

**PECOS DISTRICT  
DRILLING CONDITIONS OF APPROVAL**

**HOBBS OCD  
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|                              |                                          |
|------------------------------|------------------------------------------|
| <b>OPERATOR'S NAME:</b>      | <b>MEWBOURNE OIL COMPANY</b>             |
| <b>LEASE NO.:</b>            | <b>NMNM7485</b>                          |
| <b>WELL NAME &amp; NO.:</b>  | <b>SAND CHUTE 9/16 B2KN FED COM - 1H</b> |
| <b>SURFACE HOLE FOOTAGE:</b> | <b>2435'/N &amp; 1930'/W</b>             |
| <b>BOTTOM HOLE FOOTAGE:</b>  | <b>330'/S &amp; 1980'/W</b>              |
| <b>LOCATION:</b>             | <b>SECTION 9, T20S, R35E, NMPM</b>       |
| <b>COUNTY:</b>               | <b>LEA, NEW MEXICO</b>                   |

**COA**

|                      |                                        |                                                  |                               |
|----------------------|----------------------------------------|--------------------------------------------------|-------------------------------|
| H2S                  | <input checked="" type="radio"/> Yes   | <input type="radio"/> No                         |                               |
| Potash               | <input checked="" type="radio"/> None  | <input type="radio"/> Secretary                  | <input type="radio"/> R-111-P |
| Cave/Karst Potential | <input checked="" type="radio"/> Low   | <input type="radio"/> Medium                     | <input type="radio"/> High    |
| Variance             | <input type="radio"/> None             | <input checked="" type="radio"/> Flex Hose       | <input type="radio"/> Other   |
| Wellhead             | <input type="radio"/> Conventional     | <input checked="" type="radio"/> Multibowl       | <input type="radio"/> Both    |
| Other                | <input type="checkbox"/> 4 String Area | <input checked="" type="checkbox"/> Capitan Reef | <input type="checkbox"/> WIPP |

**A. Hydrogen Sulfide**

A Hydrogen Sulfide (H2S) Drilling Plan shall be activated 500 feet prior to drilling into the **Yates and Seven Rivers** formation. As a result, the Hydrogen Sulfide area must meet Onshore Order 6 requirements, which includes equipment and personnel/public protection items. If Hydrogen Sulfide is encountered, please provide measured values and formations to the BLM.

**B. CASING**

1. The **13-3/8** inch surface casing shall be set at approximately **2075** feet (a minimum of 25 feet into the Rustler Anhydrite and above the salt) and cemented to the surface.
  - a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with surface log readout will be used or a cement bond log shall be run to verify the top of the cement. Temperature survey will be run a minimum of six hours after pumping cement and ideally between 8-10 hours after completing the cement job.
  - b. Wait on cement (WOC) time for a primary cement job will be a minimum of **8 hours** or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement)
  - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength,

whichever is greater.

- d. If cement falls back, remedial cementing will be done prior to drilling out that string.
2. The minimum required fill of cement behind the **9-5/8** inch intermediate casing is:
  - Cement to surface. If cement does not circulate see B.1.a, c-d above.

Wait on cement (WOC) time for a primary cement job is to include the lead cement slurry due to cave/karst or potash.

- ❖ **Special Capitan Reef requirements.** If lost circulation (50% or greater) occurs below the Base of the Salt, the operator shall do the following:

**(Use this for 3 string wells in the Capitan Reef, if 4 string well ensure FW based mud used across the capitan interval)**

- Switch to fresh water mud to protect the Capitan Reef and use fresh water mud until setting the intermediate casing. The appropriate BLM office is to be notified for a PET to witness the switch to fresh water.
- Daily drilling reports from the Base of the Salt to the setting of the intermediate casing are to be submitted to the BLM CFO engineering staff via e-mail by 0800 hours each morning. Any lost circulation encountered is to be recorded on these drilling reports. The daily drilling report should show mud volume per shift/tour. Failure to submit these reports will result in an Incidence of Non-Compliance being issued for failure to comply with the Conditions of Approval. If not already planned, the operator shall run a caliper survey for the intermediate well bore and submit to the appropriate BLM office.

**Operator shall filled 1/3<sup>rd</sup> casing with fluid while running intermediate casing to maintain collapse safety factor.**

3. The minimum required fill of cement behind the **7** inch production casing is:
  - Cement should tie-back at least **5106 ft (50** feet above the Capitan Reef which is at 5156 ft). Operator shall provide method of verification. **Additional cement maybe required. Excess calculates to 0%.**
4. The minimum required fill of cement behind the **4-1/2** inch production liner is:
  - Cement should tie-back 100' into the previous casing. Operator shall provide method of verification.

### C. PRESSURE CONTROL

1. Variance approved to use flex line from BOP to choke manifold. Manufacturer's specification to be readily available. No external damage to flex line. Flex line to be installed as straight as possible (no hard bends).
2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be **5000 (5M)** psi.

### GENERAL REQUIREMENTS

The BLM is to be notified in advance for a representative to witness:

- a. Spudding well (minimum of 24 hours)
- b. Setting and/or Cementing of all casing strings (minimum of 4 hours)
- c. BOPE tests (minimum of 4 hours)

Chaves and Roosevelt Counties  
Call the Roswell Field Office, 2909 West Second St., Roswell NM 88201.  
During office hours call (575) 627-0272.  
After office hours call (575)

Eddy County  
Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,  
(575) 361-2822

Lea County  
Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (575)  
393-3612

1. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
  - a. In the event the operator has proposed to drill multiple wells utilizing a skid/walking rig. Operator shall secure the wellbore on the current well, after installing and testing the wellhead, by installing a blind flange of like pressure rating to the wellhead and a pressure gauge that can be monitored while drilling is performed on the other well(s).
  - b. When the operator proposes to set surface casing with Spudder Rig
    - Notify the BLM when moving in and removing the Spudder Rig.
    - Notify the BLM when moving in the 2<sup>nd</sup> Rig. Rig to be moved in within 90 days of notification that Spudder Rig has left the location.
    - BOP/BOPE test to be conducted per Onshore Oil and Gas Order No. 2 as soon as 2nd Rig is rigged up on well.

2. Floor controls are required for 3M or Greater systems. These controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.
3. The record of the drilling rate along with the GR/N well log (one log per well pad is acceptable) run from TD to surface (horizontal well – vertical portion of hole) shall be submitted to the BLM office as well as all other logs run on the borehole 30 days from completion. If available, a digital copy of the logs is to be submitted in addition to the paper copies. The Rustler top and top and bottom of Salt are to be recorded on the Completion Report.

#### A. CASING

1. Changes to the approved APD casing program need prior approval if the items substituted are of lesser grade or different casing size or are Non-API. The Operator can exchange the components of the proposal with that of superior strength (i.e. changing from J-55 to N-80, or from 36# to 40#). Changes to the approved cement program need prior approval if the altered cement plan has less volume or strength or if the changes are substantial (i.e. Multistage tool, ECP, etc.). The initial wellhead installed on the well will remain on the well with spools used as needed.
2. Wait on cement (WOC) for Potash Areas: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi for all cement blends, 2) until cement has been in place at least 24 hours. WOC time will be recorded in the driller's log. The casing integrity test can be done (prior to the cement setting up) immediately after bumping the plug.
3. Wait on cement (WOC) for Water Basin: After cementing but before commencing any tests, the casing string shall stand cemented under pressure until both of the following conditions have been met: 1) cement reaches a minimum compressive strength of 500 psi at the shoe, 2) until cement has been in place at least 8 hours. WOC time will be recorded in the driller's log. See individual casing strings for details regarding lead cement slurry requirements. The casing integrity test can be done (prior to the cement setting up) immediately after bumping the plug.
4. Provide compressive strengths including hours to reach required 500 pounds compressive strength prior to cementing each casing string. Have well specific cement details onsite prior to pumping the cement for each casing string.
5. No pea gravel permitted for remedial or fall back remedial without prior authorization from the BLM engineer.

6. 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. Formation at the shoe shall be tested to a minimum of the mud weight equivalent anticipated to control the formation pressure to the next casing depth or at total depth of the well. This test shall be performed before drilling more than 20 feet of new hole.
7. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.
8. Whenever a casing string is cemented in the R-111-P potash area, the NMOCD requirements shall be followed.

#### B. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. If a variance is approved for a flexible hose to be installed from the BOP to the choke manifold, the following requirements apply: The flex line must meet the requirements of API 16C. Check condition of flexible line from BOP to choke manifold, replace if exterior is damaged or if line fails test. Line to be as straight as possible with no hard bends and is to be anchored according to Manufacturer's requirements. The flexible hose can be exchanged with a hose of equal size and equal or greater pressure rating. Anchor requirements, specification sheet and hydrostatic pressure test certification matching the hose in service, to be onsite for review. These documents shall be posted in the company man's trailer and on the rig floor.
3. 5M or higher system requires an HCR valve, remote kill line and annular to match. The remote kill line is to be installed prior to testing the system and tested to stack pressure.
4. If the operator has proposed a multi-bowl wellhead assembly in the APD. The following requirements must be met:
  - a. Wellhead shall be installed by manufacturer's representatives, submit documentation with subsequent sundry.
  - b. If the welding is performed by a third party, the manufacturer's representative shall monitor the temperature to verify that it does not exceed the maximum temperature of the seal.
  - c. Manufacturer representative shall install the test plug for the initial BOP test.

- d. If the cement does not circulate and one inch operations would have been possible with a standard wellhead, the well head shall be cut off, cementing operations performed and another wellhead installed.
  - e. Whenever any seal subject to test pressure is broken, all the tests in OOGO2.III.A.2.i must be followed.
5. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
- a. In a water basin, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. The casing cut-off and BOP installation can be initiated four hours after installing the slips, which will be approximately six hours after bumping the plug. For those casing strings not using slips, the minimum wait time before cut-off is eight hours after bumping the plug. BOP/BOPE testing can begin after cut-off or once cement reaches 500 psi compressive strength (including lead when specified), whichever is greater. However, if the float does not hold, cut-off cannot be initiated until cement reaches 500 psi compressive strength (including lead when specified).
  - b. In potash areas, for all casing strings utilizing slips, these are to be set as soon as the crew and rig are ready and any fallback cement remediation has been done. For all casing strings, casing cut-off and BOP installation can be initiated at twelve hours after bumping the plug. However, **no tests** shall commence until the cement has had a minimum of 24 hours setup time, except the casing pressure test can be initiated immediately after bumping the plug (only applies to single stage cement jobs).
  - c. The tests shall be done by an independent service company utilizing a test plug. The results of the test shall be reported to the appropriate BLM office.
  - d. The test shall be run on a 5000 psi chart for a 2-3M BOP/BOP, on a 10000 psi chart for a 5M BOP/BOPE and on a 15000 psi chart for a 10M BOP/BOPE. If a linear chart is used, it shall be a one hour chart. A circular chart shall have a maximum 2 hour clock. If a twelve hour or twenty-four hour chart is used, tester shall make a notation that it is run with a two hour clock.
  - e. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
  - f. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes. This test shall be performed prior to the test at full stack pressure.

