HOBBS OCD

JUL 20 2016

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ATS-15-354

OCD Hobbs

Form 3160-3
(March 2012)

FORM APPROVED
OMB No. 1004-0137
Expires October 31, 2014

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

NORTHODOX LOCATION

5. Lease Serial No.: NM-0127A & Fee

6. If Indian, Allotee or Tribe Name:

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

1a. Type of work: ☑ DRILL ☐ REENTER

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

8. Lease Name and Well No.: Salado Draw 9 W1DM Fed Com #2H (316523)

2. Name of Operator: Mewbourne Oil Company (14744)

9. API Well No.: 30-025-43376

3a. Address: PO Box 5270, Hobbs, NM 88241

3b. Phone No. (include area code): 575-393-5905

10. Field and Pool, or Exploratory: Red Hills Wolfcamp Gas (83600) KZ

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

At surface: 320' FNL & 500' FWL, Sec. 9 T26S R33E

At proposed prod. zone: 330' FSL & 500' FWL, Sec. 9 T26S R33E

11. Sec., T. R. M. or Blk. and Survey or Area: Sec. 9 T26S R33E

14. Distance in miles and direction from nearest town or post office*: 24 miles SW of Jal, NM

12. County or Parish: Lea

13. State: NM

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any): 320'

16. No. of acres in lease: 320 acres

17. Spacing Unit dedicated to this well: 320

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.: 170' - Salado Draw 9 DM Fed Com #1H

19. Proposed Depth: 12,495' - TVD, 16,876' - MD

20. BLM/BIA Bond No. on file: NM1693 nationwide, NMB-000919

21. Elevations (Show whether DF, KDB, RT, GL, etc.): 3325' - GL

22. Approximate date work will start*: 03/20/2015

23. Estimated duration: 60 days

24. Attachments

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

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

25. Signature: Bradley Bishop — Name (Printed/Typed): Bradley Bishop — Date: 01/20/2015

Title:

Approved by (Signature): /s/ Cody Layton — Name (Printed/Typed): — Date: JUL 20 2016

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 atta

APPROVAL FOR TWO YEARS

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

and willfully to make to any department or agency of the United ion.

See attached NMOCD Conditions of Approval

(Continued on page 2)

*(Instructions on page 2)

Carlsbad Controlled Water Basin

KZ 07/21/16

SEE ATTACHED FOR CONDITIONS OF APPROVAL

Approval Subject to General Requirements & Special Stipulations Attached

Mewbourne Oil Co, Salado Draw 9 W1DM Fed Com 2H
Sec 9, T26S, R33E
SL: 320' FNL & 500' FWL
BHL: 330' FSL & 500' FWL

1. Geologic Formations

TVD of target	12495'	Pilot hole depth	NA
MD at TD:	16876'	Deepest expected fresh water:	150

Basin

Formation	Depth (TVD) from KB	Water/Mineral Bearing/ Target Zone?	Hazards*
Quaternary Fill	Surface	Water	
Rustler	800	Water	
Top of Salt	1190	Salt	
Base of Salt/Castile	4640	Barren	
Delaware (Lamar)	4870	Oil/Gas	
Manzanita Marker	6160		
Bone Spring	8980	Oil/Gas	
2nd Bone Spring			
Wolfcamp	12000	Target Zone	
Canyon			
Strawn			
Atoka			
Morrow			
Barnett Shale			
Woodford Shale			
Devonian			
Fusselman			
Ellenburger			
Granite Wash			

*H2S, water flows, loss of circulation, abnormal pressures, etc.

Mewbourne Oil Co, Salado Draw 9 W1DM Fed Com 2H
Sec 9, T26S, R33E
SL: 320' FNL & 500' FWL
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2. Casing Program

See COA

Hole Size	Casing Interval From	Casing Interval To	Csg. Size	Weight (lbs)	Grade	Conn.	SF Collapse	SF Burst	SF Tension
17.5"	0'	~~850'~~ 970	13.375"	48	H40	STC	1.67	3.91	7.89
12.25"	0'	3400'	9.625"	36	J55	LTC	1.14	1.99	2.56
12.25"	3400'	4350'	9.625"	40	J55	LTC	1.14	1.75	9.49
12.25"	4350'	4770'	9.625"	40	N80	LTC	1.25	2.32	5.22
8.75"	0'	11922'	7"	26	HCP110	LTC	1.26	1.61	2.24
8.75"	11922'	12822'	7"	26	HCP110	BTC	1.20	1.53	35.47
6.125"	11922'	16876'	4.5"	13.5	P110	LTC	1.65	1.91	5.04
				BLM Minimum Safety Factor			1.125	1	1.6 Dry 1.8 Wet

