

30-025-40156

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

MEWBOURNE OIL COMPANY

Red Hills West 21 Federal #1H

330' FNL & 950' FEL (SHL)

Sec 21-T26S-R32E

Lea County, New Mexico

HOBBS OCD

MAY 25 2011

RECEIVED

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. Existing and proposed roads are highlighted in black. Exhibit #3A is a topographic map showing the location of the proposed well and access road. Existing and proposed roads are highlighted in black.
- B. Directions to location: From Jal, NM go west on NM128 30 miles. Turn left (south) onto Lea CR J1 (Orla highway) 12 ½ miles. Turn left and follow lease road 1.3 miles east and southeast. Turn right (West) 700' to location.

2. Proposed Access Road:

- A. Approx 700' of new road will be needed.
- B. The maximum width of the driving surface will be 14 feet. The road will be crowned and ditched with a 2% slope from the tip of the crown to the edge of the driving surface. The ditches will be 1 foot deep with 3:1 slopes. The road will be surfaced with rolled and compacted caliche.
- C. Mewbourne Oil Co. will cooperate with other operators in the maintenance of lease roads.

3. Location of Existing Wells:

There are producing wells within the immediate vicinity of the well site. Exhibit #4 shows the proposed well and existing wells within a one mile radius.

4. 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 north side of well pad. A buried gas pipeline will follow lease roads as shown in exhibit 3 from this location to a MOC tie-in point at the Red Hills West "22" Fed #1H location.
- C. All production vessels left on location will be painted to conform with BLM painting stipulations within 180 days of installation.

5. 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.

6. 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.

7. Methods of Handling Waste Disposal:

- A. Drill cuttings not retained for evaluation purposed will be hauled to an off-site permitted facility.
- B. Water produced during operations will be hauled to an off-site permitted SWD in the area.
- C. If any liquid hydrocarbons are produced during operations, those liquids will be stored in suitable tanks until sold.
- D. Sewage and gray water will be safely contained on-site, and then waste will be disposed at an approved off-site facility.
- E. 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.

8. Ancillary Facilities

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

9. Well Site Layout

- A. A diagram of the drill pad is shown in Exhibit #5. Dimensions of the pad and location of major rig components are shown.
- B. The pad dimension of 280' x 320' has been staked and flagged.

10. Plans for Restoration of Surface

- A. 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.
- B. Interim reclamation:
 - i. All areas not needed for production operations will be reclaimed.
 - ii. Caliche will be removed, the land will be recontoured, the top soil from stockpile will be spread over these areas.
 - iii. The disturbed area will be restored by re-seeding during the proper growing season.
 - iv. Any additional caliche required for production facilities will be obtained from the area shown in exhibit #6 as interim reclamation.
- C. Final Reclamation:
 - i. Upon cessation of the proposed operations, if the well is abandoned, all equipment and trash will be removed and taken to a proper facility.

- ii. The location and road surfacing material will be removed and used to patch area lease roads. The entire location will be restored to the original contour as much as reasonable possible. The top soil used for interim reclamation will be spread over the entire location. All restoration work will be completed within 180 days of cessation of activities.

11. Surface Ownership:

The surface is owned by BLM.