- g. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the Wolfcamp formation if the time between the setting of the intermediate casing and reaching this depth exceeds 20 days. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.

#### C. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp formation, and shall be used until production casing is run and cemented.

#### D. WASTE MATERIAL AND FLUIDS

All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of drilling operations and completion operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area.

Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.

#### **Waste Minimization Plan (WMP)**

In the interest of resource development, submission of additional well gas capture development plan information is deferred but may be required by the BLM Authorized Officer at a later date.

**ZS 101118**

**PECOS DISTRICT  
SURFACE USE  
CONDITIONS OF APPROVAL**

|                       |                                   |
|-----------------------|-----------------------------------|
| OPERATOR'S NAME:      | MEWBOURNE OIL COMPANY             |
| LEASE NO.:            | NMNM7485                          |
| WELL NAME & NO.:      | SAND CHUTE 9/16 B2KN FED COM – 1H |
| SURFACE HOLE FOOTAGE: | 2435'/N & 1930'/W                 |
| BOTTOM HOLE FOOTAGE:  | 330'/S & 1980'/W                  |
| LOCATION:             | SECTION 9, T20S, R35E, NMPM       |
| COUNTY:               | LEA                               |

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Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

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- Noxious Weeds**
- Special Requirements**
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  - Hydrology
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  - Well Structures & Facilities
- Interim Reclamation**
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## **I. GENERAL PROVISIONS**

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

## **II. PERMIT EXPIRATION**

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

## **III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES**

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator 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 shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

## **IV. NOXIOUS WEEDS**

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

## V. SPECIAL REQUIREMENT(S)

### **Timing Limitation Stipulation / Condition of Approval for lesser prairie-chicken:**

Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

**Below Ground-level Abandoned Well Marker to avoid raptor perching:** Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well. For more installation details, contact the Carlsbad Field Office at 575-234-5972.

### **Timing Limitation Exceptions:**

The Carlsbad Field Office will publish an annual map of where the LPC timing and noise stipulations and conditions of approval (Limitations) will apply for the identified year (between March 1 and June 15) based on the latest survey information. The LPC Timing Area map will identify areas which are Habitat Areas (HA), Isolated Population Area (IPA), and Primary Population Area (PPA). The LPC Timing Area map will also have an area in red crosshatch. The red crosshatch area is the only area where an operator is required to submit a request for exception to the LPC Limitations. If an operator is operating outside the red crosshatch area, the LPC Limitations do not apply for that year and an exception to LPC Limitations is not required.

### **Hydrology**

The entire well pad will be bermed to prevent oil, salt, and other chemical contaminants from leaving the well pad. Topsoil shall not be used to construct the berm. No water flow from the uphill side(s) of the pad shall be allowed to enter the well pad. The berm shall be maintained through the life of the well and after interim reclamation has been completed. Any water erosion that may occur due to the construction of the well pad during the life of the well will be quickly corrected and proper measures will be taken to prevent future erosion.

Tank battery locations will be lined and bermed. A 20 mil permanent liner will be installed with a 4 oz. felt backing to prevent tears or punctures. Tank battery berms must be large enough to contain 1 ½ times the content of the largest tank or 24 hour production, whichever is greater. Automatic shut off, check valves, or similar systems will be installed for tanks to minimize the effects of catastrophic line failures used in production or drilling.

A leak detection plan will be submitted to the BLM Carlsbad Field Office for approval prior to pipeline installation. The method could incorporate gauges to detect pressure drops, situating valves and lines so they can be visually inspected periodically or installing electronic sensors to alarm when a leak is present. The leak detection plan will incorporate an automatic shut off system that will be installed for proposed pipelines to minimize the effects of an undesirable event.

## **VI. CONSTRUCTION**

### **A. NOTIFICATION**

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Carlsbad Field Office at (575) 234-5909 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

### **B. TOPSOIL**

The operator shall strip the top portion of the soil (root zone) from the entire well pad area and stockpile the topsoil along the edge of the well pad as depicted in the APD. The root zone is typically six (6) inches in depth. All the stockpiled topsoil will be redistributed over the interim reclamation areas. Topsoil shall not be used for berming the pad or facilities. For final reclamation, the topsoil shall be spread over the entire pad area for seeding preparation.

Other subsoil (below six inches) stockpiles must be completely segregated from the topsoil stockpile. Large rocks or subsoil clods (not evident in the surrounding terrain) must be buried within the approved area for interim and final reclamation.

### **C. CLOSED LOOP SYSTEM**

Tanks are required for drilling operations: No Pits.

The operator shall properly dispose of drilling contents at an authorized disposal site.

### **D. FEDERAL MINERAL MATERIALS PIT**

Payment shall be made to the BLM prior to removal of any federal mineral materials. Call the Carlsbad Field Office at (575) 234-5972.

### **E. WELL PAD SURFACING**

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation. The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

### **F. EXCLOSURE FENCING (CELLARS & PITS)**

**Exclosure Fencing**

The operator will install and maintain exclosure fencing for all open well cellars to prevent access to public, livestock, and large forms of wildlife before and after drilling operations until the pit is free of fluids and the operator initiates backfilling. (For examples of exclosure fencing design, refer to BLM's Oil and Gas Gold Book, Exclosure Fence Illustrations, Figure 1, Page 18.)

**G. ON LEASE ACCESS ROADS****Road Width**

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed twenty-five (25) feet.

**Surfacing**

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

**Crowning**

Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

**Ditching**

Ditching shall be required on both sides of the road.

**Turnouts**

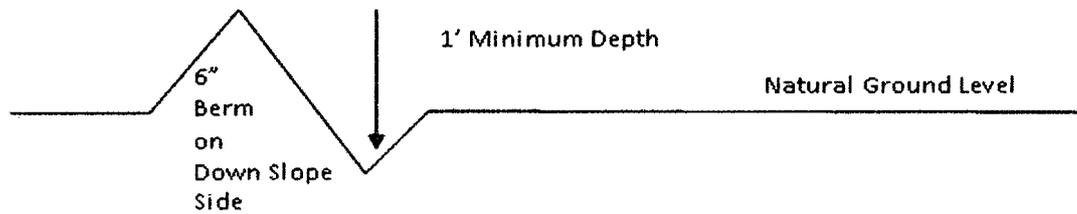
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall conform to Figure 1; cross section and plans for typical road construction.

**Drainage**

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.

### Cross Section of a Typical Lead-off Ditch



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

### Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

### Cattle guards

An appropriately sized cattle guard sufficient to carry out the project shall be installed and maintained at fence/road crossings. Any existing cattle guards on the access road route shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattle guards that are in place and are utilized during lease operations.

### Fence Requirement

Where entry is granted across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting. The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fences.

### Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

**Construction Steps**

1. Salvage topsoil
2. Construct road

3. Redistribute topsoil
4. Revegetate slopes

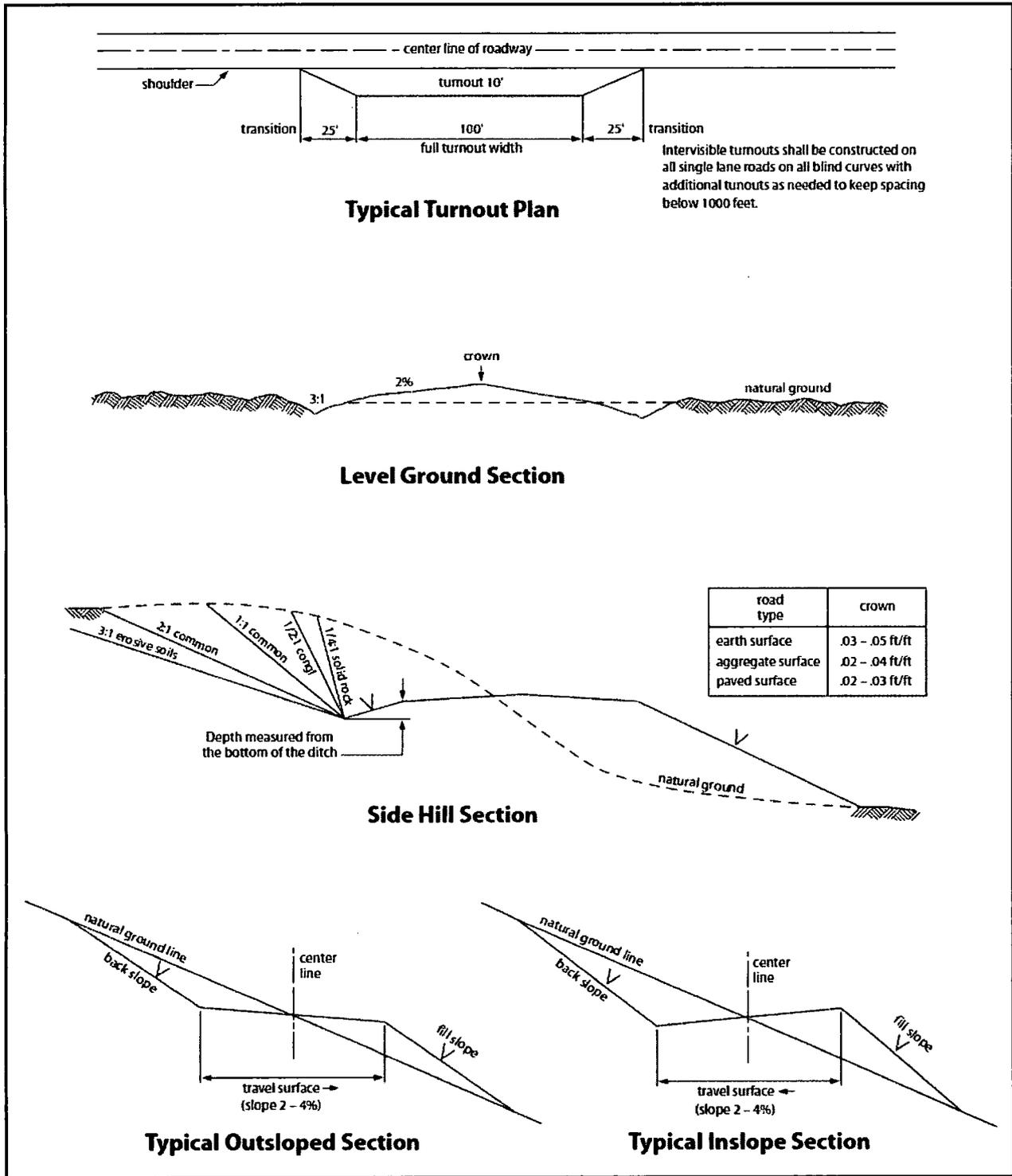


Figure 1. Cross-sections and plans for typical road sections representative of BLM resource or FS local and higher-class roads.