All casing strings will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.h

Must have table for contingency casing

	Y or N
Is casing new? If used, attach certification as required in Onshore Order #1	Y
Does casing meet API specifications? If no, attach casing specification sheet.	Y
Is premium or uncommon casing planned? If yes attach casing specification sheet.	N
Does the above casing design meet or exceed BLM's minimum standards? If not provide justification (loading assumptions, casing design criteria).	Y
Will the intermediate pipe be kept at a minimum 1/3 fluid filled to avoid approaching the collapse pressure rating of the casing?	Y
Is well located within Capitan Reef?	N
If yes, does production casing cement tie back a minimum of 50' above the Reef?	
Is well within the designated 4 string boundary.	
Is well located in SOPA but not in R-111-P?	N
If yes, are the first 2 strings cemented to surface and 3rd string cement tied back 500' into previous casing?	
Is well located in R-111-P and SOPA?	N
If yes, are the first three strings cemented to surface?	
Is 2nd string set 100' to 600' below the base of salt?	
Is well located in high Cave/Karst?	N
If yes, are there two strings cemented to surface?	
(For 2 string wells) If yes, is there a contingency casing if lost circulation occurs?	
Is well located in critical Cave/Karst?	N
If yes, are there three strings cemented to surface?	

Mewbourne Oil Co, Salado Draw 9 W1DM Fed Com 2H
Sec 9, T26S, R33E
SL: 320' FNL & 500' FWL
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3. Cementing Program

Casing	# Sks	Wt. lb/ gal	Yld ft3/ sack	H_20 gal/ sk	500# Comp. Strength (hours)	Slurry Description
Surf	430	12.5	2.12	11	10	Lead: Class C + 4.0% Bentonite + 0.6% CD-32 + 5% Sodium Chloride +0.25lb/sk Cello-Flake
	200	14.8	1.34	6.3	8	Class C + 0.005pps Static Free + 1% CaCl2 + 0.25 pps CelloFlake + 0.005 gps FP-6L
Inter.	755	12.5	2.12	11	10	Lead: Class C (35:65:4) + 5% Sodium Chloride +5#/sk LCM +0.25lb/sk Cello-Flake
	200	14.8	1.34	6.3	8	Tail: Class C + 0.25 lb/sk Cello Flake + 0.005 lb/sk Static Free
Prod.	915	12	2.12	11	10	Lead: Class C (60:40:0)+3% Sodium Chloride+5#/sk LCM+0.7% Sodium Metasillicate+0.3% FL52A+6%MPA5
	400	15.6	1.18	5.2	12	Tail: Class H+0.1%R3+0.3%FL52A
Liner	200	11.2	2.97	18	16	Class C (60:40:0)+4% MPA5+1.2% BA10A+10#/sk BA90+5%A10+0.65%ASA301+1.5%SMS+1.2%R21

See COA

See COA

DV tool depth(s) will be adjusted based on hole conditions and cement volumes will be adjusted proportionally. DV tool will be set a minimum of 50 feet below previous casing and a minimum of 200 feet above current shoe. Lab reports with the 500 psi compressive strength time for the cement will be onsite for review.

Casing String	TOC	% Excess
Surface	0'	100%
Intermediate	0'	25%
Production	4570'	25%
Liner	11922'	25%

4. Pressure Control Equipment

BOP installed and tested before drilling which hole?	Size?	Min. Required WP	Type	✓	Tested to:
12-1/4"	13-5/8"	3M	Annular	X	1500#
			Blind Ram	X	
			Pipe Ram	X	
			Double Ram		
			Other*		
8-3/4"	13-5/8"	10M	Annular	X	5000#
			Blind Ram	X	10000#
			Pipe Ram	X	
			Double Ram		
			Other *		
6-1/8"	13-5/8"	10M	Annular	X	5000#
			Blind Ram	X	10000#
			Pipe Ram	X	
			Double Ram		
			Other *		

*Specify if additional ram is utilized.

