

HOBBS OCD

OCD Hobbs

ATS-15-430

Form 3160-3 (March 2012) AUG 22 2016

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

RECEIVED

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

Form fields including: 1a. Type of work: [X] DRILL [] REENTER; 1b. Type of Well: [X] Oil Well [] Gas Well [] Other [X] Single Zone [] Multiple Zone; 2. Name of Operator: Mewbourne Oil Company (14744); 3a. Address: PO Box 5270 Hobbs, NM 88241; 3b. Phone No.: 575-393-5905; 4. Location of Well: At surface 200' FNL & 500' FEL, Sec. 27 T22S R34E; 14. Distance in miles and direction from nearest town or post office*: 29 miles SW of Hobbs, NM; 15. Distance from proposed* location to nearest property or lease line, ft. 200'; 16. No. of acres in lease 320 acres; 17. Spacing Unit dedicated to this well 160; 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 130' - Jacquie Ann #1; 19. Proposed Depth 11,259' - TVD 16,208' - MD; 20. BLM/BIA Bond No. on file NM-1693 nationwide, NMB-000919; 21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3424'; 22. Approximate date work will start* 04/19/2015; 23. Estimated duration 60 days.

5. Lease Serial No. NMNM-111970 (SL & BHL); 6. If Indian, Allottee or Tribe Name; 7. If Unit or CA Agreement, Name and No.; 8. Lease Name and Well No. 316750 Perro Loco 22 B3PA Federal #1H; 9. API Well No. 30-025-43393; 10. Field and Pool, or Exploratory Ojo Chiso Bone Spring (96553) KCB; 11. Sec., T. R. M. or Blk. and Survey or Area Sec. 27 T22S R34E; 12. County or Parish Lea; 13. State NM

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: 02/19/2015

Approved by (Signature): /s/Cody Layton; Name (Printed/Typed): Cody Layton; Title: FIELD MANAGER; Office: CARLSBAD FIELD OFFICE; Date: AUG 15 2016

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 attached.

APPROVAL FOR TWO YEARS

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 page 2)

Capitan Controlled Water Basin

Handwritten initials and date: KCB 05/12/16

RECEIVED stamp: BUREAU OF LAND MANAGEMENT

*(Instructions on page 2)

SEE ATTACHED FOR CONDITIONS OF APPROVAL

Approval Subject to General Requirements & Special Stipulations Attached

Mewbourne Oil Company, Perro Loco 22 B3PA Fed #1H

Sec 27, T22S, R34E

SL: 200' FNL & 500' FEL, Sec 27

BHL: 330' FNL & 500' FEL, Sec 22

1. Geologic Formations

TVD of target	11259'	Pilot hole depth	NA
MD at TD:	16208'	Deepest expected fresh water:	100'

Reef

Formation	Depth (TVD) from KB)	Water/Minerals/Bearing/Target/Zone?	Hazards*
Quaternary Alluvium	Surface	Water	
Rustler	1740	Water	
Top of Salt	1875	Salt	
Tansill/Base Salt	3350		
Yates	3470	Oil	
Seven Rivers			
Capitan	3975		
Delaware Group	5690	Oil/Gas	
Bone Spring	8500	Oil/Gas	
3 rd Bone Spring	10920	Target Zone	
Wolfcamp		Will Not Penetrate	
Cisco			
Canyon			
Strawn			
Atoka			
Morrow			
Barnett Shale			
Woodford Shale			
Devonian			
Fusselman			
Ellenburger			
Granite Wash			