## **VII. PRODUCTION (POST DRILLING)**

### **A. WELL STRUCTURES & FACILITIES**

#### **Placement of Production Facilities**

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

#### **Exclosure Netting (Open-top Tanks)**

Immediately following active drilling or completion operations, the operator will take actions necessary to prevent wildlife and livestock access, including avian wildlife, to all open-topped tanks that contain or have the potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will net, screen, or cover open-topped tanks to exclude wildlife and livestock and prevent mortality. If the operator uses netting, the operator will cover and secure the open portion of the tank to prevent wildlife entry. The operator will net, screen, or cover the tanks until the operator removes the tanks from the location or the tanks no longer contain substances that could be harmful to wildlife or livestock. Use a maximum netting mesh size of 1 ½ inches. The netting must not be in contact with fluids and must not have holes or gaps.

#### **Chemical and Fuel Secondary Containment and Exclosure Screening**

The operator will prevent all hazardous, poisonous, flammable, and toxic substances from coming into contact with soil and water. At a minimum, the operator will install and maintain an impervious secondary containment system for any tank or barrel containing hazardous, poisonous, flammable, or toxic substances sufficient to contain the contents of the tank or barrel and any drips, leaks, and anticipated precipitation. The operator will dispose of fluids within the containment system that do not meet applicable state or U. S. Environmental Protection Agency livestock water standards in accordance with state law; the operator must not drain the fluids to the soil or ground. The operator will design, construct, and maintain all secondary containment systems to prevent wildlife and livestock exposure to harmful substances. At a minimum, the operator will install effective wildlife and livestock exclosure systems such as fencing, netting, expanded metal mesh, lids, and grate covers. Use a maximum netting mesh size of 1 ½ inches.

#### **Open-Vent Exhaust Stack Exclosures**

The operator will construct, modify, equip, and maintain all open-vent exhaust stacks on production equipment to prevent birds and bats from entering, and to discourage perching, roosting, and nesting. (*Recommended exclosure structures on open-vent exhaust stacks are in the shape of a cone.*) Production equipment includes, but may not be limited to, tanks, heater-treaters, separators, dehydrators, flare stacks, in-line units, and compressor mufflers.

#### **Containment Structures**

Proposed production facilities such as storage tanks and other vessels will have a secondary containment structure that is constructed to hold the capacity of 1.5 times the largest tank, plus freeboard to account for precipitation, unless more stringent protective requirements are deemed necessary.

**Painting Requirement**

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color, **Shale Green** from the BLM Standard Environmental Color Chart (CC-001: June 2008).

**VIII. INTERIM RECLAMATION**

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Within six (6) months of well completion, operators should work with BLM surface management specialists (Jim Amos: 575-234-5909) to devise the best strategies to reduce the size of the location. Interim reclamation should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche that is free of contaminants may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

All disturbed areas after they have been satisfactorily prepared need to be reseeded with the seed mixture provided below.

Upon completion of interim reclamation, the operator shall submit a Sundry Notices and Reports on Wells, Subsequent Report of Reclamation (Form 3160-5).

**IX. FINAL ABANDONMENT & RECLAMATION**

At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land are restored.

Earthwork for final reclamation must be completed within six (6) months of well plugging. All pads, pits, facility locations and roads must be reclaimed to a satisfactory revegetated, safe, and stable condition, unless an agreement is made with the landowner or BLM to keep the road and/or pad intact.

After all disturbed areas have been satisfactorily prepared, these areas need to be revegetated with the seed mixture provided below. Seeding should be accomplished by drilling on the contour whenever practical or by other approved methods. Seeding may need to be repeated until revegetation is successful, as determined by the BLM.

Operators shall contact a BLM surface protection specialist prior to surface abandonment operations for site specific objectives (Jim Amos: 575-234-5909).

Below Ground-level Abandoned Well Marker to avoid raptor perching: Upon the plugging and subsequent abandonment of the well, the well marker will be installed at ground level on a plate containing the pertinent information for the plugged well.

## Seed Mixture for LPC Sand/Shinnery Sites

Holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)\* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed shall be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed shall be either certified or registered seed. The seed container shall be tagged in accordance with State law(s) and available for inspection by the Authorized Officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). Holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. Seeding shall be repeated until a satisfactory stand is established as determined by the Authorized Officer. Evaluation of growth may not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed\* per acre:

| <u>Species</u>      | <u>lb/acre</u> |
|---------------------|----------------|
| Plains Bristlegrass | 5lbs/A         |
| Sand Bluestem       | 5lbs/A         |
| Little Bluestem     | 3lbs/A         |
| Big Bluestem        | 6lbs/A         |
| Plains Coreopsis    | 2lbs/A         |
| Sand Dropseed       | 1lbs/A         |

\*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed

Hydrogen Sulfide Drilling Operations Plan  
**Mewbourne Oil Company**

**1. General Requirements**

Rule 118 does not apply to this well because MOC has researched this area and no high concentrations of H<sub>2</sub>S were found. MOC will have on location and working all H<sub>2</sub>S safety equipment before the Delaware formation for purposes of safety and insurance requirements.

**2. Hydrogen Sulfide Training**

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis, will have received training from a qualified instructor in the following areas prior to entering the drilling pad area of the well:

1. The hazards and characteristics of hydrogen sulfide gas.
2. The proper use of personal protective equipment and life support systems.
3. The proper use of hydrogen sulfide detectors, alarms, warning systems, briefing areas, evacuation procedures.
4. The proper techniques for first aid and rescue operations.

Additionally, supervisory personnel will be trained in the following areas:

- 1 The effects of hydrogen sulfide on metal components. If high tensile tubular systems are utilized, supervisory personnel will be trained in their special maintenance requirements.
- 2 Corrective action and shut in procedures, blowout prevention, and well control procedures while drilling a well.
- 3 The contents of the Hydrogen Sulfide Drilling Operations Plan.

There will be an initial training session prior to encountering a known hydrogen sulfide source. The initial training session shall include a review of the site specific Hydrogen Sulfide Drilling Operations Plan.

**3. Hydrogen Sulfide Safety Equipment and Systems**

All hydrogen sulfide safety equipment and systems will be installed, tested, and operational prior to drilling below the 9 5/8" intermediate casing.

1. Well Control Equipment
  - A. Choke manifold with minimum of one adjustable choke/remote choke.
  - B. Blowout preventers equipped with blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit
  - C. Auxiliary equipment including annular type blowout preventer.
2. Protective Equipment for Essential Personnel

Thirty minute self contained work unit located in the dog house and at briefing areas.

Additionally: If H<sub>2</sub>S is encountered in concentrations less than 10 ppm, fans will be placed in work areas to prevent the accumulation of hazardous amounts of poisonous gas. If higher concentrations of H<sub>2</sub>S are detected the well will be shut in and a rotating head, mud/gas separator, remote choke and flare line with igniter will be installed.

**Mewbourne Oil Company, Sand Chute 9/16 B2KN Fed Com #1H**  
**Sec 9, T20S, R35E**  
**SL: 2435' FNL & 1930' FWL, Sec 9**  
**BHL: 330' FSL & 1980' FWL, Sec 16**

**Casing Program**

| Hole Size                 | Casing Interval |         | Csg. Size | Weight (lbs) | Grade | Conn. | SF Collapse | SF Burst | SF Jt Tension      | SF Body Tension    |
|---------------------------|-----------------|---------|-----------|--------------|-------|-------|-------------|----------|--------------------|--------------------|
|                           | From            | To      |           |              |       |       |             |          |                    |                    |
| 17.5"                     | 0'              | 1462'   | 13.375"   | 48           | H40   | STC   | 1.13        | 2.53     | 3.11               | 7.71               |
| 17.5"                     | 1462'           | 2075'   | 13.375"   | 54.5         | J55   | STC   | 1.16        | 2.81     | 15.40              | 25.55              |
| 12.25"                    | 0'              | 3453'   | 9.625"    | 36           | J55   | LTC   | 1.13        | 1.96     | 1.87               | 4.54               |
| 12.25"                    | 3453'           | 4393'   | 9.625"    | 40           | J55   | LTC   | 1.13        | 1.73     | 4.42               | 16.75              |
| 12.25"                    | 4393'           | 5282'   | 9.625"    | 40           | N80   | LTC   | 1.13        | 2.09     | 9.20               | 25.76              |
| 12.25"                    | 5282'           | 6395'   | 9.625"    | 40           | HCL80 | LTC   | 1.27        | 1.73     | 18.80              | 20.58              |
| 8.75"                     | 0'              | 10,943' | 7"        | 26           | P110  | LTC   | 1.48        | 1.89     | 2.27               | 2.92               |
| 6.125"                    | 7914'           | 18,150' | 4.5"      | 13.5         | P110  | LTC   | 1.92        | 2.23     | 3.09               | 3.86               |
| BLM Minimum Safety Factor |                 |         |           |              |       |       | 1.125       | 1        | 1.6 Dry<br>1.8 Wet | 1.6 Dry<br>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      |
| Is casing API approved? 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 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 3 <sup>rd</sup> 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 <sup>nd</sup> 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?                                                                                             |        |

3. Hydrogen Sulfide Protection and Monitoring Equipment  
Two portable hydrogen sulfide monitors positioned on location for optimum coverage and detection. The units shall have audible sirens to notify personnel when hydrogen sulfide levels exceed 20 PPM.
4. Visual Warning Systems
  - A. Wind direction indicators as indicated on the wellsite diagram.
  - B. Caution signs shall be posted on roads providing access to location. Signs shall be painted a high visibility color with lettering of sufficient size to be readable at reasonable distances from potentially contaminated areas.

