

## District I

1625 N. French Dr., Hobbs, NM 88240

## District II

1301 W. Grand Avenue, Artesia, NM 88210

## District III

1000 Rio Brazos Road, Aztec, NM 87410

## District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Form C-101

May 27, 2004

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit to appropriate District Office

☐ AMENDED REPORT

## APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1 Operator Name and Address Mewbourne Oil Company Po Box 5270 Hobbs, NM 88240		2 OGRID Number 14744
3 Property Code 34316	3 Property Name Osudo 7 State Com	3 API Number 30 - 025- 38003
9 Proposed Pool 1 Osudo Morrow		10 Proposed Pool 2 2

## 7 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	7	21S	35E		660'	N	1780'	E	Lea

## No 8 Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

## Additional Well Information

11 Work Type Code N	12 Well Type Code G	13 Cable/Rotary R	14 Lease Type Code S	15 Ground Level Elevation 3694'
16 Multiple No	17 Proposed Depth 12400'	18 Formation Morrow	19 Contractor TBA	20 Spud Date ASAP
Depth to Groundwater 100' or more (0 pts)		Distance from nearest fresh water well Less than 200' but less than 1000' (20 points)		Distance from nearest surface water (200' or more ---0 pts)
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume: 24000 bbls Drilling Method: Production Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

## 21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	54.5#	900'	1150	Surface
12 1/4"	9 5/8"	40#	5300'	2000	Surface
8 3/4"	5 1/2"	17#	12400'	1000	500' above WC

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

BOP Program: 2k Hydril (see Exhibit #2) from surface casing to intermediate TD. Schaffer LWS or equivalent (Double-Ram Hydraulic) 1500 series with Hydril 900 Series (See Exhibit #2A) from intermediate casing to total depth. Rotating head, PVT, flow monitors and mud gas Separator from the Wolfcamp to TD.

Mud Program: 0' to 900' Fresh Water, spud mud, lime for PH and LCM as needed for seepage.

900' to 5300' Fresh Water spud mud then @ 1700' brine water.

5300' to 11300' Cut brine, lime for PH and LCM as needed for seepage.

11300' to TD Cut brine. 9.3 #/g, Caustic for PH, Starch for WL control and LCM as needed for seepage

Permit Expires 1 Year From Approval  
Data Unless Drilling Underway

23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC guidelines ☒ a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

## OIL CONSERVATION DIVISION

Approved by:



Title:

OC DISTRICT SUPERVISOR/GENERAL MANAGER

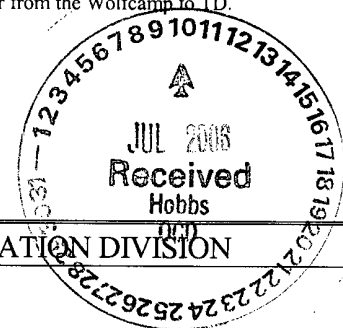
Approval Date:

Expiration Date:

JUL 13 2005

## Conditions of Approval:

OCD requires the Operator to call 24 hours before Spud and the drilling for the Surface and Intermediate casing.



Printed name: Kristi Green

Title: Hobbs Production

E-mail Address: kgreen@mewbourne.com

Date: 07/10/06

Phone: 505-393-5905

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State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised October 12, 2005

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-025-38003</b>	Pool Code 82120	Pool Name Osudo Morrow
Property Code <b>34316</b>	Property Name OSUDO "7" STATE COM	Well Number 2
OGRID No. 14744	Operator Name MEWBOURNE OIL COMPANY	Elevation 3694'