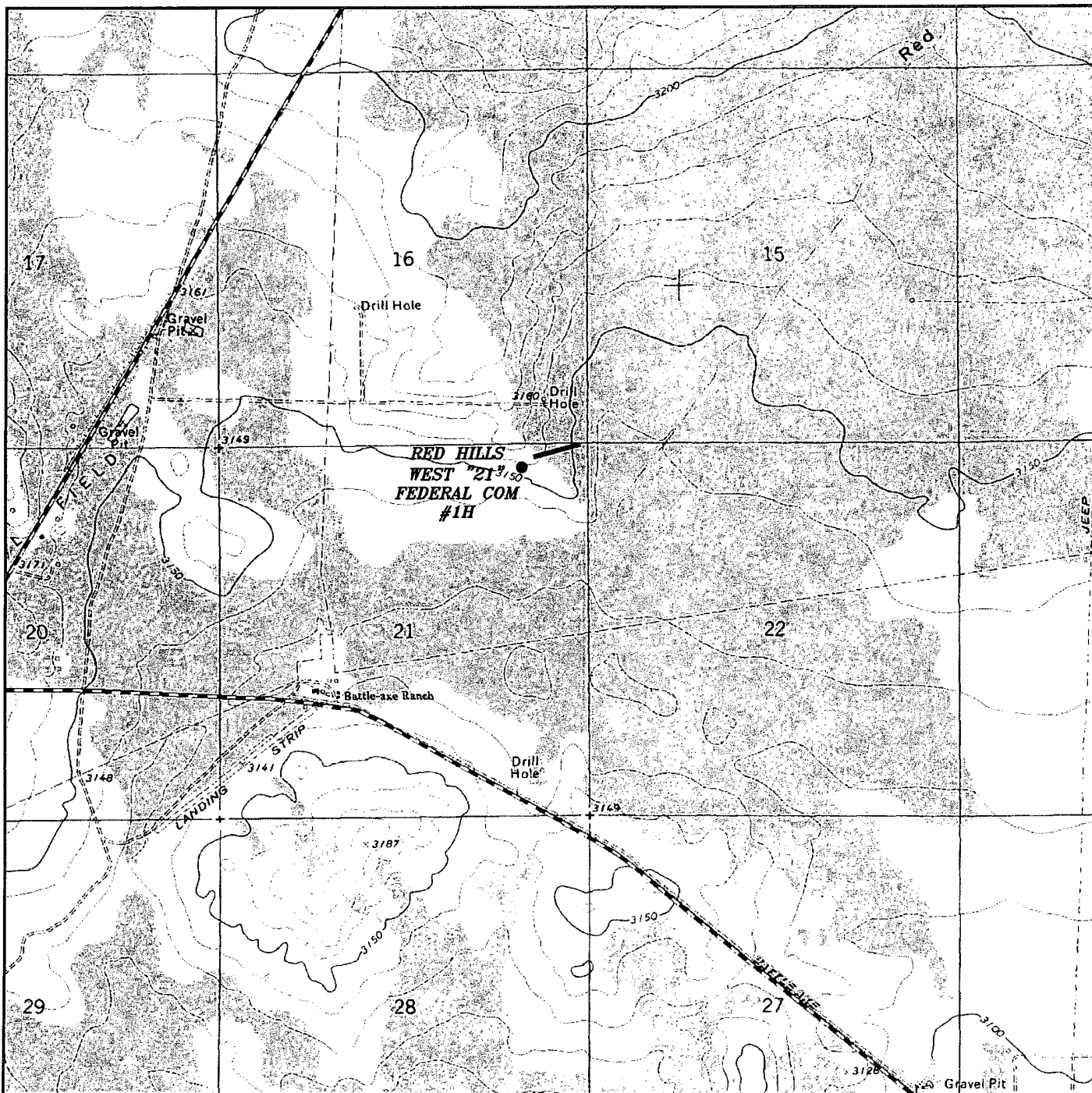
12. Other Information:

- A. Topography: Refer to the archaeological report for a detailed description of flora, fauna, soil characteristics, dwellings, and historical or cultural sites.
- B. The primary use of the surface at the location is for grazing of livestock.

13. 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
575-393-5905



RED HILLS WEST "21" FEDERAL COM #1H
 Located 330' FNL and 950' FEL
 Section 21, Township 26 South, Range 32 East,
 N.M.P.M., Lea County, New Mexico.

Exhibit 3

basin
surveys
 focused on excellence
 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