**4. Mud Program**

The mud program has been designed to minimize the amount of hydrogen sulfide entrained in the mud system. Proper mud weight, safe drilling practices, and the use of hydrogen sulfide scavengers will minimize hazards while drilling the well.

**5. Metallurgy**

All tubular systems, wellheads, blowout preventers, drilling spools, kill lines, choke manifolds, and valves shall be suitable for service in a hydrogen sulfide environment when chemically treated.

**6. Communications**

State & County Officials phone numbers are posted on rig floor and supervisors trailer. Communications in company vehicles and toolpushers are either two way radios or cellular phones.

**7. Well Testing**

Drill stem testing is not an anticipated requirement for evaluation of this well. If a drill stem test is required, it will be conducted with a minimum number of personnel in the immediate vicinity. The test will be conducted during daylight hours only.

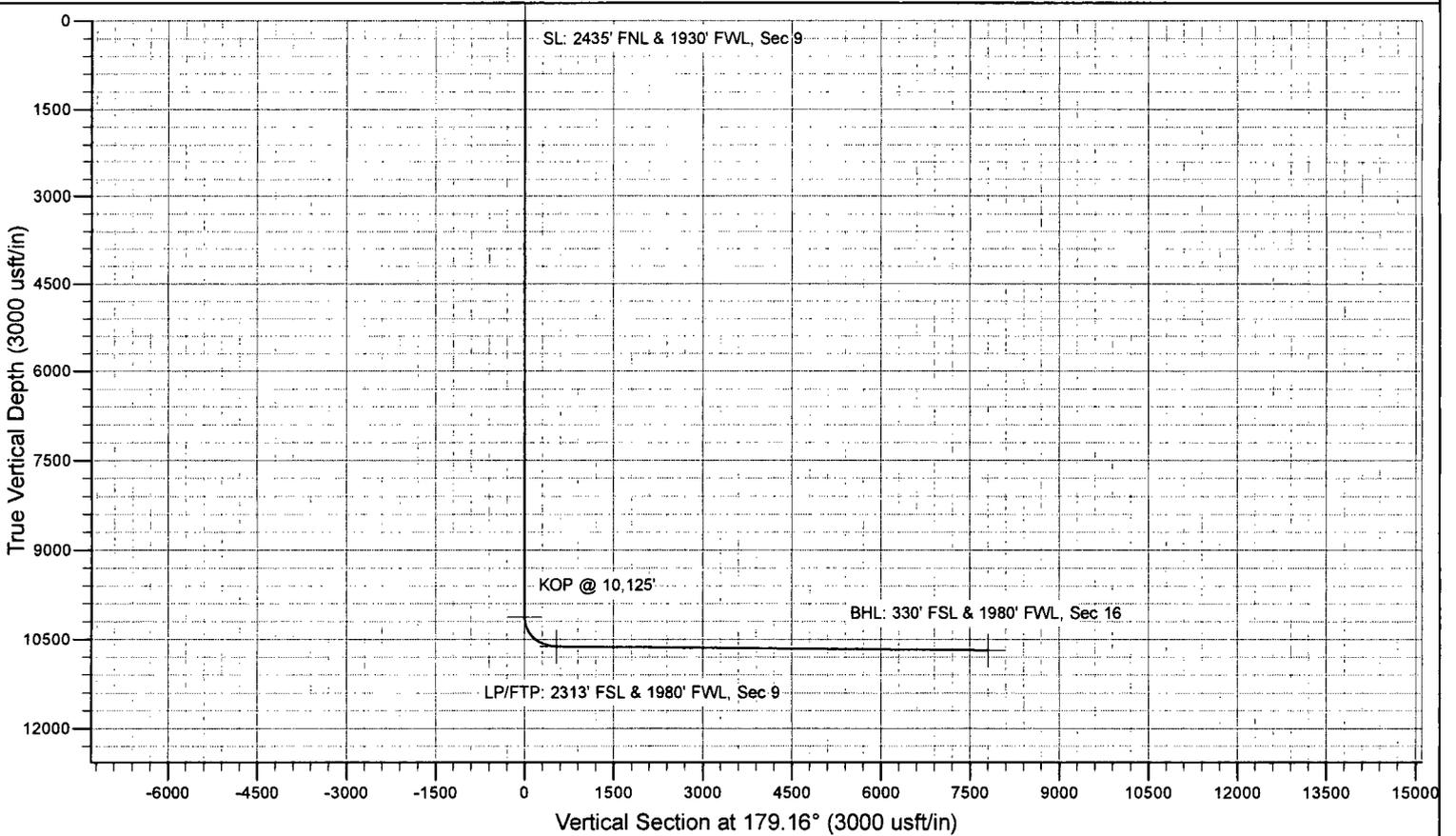
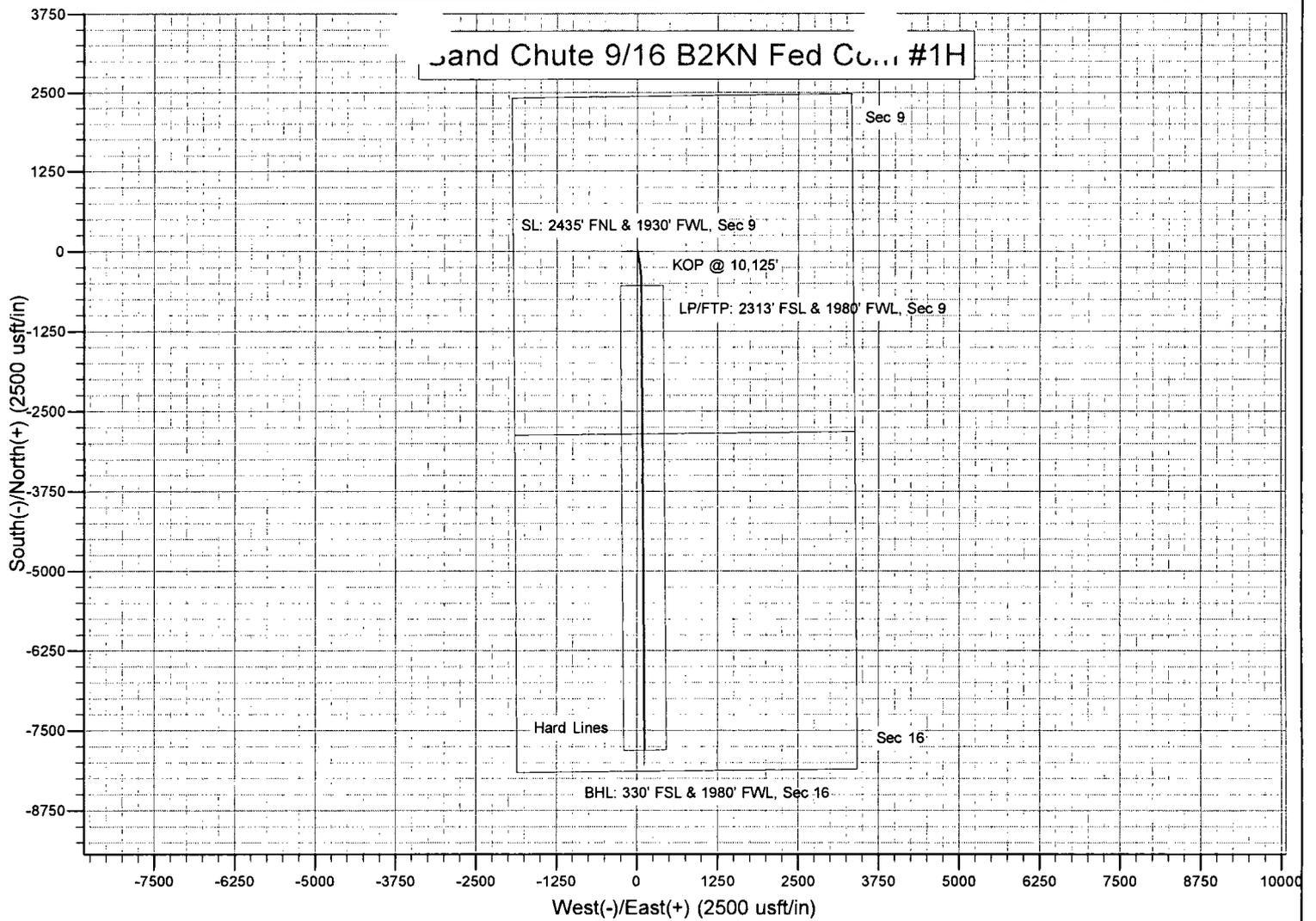
**8. Emergency Phone Numbers**

|                                                                       |                            |
|-----------------------------------------------------------------------|----------------------------|
| <b>Eddy County Sheriff's Office</b>                                   | <b>911 or 575-887-7551</b> |
| <b>Ambulance Service</b>                                              | <b>911 or 575-885-2111</b> |
| <b>Carlsbad Fire Dept</b>                                             | <b>911 or 575-885-2111</b> |
| <b>Loco Hills Volunteer Fire Dept.</b>                                | <b>911 or 575-677-3266</b> |
| <b>Closest Medical Facility - Columbia Medical Center of Carlsbad</b> | <b>575-492-5000</b>        |

|                              |                              |                     |
|------------------------------|------------------------------|---------------------|
| <b>Mewbourne Oil Company</b> | <b>Hobbs District Office</b> | <b>575-393-5905</b> |
|                              | <b>Fax</b>                   | <b>575-397-6252</b> |
|                              | <b>2<sup>nd</sup> Fax</b>    | <b>575-393-7259</b> |

|                                |                       |                     |
|--------------------------------|-----------------------|---------------------|
| <b>District Manager</b>        | <b>Robin Terrell</b>  | <b>575-390-4816</b> |
| <b>Drilling Superintendent</b> | <b>Frosty Lathan</b>  | <b>575-390-4103</b> |
|                                | <b>Bradley Bishop</b> | <b>575-390-6838</b> |
| <b>Drilling Foreman</b>        | <b>Wesley Noseff</b>  | <b>575-441-0729</b> |