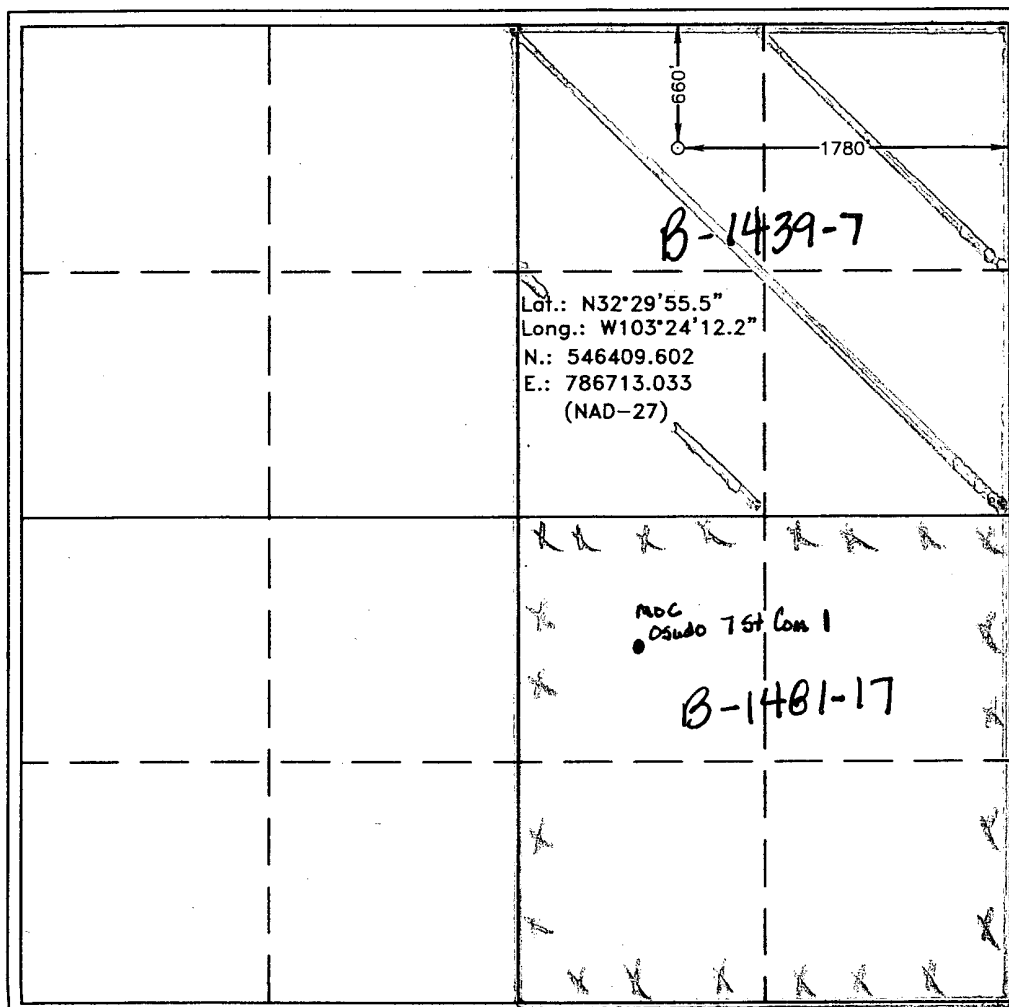
Surface Location

UL or lot No. B	Section 7	Township 21 S	Range 35 E	Lot Idn	Feet from the 660	North/South line NORTH	Feet from the 1780	East/West line EAST	County LEA
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres    Joint or Infill    Consolidation Code    Order No.									
320									

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Kristi Green</i> 07/03/06 Signature Date</p> <p>Kristi Green Printed Name</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>JUNE 14, 2006</p> <p>Date Surveyed</p> <p>Signature of <i>Gary L. Jones</i> Professional Surveyor</p> <p>NEW MEXICO 7977 W.O. No. 6810</p> <p>Certificate No. Gary L. Jones 7977 REGISTERED PROFESSIONAL LAND SURVEYOR</p>

**MULTI-POINT SURFACE USE AND OPERATIONS PLAN**  
**MEWBOURNE OIL COMPANY**

Osudo 7 State Com #2  
660' FNL & 1780' FEL  
Section 7-T21S-R35E  
Lea County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, Covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of the surface disturbance involved, and the procedures to be followed in restoring the surface so that a complete appraisal can be made of the environmental impact associated with the proposed operations.

**1. Existing Roads:**

- A. Exhibit #3 is a road map showing the location of the proposed well. Exhibit #3A is a topographic map showing the location of the proposed well and access road. Existing roads are highlighted in black.
- B. **Directions to location from Hobbs, NM: From Hobbs, go west on US 62/180 8 miles to NM 8 (Monument Rd). Turn south, continue south approx 15 miles to NM176. Turn right, continue west 9.1 miles to Pearson Rd (CR-E30). Turn right and continue north 1.3 miles to new location.**

**2. Proposed Access Road:**

- A No new road will be needed.