BOP/BOPE will be tested by an independent service company to 250 psi low and the high pressure indicated above per Onshore Order 2 requirements. The System may be upgraded to a higher pressure but still tested to the working pressure listed in the table above. If the system is upgraded all the components installed will be functional and tested.

Pipe rams will be operationally checked each 24 hour period. Blind rams will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. Other accessories to the BOP equipment will include a Kelly cock and floor safety valve (inside BOP) and choke lines and choke manifold. See attached schematics.

X	Formation integrity test will be performed per Onshore Order #2. On Exploratory wells or on that portion of any well approved for a 5M BOPE system or greater, a pressure integrity test of each casing shoe shall be performed. Will be tested in accordance with Onshore Oil and Gas Order #2 III.B.1.i.
Y	A variance is requested for the use of a flexible choke line from the BOP to Choke Manifold. See attached for specs and hydrostatic test chart.
Y /N	Are anchors required by manufacturer?
N	A multibowl wellhead is being used. The BOP will be tested per Onshore Order #2 after installation on the surface casing which will cover testing requirements for a maximum of 30 days. If any seal subject to test pressure is broken the system must be tested. • Provide description here See attached schematic.

5. Mud Program

See COA

Depth		Type	Weight (ppg)	Viscosity	Water Loss
From	To				
0	~~850~~ 970	FW Gel	8.6-8.8	28-34	N/C
970 ~~850~~	4770	Saturated Brine	10.0-10.2	28-34	N/C
4770	11922	Cut Brine	8.5-9.3	28-34	N/C
11922	16876	OBM	8.5-12	30-40	<10cc

Sufficient mud materials to maintain mud properties and meet minimum lost circulation and weight increase requirements will be kept on location at all times.

What will be used to monitor the loss or gain of fluid?	Visual Monitoring/PVT/Pason

6. Logging and Testing Procedures

Logging, Coring and Testing.	
X	Will run GR/CNL from KOP (11922) to surface. Stated logs run will be in the Completion Report and submitted to the BLM.
	No Logs are planned based on well control or offset log information.
	Drill stem test? If yes, explain
	Coring? If yes, explain

Additional logs planned		Interval
X	Gamma	From KOP (11922) to TD
	Density	
	CBL	
	Mud log	
	PEX	

7. Drilling Conditions

Condition	Specify what type and where?
BH Pressure at deepest TVD	7797 psi
Abnormal Temperature	No

Mitigation measure for abnormal conditions. Describe. Lost circulation material/sweeps/mud scavengers.

Hydrogen Sulfide (H2S) monitors will be installed prior to drilling out the surface shoe. If H2S is detected in concentrations greater than 100 ppm, the operator will comply with the provisions of Onshore Oil and Gas Order #6. If Hydrogen Sulfide is encountered, measured values and formations will be provided to the BLM.	
X	H2S is present
	H2S Plan attached

See COA

8. Other facets of operation

Is this a walking operation? If yes, describe.
Will be pre-setting casing? If yes, describe.

Attachments
___ Directional Plan
___ Other, describe

Notes Regarding Blowout Preventer

Mewbourne Oil Company

Salado Draw 9 W1DM Federal Com #2H
320' FNL & 500' FWL (SHL)
Sec 9-T26S-R33E
Lea 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 3000 psi working pressure on 9 5/8" and 7" casing.