# Land Chute 9/16 B2KN Fed C... #1H



# **Mewbourne Oil Company**

**Lea County, New Mexico NAD 83**

**Sand Chute 9/16 B2KN Fed Com #1H**

**Sec 9, T20S, R35E**

**SL: 2435' FNL & 1930' FWL, Sec 9**

**BHL: 330' FSL & 1980' FWL, Sec 16**

**Plan: Design #1**

## **Standard Planning Report**

**23 February, 2018**

Planning Report

|                  |                                   |                                     |                                        |
|------------------|-----------------------------------|-------------------------------------|----------------------------------------|
| <b>Database:</b> | Hobbs                             | <b>Local Co-ordinate Reference:</b> | Site Sand Chute 9/16 B2KN Fed Com #1H  |
| <b>Company:</b>  | Mewbourne Oil Company             | <b>TVD Reference:</b>               | WELL @ 3720.0usft (Original Well Elev) |
| <b>Project:</b>  | Lea County, New Mexico NAD 83     | <b>MD Reference:</b>                | WELL @ 3720.0usft (Original Well Elev) |
| <b>Site:</b>     | Sand Chute 9/16 B2KN Fed Com #1H  | <b>North Reference:</b>             | Grid                                   |
| <b>Well:</b>     | Sec 9, T20S, R35E                 | <b>Survey Calculation Method:</b>   | Minimum Curvature                      |
| <b>Wellbore:</b> | BHL: 330' FSL & 1980' FWL, Sec 16 |                                     |                                        |
| <b>Design:</b>   | Design #1                         |                                     |                                        |

|                    |                               |                      |                |
|--------------------|-------------------------------|----------------------|----------------|
| <b>Project</b>     | Lea County, New Mexico NAD 83 |                      |                |
| <b>Map System:</b> | US State Plane 1983           | <b>System Datum:</b> | Mean Sea Level |
| <b>Geo Datum:</b>  | North American Datum 1983     |                      |                |
| <b>Map Zone:</b>   | New Mexico Eastern Zone       |                      |                |

|                              |                                  |                     |                 |                          |              |
|------------------------------|----------------------------------|---------------------|-----------------|--------------------------|--------------|
| <b>Site</b>                  | Sand Chute 9/16 B2KN Fed Com #1H |                     |                 |                          |              |
| <b>Site Position:</b>        |                                  | <b>Northing:</b>    | 578,842.00 usft | <b>Latitude:</b>         | 32.5882869   |
| <b>From:</b>                 | Map                              | <b>Easting:</b>     | 808,898.00 usft | <b>Longitude:</b>        | -103.4646233 |
| <b>Position Uncertainty:</b> | 0.0 usft                         | <b>Slot Radius:</b> | 13-3/16 "       | <b>Grid Convergence:</b> | 0.47 °       |

|                             |                   |          |                            |                 |                      |              |
|-----------------------------|-------------------|----------|----------------------------|-----------------|----------------------|--------------|
| <b>Well</b>                 | Sec 9, T20S, R35E |          |                            |                 |                      |              |
| <b>Well Position</b>        | <b>+N/-S</b>      | 0.0 usft | <b>Northing:</b>           | 578,842.00 usft | <b>Latitude:</b>     | 32.5882869   |
|                             | <b>+E/-W</b>      | 0.0 usft | <b>Easting:</b>            | 808,898.00 usft | <b>Longitude:</b>    | -103.4646233 |
| <b>Position Uncertainty</b> |                   | 0.0 usft | <b>Wellhead Elevation:</b> | 3,720.0 usft    | <b>Ground Level:</b> | 3,693.0 usft |

|                  |                                   |                    |                    |                  |                       |
|------------------|-----------------------------------|--------------------|--------------------|------------------|-----------------------|
| <b>Wellbore</b>  | BHL: 330' FSL & 1980' FWL, Sec 16 |                    |                    |                  |                       |
| <b>Magnetics</b> | <b>Model Name</b>                 | <b>Sample Date</b> | <b>Declination</b> | <b>Dip Angle</b> | <b>Field Strength</b> |
|                  | IGRF2010                          | 2/23/2018          | (°)<br>6.73        | (°)<br>60.37     | (nT)<br>48,173        |

|                          |                         |              |                      |                  |
|--------------------------|-------------------------|--------------|----------------------|------------------|
| <b>Design</b>            | Design #1               |              |                      |                  |
| <b>Audit Notes:</b>      |                         |              |                      |                  |
| <b>Version:</b>          | <b>Phase:</b>           | PROTOTYPE    | <b>Tie On Depth:</b> | 0.0              |
| <b>Vertical Section:</b> | <b>Depth From (TVD)</b> | <b>+N/-S</b> | <b>+E/-W</b>         | <b>Direction</b> |
|                          | (usft)                  | (usft)       | (usft)               | (°)              |
|                          | 0.0                     | 0.0          | 0.0                  | 179.16           |

| <b>Plan Sections</b>  |                 |             |                       |              |              |                         |                        |                       |         |                       |
|-----------------------|-----------------|-------------|-----------------------|--------------|--------------|-------------------------|------------------------|-----------------------|---------|-----------------------|
| Measured Depth (usft) | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/-S (usft) | +E/-W (usft) | Dogleg Rate (°/100usft) | Build Rate (°/100usft) | Turn Rate (°/100usft) | TFO (°) | Target                |
| 0.0                   | 0.00            | 0.00        | 0.0                   | 0.0          | 0.0          | 0.00                    | 0.00                   | 0.00                  | 0.00    |                       |
| 10,125.0              | 0.00            | 0.00        | 10,125.0              | 0.0          | 0.0          | 0.00                    | 0.00                   | 0.00                  | 0.00    |                       |
| 10,571.5              | 53.58           | 171.19      | 10,509.2              | -191.7       | 29.7         | 12.00                   | 12.00                  | 0.00                  | 171.19  |                       |
| 10,942.9              | 89.53           | 179.54      | 10,625.0              | -537.0       | 55.0         | 9.90                    | 9.68                   | 2.25                  | 14.04   | LP/FTP: 2313' FSL &   |
| 18,213.4              | 89.53           | 179.54      | 10,685.0              | -7,807.0     | 114.0        | 0.00                    | 0.00                   | 0.00                  | 0.00    | BHL: 330' FSL & 1980' |

Planning Report

|                  |                                   |                                     |                                        |
|------------------|-----------------------------------|-------------------------------------|----------------------------------------|
| <b>Database:</b> | Hobbs                             | <b>Local Co-ordinate Reference:</b> | Site Sand Chute 9/16 B2KN Fed Com #1H  |
| <b>Company:</b>  | Mewbourne Oil Company             | <b>TVD Reference:</b>               | WELL @ 3720.0usft (Original Well Elev) |
| <b>Project:</b>  | Lea County, New Mexico NAD 83     | <b>MD Reference:</b>                | WELL @ 3720.0usft (Original Well Elev) |
| <b>Site:</b>     | Sand Chute 9/16 B2KN Fed Com #1H  | <b>North Reference:</b>             | Grid                                   |
| <b>Well:</b>     | Sec 9, T20S, R35E                 | <b>Survey Calculation Method:</b>   | Minimum Curvature                      |
| <b>Wellbore:</b> | BHL: 330' FSL & 1980' FWL, Sec 16 |                                     |                                        |
| <b>Design:</b>   | Design #1                         |                                     |                                        |

| Planned Survey                              |                 |             |                       |              |              |                         |                         |                        |                       |  |
|---------------------------------------------|-----------------|-------------|-----------------------|--------------|--------------|-------------------------|-------------------------|------------------------|-----------------------|--|
| Measured Depth (usft)                       | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/-S (usft) | +E/-W (usft) | Vertical Section (usft) | Dogleg Rate (°/100usft) | Build Rate (°/100usft) | Turn Rate (°/100usft) |  |
| 0.0                                         | 0.00            | 0.00        | 0.0                   | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| <b>SL: 2435' FNL &amp; 1930' FWL, Sec 9</b> |                 |             |                       |              |              |                         |                         |                        |                       |  |
| 100.0                                       | 0.00            | 0.00        | 100.0                 | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 200.0                                       | 0.00            | 0.00        | 200.0                 | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 300.0                                       | 0.00            | 0.00        | 300.0                 | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 400.0                                       | 0.00            | 0.00        | 400.0                 | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 500.0                                       | 0.00            | 0.00        | 500.0                 | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 600.0                                       | 0.00            | 0.00        | 600.0                 | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 700.0                                       | 0.00            | 0.00        | 700.0                 | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 800.0                                       | 0.00            | 0.00        | 800.0                 | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 900.0                                       | 0.00            | 0.00        | 900.0                 | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 1,000.0                                     | 0.00            | 0.00        | 1,000.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 1,100.0                                     | 0.00            | 0.00        | 1,100.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 1,200.0                                     | 0.00            | 0.00        | 1,200.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 1,300.0                                     | 0.00            | 0.00        | 1,300.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 1,400.0                                     | 0.00            | 0.00        | 1,400.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 1,500.0                                     | 0.00            | 0.00        | 1,500.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 1,600.0                                     | 0.00            | 0.00        | 1,600.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 1,700.0                                     | 0.00            | 0.00        | 1,700.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 1,800.0                                     | 0.00            | 0.00        | 1,800.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 1,900.0                                     | 0.00            | 0.00        | 1,900.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 2,000.0                                     | 0.00            | 0.00        | 2,000.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 2,100.0                                     | 0.00            | 0.00        | 2,100.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 2,200.0                                     | 0.00            | 0.00        | 2,200.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 2,300.0                                     | 0.00            | 0.00        | 2,300.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 2,400.0                                     | 0.00            | 0.00        | 2,400.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 2,500.0                                     | 0.00            | 0.00        | 2,500.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 2,600.0                                     | 0.00            | 0.00        | 2,600.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 2,700.0                                     | 0.00            | 0.00        | 2,700.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 2,800.0                                     | 0.00            | 0.00        | 2,800.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 2,900.0                                     | 0.00            | 0.00        | 2,900.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 3,000.0                                     | 0.00            | 0.00        | 3,000.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 3,100.0                                     | 0.00            | 0.00        | 3,100.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 3,200.0                                     | 0.00            | 0.00        | 3,200.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 3,300.0                                     | 0.00            | 0.00        | 3,300.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 3,400.0                                     | 0.00            | 0.00        | 3,400.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 3,500.0                                     | 0.00            | 0.00        | 3,500.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 3,600.0                                     | 0.00            | 0.00        | 3,600.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 3,700.0                                     | 0.00            | 0.00        | 3,700.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 3,800.0                                     | 0.00            | 0.00        | 3,800.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 3,900.0                                     | 0.00            | 0.00        | 3,900.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 4,000.0                                     | 0.00            | 0.00        | 4,000.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 4,100.0                                     | 0.00            | 0.00        | 4,100.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 4,200.0                                     | 0.00            | 0.00        | 4,200.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 4,300.0                                     | 0.00            | 0.00        | 4,300.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 4,400.0                                     | 0.00            | 0.00        | 4,400.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 4,500.0                                     | 0.00            | 0.00        | 4,500.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 4,600.0                                     | 0.00            | 0.00        | 4,600.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 4,700.0                                     | 0.00            | 0.00        | 4,700.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 4,800.0                                     | 0.00            | 0.00        | 4,800.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 4,900.0                                     | 0.00            | 0.00        | 4,900.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 5,000.0                                     | 0.00            | 0.00        | 5,000.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 5,100.0                                     | 0.00            | 0.00        | 5,100.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |
| 5,200.0                                     | 0.00            | 0.00        | 5,200.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  |  |