**3. Location of Existing and/or Proposed Facilities:**

- A. There are no production facilities on this lease at the present time.
- B. In the event that the well is productive, production facilities will be located on the well pad.

**4. Location and Type of Water Supply**

The well will be drilled with a combination of fresh water and brine water based mud systems. The water will be obtained from commercial suppliers in the area and/or hauled to the location by transport trucks over existing and proposed roads as indicated in Exhibit #3.

**5. Source of Construction Materials**

All material required for construction of the drill pad and access roads will be obtained from private, state, or federal pits. The construction contractor will be solely responsible for securing construction materials required for this operation and paying any royalties that may be required on those materials.

**6. Methods of Handling Waste Disposal:**

- A. Drill cuttings not retained for evaluation purposed will be disposed of in the reserve pit.
- B. Drilling fluids will be allowed to evaporate in the reserve pit prior to closure.
- C. Water produced during operations will be disposed of in the reserve pit.
- D. If any liquid hydrocarbons are produced during operations, those liquids will be stored in suitable tanks until sold.
- E. Current regulations regarding the proper disposal of human waste will be followed.
- F. All trash, junk, and other waste materials will be stored in proper containers to prevent dispersal and will be removed to an appropriate facility within one week of cessation of drilling and completion activities.

**7. Ancillary Facilities**

There are no ancillary facilities within the immediate vicinity of the proposed well site.

**8. Well Site Layout**

- A. A diagram of the drill pad is shown in Exhibit #5. Dimensions of the pad, pits, and location of major rig components are shown.
- B. The reserve pit will be lined with a high quality plastic sheeting to prevent migration of fluids.
- C. The pad dimension of 400' X 250' has been staked and flagged.

**9. Plans for Restoration of Surface**

- A. Upon cessation of the proposed operations, if the well is abandoned, the location and road will be ripped and re-seeded. The reserve pit area, after allowing to dry will be leveled. The entire location will be restored to the original contour as much as reasonable possible. All trash, garbage, and pit lining will be hauled to appropriate disposal to assure the location is aesthetically pleasing as reasonable possible. All restoration work will be completed within 180 days of cessation of activities.
- B. The disturbed area will be restored by re-seeding during the proper growing season.
- C. Three sides of the reserve pit will be fenced prior to and during drilling operations. The reserve pit will be fenced on the fourth side after the drilling rig is removed to prevent the endangerment of livestock. The fence will remain in place until the pit area has been leveled and restored.
- D. Upon cessation of the proposed operations, if the well is not abandoned, the reserve pit area will be restored as per OCD guidelines. Any additional caliche required for production facilities will be obtained from a source as described in Section 6.
- E. Within 90 days of cessation of drilling and completion operations, all equipment not necessary for production operations will be removed. The location will be cleaned of all trash and junk to assure the well site is left as aesthetically pleasing as reasonably possible.

**10. Surface Ownership:**

The surface is owned by: State of New Mexico

**11. Other Information:**

- A. Topography: No archaeological report will be needed.
- B. The primary use of the surface at the location is for grazing of livestock.

**12. Operator's Representative:**

- A. Through APD approval, drilling, completion and production operations:

**N.M. Young, District Manager**  
Mewbourne Oil Company  
PO Box 5270  
Hobbs, NM 88241  
505-393-5905

**13. Certification**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by Mewbourne Oil Company, its contractors and subcontractors, in accordance with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Date: 07/10/06

Signature: 

**N.M. Young, District Manager**  
Mewbourne Oil Company  
PO Box 5270  
Hobbs, NM 88241  
(505) 393-5905

## Hydrogen Sulfide Drilling Operations Plan

### **Mewbourne Oil Company**

Osudo 7 State Com #2

660' FNL & 1780' FEL

Section 7-T21S-R35E

Lea County, New Mexico

#### **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 Yates formation @ 3500' 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 intermediate casing.

1. Well Control Equipment
  - A. Flare line with automatic igniter or continuous ignition source.
  - B. Choke manifold with minimum of one adjustable choke.
  - C. Blowout preventers equipped with blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit
  - D. Auxiliary equipment including rotating head and annular type blowout preventer.
2. Protective Equipment for Essential Personnel

Thirty minute self contained work unit located at briefing area as indicated on wellsite diagram.