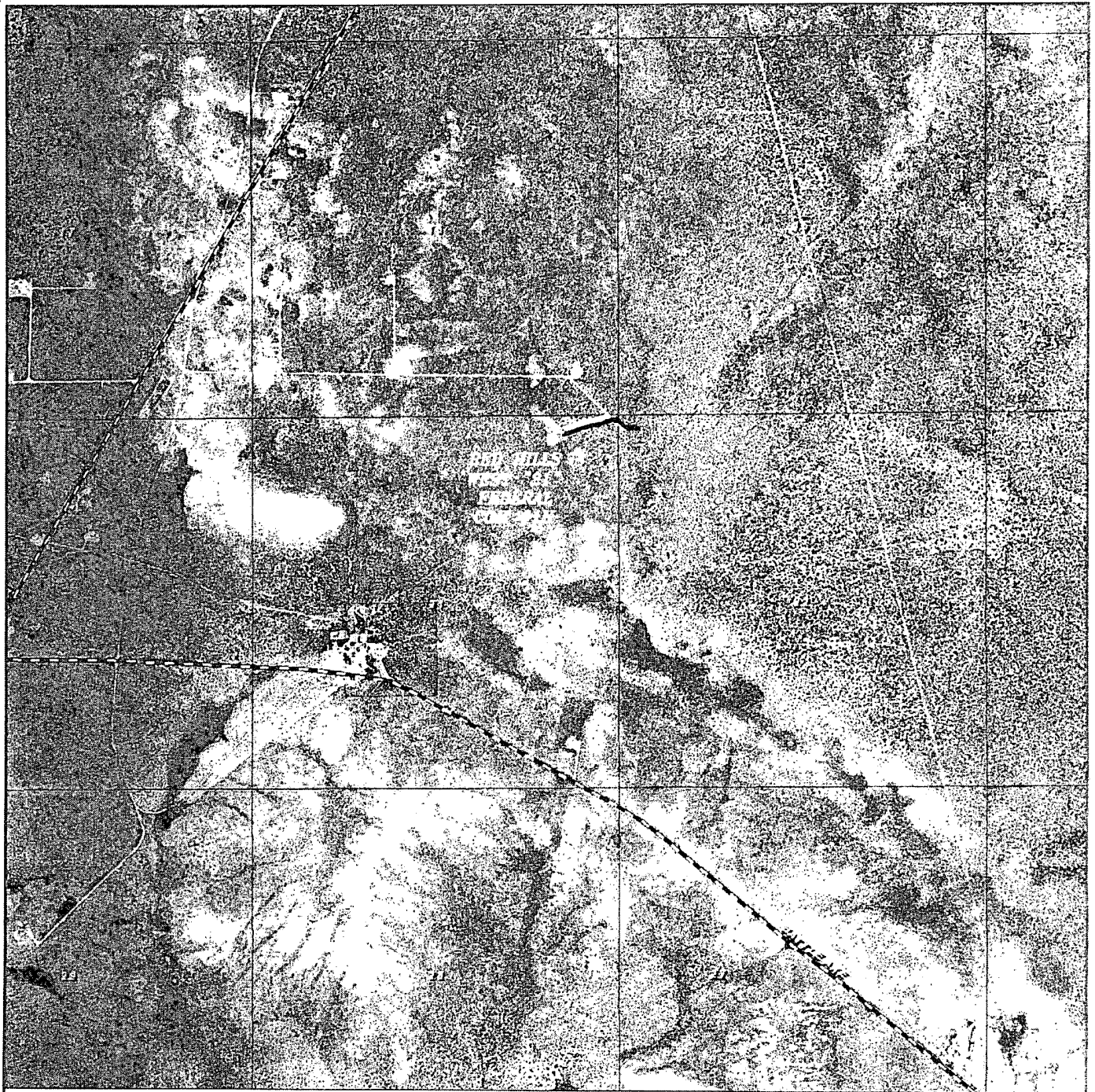
W.O. Number: JMS 23879

Survey Date: 12-16-2010

Scale: 1" = 2000'

Date: 01-04-2011

MEWBOURNE
OIL COMPANY



RED HILLS WEST "21" FEDERAL COM #1H — Pipeline
 Located 330' FNL and 950' FEL
 Section 21, Township 16 South Range 32 East
 N.M.P.M., Lea County, New Mexico