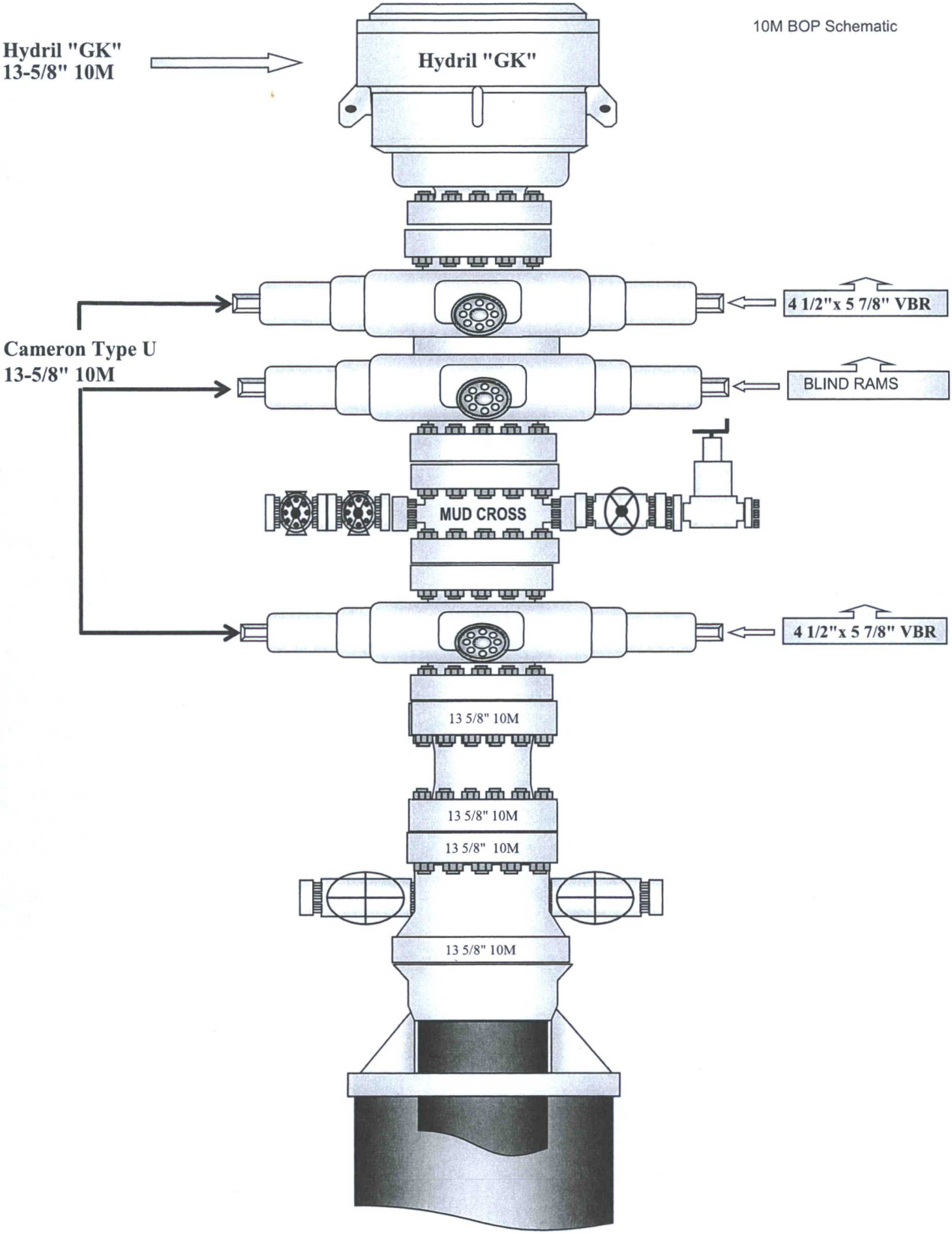
III. Safety valve must be available on the rig floor at all times with proper connections to install in the drill string. Valve must be full bore with minimum 3000 psi working pressure.

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.