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. 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.

Mewbourne Oil Company  
BOP Scematic for  
12 1/4" Hole

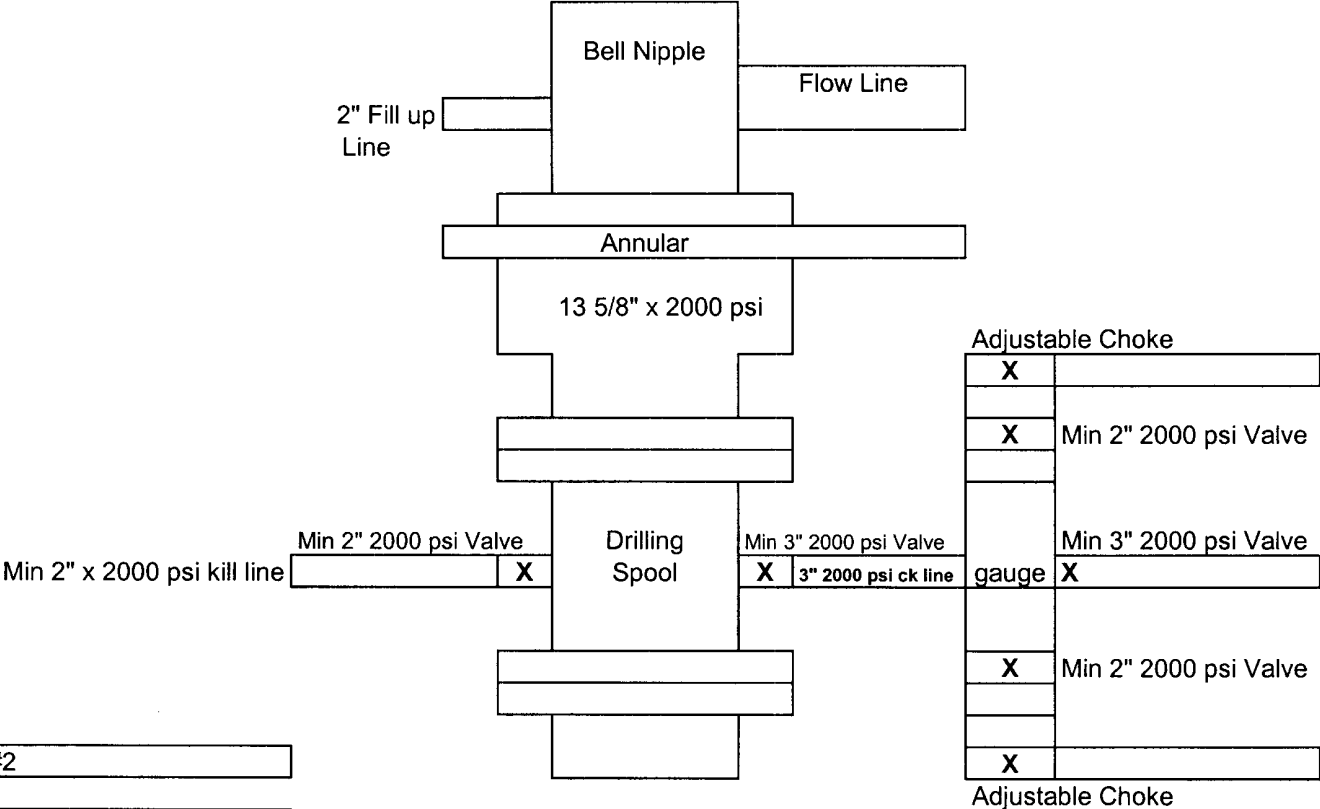
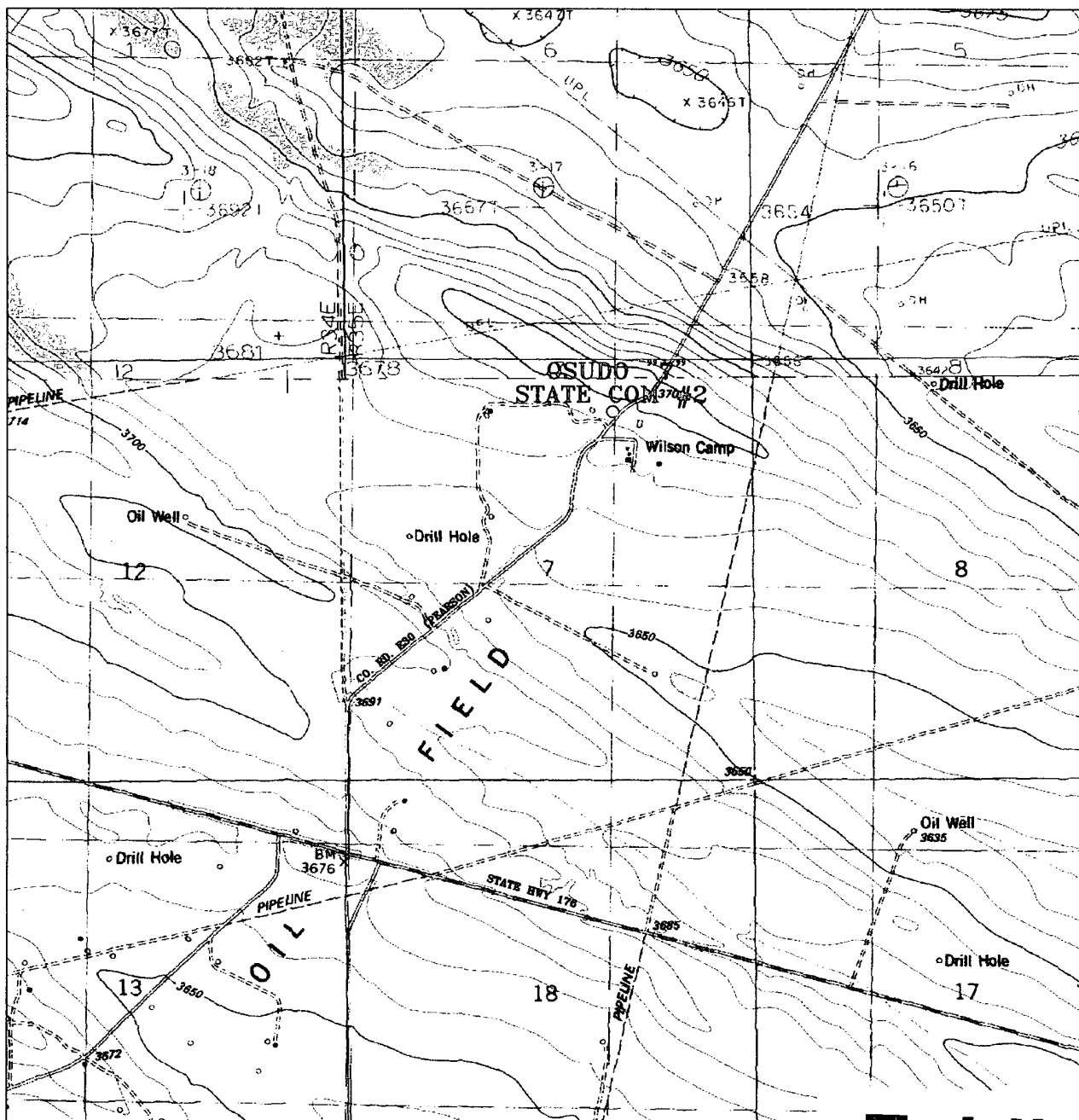