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

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See COA

2. Casing Program

Hole Size	Casing Interval		Csg. Size	Weight (lbs)	Grade	Conn.	SF Collapse	SF Burst	SF Tension
	From	To							
17.5"	0	1200	13.375"	48	H40	STC	1.19	2.77	3.64
17.5"	1200	1765-1820	13.375"	54.5	J55	STC	1.23	2.97	16.69
12.25"	0	3400	9.625"	36	J55	LTC	1.14	1.99	2.16
12.25"	3400	4350	9.625"	40	J55	LTC	1.14	1.75	5.94
12.25"	4350	5250	9.625"	40	N80	LTC	1.13	2.11	14.66
12.25"	5250	5590	9.625"	40	HCL80	LTC	1.46	1.98	61.54
8.75"	0	3208	5.5"	17	P110	BTC	4.48	6.38	1.98
8.75"	3208	10782	5.5"	17	P110	LTC	1.33	1.90	2.01
8.75"	10782	11535	5.5"	17	P110	BTC	1.28	1.82	5.92
8.75"	11535	16208	5.5"	17	P110	LTC	1.28	1.82	5.59
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.1h

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?	Y
If yes, does production casing cement tie back a minimum of 50' above the Reef?	Y
Is well within the designated 4 string boundary.	N
Is well located in SOPA but not in R+111-P?	N
If yes, are the first 2 strings cemented to surface and 3 rd 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 2 nd 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?	

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3. Cementing Program

Casing	# Sks	Wt. lb/gal	Yield ft ³ /sack	H ₂ O gal/sk	50# 500# Comp. Strength (hours)	Slurry Description
Surf.	1030	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	5	Tail: Class C + 0.005pps Static Free + 1% CaCl ₂ + 0.25 pps CelloFlake + 0.005 gps FP-6L
Inter.	180	12.5	2.12	11	10	1 st 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	5	1 st Tail: Class C + 0.005pps Static Free + 1% CaCl ₂ + 0.25 pps CelloFlake + 0.005 gps FP-6L
	1 st DV Tool & ECP @ 25'					
	598	12.5	2.12	11	10	2 nd Lead: Class C + 4.0% Bentonite + 0.6% CD-32 + 5% Sodium Chloride + 0.25lb/sk Cello-Flake
	200	14.8	1.32	8	5	2 nd Tail: Class C + 0.25 lb/sk Cello Flake + 0.005 lb/sk Static Free
Prod.	1302	11.2	2.97	17	33	Class C (60:40:0) + 4%MPA-5 + 1.2%BA10 + 10#/sk BA90 + 5%A10 + 0.65% ASA301 + 1.5% SMS + 1.2% R21

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	3925'	25%

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4. Pressure Control Equipment

N	A variance is requested for the use of a diverter on the surface casing. See attached for schematic.
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BOP installed and tested before drilling with hole?	Size?	Min. Required WP	Type	✓	Tested to:
12-1/4"	13-5/8"	2M	Annular	X	1250#
			Blind Ram		
			Pipe Ram		
			Double Ram		
			Other*		
8-3/4"	13-5/8"	5M	Annular	X	2500#
			Blind Ram	X	
			Pipe Ram	X	5000#
			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.
N	Are anchors required by manufacturer?

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N	<p>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.</p> <ul style="list-style-type: none"> • Provide description here <p>See attached schematic.</p>
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5. Mud Program

Depth		Type	Weight (ppg)	Viscosity	Water Loss
From	To				
0	1765	FW Gel	8.6-8.8	28-34	N/C
1765	5590	Brine*	10.0-10.2	29-34	N/C
5590	10782	Cut Brine	8.5-9.3	28-34	N/C
10782	16208	FW w/polymer	8.5-9.3	28-34	N/C

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

*Aerated fluid will be used to drill 12 1/4" hole if circulation is lost.

What will be used to monitor the loss or gain of fluid?	Visual Monitoring
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6. Logging and Testing Procedures

Logging, Coring and Testing.	
X	Will run GR/CNL from KOP to surface (horizontal well - vertical portion of hole). 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 GR	KOP(10782') to TD
Density	
CBL	
Mud log	
PEX	

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7. Drilling Conditions

Condition	Specify what type and where?
BH Pressure at deepest TVD	5445 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.	
<input type="checkbox"/>	H2S is present
<input type="checkbox"/>	H2S Plan attached

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

Perro Loco 22 B3PA Fed #1H

200' FNL & 500' FEL

Sec. 27-T22S-R34E

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.

