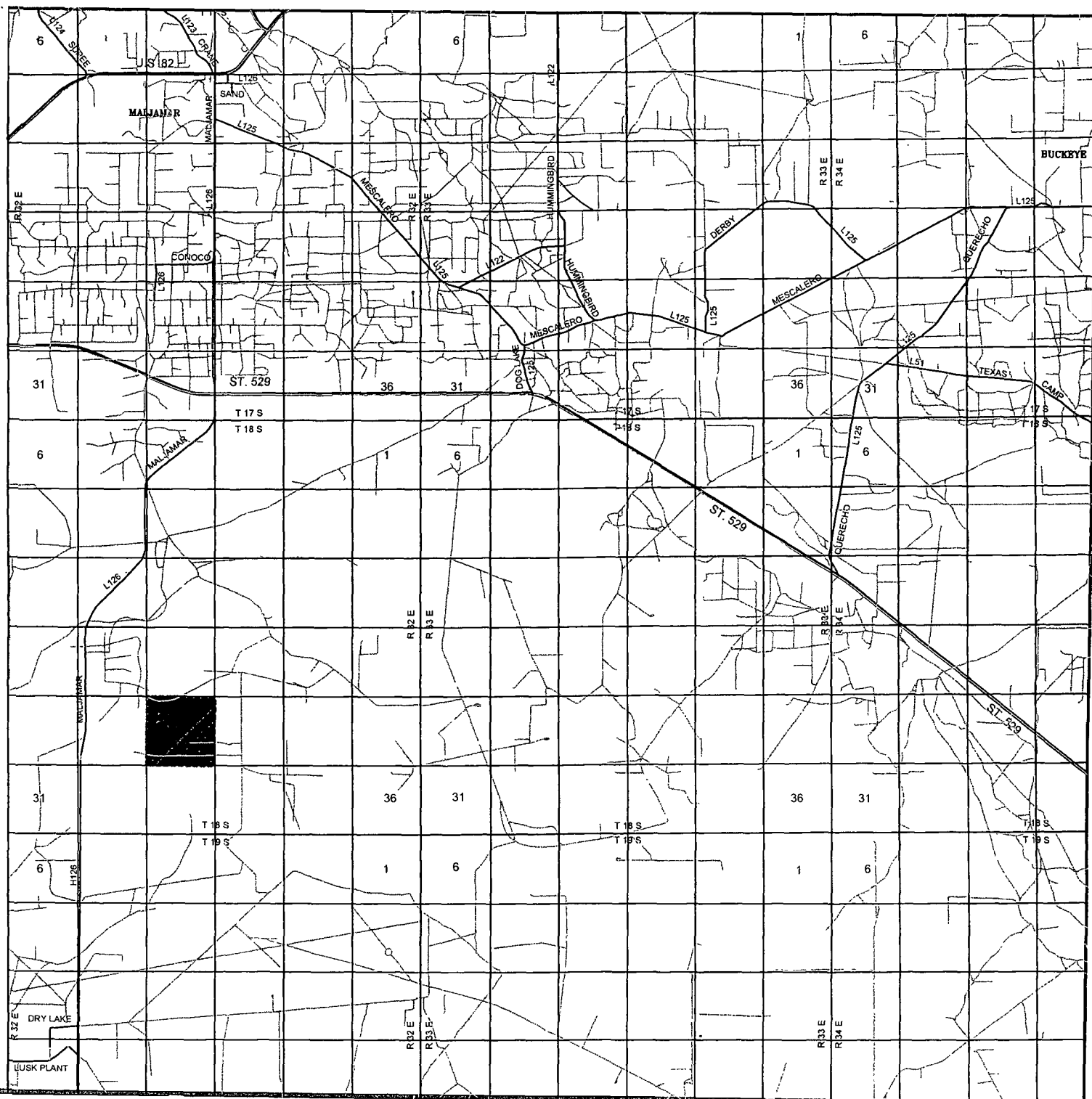
W.O. Number: JG 26237

Survey Date: 3-14-2012

Scale: 1" = 2000'

Date: 3-20-2012

MEWBOURNE
OIL COMPANY



QUERECHO 28 MD FEDERAL #1H
 Located 80' FSL and 1310' FWL
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Exhibit 3B

