

CITY OF MCALLEN
REQUEST FOR OIL OR GAS DRILLING/RE-ENTRY PERMIT

DATE October 30, 2006

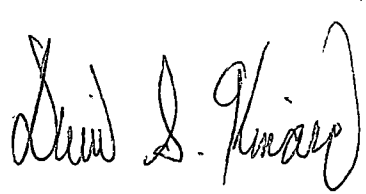
1. Company submitting request: Dewbre Petroleum Corporation

2. Address: 802 N. Carancahua, Suite 1800

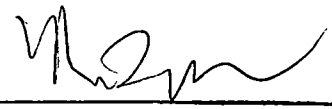
3. City: Corpus Christi State: Texas Zip Code: 78470

4. Legal and geographic description of drilling/re-entry site: Located in the
South East corner of Lot 5 in Block 5 of the McAllen Rio
Bravo Subdivision in Hidalgo County, Texas.

5. The following requirements have been satisfied:
 - A) Drilling permit fee submitted to City Secretary in the amount of \$ 2,500.00
 - B) Performance Bond, (clean-up, repairs & replacement) in the amount of \$ 25,000.00
 - C) Insurance as per Drilling Ordinance:

Public Liability - Occurrence	\$1,000,000.00	
Combined Single Limit (B.I./P.D.)		

6. See Exhibit "A" for other requirements.

7. Approval of the following City Officials is required before issuance of permit:
 - A) City Secretary: Annette Vilfaneal
 - B) City Attorney: 
 - C) Director of Planning: CUP NA J.R. Rankin
 - D) City Engineer: 1 - 1 2 12/12/2006
 - E) City Commission Approval Date: December 11, 2006



**CITY OF MCALLEN
ENGINEERING DEPARTMENT
MEMORANDUM**

To: Mike R. Perez, City Manager

From: Pilar Rodriguez, P.E., City Engineer

Date: December 6, 2006

Subject: **Drilling Permit – Ewing #1**

GOAL:

Disapproval of drilling permit application as submitted by Dewbre Petroleum Corporation.

EXPLANATION:

Dewbre Petroleum Corporation is requesting authorization from the City of McAllen for permit approval to drill a gas well in the southeast corner of Lot 5, Block 5 of the McAllen Rio Bravo Subdivision. The proposed well is located south of Military Highway, and west of Ware Road. The attached documentation submitted by Dewbre Petroleum Corporation indicates the proposed drill site location, as well as the property leaseholders of the proposed site and surrounding properties.

Dewbre Petroleum Corporation is also requesting a variance to Ordinance Section 46-196 requiring the permit applicant to own, lease, or contract at least 51 percent of the drilling block's oil and gas rights under the gas well surface location, as well as under the bottom hole location. At this time, the applicant has acquired 100% of the mineral rights under the bottom hole location, but not the required 51% of the mineral rights under the well surface location.

OPTIONS:

- (1) Approval of the drilling permit application with variance to ownership requirement.
- (2) Disapproval of the drilling permit application as submitted.

RECOMMENDATION:

Based on review by this office, approval is recommended subject to meeting the 51% ownership of mineral rights under the surface well.