Planning Report

|                  |                                   |                                     |                                        |
|------------------|-----------------------------------|-------------------------------------|----------------------------------------|
| <b>Database:</b> | Hobbs                             | <b>Local Co-ordinate Reference:</b> | Site Sand Chute 9/16 B2KN Fed Com #1H  |
| <b>Company:</b>  | Mewbourne Oil Company             | <b>TVD Reference:</b>               | WELL @ 3720.0usft (Original Well Elev) |
| <b>Project:</b>  | Lea County, New Mexico NAD 83     | <b>MD Reference:</b>                | WELL @ 3720.0usft (Original Well Elev) |
| <b>Site:</b>     | Sand Chute 9/16 B2KN Fed Com #1H  | <b>North Reference:</b>             | Grid                                   |
| <b>Well:</b>     | Sec 9, T20S, R35E                 | <b>Survey Calculation Method:</b>   | Minimum Curvature                      |
| <b>Wellbore:</b> | BHL: 330' FSL & 1980' FWL, Sec 16 |                                     |                                        |
| <b>Design:</b>   | Design #1                         |                                     |                                        |

| Planned Survey        |                 |             |                       |              |              |                         |                         |                        |                       |      |
|-----------------------|-----------------|-------------|-----------------------|--------------|--------------|-------------------------|-------------------------|------------------------|-----------------------|------|
| Measured Depth (usft) | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/-S (usft) | +E/-W (usft) | Vertical Section (usft) | Dogleg Rate (°/100usft) | Build Rate (°/100usft) | Turn Rate (°/100usft) |      |
| 5,300.0               | 0.00            | 0.00        | 5,300.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 5,400.0               | 0.00            | 0.00        | 5,400.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 5,500.0               | 0.00            | 0.00        | 5,500.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 5,600.0               | 0.00            | 0.00        | 5,600.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 5,700.0               | 0.00            | 0.00        | 5,700.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 5,800.0               | 0.00            | 0.00        | 5,800.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 5,900.0               | 0.00            | 0.00        | 5,900.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 6,000.0               | 0.00            | 0.00        | 6,000.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 6,100.0               | 0.00            | 0.00        | 6,100.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 6,200.0               | 0.00            | 0.00        | 6,200.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 6,300.0               | 0.00            | 0.00        | 6,300.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 6,400.0               | 0.00            | 0.00        | 6,400.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 6,500.0               | 0.00            | 0.00        | 6,500.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 6,600.0               | 0.00            | 0.00        | 6,600.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 6,700.0               | 0.00            | 0.00        | 6,700.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 6,800.0               | 0.00            | 0.00        | 6,800.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 6,900.0               | 0.00            | 0.00        | 6,900.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 7,000.0               | 0.00            | 0.00        | 7,000.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 7,100.0               | 0.00            | 0.00        | 7,100.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 7,200.0               | 0.00            | 0.00        | 7,200.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 7,300.0               | 0.00            | 0.00        | 7,300.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 7,400.0               | 0.00            | 0.00        | 7,400.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 7,500.0               | 0.00            | 0.00        | 7,500.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 7,600.0               | 0.00            | 0.00        | 7,600.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 7,700.0               | 0.00            | 0.00        | 7,700.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 7,800.0               | 0.00            | 0.00        | 7,800.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 7,900.0               | 0.00            | 0.00        | 7,900.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 8,000.0               | 0.00            | 0.00        | 8,000.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 8,100.0               | 0.00            | 0.00        | 8,100.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 8,200.0               | 0.00            | 0.00        | 8,200.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 8,300.0               | 0.00            | 0.00        | 8,300.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 8,400.0               | 0.00            | 0.00        | 8,400.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 8,500.0               | 0.00            | 0.00        | 8,500.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 8,600.0               | 0.00            | 0.00        | 8,600.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 8,700.0               | 0.00            | 0.00        | 8,700.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 8,800.0               | 0.00            | 0.00        | 8,800.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 8,900.0               | 0.00            | 0.00        | 8,900.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 9,000.0               | 0.00            | 0.00        | 9,000.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 9,100.0               | 0.00            | 0.00        | 9,100.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 9,200.0               | 0.00            | 0.00        | 9,200.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 9,300.0               | 0.00            | 0.00        | 9,300.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 9,400.0               | 0.00            | 0.00        | 9,400.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 9,500.0               | 0.00            | 0.00        | 9,500.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 9,600.0               | 0.00            | 0.00        | 9,600.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 9,700.0               | 0.00            | 0.00        | 9,700.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 9,800.0               | 0.00            | 0.00        | 9,800.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 9,900.0               | 0.00            | 0.00        | 9,900.0               | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 10,000.0              | 0.00            | 0.00        | 10,000.0              | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 10,100.0              | 0.00            | 0.00        | 10,100.0              | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| 10,125.0              | 0.00            | 0.00        | 10,125.0              | 0.0          | 0.0          | 0.0                     | 0.00                    | 0.00                   | 0.00                  | 0.00 |
| <b>KOP @ 10,125'</b>  |                 |             |                       |              |              |                         |                         |                        |                       |      |
| 10,200.0              | 9.00            | 171.19      | 10,199.7              | -5.8         | 0.9          | 5.8                     | 12.00                   | 12.00                  | 0.00                  | 0.00 |
| 10,300.0              | 21.00           | 171.19      | 10,296.1              | -31.3        | 4.9          | 31.4                    | 12.00                   | 12.00                  | 0.00                  | 0.00 |

Planning Report

|                  |                                   |                                     |                                        |
|------------------|-----------------------------------|-------------------------------------|----------------------------------------|
| <b>Database:</b> | Hobbs                             | <b>Local Co-ordinate Reference:</b> | Site Sand Chute 9/16 B2KN Fed Com #1H  |
| <b>Company:</b>  | Mewbourne Oil Company             | <b>TVD Reference:</b>               | WELL @ 3720.0usft (Original Well Elev) |
| <b>Project:</b>  | Lea County, New Mexico NAD 83     | <b>MD Reference:</b>                | WELL @ 3720.0usft (Original Well Elev) |
| <b>Site:</b>     | Sand Chute 9/16 B2KN Fed Com #1H  | <b>North Reference:</b>             | Grid                                   |
| <b>Well:</b>     | Sec 9, T20S, R35E                 | <b>Survey Calculation Method:</b>   | Minimum Curvature                      |
| <b>Wellbore:</b> | BHL: 330' FSL & 1980' FWL, Sec 16 |                                     |                                        |
| <b>Design:</b>   | Design #1                         |                                     |                                        |