Exhibit #2

Osudo 7 State Com #2  
Sec 7-T21S-R35E  
660' FNL & 1780' FEL  
Lea County, NM



## Exhibit 3

OSUDO "7" STATE COM #2  
 Located 660' FNL and 1780' FEL  
 Section 7, Township 21 South, Range 35 East,  
 N.M.P.M., LEA County, New Mexico.

**basin**  
**surveys**  
 focused on excellence  
 in the oilfield

P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (505) 393-7316 - Office  
 (505) 392-3074 - Fax  
 basinsurveys.com

W.O. Number: 6810T JMS

Survey Date: 06-14-2006

Scale: 1" = 2000'

Date: 06-15-2006

**MEWBOURNE**  
**OIL CO.**

SECTION 7, TOWNSHIP 21 SOUTH, RANGE 35 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO.

150' NORTH  
OFF SET  
3698.7'

MEWBOURNE OIL COMPANY  
OSUDO "7" STATE COM #2  
ELEV. - 3694'

DRY HOLE  
150' WEST  
OFF SET  
3690.9'

LAT N.: 32°29'55.5"  
LONG W.: 103°24'12.2"  
N.: 546409.602  
E.: 786713.033  
(NAD-27)

150' EAST  
OFF SET  
3695.0'

150' SOUTH  
OFF SET  
3689.4'

CO. RD. E30 (PEARSON)

STATE HWY 176

Exhibit 3A

DIRECTIONS TO LOCATION:

FROM THE JUNCTION OF STATE HWY 176 AND C.R.  
E30 (PEARSON), GO NORTH ON C.R. E30 0.4 MILE;  
THENCE NORTHEAST FOR APPROX 0.3 MILE TO  
PROPOSED LOCATION.

100 0 100 200 FEET

SCALE: 1" = 100'

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

W.O. Number: 6810

Drawn By: J. SMALL

Date: 06-15-2006

Disk: JMS 6810WA

**MEWBOURNE OIL COMPANY**

REF: OSUDO "7" STATE COM #2 / WELL PAD TOPO

THE OSUDO "7" STATE COM #2 LOCATED 660'

