

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 36068	³ Property Name Osudo 15 State Com	³ API Number 30 - 025- 38162 ⁶ Well No. 1 ✓
⁹ Proposed Pool 1 Osudo South Morrow		¹⁰ Proposed Pool 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
D	15	21S	35E		660'	N	660'	W	Lea

No⁸ 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 3587'
¹⁶ Multiple No	¹⁷ Proposed Depth 12400'	¹⁸ Formation Morrow	¹⁹ Contractor TBA	²⁰ Spud Date ASAP
Depth to Groundwater 50 or more but less than 100' (10 pts)		Distance from nearest fresh water well Less than 1000 from all other wtr sources (1000' or more --0 pts)		Distance from nearest surface water (1000' 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#	850'	1150	Surface
12 1/4"	9 5/8"	40#	5300'	2000	Surface
8 3/4"	5 1/2"	17#	12400'	1000	9750'

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 Workcane to TD

Mud Program: 0' to 850' Fresh Water, spud mud, lime for PH and LCM as needed for seepage.

850' to 1500' Fresh Water, spud mud, lime for PH and LCM as needed for seepage. (Lea County Exception)

1500' to 5300' Brine water, lime for PH and LCM as needed for seepage.

5300' to 11300' Cut brine with Fresh Water, 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

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 NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Printed name: Kristi Green

Title: Hobbs Production

E-mail Address: kgreen@mewbourne.com

Date: 10/10/06

Phone: 505-393-5905

OIL CONSERVATION DIVISION

Approved by:

Chris Williams

Title:

OCD DISTRICT SUPERVISOR/GENERAL MANAGER

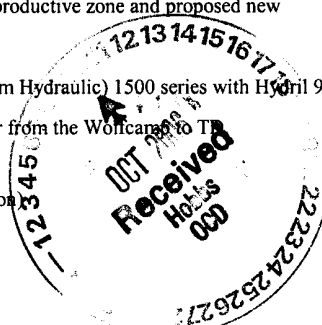
Approval Date:

Expiration Date:

NOV 03 2006

Conditions of Approval Attached ☐

Permit Expires 1 Year From Approval
Date Unless Drilling Underway



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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 30-025-38162	Pool Code 82200	Pool Name Osudo South Morrow
Property Code 36068	Property Name OSUDO "15" STATE COM	Well Number 1
OGRID No. 14744	Operator Name MEWBOURNE OIL COMPANY	Elevation 3587'

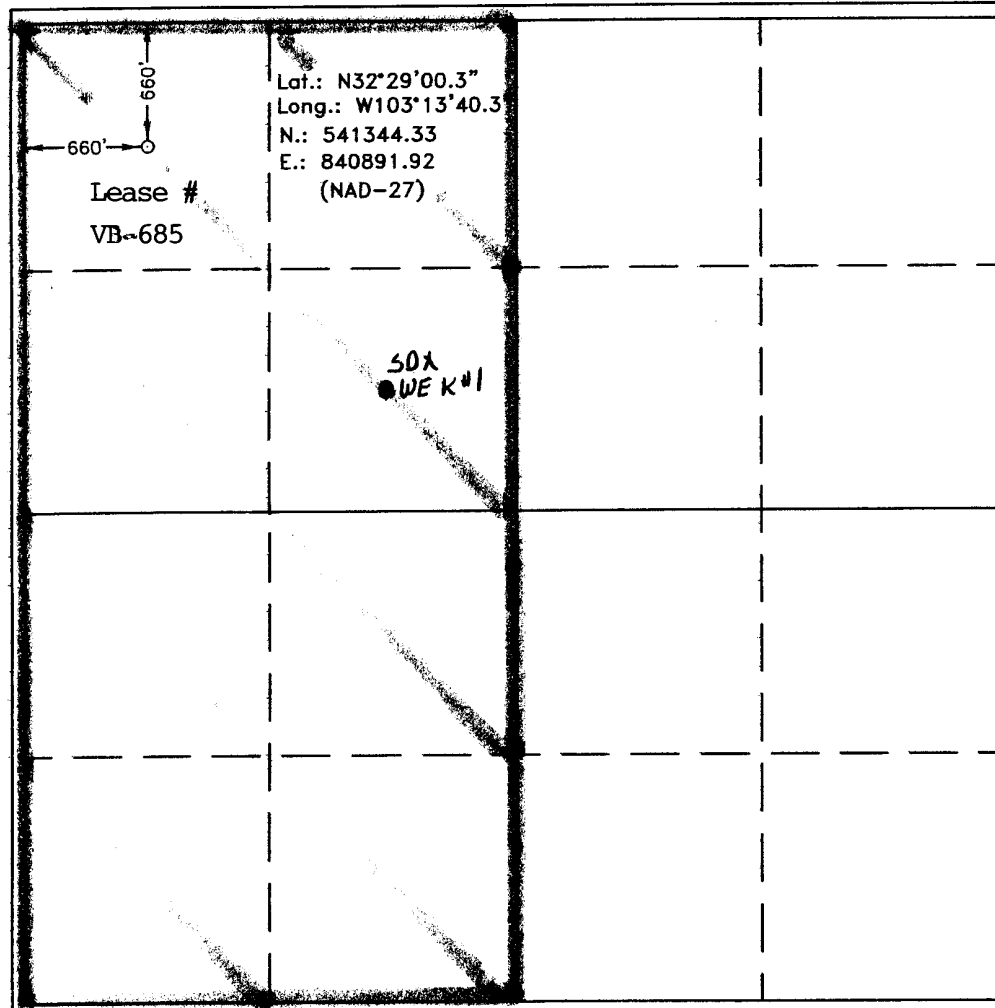
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	15	21 S	35 E		660	NORTH	660	WEST	LEA