5M BOPE & Closed Loop Equipment Schematic

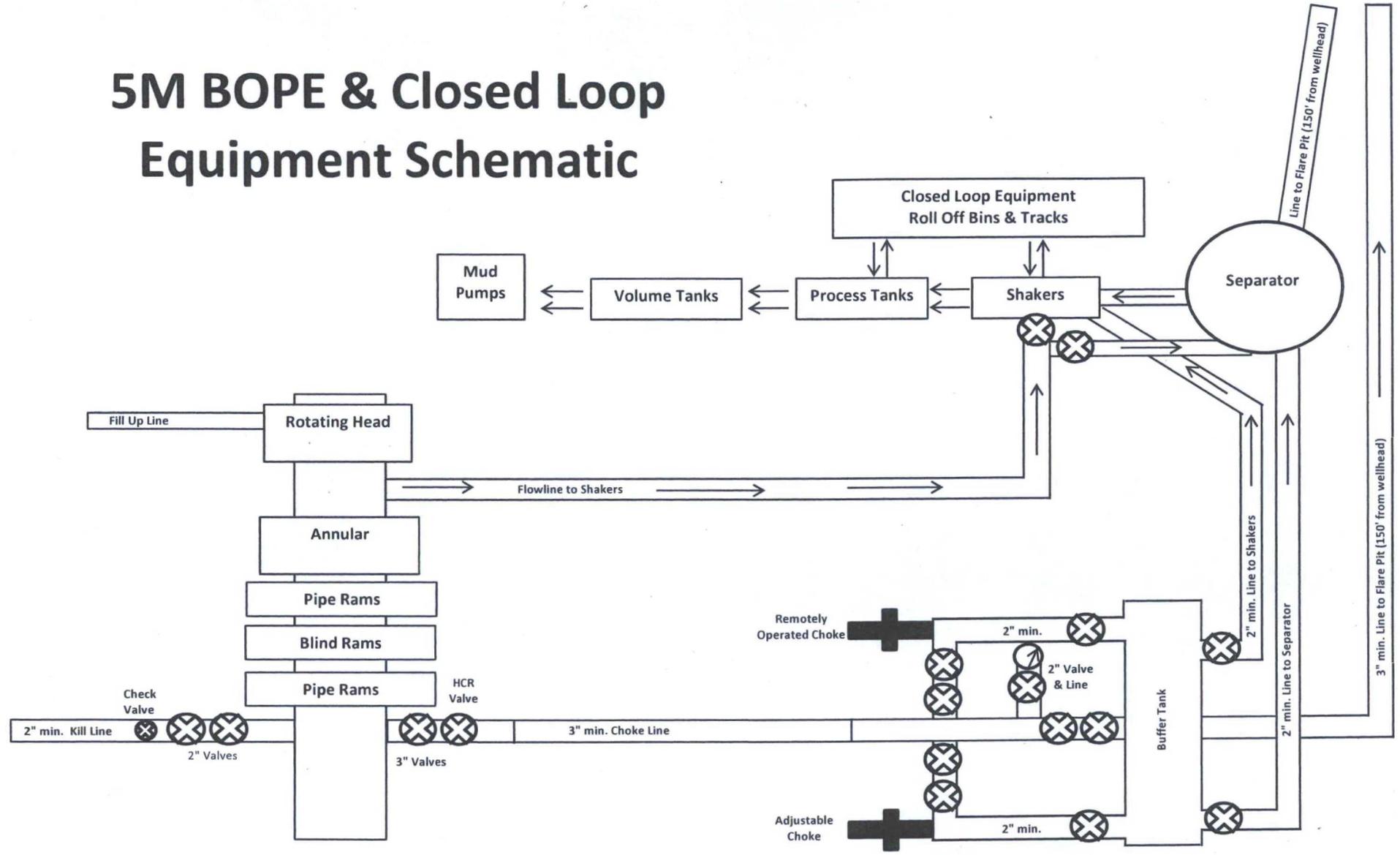


Exhibit 2

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

13 5/8" 2M BOPE & Closed Loop Equipment Schematic

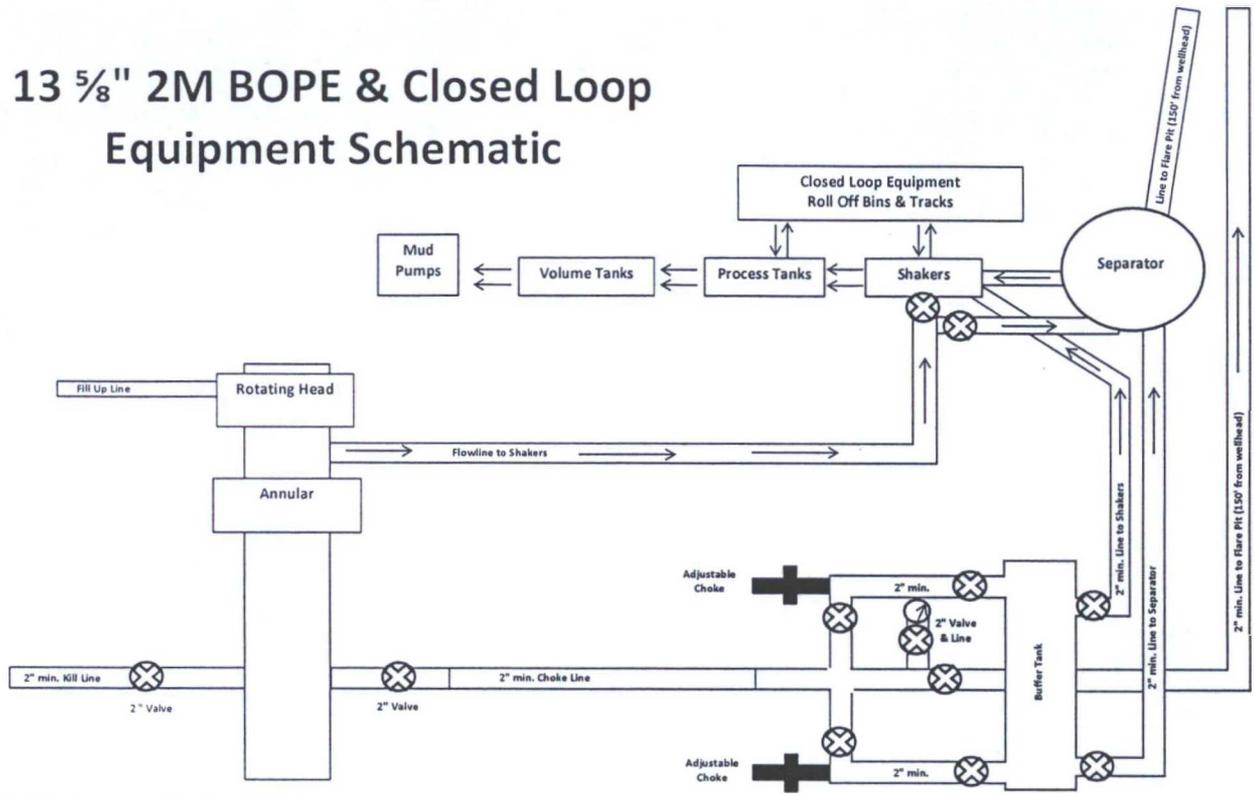


