MULTI-POINT SURFACE USE AND OPERATIONS PLAN MEWBOURNE OIL COMPANY

Red Hills 9 Federal Com #2H 1980' FNL & 330' FWL (SHL) Sec 9-T26S-R32E 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. Existing roads are highlighted in black and proposed road is highlighted in blue. 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) 10 miles. Turn left (east) 5 miles. Turn right (South) ¼ mile to location.

2. Proposed Access Road:

- A Approx 1800' 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 SE & NE sides of well pad.
- 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 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.
- C. An archaeological survey is in the process of being conducted on the proposed location pad.

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. Frac Pit:

A frac pit will be constructed immediately southeast of the well pad as shown on exhibit 3. The south edge of the pond will parallel a pipeline. The northwest edge will be 400', the southeast edge will be 300', the northeast edge will be 300'. The berms will be 15' thick. The pond will be 10' deep as shown in exhibit 3. Working volume is approx 160,000 bbls. This pit will be lined and filled with fresh water purchased from a commercial source. Topsoil excavated during construction of the pit will be stockpiled 25' northeast of the pond.

12. Surface Ownership:

The surface is owned by BLM.

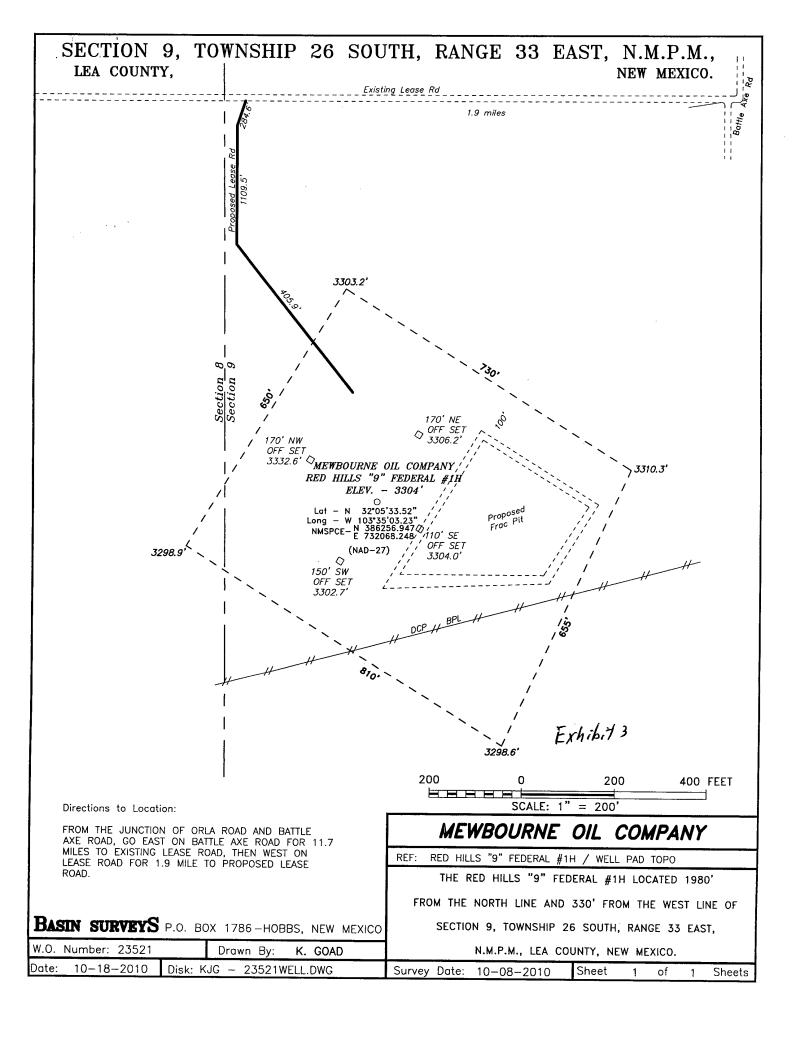
13. Other Information:

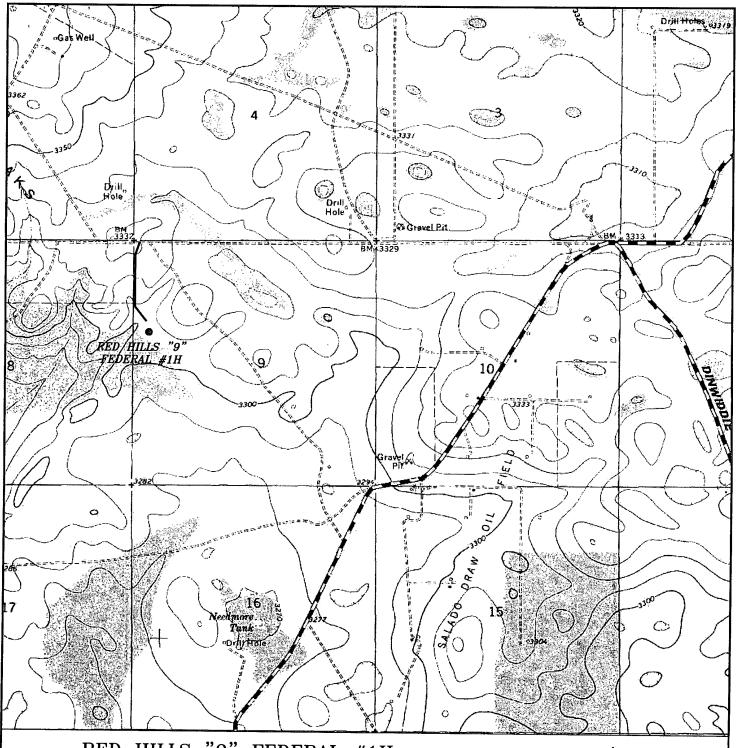
- A. Topography: Refer to the archaeological report for a detailed description of flora, fauna, soil characteristics, dwellings, and historical or cultural sites.
- B. The primary use of the surface at the location is for grazing of livestock.

14. 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 "9" FEDERAL #1H

Located 1980' FNL and 330' FWL

Section 9, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico.



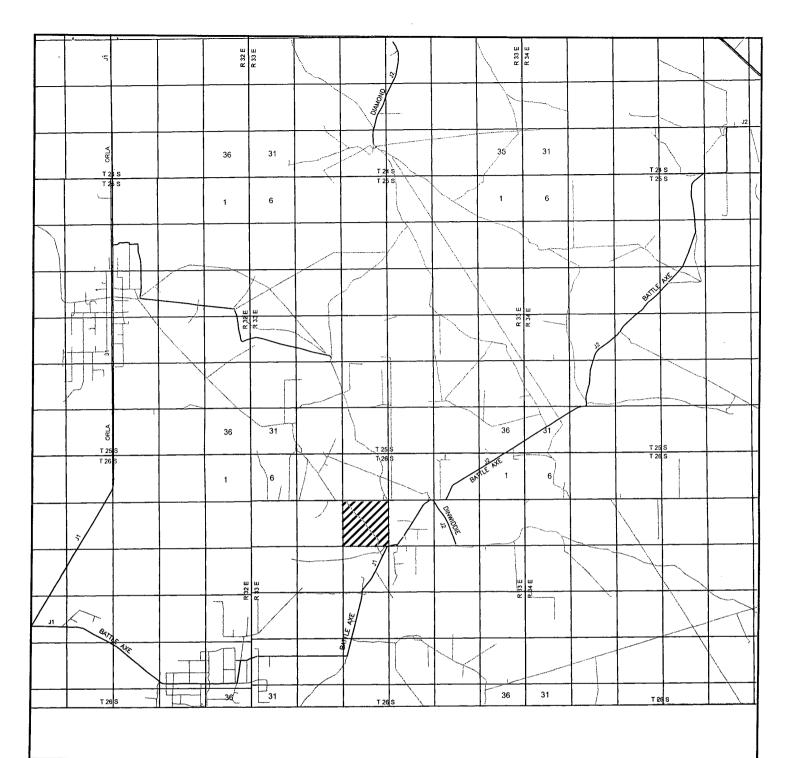
P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (575) 393-7316 — Office (575) 392-2206 — Fax basinsurveys.com W.O. Number: KJG 23521

Survey Date: 10-08-2010

Scale: 1" = 2000'

Date: 10-18-2010

MEWBOURNE OIL COMPANY



RED HILLS "9" FEDERAL #1H
Located 1980' FNL and 330' FWL
Section 9, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico.