10M BOP Schematic



11" 3M BOPE & Closed Loop Equipment Schematic

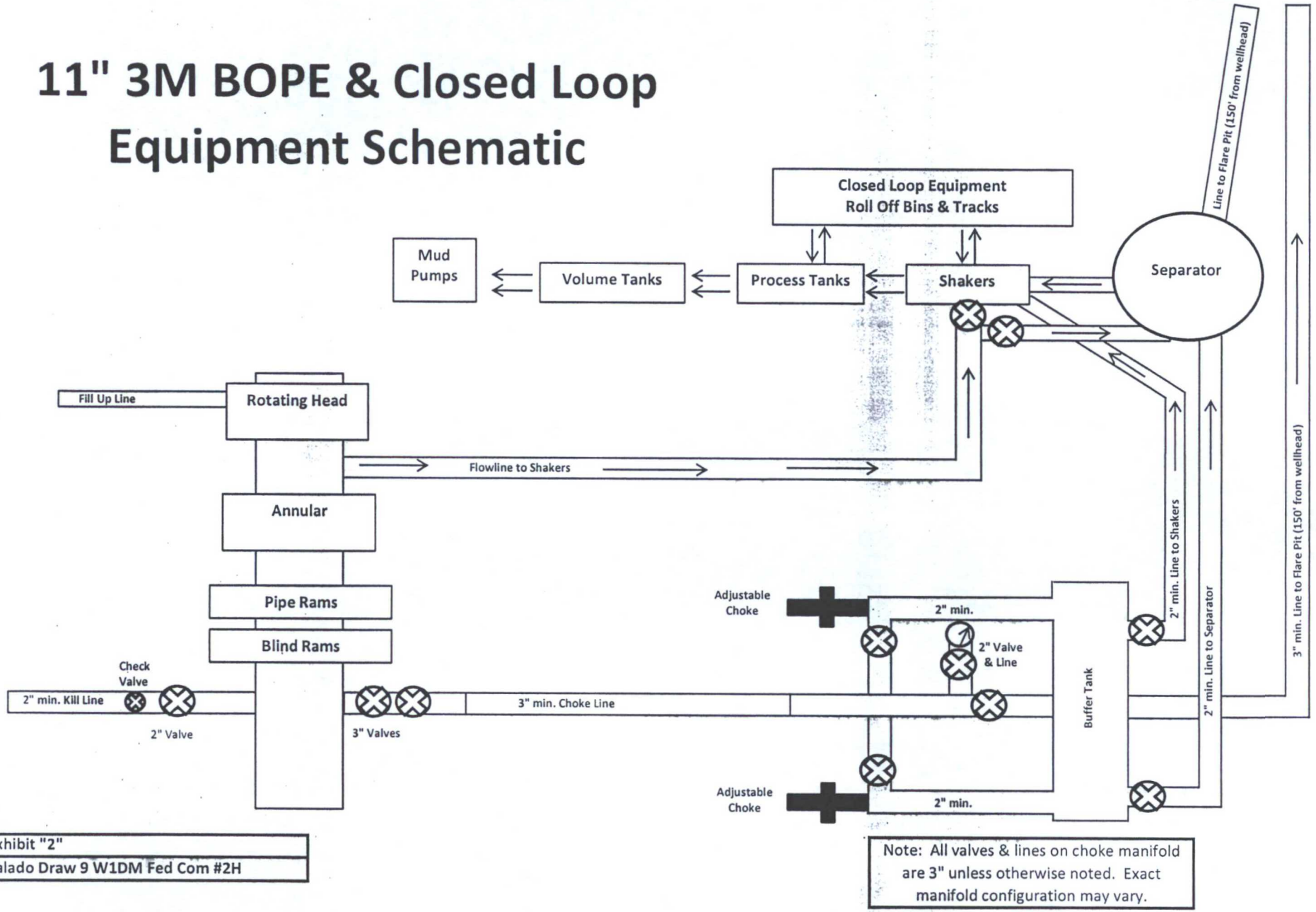


Exhibit "2"
Salado Draw 9 W1DM Fed Com #2H

Note: All valves & lines on choke manifold are 3" unless otherwise noted. Exact manifold configuration may vary.