FROM THE NORTH LINE AND 1780' FROM THE EAST LINE OF

SECTION 7, TOWNSHIP 21 SOUTH, RANGE 35 EAST,

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

Survey Date: 06-14-2006

Sheet 1 of 1 Sheets

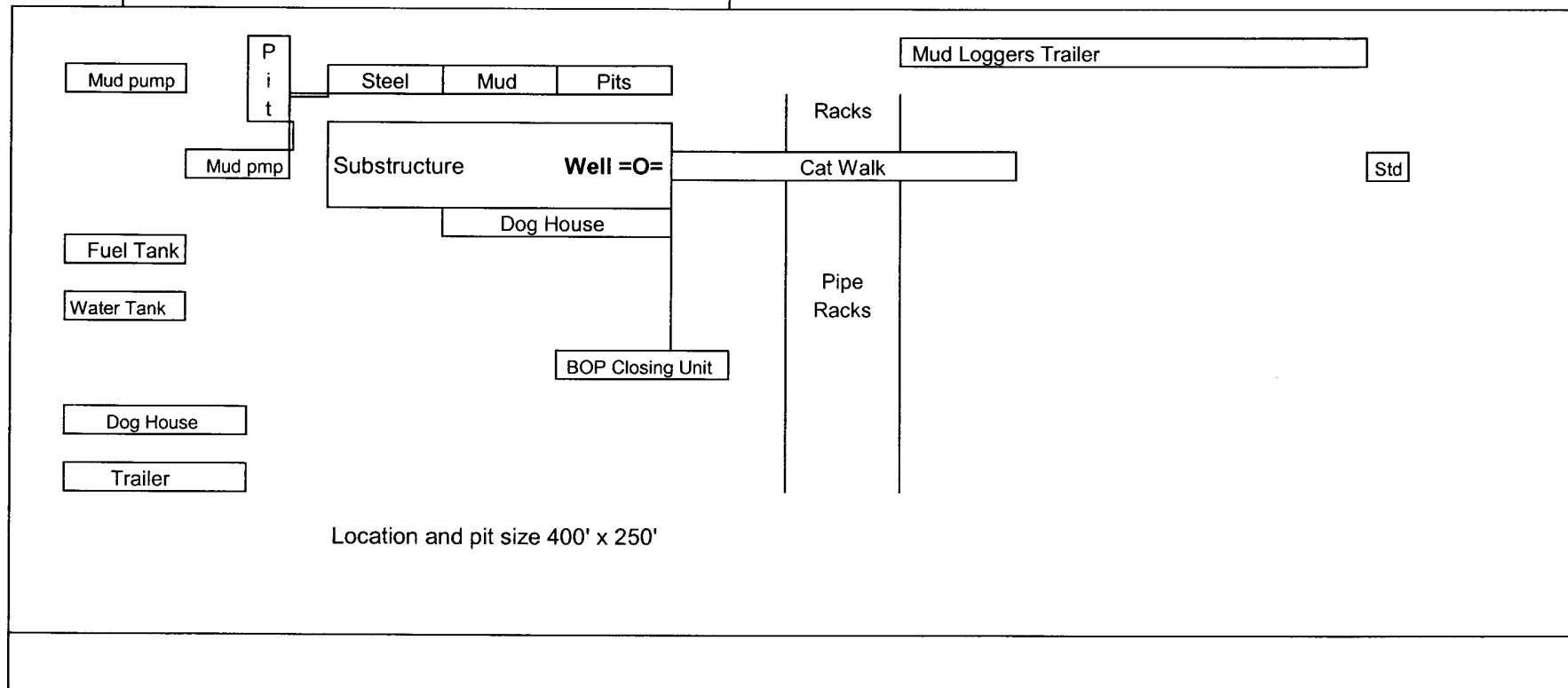