| Planned Survey                                  |                 |             |                       |              |              |                         |                         |                        |                       |  |
|-------------------------------------------------|-----------------|-------------|-----------------------|--------------|--------------|-------------------------|-------------------------|------------------------|-----------------------|--|
| Measured Depth (usft)                           | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/-S (usft) | +E/-W (usft) | Vertical Section (usft) | Dogleg Rate (°/100usft) | Build Rate (°/100usft) | Turn Rate (°/100usft) |  |
| 10,400.0                                        | 33.00           | 171.19      | 10,385.0              | -76.1        | 11.8         | 76.3                    | 12.00                   | 12.00                  | 0.00                  |  |
| 10,500.0                                        | 45.00           | 171.19      | 10,462.6              | -138.2       | 21.4         | 138.5                   | 12.00                   | 12.00                  | 0.00                  |  |
| 10,571.5                                        | 53.58           | 171.19      | 10,509.2              | -191.7       | 29.7         | 192.1                   | 12.00                   | 12.00                  | 0.00                  |  |
| 10,600.0                                        | 56.32           | 172.01      | 10,525.6              | -214.8       | 33.1         | 215.2                   | 9.90                    | 9.62                   | 2.88                  |  |
| 10,700.0                                        | 65.97           | 174.54      | 10,573.8              | -301.7       | 43.3         | 302.3                   | 9.90                    | 9.65                   | 2.53                  |  |
| 10,800.0                                        | 75.66           | 176.71      | 10,606.6              | -395.7       | 50.4         | 396.4                   | 9.90                    | 9.69                   | 2.17                  |  |
| 10,900.0                                        | 85.36           | 178.70      | 10,623.1              | -494.1       | 54.3         | 494.9                   | 9.90                    | 9.70                   | 1.99                  |  |
| 10,942.9                                        | 89.53           | 179.54      | 10,625.0              | -537.0       | 55.0         | 537.7                   | 9.90                    | 9.71                   | 1.94                  |  |
| <b>LP/FTP: 2313' FSL &amp; 1980' FWL, Sec 9</b> |                 |             |                       |              |              |                         |                         |                        |                       |  |
| 11,000.0                                        | 89.53           | 179.54      | 10,625.5              | -594.1       | 55.5         | 594.8                   | 0.00                    | 0.00                   | 0.00                  |  |
| 11,100.0                                        | 89.53           | 179.54      | 10,626.3              | -694.1       | 56.3         | 694.8                   | 0.00                    | 0.00                   | 0.00                  |  |
| 11,200.0                                        | 89.53           | 179.54      | 10,627.1              | -794.1       | 57.1         | 794.8                   | 0.00                    | 0.00                   | 0.00                  |  |
| 11,300.0                                        | 89.53           | 179.54      | 10,627.9              | -894.1       | 57.9         | 894.8                   | 0.00                    | 0.00                   | 0.00                  |  |
| 11,400.0                                        | 89.53           | 179.54      | 10,628.8              | -994.1       | 58.7         | 994.8                   | 0.00                    | 0.00                   | 0.00                  |  |
| 11,500.0                                        | 89.53           | 179.54      | 10,629.6              | -1,094.1     | 59.5         | 1,094.8                 | 0.00                    | 0.00                   | 0.00                  |  |
| 11,600.0                                        | 89.53           | 179.54      | 10,630.4              | -1,194.0     | 60.3         | 1,194.8                 | 0.00                    | 0.00                   | 0.00                  |  |
| 11,700.0                                        | 89.53           | 179.54      | 10,631.2              | -1,294.0     | 61.1         | 1,294.8                 | 0.00                    | 0.00                   | 0.00                  |  |
| 11,800.0                                        | 89.53           | 179.54      | 10,632.1              | -1,394.0     | 62.0         | 1,394.8                 | 0.00                    | 0.00                   | 0.00                  |  |
| 11,900.0                                        | 89.53           | 179.54      | 10,632.9              | -1,494.0     | 62.8         | 1,494.8                 | 0.00                    | 0.00                   | 0.00                  |  |
| 12,000.0                                        | 89.53           | 179.54      | 10,633.7              | -1,594.0     | 63.6         | 1,594.8                 | 0.00                    | 0.00                   | 0.00                  |  |
| 12,100.0                                        | 89.53           | 179.54      | 10,634.5              | -1,694.0     | 64.4         | 1,694.8                 | 0.00                    | 0.00                   | 0.00                  |  |
| 12,200.0                                        | 89.53           | 179.54      | 10,635.4              | -1,794.0     | 65.2         | 1,794.8                 | 0.00                    | 0.00                   | 0.00                  |  |
| 12,300.0                                        | 89.53           | 179.54      | 10,636.2              | -1,894.0     | 66.0         | 1,894.8                 | 0.00                    | 0.00                   | 0.00                  |  |
| 12,400.0                                        | 89.53           | 179.54      | 10,637.0              | -1,994.0     | 66.8         | 1,994.8                 | 0.00                    | 0.00                   | 0.00                  |  |
| 12,500.0                                        | 89.53           | 179.54      | 10,637.8              | -2,094.0     | 67.6         | 2,094.7                 | 0.00                    | 0.00                   | 0.00                  |  |
| 12,600.0                                        | 89.53           | 179.54      | 10,638.7              | -2,194.0     | 68.4         | 2,194.7                 | 0.00                    | 0.00                   | 0.00                  |  |
| 12,700.0                                        | 89.53           | 179.54      | 10,639.5              | -2,294.0     | 69.3         | 2,294.7                 | 0.00                    | 0.00                   | 0.00                  |  |
| 12,800.0                                        | 89.53           | 179.54      | 10,640.3              | -2,394.0     | 70.1         | 2,394.7                 | 0.00                    | 0.00                   | 0.00                  |  |
| 12,900.0                                        | 89.53           | 179.54      | 10,641.2              | -2,494.0     | 70.9         | 2,494.7                 | 0.00                    | 0.00                   | 0.00                  |  |
| 13,000.0                                        | 89.53           | 179.54      | 10,642.0              | -2,594.0     | 71.7         | 2,594.7                 | 0.00                    | 0.00                   | 0.00                  |  |
| 13,100.0                                        | 89.53           | 179.54      | 10,642.8              | -2,693.9     | 72.5         | 2,694.7                 | 0.00                    | 0.00                   | 0.00                  |  |
| 13,200.0                                        | 89.53           | 179.54      | 10,643.6              | -2,793.9     | 73.3         | 2,794.7                 | 0.00                    | 0.00                   | 0.00                  |  |
| 13,300.0                                        | 89.53           | 179.54      | 10,644.5              | -2,893.9     | 74.1         | 2,894.7                 | 0.00                    | 0.00                   | 0.00                  |  |
| 13,400.0                                        | 89.53           | 179.54      | 10,645.3              | -2,993.9     | 74.9         | 2,994.7                 | 0.00                    | 0.00                   | 0.00                  |  |
| 13,500.0                                        | 89.53           | 179.54      | 10,646.1              | -3,093.9     | 75.8         | 3,094.7                 | 0.00                    | 0.00                   | 0.00                  |  |
| 13,600.0                                        | 89.53           | 179.54      | 10,646.9              | -3,193.9     | 76.6         | 3,194.7                 | 0.00                    | 0.00                   | 0.00                  |  |
| 13,700.0                                        | 89.53           | 179.54      | 10,647.8              | -3,293.9     | 77.4         | 3,294.7                 | 0.00                    | 0.00                   | 0.00                  |  |
| 13,800.0                                        | 89.53           | 179.54      | 10,648.6              | -3,393.9     | 78.2         | 3,394.7                 | 0.00                    | 0.00                   | 0.00                  |  |
| 13,900.0                                        | 89.53           | 179.54      | 10,649.4              | -3,493.9     | 79.0         | 3,494.7                 | 0.00                    | 0.00                   | 0.00                  |  |
| 14,000.0                                        | 89.53           | 179.54      | 10,650.2              | -3,593.9     | 79.8         | 3,594.7                 | 0.00                    | 0.00                   | 0.00                  |  |
| 14,100.0                                        | 89.53           | 179.54      | 10,651.1              | -3,693.9     | 80.6         | 3,694.7                 | 0.00                    | 0.00                   | 0.00                  |  |
| 14,200.0                                        | 89.53           | 179.54      | 10,651.9              | -3,793.9     | 81.4         | 3,794.7                 | 0.00                    | 0.00                   | 0.00                  |  |
| 14,300.0                                        | 89.53           | 179.54      | 10,652.7              | -3,893.9     | 82.2         | 3,894.6                 | 0.00                    | 0.00                   | 0.00                  |  |
| 14,400.0                                        | 89.53           | 179.54      | 10,653.5              | -3,993.9     | 83.1         | 3,994.6                 | 0.00                    | 0.00                   | 0.00                  |  |
| 14,500.0                                        | 89.53           | 179.54      | 10,654.4              | -4,093.9     | 83.9         | 4,094.6                 | 0.00                    | 0.00                   | 0.00                  |  |
| 14,600.0                                        | 89.53           | 179.54      | 10,655.2              | -4,193.8     | 84.7         | 4,194.6                 | 0.00                    | 0.00                   | 0.00                  |  |
| 14,700.0                                        | 89.53           | 179.54      | 10,656.0              | -4,293.8     | 85.5         | 4,294.6                 | 0.00                    | 0.00                   | 0.00                  |  |
| 14,800.0                                        | 89.53           | 179.54      | 10,656.8              | -4,393.8     | 86.3         | 4,394.6                 | 0.00                    | 0.00                   | 0.00                  |  |
| 14,900.0                                        | 89.53           | 179.54      | 10,657.7              | -4,493.8     | 87.1         | 4,494.6                 | 0.00                    | 0.00                   | 0.00                  |  |
| 15,000.0                                        | 89.53           | 179.54      | 10,658.5              | -4,593.8     | 87.9         | 4,594.6                 | 0.00                    | 0.00                   | 0.00                  |  |
| 15,100.0                                        | 89.53           | 179.54      | 10,659.3              | -4,693.8     | 88.7         | 4,694.6                 | 0.00                    | 0.00                   | 0.00                  |  |
| 15,200.0                                        | 89.53           | 179.54      | 10,660.1              | -4,793.8     | 89.5         | 4,794.6                 | 0.00                    | 0.00                   | 0.00                  |  |
| 15,300.0                                        | 89.53           | 179.54      | 10,661.0              | -4,893.8     | 90.4         | 4,894.6                 | 0.00                    | 0.00                   | 0.00                  |  |
| 15,400.0                                        | 89.53           | 179.54      | 10,661.8              | -4,993.8     | 91.2         | 4,994.6                 | 0.00                    | 0.00                   | 0.00                  |  |

Planning Report

|                  |                                   |                                     |                                        |
|------------------|-----------------------------------|-------------------------------------|----------------------------------------|
| <b>Database:</b> | Hobbs                             | <b>Local Co-ordinate Reference:</b> | Site Sand Chute 9/16 B2KN Fed Com #1H  |
| <b>Company:</b>  | Mewbourne Oil Company             | <b>TVD Reference:</b>               | WELL @ 3720.0usft (Original Well Elev) |
| <b>Project:</b>  | Lea County, New Mexico NAD 83     | <b>MD Reference:</b>                | WELL @ 3720.0usft (Original Well Elev) |
| <b>Site:</b>     | Sand Chute 9/16 B2KN Fed Com #1H  | <b>North Reference:</b>             | Grid                                   |
| <b>Well:</b>     | Sec 9, T20S, R35E                 | <b>Survey Calculation Method:</b>   | Minimum Curvature                      |
| <b>Wellbore:</b> | BHL: 330' FSL & 1980' FWL, Sec 16 |                                     |                                        |
| <b>Design:</b>   | Design #1                         |                                     |                                        |