13 5/8" 10M BOPE & Closed Loop Equipment Schematic

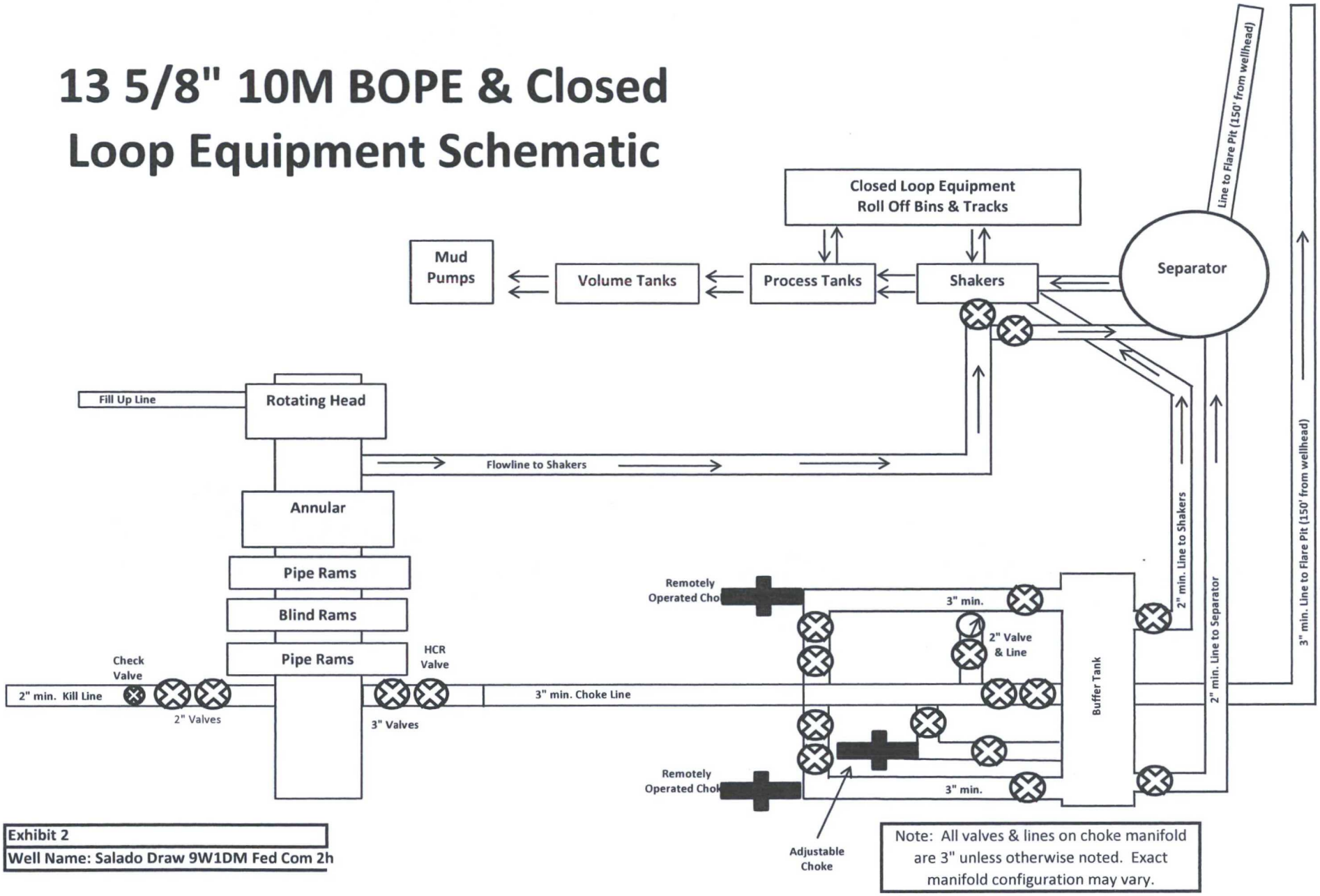


Exhibit 2

Well Name: Salado Draw 9W1DM Fed Com 2h

Note: All valves & lines on choke manifold are 3" unless otherwise noted. Exact manifold configuration may vary.

ENGINEERING & SERVICES

GATES E & S NORTH AMERICA, INC.
134 44TH STREET
CORPUS CHRISTI, TEXAS 78405

PHONE: 361-887-9807
FAX: 361-887-0812
EMAIL: *Tim.Cantu@gates.com*
WEB: www.gates.com

10K CEMENTING ASSEMBLY PRESSURE TEST CERTIFICATE

Customer :	AUSTIN DISTRIBUTING	Test Date:	4/30/2015
Customer Ref. :	4060578	Hose Serial No.:	D-043015-7
Invoice No. :	500506	Created By:	JUSTIN CROPPER