# Mewbourne Oil Company

NW

## Exhibit # 4

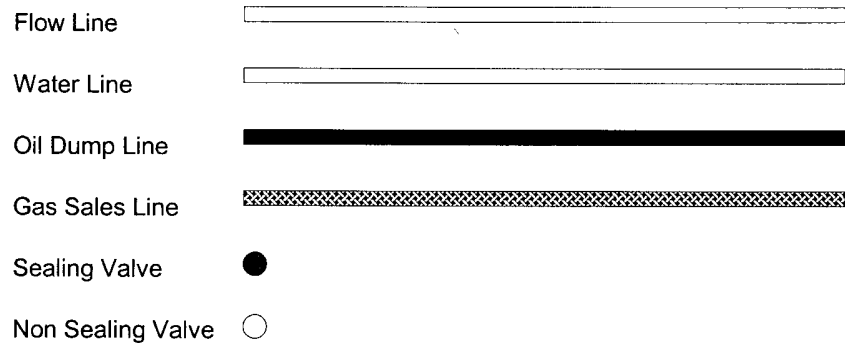
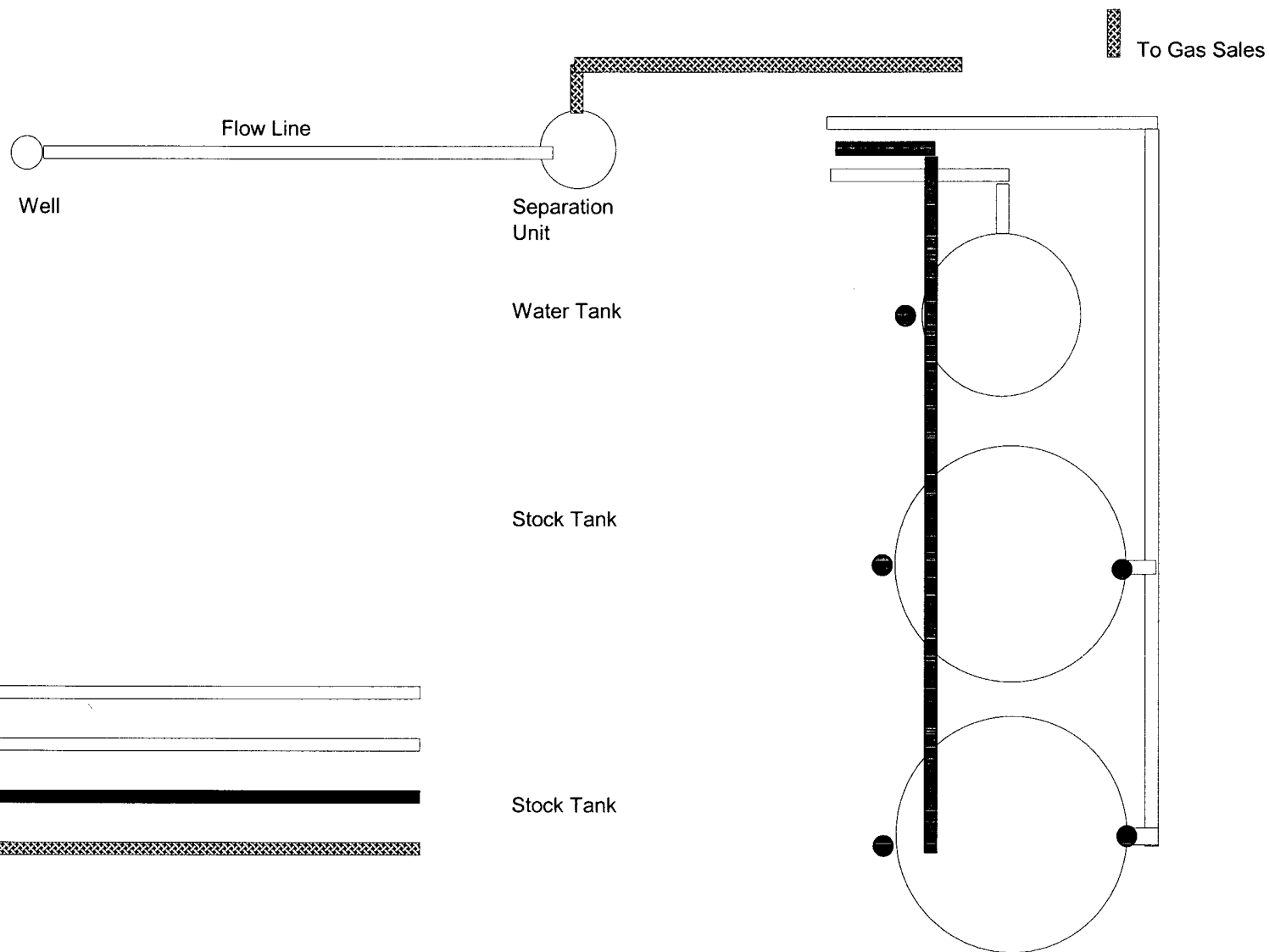
Well Name Osudo 7 State Com #2  
Footages Sec 7-T21S-R35E  
STR 660' FNL & 1780' FEL  
County Lea County  
State New Mexico