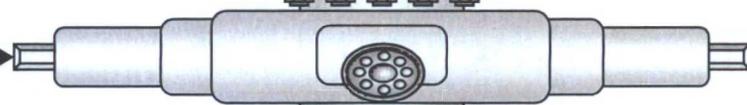
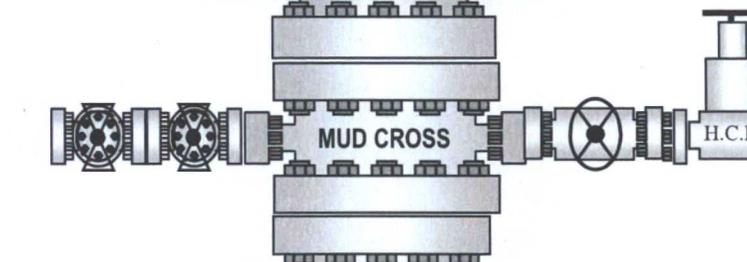
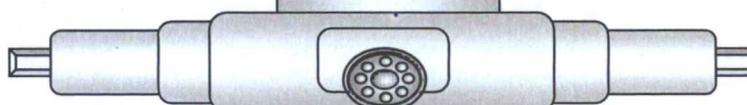
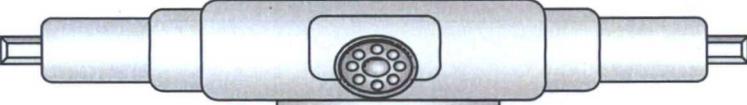
Exhibit 2A
Perro Loco 22 B3PA Fed #1H

Hydril "GK"
13 5/8" 5M



Hydril "GK"