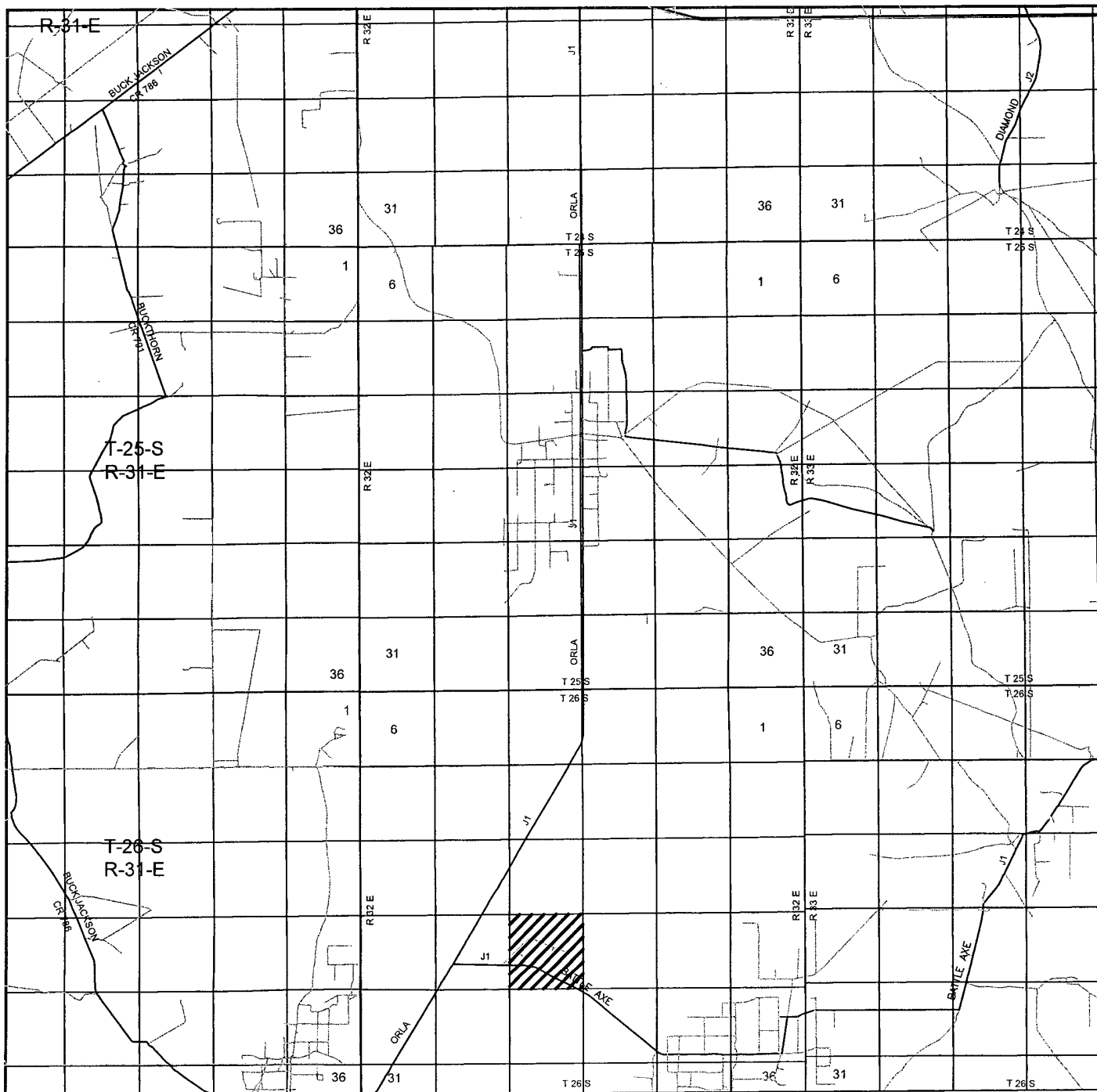
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Yellow tint — USA Land
 Blue tint — STATE LAND
 Natural color — LEASE



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 OIL COMPANY



RED HILLS WEST "21" FEDERAL COM #1H
 Located 330' FNL and 950' FEL
 Section 21, Township 26 South, Range 32 East,
 N.M.P.M., Lea County, New Mexico.