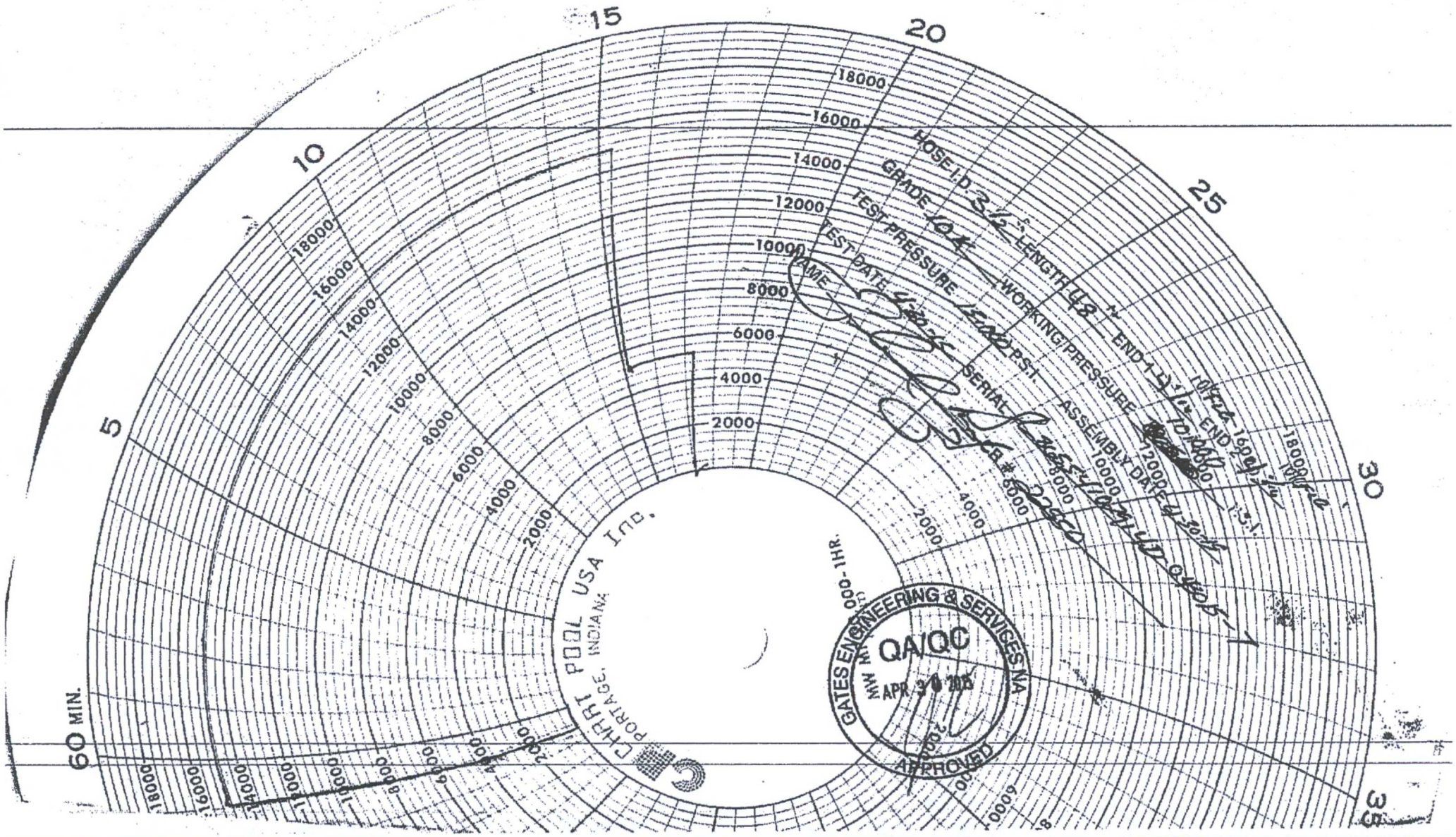
Product Description:	10K3.548.0CK4.1/1610KFLGE/E LE

End Fitting 1 :	4 1/16 10K FLG	End Fitting 2 :	4 1/16 10K FLG
Gates Part No. :	4773-6290	Assembly Code :	L36554102914D-043015-7
Working Pressure :	10,000 PSI	Test Pressure :	15,000 PSI

Gates E & S North America, Inc. certifies that the following hose assembly has been tested to the Gates Oilfield Roughneck Agreement/Specification requirements and passed the 15 minute hydrostatic test per API Spec 7K/Q1, Fifth Edition, June 2010, Test pressure 9.6.7 and per Table 9 to 15,000 psi in accordance with this product number. Hose burst pressure 9.6.7.2 exceeds the minimum of 2.5 times the working pressure per Table 9.

Quality Manager :	QUALITY	Produciton:	PRODUCTION
Date :	4/30/2015	Date :	4/30/2015
Signature :	Justin Cropper	Signature :	

Form PTC - 01 Rev.0 2


5
10
15
20
25
30
60 MIN.
18000
16000
14000
12000
10000
8000
6000
4000
2000
HOSE I.D. 3-1/2"
GRADE 4SH
TEST PRESSURE 12000 P.S.I.
TEST DATE 4-30-15
NAME
SERIAL
WORKING PRESSURE 6000
ASSEMBLY DATE 4-29-15
LENGTH 48"
END 1
END 2
GATES ENGINEERING & SERVICES NA
QA/QC
APPROVED
PORTAGE, INDIANA
CHART POOL USA Inc.