Cameron Type U
13 5/8" 5M



4 1/2" x 5 7/8" VBR

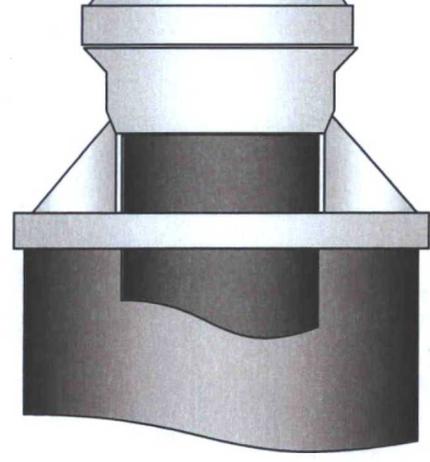
BLIND RAMS

4 1/2" x 5 7/8" VBR

13 5/8" 5M

13 5/8" 5M

13 5/8" 5M





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

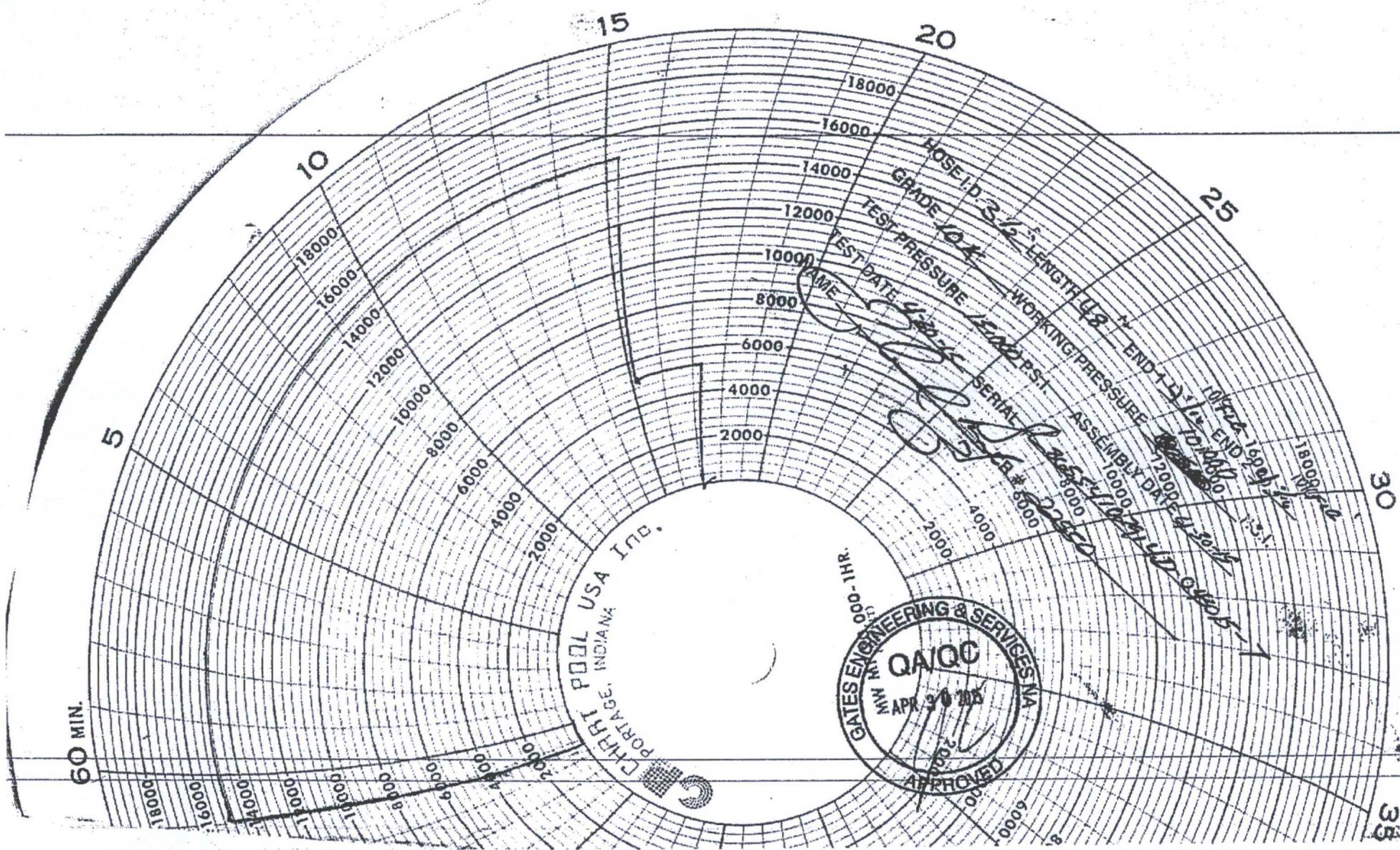
End Fitting 1 :	4 1/16 10K FLG	End Fitting 2 :	4 1/16 10K FLG
Gates Part No. :	4773-6290	Assembly Code :	L36554102914D-043015-7
Working Pressure :	10,000 PSI	Test Pressure :	15,000 PSI

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	Production:	PRODUCTION
Date :	4/30/2015	Date :	4/30/2015
Signature :	<i>Justin Cropper</i>	Signature :	<i>Justin Cropper</i>

Form PTC - 01 Rev.02





60 MIN.

5

10

15

20

25

30

18000

16000

14000

12000

10000

8000

6000

4000

2000

18000

16000

14000

12000

10000

8000

6000

4000

2000

18000

16000

14000

12000

10000

8000

6000

18000

16000

14000

12000

10000

8000

6000

CHART POOL USA Inc.
PORTAGE INDIANA

GATES ENGINEERING & SERVICES, INC.
QA/QC
APR 30 2005
APPROVED

HOSE I.D. 3 1/2" LENGTH 48' END I.D. 1 1/2" END 2 1/2"
GRADE 10A TEST PRESSURE 15000 P.S.I. ASSEMBLY DATE 4-20-05
TEST DATE 4-20-05 SERIAL 2857104110-03405-1
NAME [Signature] 10472-16000
10472-16000
12000
10472-16000
13:1

30

H2S Diagram
 Closed Loop Pad Dimensions 340' x 340'