Exhibit 3A

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W.O. Number: JMS 23879

Survey Date: 12-16-2010

Scale: 1" = 2 Miles

Date: 01-04-2011



MEWBOURNE
OIL COMPANY

SECTION 21, TOWNSHIP 26 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

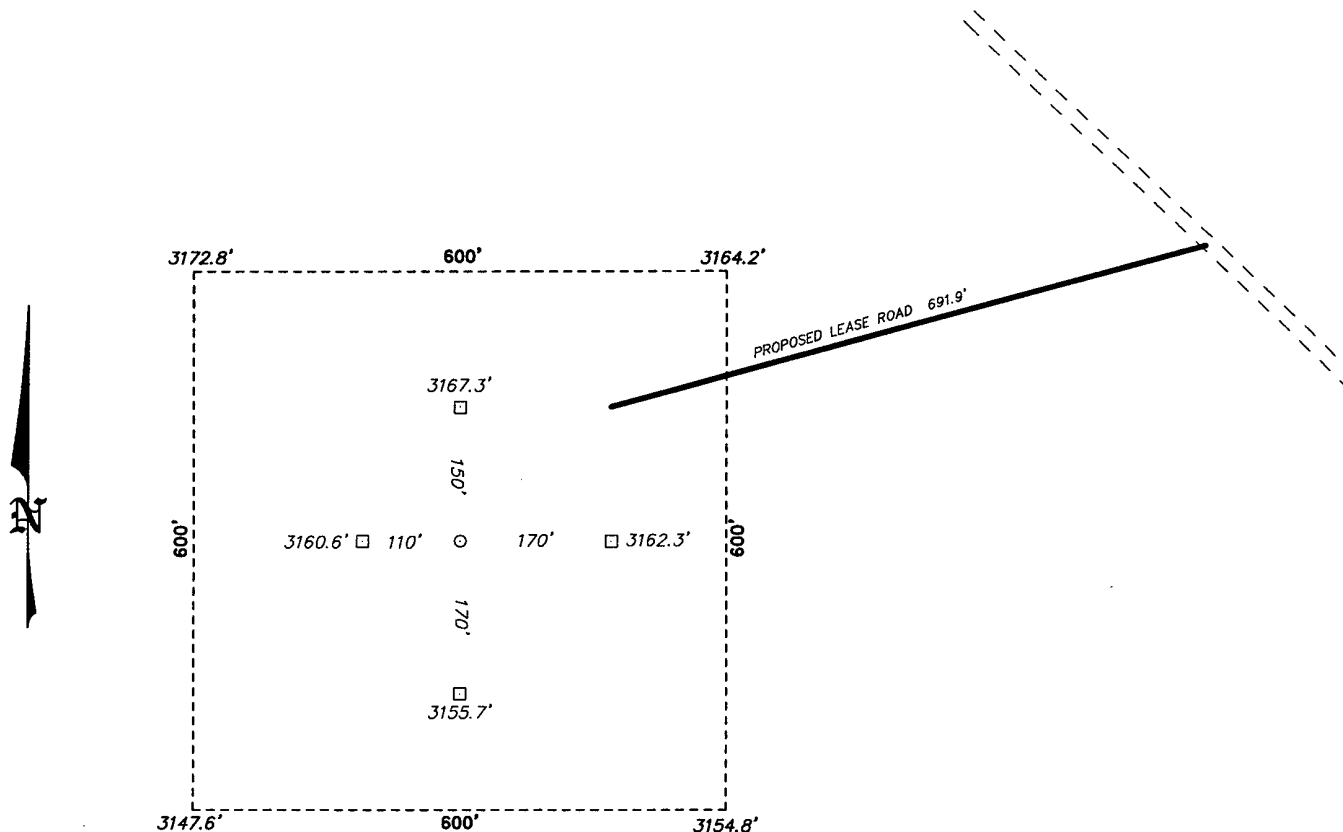


Exhibit 3B

MEWBOURNE OIL COMPANY
RED HILLS WEST "21" FEDERAL COM #1H
ELEV. - 3162'

Lat - N 32°02'04.33"
Long - W 103°40'26.34"
NMSPCE- N 376913.779
E 704320.134
(NAD-27)

200 0 200 400 FEET
SCALE: 1" = 200'

Directions to Location:

FROM THE JUNCTION OF BATTLE AXE AND ORLA, GO
NORTH ON ORLA FOR 1.2 MILES TO LEASE ROAD,
ON LEASE ROAD GO EASTERLY 1.1 MILES TO LEASE
ROAD, ON LEASE ROAD GO SOUTHEAST 0.2 MILES TO
PROPOSED LEASE ROAD.

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

MEWBOURNE OIL COMPANY

REF: RED HILLS WEST "21" FEDERAL COM #1H / WELL PAD TOPO

THE RED HILLS WEST "21" FEDERAL COM #1H LOCATED 330'