Reserve Pit  
150 x 150'



Rig Location Schematic

# Proposed Production Facilities Schematic



**Mewbourne Oil Company**

**Exhibit # 5**

**Proposed Production Facilities Schematic**

Osudo 7 State Com #2

Sec 7-T21S-R35E

660' FNL & 1780' FEL

Lea County, NM

THE MERCHANT LIVESTOCK COMPANY  
SAN SIMON RANCH – LEA COUNTY NM  
P.O. BOX 1166  
CARLSBAD, NEW MEXICO  
88220

June 28, 2006

NMOCD  
Chris Williams, Director  
1625 N. French Drive  
Hobbs, NM 88240

Re: Mewbourne Oil Co./Unit B, Sec 7, Twp21S, R35E, 660 FNL 1980 FEL

Dear Mr. Williams,

I am writing this letter on behalf of Merchant Livestock Company regarding a proposed Mewbourne well. It is my understanding that Mewbourne has or will make an application to drill a well at the above referenced location.

Merchant Livestock has two objections to this well being drilled at this location. First, the location currently staked by Mewbourne is less than 600 feet from a residence and corrals. The drilling activities will have an adverse effect on the occupants of the residence as well as ranching operations. Second, the Mewbourne well will be located directly up gradient of the water well used to supply potable water to the residence and to the corrals. I am requesting that you consider the feasibility of a direction drill to avoid the issues created for the residents and the ranching operations. In addition, I am requesting that any drilling permit issued by OCD contain adequate provisions for the protection of groundwater.

Sincerely,



Clabe Pearson, President

cc: Monty Whetstone, Mewbourne Oil Co.



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

7/8/06

Merchant Livestock Company  
Clabe Pearson, President  
POB 1166  
Carlsbad, NM 88220

Dear Clabe:

I am in receipt of your letter objecting to the drilling location of Mewbourne Oil Company (MOC) at UL B-Sec. 7-T21S-R35E, 660FNL 1980 FEL. As for now, there is no New Mexico Oil Conservation Division (NMOCD) rule that covers the distance that a well can be drilled from a residence. It is an issue that is being reviewed for a possible rule change. The location being up gradient from your domestic water means that the NMOCD will be looking closely at the casing design, cementing and other operations that could affect the domestic water well.

In the past, other operators have made arrangements when a well being drilled could have affected daily operations of a landowner. A few operators have put up residents in a motel while drilling operations were running at night or drilling only during daylight hours. These were negotiated agreements between the landowner and the operator.

I will forward a copy of your letter to our hearing examiners in Santa Fe.

Sincerely,

Chris Williams,  
NMOCD District 1 Supervisor.

CC: David Brooks, NMOCD Attorney  
Monty Whetstone, Mewbourne Oil Company  
Daniel Sanchez, Enforcement and Compliance Manager