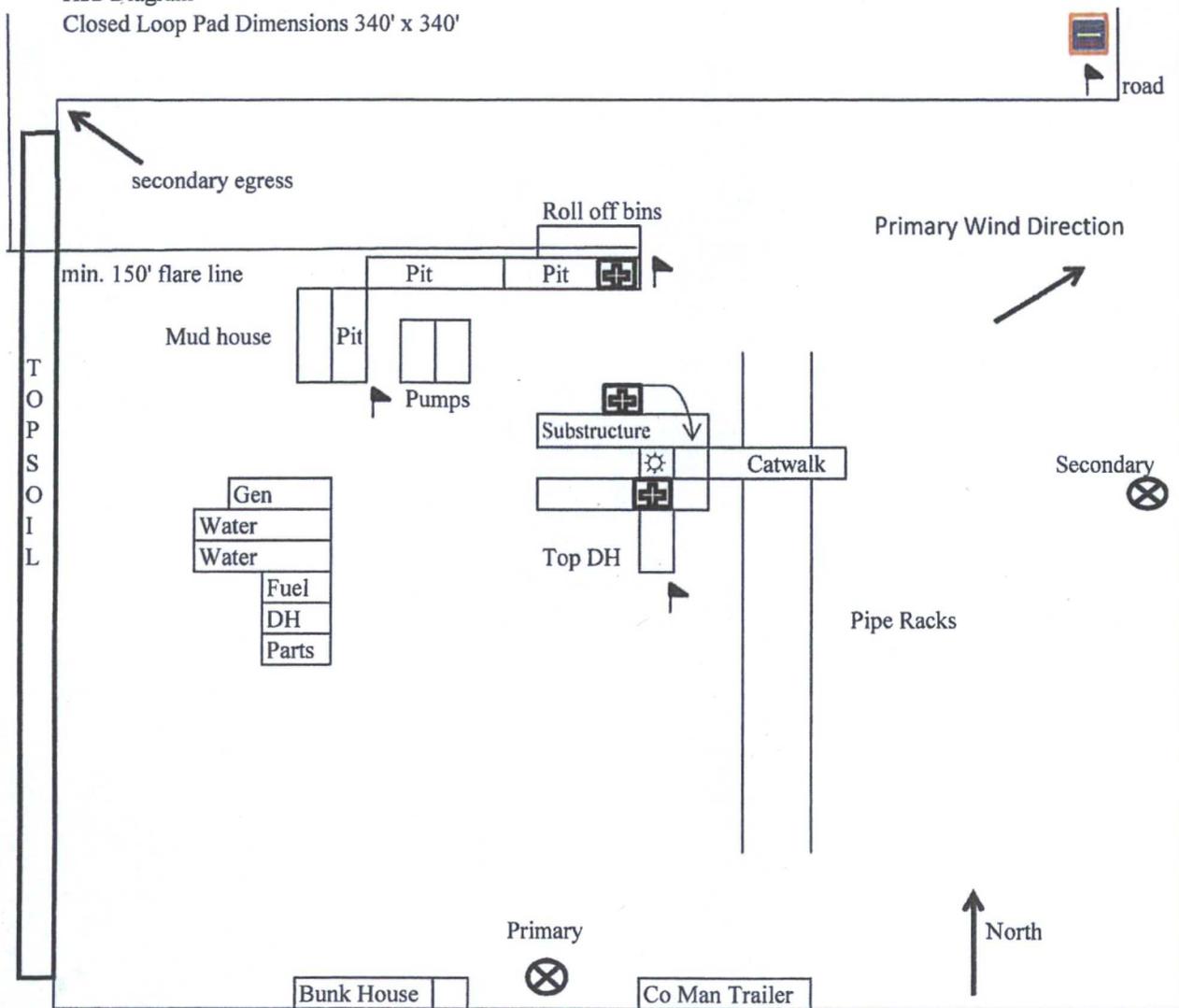


Exhibit 5

Mewbourne Oil Company
 Perro Loco 22 B3PA Fed #1H
 200' FNL & 500' FEL
 Sec. 27 T22S R34E
 Lea County, NM

-  = Warning Signs
-  = Wind Markers
-  = H2S Monitors
-  = Safety Stations