FROM THE NORTH LINE AND 950' FROM THE EAST LINE OF

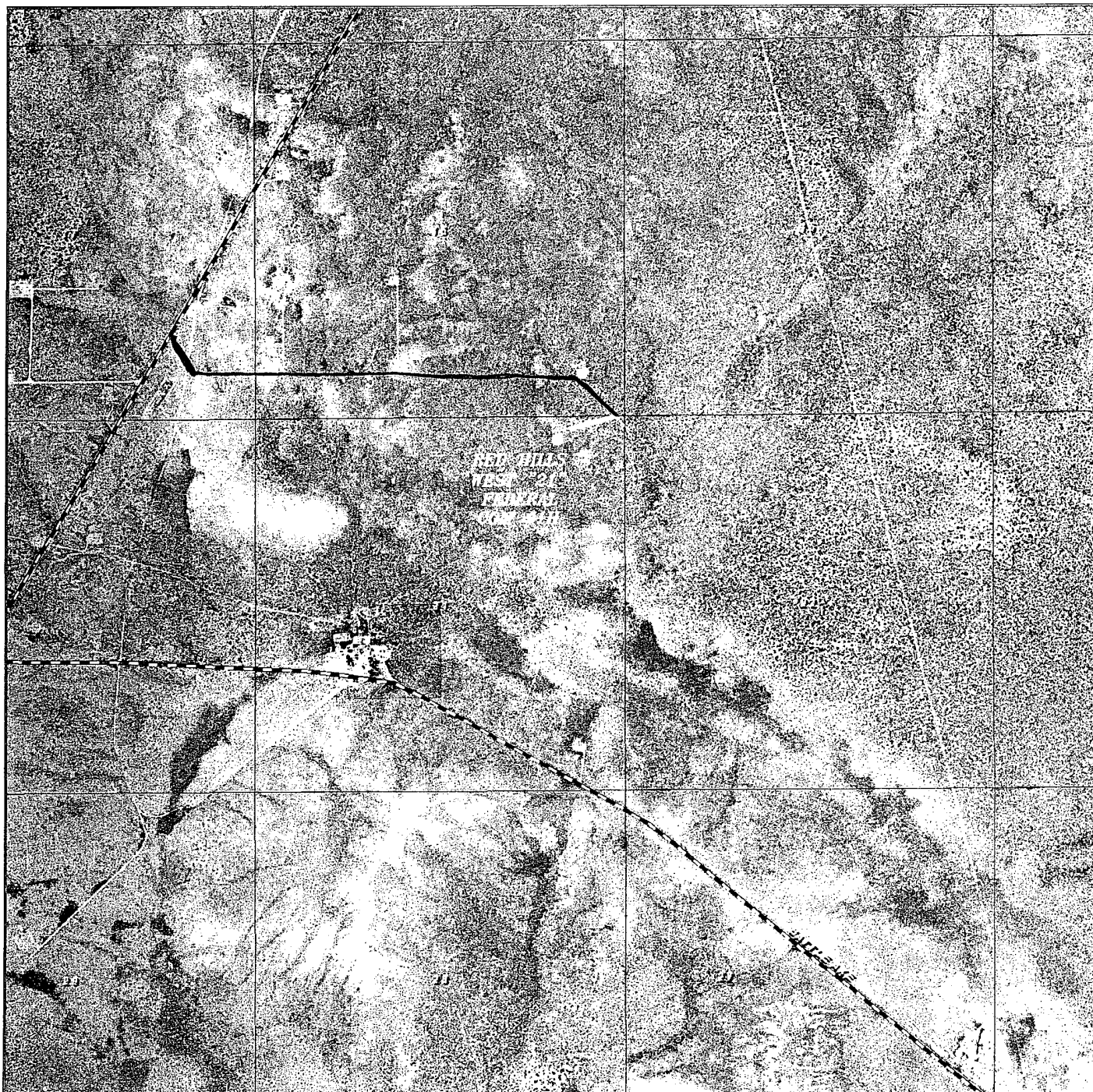
SECTION 21, TOWNSHIP 26 SOUTH, RANGE 32 EAST,

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

W.O. Number: 23879 Drawn By: J. SMALL

Date: 01-04-2011 Disk: JMS 23879

Survey Date: 12-16-2010 Sheet 1 of 1 Sheets



RED HILLS WEST "21" FEDERAL COM #1H
 Located 330' FNL and 950' FEL
 Section 21, Township 26 South, Range 32 East,
 N.M.P.M., Lea County, New Mexico.