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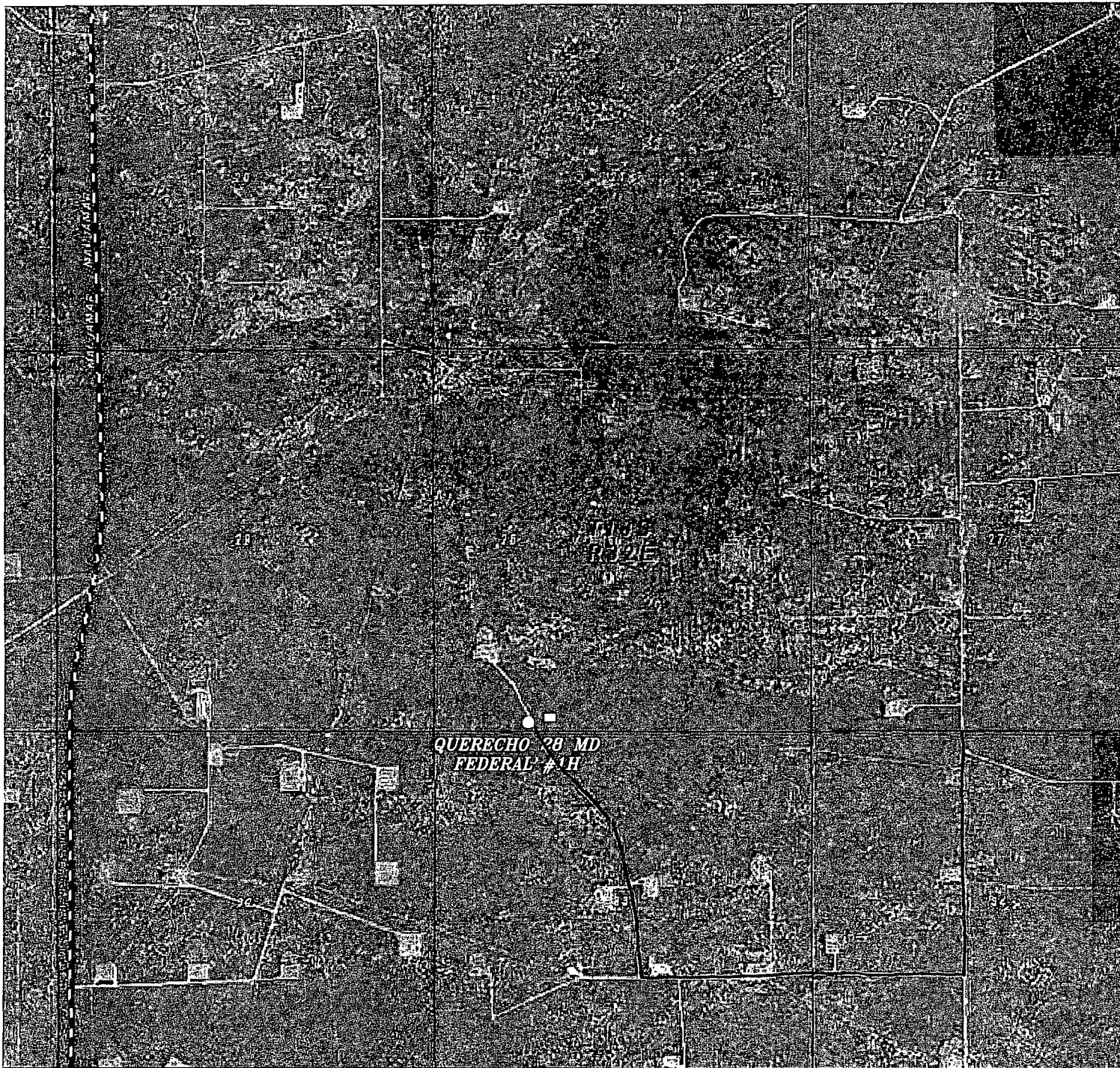
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Survey Date: 3-14-2012

Scale: 1" = 2 Miles

Date: 3-20-2012

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QUERECHO 28 MD FEDERAL #1H
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Exhibit 3C

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W.O. Number: JG 26237

Scale: 1" = 2000'

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



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 OIL COMPANY