H2S Diagram

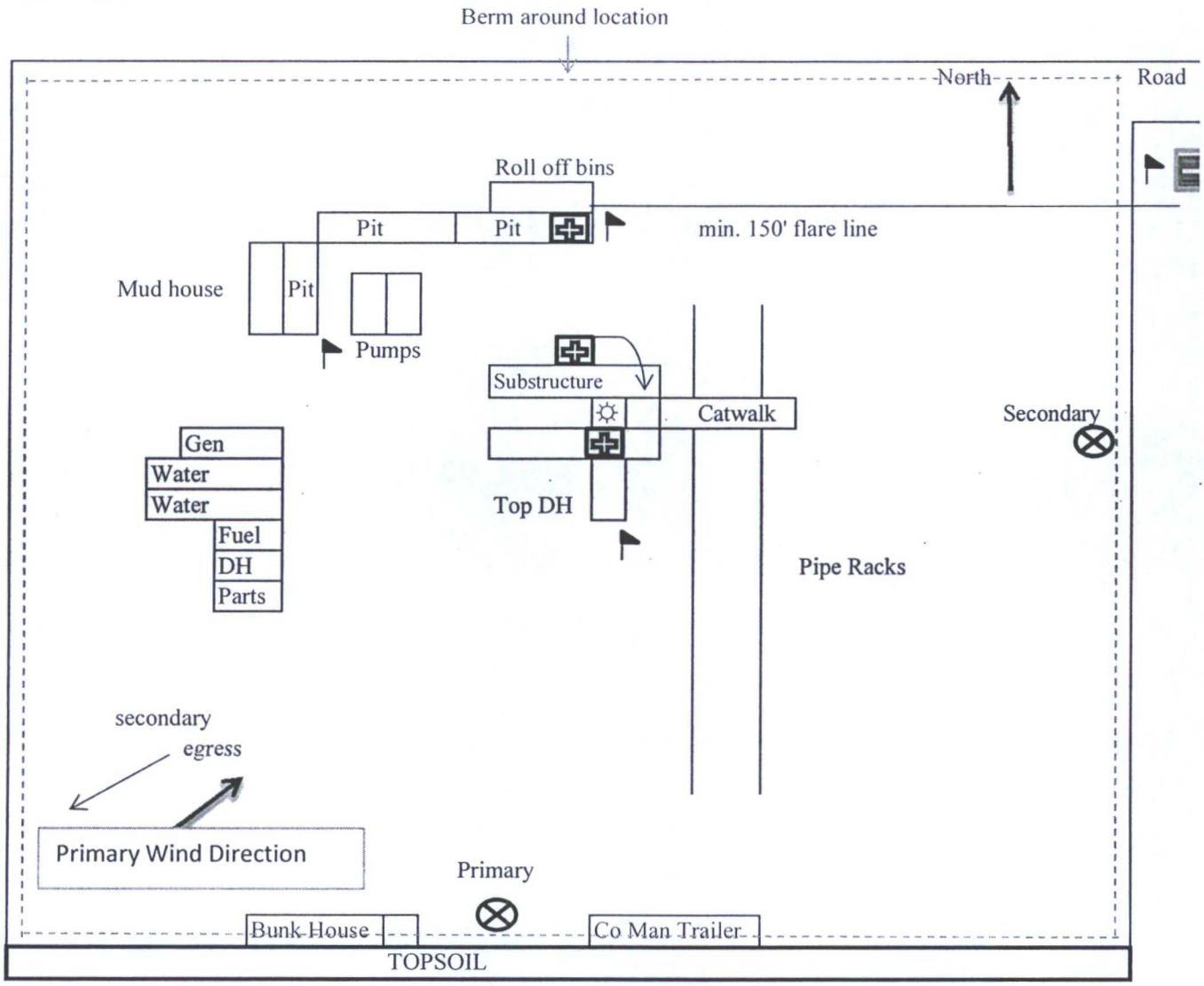


Exhibit 5

Mewbourne Oil Company
Salado Draw 9 W1DM Fed Com #2H
320' FNL & 500' FWL
Sec 9-T26S-R33E
Lea County, NM