Exhibit 3C

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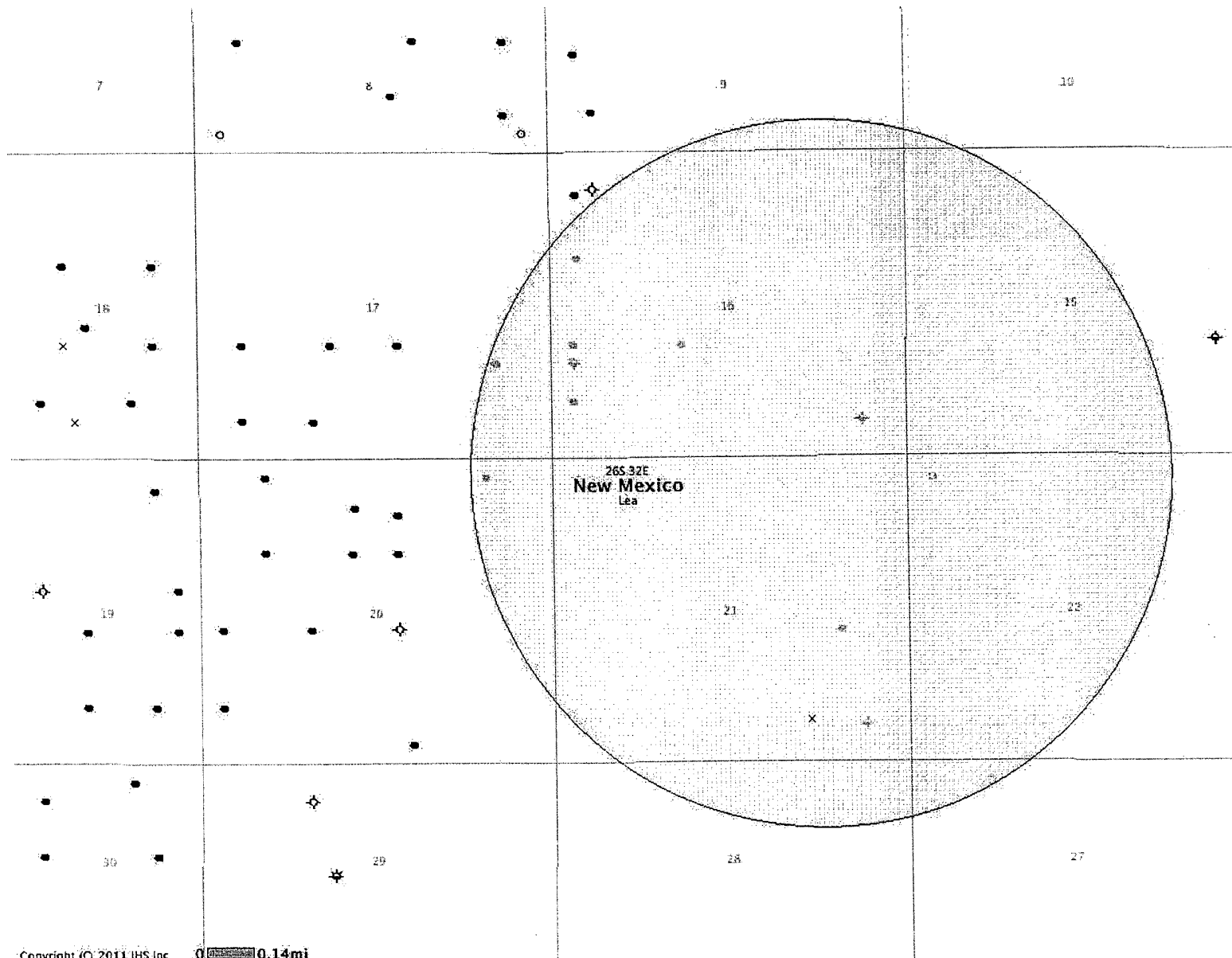
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Scale: 1" = 2000'

YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND

MEWBOURNE
 OIL COMPANY



- Drilling (Well Start)
- × Abandoned Location (Permit)
- ⊗ Gas Well
- Oil Well
- ⊗ Oil and Gas Well
- Other (Observation, etc.)
- ⊗ Injection Well
- Suspended
- ⊗ Plugged Gas Well
- ⊗ Plugged Oil Well
- ⊗ Plugged Oil and Gas
- ⊗ Dry Hole (No Shows)
- ⊗ Dry Hole w/Gas Show
- ⊗ Dry Hole w/Oil Show
- ⊗ Dry Hole w/Oil and Gas Show

Exhibit 4