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 320	Joint or Infill	Consolidation Code	Order No.						

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



OPERATOR CERTIFICATION

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 released 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.

Kristi Green 10/1/06
Signature Date

Kristi Green

Printed Name

SURVEYOR CERTIFICATION

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.

SEPTEMBER 11, 2006

Date Surveyed
Signature & Seal of Professional Surveyor
GARY L. JONES
No. 7153
7977

BASIN SURVEYS

Mewbourne Oil Company

PO Box 5270
Hobbs, NM 88240
(505) 393-5905 office
(505) 397-6252 fax

June 1, 2006

Oil Conservation Division
Attn: Nelda Morgan
1625 N French Drive
Hobbs, NM 88240
Office (505) 393-6161
Fax: (505) 393-0720

Attached is a Letter Agreement between SDX and Mewbourne Oil Company concerning State Leases "VB-0685 and VO-6868" of Sec 15-T21S-R35E, Lea County, NM. SDX is in the process of requesting the removal of their APD for the Aztec #2. SDX has agreed not to produce the State WE K #1 well of Sec 15-T21S-R35E Unit Letter F from a formation requiring more than a 40 acre proration unit. If you have any questions, please call me at 505-393-5905.

Kristi Green
Hobbs Regulatory



TOLL FREE: 1-800-344-1761

* Subject to SDX et al agreeing not to produce the State WE* K* #1 well from a formation requiring more than a 40 acre protection unit.



MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MEWBOURNE OIL COMPANY

Osudo 15 State Com #1

660' FNL & 660' FWL

Section 15-T21S-R35E

Lea County, New Mexico

This plan is submitted with Form C101, 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 topographic map showing the location of the proposed well and access road. Proposed road is highlighted in black.
- B. **Directions to location: 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 5.5 miles. Turn right and continue north 0.8 miles. Turn left and continue west 0.3 miles to new location.**

2. Proposed Access Road:

- A Will need approx 1800' of new road.

3. Location of Existing and/or Proposed Facilities:

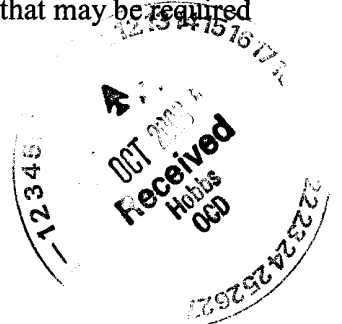
- A. There are no production facilities on this lease at the present time.
- B. In the event that the well is productive, production facilities will be located on the well pad.

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.



MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MEWBOURNE OIL COMPANY

Osudo 15 State Com #1

Page 2

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. Water produced during operations will be disposed of in the reserve pit.
- C. 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

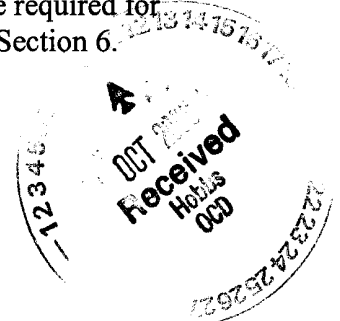
There are no ancillary facilities within the immediate vicinity of the proposed well site.

8. Well Site Layout

- A. A diagram of the drill pad is shown in Exhibit #4. 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 as per OCD regulations.
- C. The pad dimension of 400' X 250' have 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.



MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MEWBOURNE OIL COMPANY

Osudo 15 State Com #1

Page 3

10. Surface Ownership:

The surface is owned by: State of New Mexico

11. Other Information

A. The primary use of the surface at the location is for grazing of livestock.

12. Operator's Representative:

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

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

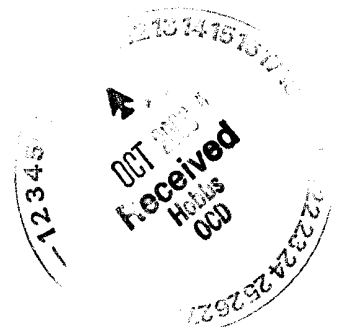
13. Certification

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: 10/10/06

Signature: NM Young by Kristi Green

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



Hydrogen Sulfide Drilling Operations Plan

Mewbourne Oil Company
Osudo 15 State Com #1
660' FNL & 660' FWL
Section 15-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 H₂S were found. MOC will have on location and working all H₂S safety equipment before the Yates formation @ 3730' 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**

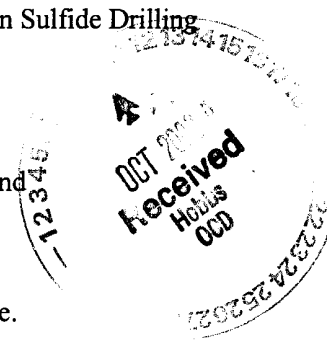
All hydrogen sulfide safety equipment and systems will be installed, tested, and operational prior to drilling below the intermediate casing.

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**

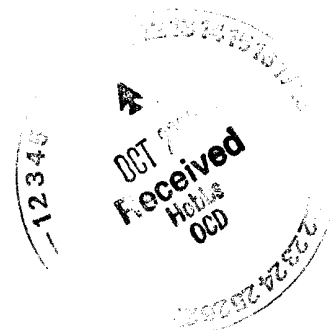
All tubular systems, wellheads, blowout preventers, drilling spools, kill lines, choke manifolds, and valves shall be suitable for service in a hydrogen sulfide environment when chemically treated.

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.



Notes Regarding Blowout Preventer

Mewbourne Oil Company

Osudo 15 State Com #1

660' FNL & 660' FWL

Section 15-T21S-R35E

Lea County, New Mexico

1. Drilling nipple (bell nipple) to be constructed so that it can be removed without the use of a welder through the opening of the rotary table, with minimum internal diameter equal to blowout preventer bore.
2. Blowout preventer and all fittings must be in good condition with a minimum 5000 psi working pressure.
3. Safety valve must be available on the rig floor at all times with proper connections to install in the drill string. Valve must be full bore with minimum 5000 psi working pressure.
4. Equipment through which bit must pass shall be at least as large as internal diameter of the casing.
5. A kelly cock shall be installed on the kelly at all times.
6. Blowout preventer closing equipment to include and accumulator of at least 40 gallon capacity, two independent sources of pressure on closing unit, and meet all other API specifications.