| Planned Survey        |                 |             |                       |              |              |                         |                         |                        |                       |  |
|-----------------------|-----------------|-------------|-----------------------|--------------|--------------|-------------------------|-------------------------|------------------------|-----------------------|--|
| Measured Depth (usft) | Inclination (°) | Azimuth (°) | Vertical Depth (usft) | +N/-S (usft) | +E/-W (usft) | Vertical Section (usft) | Dogleg Rate (°/100usft) | Build Rate (°/100usft) | Turn Rate (°/100usft) |  |
| 15,500.0              | 89.53           | 179.54      | 10,662.6              | -5,093.8     | 92.0         | 5,094.6                 | 0.00                    | 0.00                   | 0.00                  |  |
| 15,600.0              | 89.53           | 179.54      | 10,663.4              | -5,193.8     | 92.8         | 5,194.6                 | 0.00                    | 0.00                   | 0.00                  |  |
| 15,700.0              | 89.53           | 179.54      | 10,664.3              | -5,293.8     | 93.6         | 5,294.6                 | 0.00                    | 0.00                   | 0.00                  |  |
| 15,800.0              | 89.53           | 179.54      | 10,665.1              | -5,393.8     | 94.4         | 5,394.6                 | 0.00                    | 0.00                   | 0.00                  |  |
| 15,900.0              | 89.53           | 179.54      | 10,665.9              | -5,493.8     | 95.2         | 5,494.6                 | 0.00                    | 0.00                   | 0.00                  |  |
| 16,000.0              | 89.53           | 179.54      | 10,666.7              | -5,593.7     | 96.0         | 5,594.6                 | 0.00                    | 0.00                   | 0.00                  |  |
| 16,100.0              | 89.53           | 179.54      | 10,667.6              | -5,693.7     | 96.8         | 5,694.5                 | 0.00                    | 0.00                   | 0.00                  |  |
| 16,200.0              | 89.53           | 179.54      | 10,668.4              | -5,793.7     | 97.7         | 5,794.5                 | 0.00                    | 0.00                   | 0.00                  |  |
| 16,300.0              | 89.53           | 179.54      | 10,669.2              | -5,893.7     | 98.5         | 5,894.5                 | 0.00                    | 0.00                   | 0.00                  |  |
| 16,400.0              | 89.53           | 179.54      | 10,670.0              | -5,993.7     | 99.3         | 5,994.5                 | 0.00                    | 0.00                   | 0.00                  |  |
| 16,500.0              | 89.53           | 179.54      | 10,670.9              | -6,093.7     | 100.1        | 6,094.5                 | 0.00                    | 0.00                   | 0.00                  |  |
| 16,600.0              | 89.53           | 179.54      | 10,671.7              | -6,193.7     | 100.9        | 6,194.5                 | 0.00                    | 0.00                   | 0.00                  |  |
| 16,700.0              | 89.53           | 179.54      | 10,672.5              | -6,293.7     | 101.7        | 6,294.5                 | 0.00                    | 0.00                   | 0.00                  |  |
| 16,800.0              | 89.53           | 179.54      | 10,673.3              | -6,393.7     | 102.5        | 6,394.5                 | 0.00                    | 0.00                   | 0.00                  |  |
| 16,900.0              | 89.53           | 179.54      | 10,674.2              | -6,493.7     | 103.3        | 6,494.5                 | 0.00                    | 0.00                   | 0.00                  |  |
| 17,000.0              | 89.53           | 179.54      | 10,675.0              | -6,593.7     | 104.2        | 6,594.5                 | 0.00                    | 0.00                   | 0.00                  |  |
| 17,100.0              | 89.53           | 179.54      | 10,675.8              | -6,693.7     | 105.0        | 6,694.5                 | 0.00                    | 0.00                   | 0.00                  |  |
| 17,200.0              | 89.53           | 179.54      | 10,676.6              | -6,793.7     | 105.8        | 6,794.5                 | 0.00                    | 0.00                   | 0.00                  |  |
| 17,300.0              | 89.53           | 179.54      | 10,677.5              | -6,893.7     | 106.6        | 6,894.5                 | 0.00                    | 0.00                   | 0.00                  |  |
| 17,400.0              | 89.53           | 179.54      | 10,678.3              | -6,993.7     | 107.4        | 6,994.5                 | 0.00                    | 0.00                   | 0.00                  |  |
| 17,500.0              | 89.53           | 179.54      | 10,679.1              | -7,093.6     | 108.2        | 7,094.5                 | 0.00                    | 0.00                   | 0.00                  |  |
| 17,600.0              | 89.53           | 179.54      | 10,679.9              | -7,193.6     | 109.0        | 7,194.5                 | 0.00                    | 0.00                   | 0.00                  |  |
| 17,700.0              | 89.53           | 179.54      | 10,680.8              | -7,293.6     | 109.8        | 7,294.5                 | 0.00                    | 0.00                   | 0.00                  |  |
| 17,800.0              | 89.53           | 179.54      | 10,681.6              | -7,393.6     | 110.6        | 7,394.5                 | 0.00                    | 0.00                   | 0.00                  |  |
| 17,900.0              | 89.53           | 179.54      | 10,682.4              | -7,493.6     | 111.5        | 7,494.5                 | 0.00                    | 0.00                   | 0.00                  |  |
| 18,000.0              | 89.53           | 179.54      | 10,683.2              | -7,593.6     | 112.3        | 7,594.4                 | 0.00                    | 0.00                   | 0.00                  |  |
| 18,100.0              | 89.53           | 179.54      | 10,684.1              | -7,693.6     | 113.1        | 7,694.4                 | 0.00                    | 0.00                   | 0.00                  |  |
| 18,200.0              | 89.53           | 179.54      | 10,684.9              | -7,793.6     | 113.9        | 7,794.4                 | 0.00                    | 0.00                   | 0.00                  |  |
| 18,213.4              | 89.53           | 179.54      | 10,685.0              | -7,807.0     | 114.0        | 7,807.8                 | 0.00                    | 0.00                   | 0.00                  |  |

BHL: 330' FSL & 1980' FWL, Sec 16

| Design Targets                                                     |               |              |            |              |              |                 |                |            |              |  |
|--------------------------------------------------------------------|---------------|--------------|------------|--------------|--------------|-----------------|----------------|------------|--------------|--|
| Target Name                                                        | Dip Angle (°) | Dip Dir. (°) | TVD (usft) | +N/-S (usft) | +E/-W (usft) | Northing (usft) | Easting (usft) | Latitude   | Longitude    |  |
| SL: 2435' FNL & 1930' F<br>- hit/miss target<br>- Shape<br>- Point | 0.00          | 0.00         | 0.0        | 0.0          | 0.0          | 578,842.00      | 808,898.00     | 32.5882869 | -103.4646233 |  |
| KOP @ 10,125'<br>- plan hits target center<br>- Point              | 0.00          | 0.00         | 10,125.0   | 0.0          | 0.0          | 578,842.00      | 808,898.00     | 32.5882869 | -103.4646233 |  |
| LP/FTP: 2313' FSL & 19<br>- plan hits target center<br>- Point     | 0.00          | 0.00         | 10,625.0   | -537.0       | 55.0         | 578,305.00      | 808,953.00     | 32.5868098 | -103.4644590 |  |
| BHL: 330' FSL & 1980' F<br>- plan hits target center<br>- Point    | 0.00          | 0.00         | 10,685.0   | -7,807.0     | 114.0        | 571,035.00      | 809,012.00     | 32.5668273 | -103.4644602 |  |

**Mewbourne Oil Company, Sand Chute 9/16 B2KN Fed Com #1H**  
**Sec 9, T20S, R35E**  
**SL: 2435' FNL & 1930' FWL, Sec 9**  
**BHL: 330' FSL & 1980' FWL, Sec 16**

**1. Geologic Formations**

|               |         |                               |     |
|---------------|---------|-------------------------------|-----|
| TVD of target | 10,685' | Pilot hole depth              | NA  |
| MD at TD:     | 18,215' | Deepest expected fresh water: | 50' |

**Basin**

| <b>Formation</b>                 | <b>Depth (TVD) from KB</b> | <b>Water/Mineral Bearing/ Target Zone?</b> | <b>Hazards*</b> |
|----------------------------------|----------------------------|--------------------------------------------|-----------------|
| Quaternary Fill                  | Surface                    |                                            |                 |
| Rustler                          | 2000                       | Water                                      |                 |
| Top Salt                         |                            |                                            |                 |
| Castile                          |                            |                                            |                 |
| Base Salt                        | 3410                       |                                            |                 |
| Yates                            | 3720                       | Oil/Gas                                    |                 |
| Seven Rivers                     | 4190                       |                                            |                 |
| Queen                            | 4610                       |                                            |                 |
| Lamar                            | 6470                       | Oil/Gas                                    |                 |
| Bell Canyon                      |                            | Oil/Gas                                    |                 |
| Cherry Canyon                    |                            | Oil/Gas                                    |                 |
| Manzanita Marker                 |                            |                                            |                 |
| Brushy Canyon                    |                            | Oil/Gas                                    |                 |
| Bone Spring                      | 8220                       | Oil/Gas                                    |                 |
| 1 <sup>st</sup> Bone Spring Sand | 9550                       |                                            |                 |
| 2 <sup>nd</sup> Bone Spring Sand | 10150                      | Target Zone                                |                 |
| 3 <sup>rd</sup> Bone Spring Sand |                            |                                            |                 |
| Abo                              |                            |                                            |                 |
| Wolfcamp                         |                            |                                            |                 |
| Devonian                         |                            |                                            |                 |
| Fusselman                        |                            |                                            |                 |
| Ellenburger                      |                            |                                            |                 |
| Granite Wash                     |                            |                                            |                 |

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

**Mewbourne Oil Company, Sand Chute 9/16 B2KN Fed Com #1H**  
**Sec 9, T20S, R35E**  
**SL: 2435' FNL & 1930' FWL, Sec 9**  
**BHL: 330' FSL & 1980' FWL, Sec 16**

**2. Casing Program**

| Hole Size                 | Casing Interval |         | Csg. Size | Weight (lbs) | Grade              | Conn.              | SF Collapse | SF Burst | SF Jt Tension | SF Body Tension |
|---------------------------|-----------------|---------|-----------|--------------|--------------------|--------------------|-------------|----------|---------------|-----------------|
|                           | From            | To      |           |              |                    |                    |             |          |               |                 |
| 17.5"                     | 0'              | 1462'   | 13.375"   | 48           | H40                | STC                | 1.13        | 2.53     | 3.11          | 7.71            |
| 17.5"                     | 1462'           | 2075'   | 13.375"   | 54.5         | J55                | STC                | 1.16        | 2.81     | 15.40         | 25.55           |
| 12.25"                    | 0'              | 3453'   | 9.625"    | 36           | J55                | LTC                | 1.13        | 1.96     | 1.87          | 4.54            |
| 12.25"                    | 3453'           | 4393'   | 9.625"    | 40           | J55                | LTC                | 1.13        | 1.73     | 4.42          | 16.75           |
| 12.25"                    | 4393'           | 5282'   | 9.625"    | 40           | N80                | LTC                | 1.13        | 2.09     | 9.20          | 25.76           |
| 12.25"                    | 5282'           | 6395'   | 9.625"    | 40           | HCL80              | LTC                | 1.27        | 1.73     | 18.80         | 20.58           |
| 8.75"                     | 0'              | 10,943' | 7"        | 26           | P110               | LTC                | 1.48        | 1.89     | 2.27          | 2.92            |
| 6.125"                    | 7914'           | 18,150' | 4.5"      | 13.5         | P110               | LTC                | 1.92        | 2.23     | 3.09          | 3.86            |
| BLM Minimum Safety Factor |                 |         | 1.125     | 1            | 1.6 Dry<br>1.8 Wet | 1.6 Dry<br>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      |
| Is casing API approved? 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 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 3 <sup>rd</sup> 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 <sup>nd</sup> 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?                                                                                             |        |