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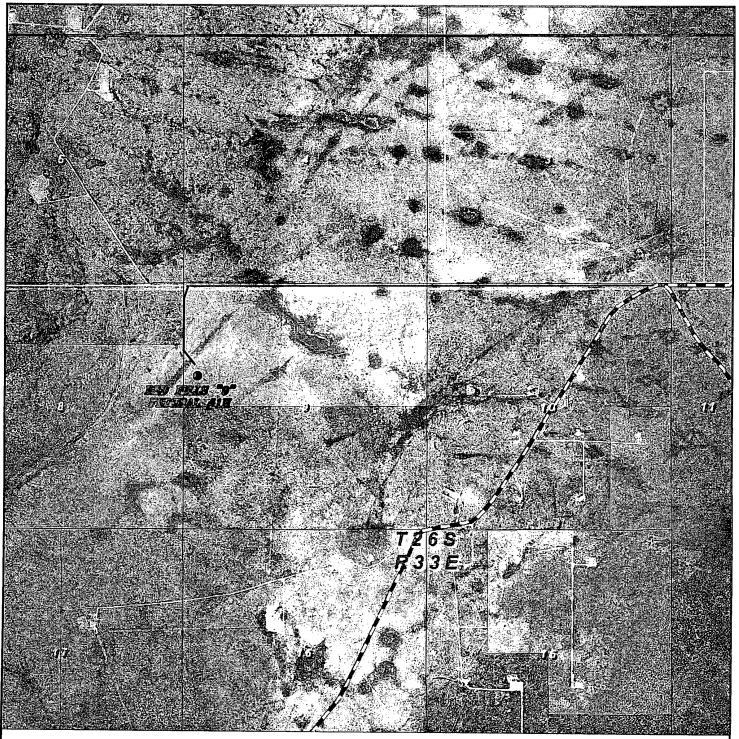
W.O. Number: KJG 23521

Survey Date: 10-08-2010

Scale: 1" = 2 Miles

Date: 10-18-2010

MEWBOURNE OIL COMPANY



RED HILLS "9" FEDERAL #1H Exhibit 3C Located 1980' FNL and 330' FWL Section 9, Township 26 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

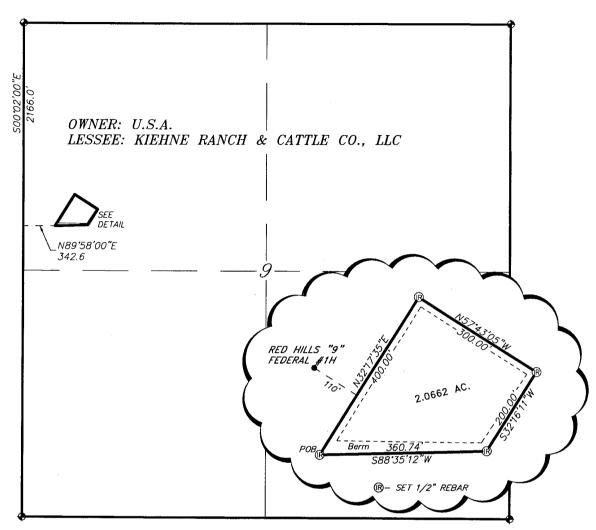


P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (575) 393-7316 — Office (575) 392-2206 — Fax basinsurveys.com W.O. Number: KJG 2352

Scale: 1" = 2000'

YELLOW TINT — USA LAND BLUE TINT — STATE LAND NATURAL COLOR — FEE LAND MEWBOURNE OIL COMPANY

SECTION 9, TOWNSHIP 26 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

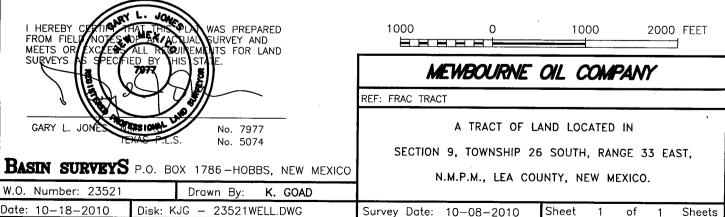


LEGAL DESCRIPTION

A TRACT OF LAND LOCATED IN SECTION 9, TOWNSHIP 26 SOUTH, RANGE 33 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS.

BEGINNING AT A POINT WHICH LIES S.00°02'00"E., 2166.0 FEET AND N.89°58'00"E., 342.6 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 9; THENCE N.32°17'35"E., 400.00 FEET; THENCE S.57'43'05"E., 300.00 FEET; THENCE S.32'16'11"W., 200.00 FEET; THENCE S.88'35'12"W., 360.74 FEET TO THE POINT OF BEGINNING. SAID TRACT OF LAND CONTAINING 2.0662 ACRES, MORE OR LESS.

Exhibit 3 D



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|-----------------------|--|---|----------------------------|--------------------|
| | \$ | . | • | * |
| 1. | Exhibit 4 | | | 3 |
| Eddy 12 26S 31E | Drilling (Well Start) Abandoned Location (Permit) Gas Well Oil Well Other (Observation et a) | × New Mexico Lea. 26532E | | * |
| 13 | Injection Well Suspended Plugged Gas Well Plugged Oil Well Plugged Oil and Gas Dry Hole (No Shows) | a 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 | | 15 |
| · 24 | Dry Hole w/Gas Show Dry Hole w/Oil Show Dry Hole w/Oil and Gas Show | 20 | ÷ ÷ | o 22 |

Exhibit 6