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

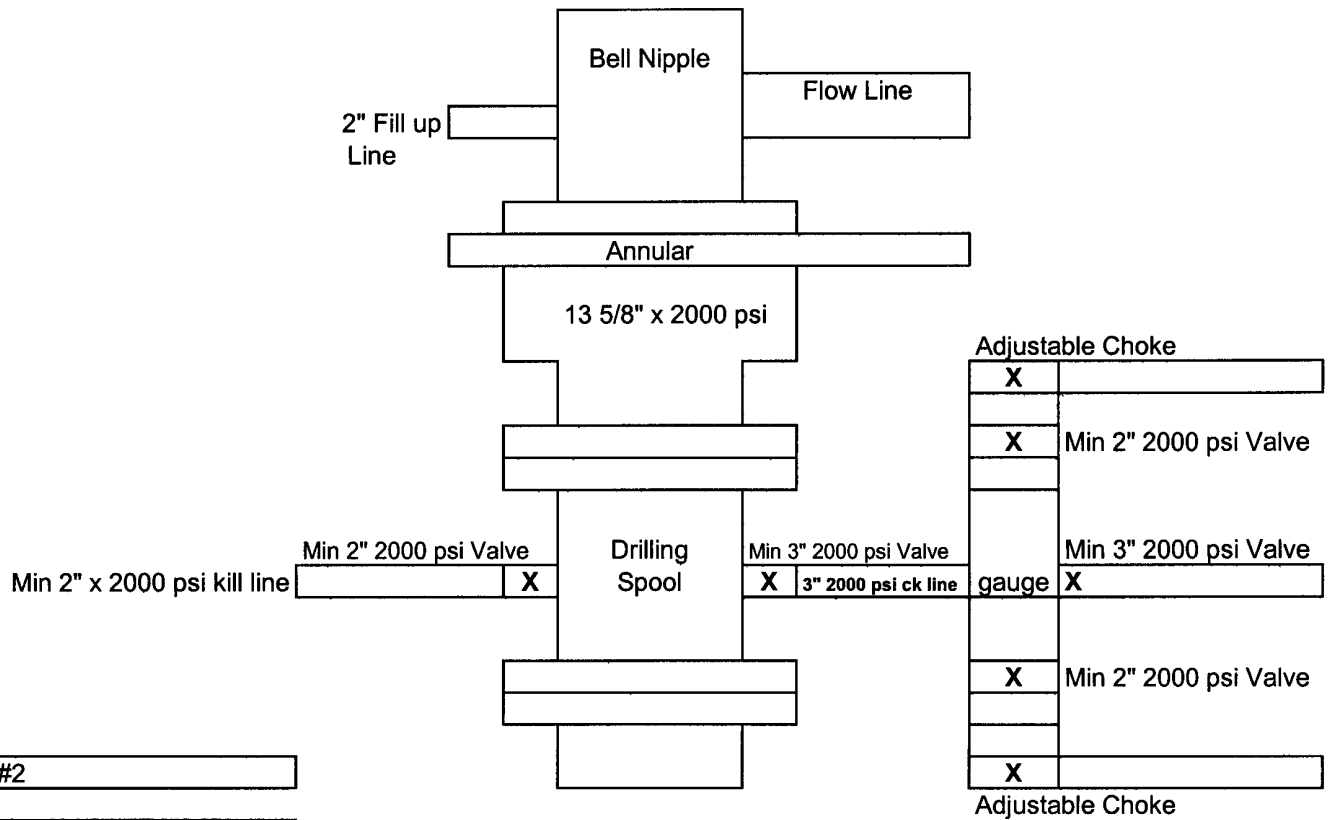


Exhibit #2

Osudo 15 State Com #1
Sec 15-T21S-R35E
660' FNL & 660' FWL
Lea County, NM



Mewbourne Oil Company
BOP Schematic for
8 3/4" or 7 7/8" Hole

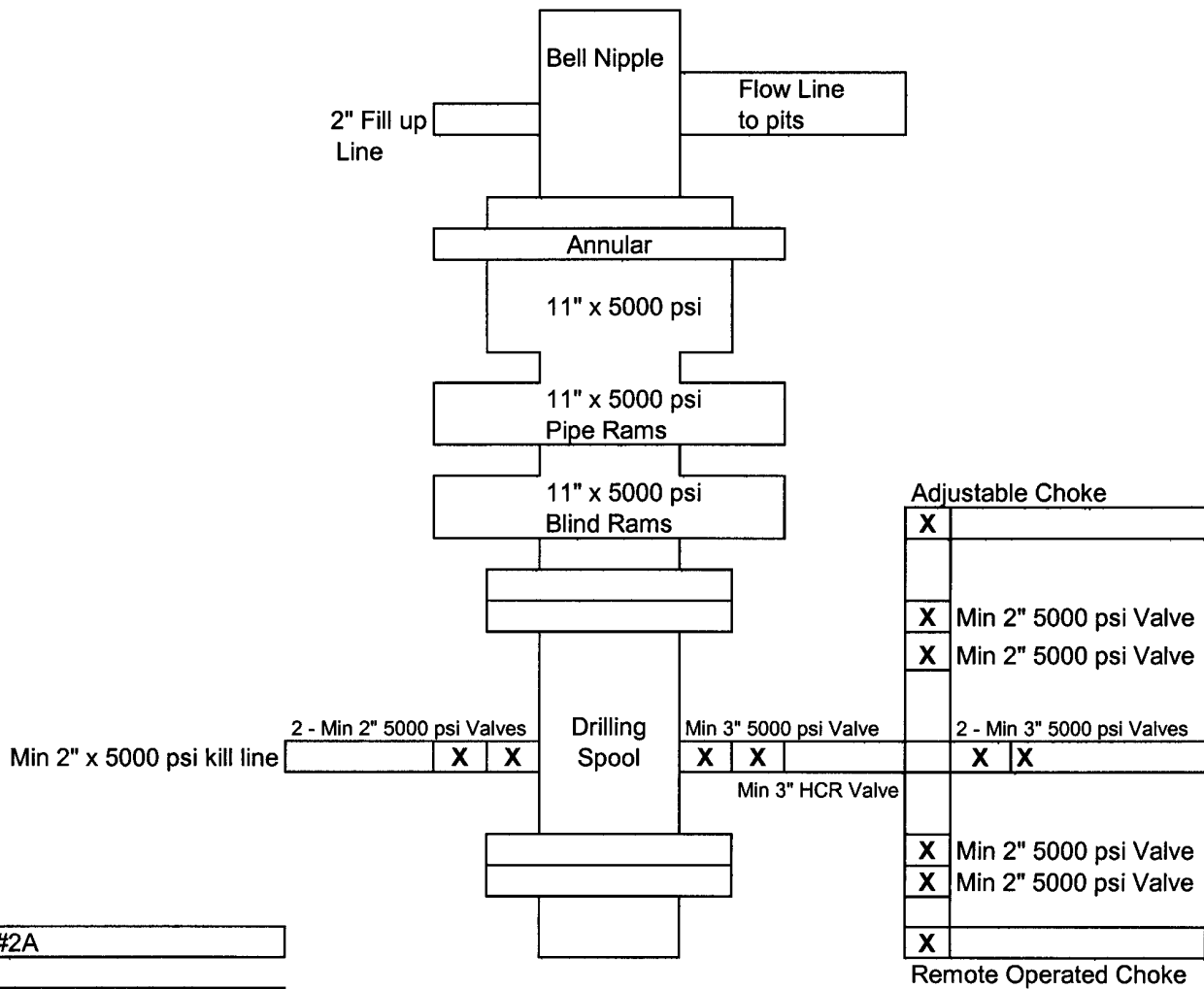


Exhibit #2A

Osudo 15 State Com #1
Sec 15-T21S-R35E
660' FNL & 660' FWL
Lea County, NM



SECTION 15, TOWNSHIP 21 SOUTH, RANGE 35 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

150' NORTH
OFF SET
3587.0'
□



MEWBOURNE OIL COMPANY
OSUDO "15" STATE COM #1
ELEV. - 3587'

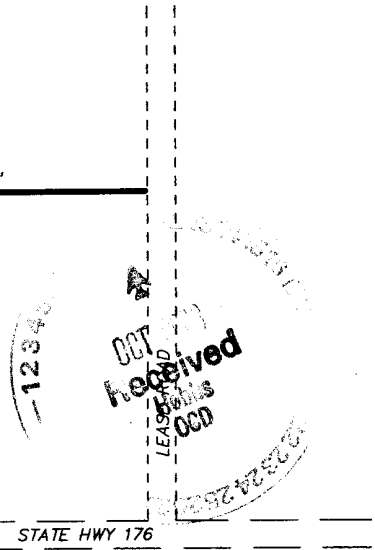
150' WEST
OFF SET □
3588.5'

○
LAT N.: 32°29'00.3"
LONG W.: 103°13'40.3"
N.: 541344.33
E.: 840891.92
(NAD-27)

150' EAST
OFF SET
3586.8'

□
150' SOUTH
OFF SET
3589.1'

PROP LSE RD. 1802.0'



STATE HWY 176

Exhibit 3

DIRECTIONS TO LOCATION:

FROM MILE MARKER #23 OF STATE HWY #176,
PROCEED WEST 0.1 MILE TO LEASE ROAD, THENCE
NORTH 0.9 MILE TO PROPOSED LEASE ROAD.

100 0 100 200 FEET

SCALE: 1" = 100'

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

W.O. Number: 7153 Drawn By: J. SMALL

Date: 09-19-2006 Disk: JMS 7153W

MEWBOURNE OIL COMPANY

REF: OSUDO "15" STATE COM #1 / WELL PAD TOPO

THE OSUDO "15" STATE COM No. 1 LOCATED 660'
FROM THE NORTH LINE AND 660' FROM THE WEST LINE OF
SECTION 15, TOWNSHIP 21 SOUTH, RANGE 35 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 09-11-2006 Sheet 1 of 1 Sheets

SECTION 33, TOWNSHIP 21 SOUTH, RANGE 35 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

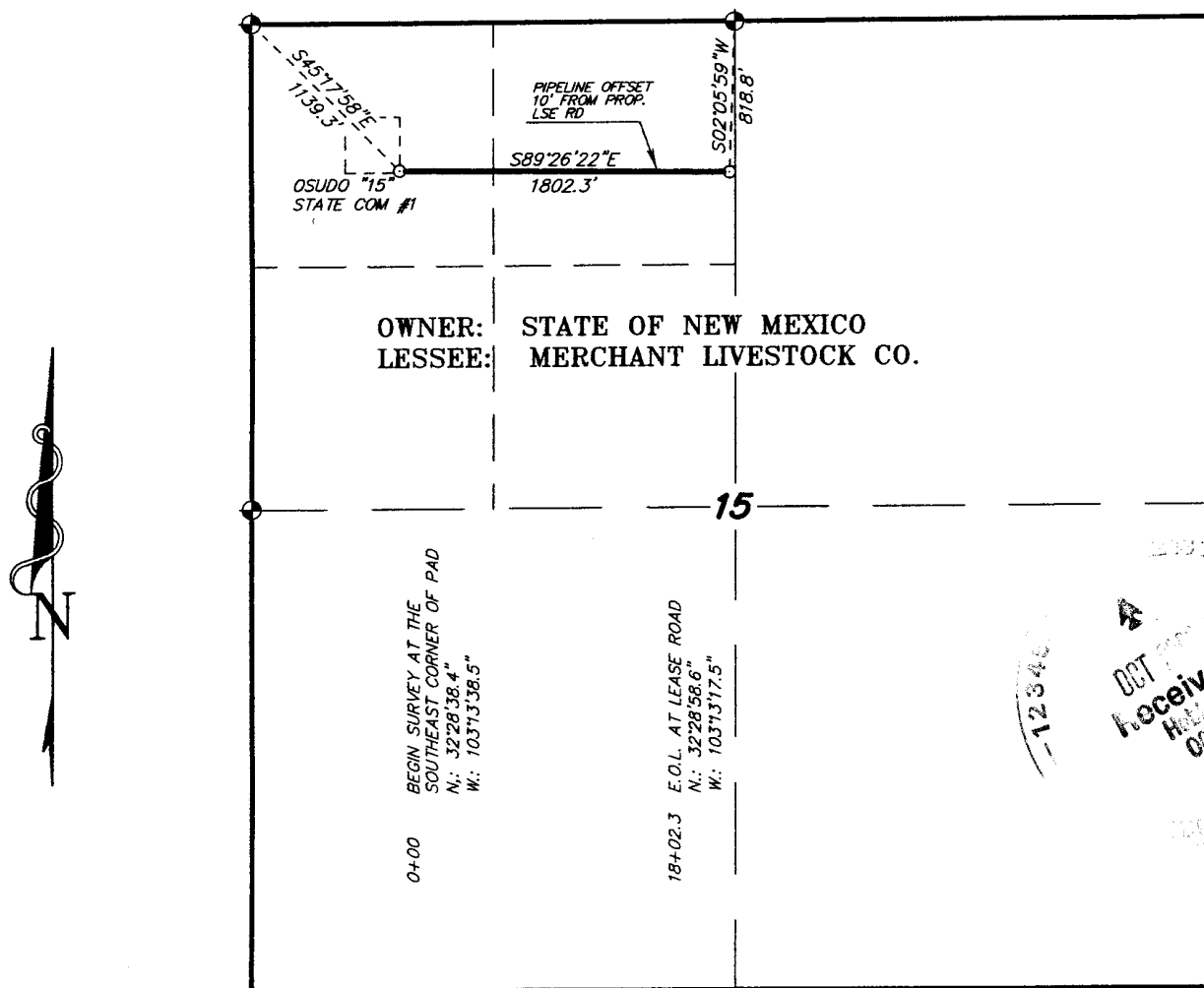


Exhibit 3A

LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 15, TOWNSHIPS 21 SOUTH, RANGE 35 EAST, N.M.P.M., EDDY EDDY, NEW MEXICO AND BEING 25.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY.
BEGINNING AT A POINT WHICH LIES S.45°17'45"E., 1139.3 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 15; THENCE S.89°26'22"E., 1802.3 FEET TO THE END OF THIS LINE WHICH LIES S.02°05'59"W., 818.8 FEET FROM THE NORTH QUARTER CORNER OF SAID SECTION 15. SAID STRIP OF LAND BEING 1802.3 FEET OR 109.23 RODS IN LENGTH AND CONTAINING 1.24 ACRES, MORE OR LESS, AND BEING ALLOCATED BY FORITES AS FOLLOWS:

NW/4 NW/4 = 510.7 FEET = 30.95 RODS = 0.35 ACRES
NE/4 NW/4 = 1291.6 FEET = 78.28 RODS = 0.89 ACRES

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE

1000 0 1000 2000 FEET

MEWBOURNE OIL COMPANY

REF: PROP. PIPELINE OSUDO "15" STATE COM #1

A PIPELINE CROSSING STATE LAND IN
SECTION 15, TOWNSHIP 21 SOUTH, RANGE 35 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

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

W.O. Number: 7153

Drawn By: J. M. SMALL

Date: 09-18-2006

Disk: JMS 7153P

Survey Date: 09-11-2006

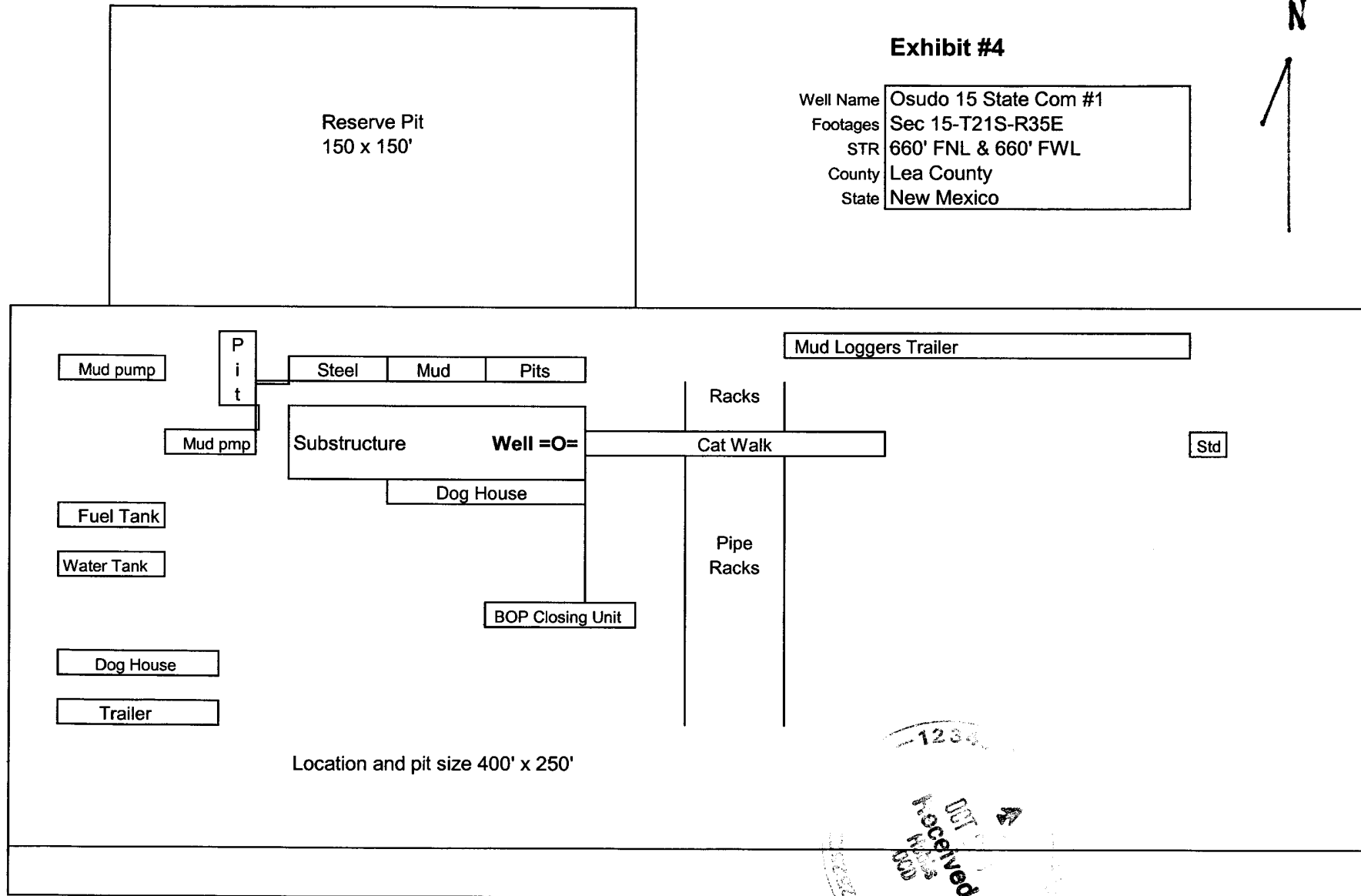
Sheet 1 of 1 Sheets

Mewbourne Oil Company

Exhibit #4

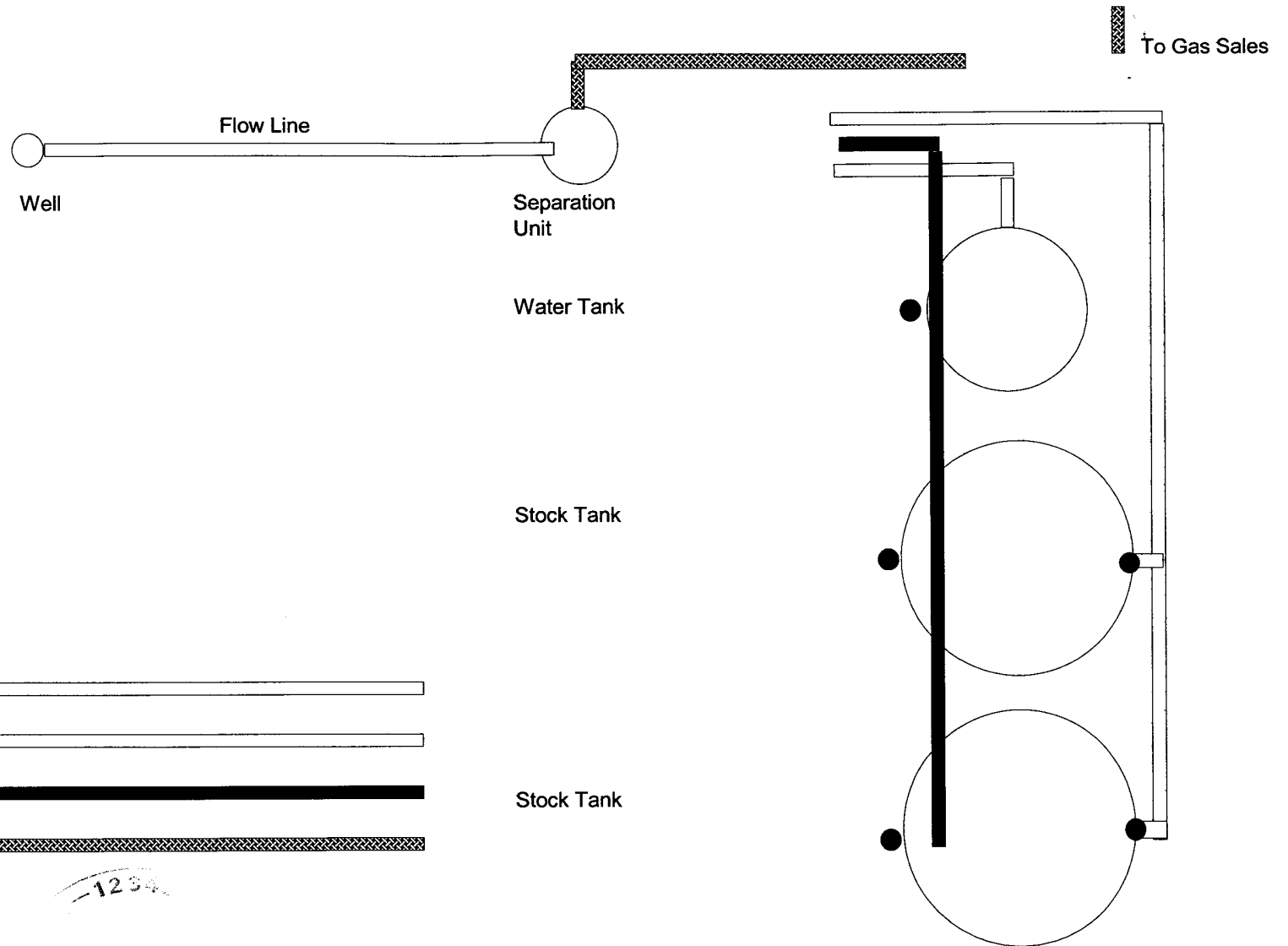
Well Name Osudo 15 State Com #1
Footages Sec 15-T21S-R35E
STR 660' FNL & 660' FWL
County Lea County
State New Mexico

N



Rig Location Schematic

Proposed Production Facilities Schematic



Flow Line

Water Line

Oil Dump Line

Gas Sales Line

Sealing Valve

Non Sealing Valve

Mewbourne Oil Company

Exhibit # 5

Proposed Production Facilities Schematic

Osudo 15 State Com #1

Sec 15-T21S-R35E

660' FNL & 660' FWL

Lea County, NM

