

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Bany
N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN				
1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>				
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>				
2. NAME OF OPERATOR Nearburg Producing Company				
3. ADDRESS AND TELEPHONE NO. 3300 N A St., Bldg 2, Suite 120, Midland, TX 79705 432/686-8235 x 203				
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface Unit C, 1200 FNL and 1890 FWL At proposed prod. zone Unit L, 1980 FSL and 990 FWL <i>1490 per attached SN BR</i>				
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 13 miles West of Carlsbad				
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT (Also to nearest drg. unit line, if any)		16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL	
990		2236	320	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.		19. PROPOSED DEPTH	20. ROTARY OR CABLE TOOLS	
2310		8600'	Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3997 Carlsbad Controlled Water Basin			22. APPROX. DATE WORK WILL START* 09/01/2004	
23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14-3/4	9-5/8	36#	1500'	700 sxs
8-3/4	7	23# & 26#	8600'	1000 sxs

Propose to directionally drill the well to a sufficient depth to evaluate the Cisco Canyon formation. After reaching TD, logs will be run and casing set if the evaluation is positive. Perforate, test and stimulation as necessary to establish production.

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED**

IN ABOVE SPACE DESCRIBE PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED *Jordan* TITLE Production Analyst DATE 7-27-04
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY *151 ROSS SORENSEN* TITLE *ACTIVE* FIELD MANAGER DATE SEP 03 2004

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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

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

Form C-144
March 12, 2004

For drilling and production facilities, submit to
appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe
office.

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒
Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: <u>Nearburg Producing Company</u> Telephone: <u>686-8235</u> e-mail address: <u>s.jordan@nearburg.com</u> Address: <u>3300 N A St., Bldg 2, Ste 120, Midland, TX 79705</u>		
Facility or well name: <u>McKittrick 11 Fed #5</u> API #: _____ U/L or Qtr/Qtr <u>C</u> Sec <u>11</u> T <u>22S</u> R <u>24E</u> County: <u>Eddy</u> Latitude _____ Longitude _____ NAD: 1927 <input checked="" type="checkbox"/> 1983 <input type="checkbox"/> Surface Owner Federal <input checked="" type="checkbox"/> State <input type="checkbox"/> Private <input type="checkbox"/> Indian <input type="checkbox"/>		
Pit Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlimited <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Volume _____ bbl	Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____	RECEIVED JUL 28 2004 OFF-ARTESIA
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) (0 points) X
Wellhead protection area. (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points) X
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points) X
Ranking Score (Total Points)		0

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite ☐ offsite ☐ If offsite, name of facility _____ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface _____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 7/27/04

Printed Name/Title: Sarah Jordan, Production Analyst

Signature: [Signature]

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Date: AUG 5 2004

Printed Name/Title: _____

Signature: [Signature]

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB NO. 1004-0137
Expires March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Nearburg Producing Company

3a. Address

3300 N A St., Bldg 2, Ste 120, Midland, TX 79705

3b. Phone No. (include area code)

432/686-8235 x 203

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

SHL: 1200 FNL and 490 FWL, Sec 11, 22S, 24E

BHL: 1980 FSL and 990 FWL, Sec 11, 22S, 24E

5. Lease Serial No.

NMNM53219

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

McKittrick 11 Fed #5

9. API Well No.

10. Field and Pool, or Exploratory Area

Indian Basin; Upper Penn.

Associated

11. County or Parish, State

Eddy

NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

TYPE OF ACTION

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☒ Other

Move location

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

At the request of the BLM and BLM rep Jim Goodbar, NPC requests to move the subject well SHL from:

1200 FNL and 1620 FWL

to the location below picked by Jim Goodbar:

1200 FNL and 490 FWL

See attached C102 (plat).

Mr Goodbar also requested that NPC change the Location and Pit size. See Attached drawing.

This will be a 3 well drilling pad. (11#3-11#5+11#6)

The cuttings will be buried if 3' of fill on top or hauled off.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

H R Willis

Title

Drilling Manager

Date

8/19/04

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

ISI ROSS SORENSEN

ACTING

Field

Office

FIELD MANAGER

Date

SEP 03 2004

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CARLSBAD FIELD OFFICE

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name McKITTRICK 11 FEDERAL	Well Number 5
OGRID No.	Operator Name NEARBURG PRODUCING CO.	Elevation 3997'

Surface Location

UL or lot No. C	Section 11	Township 22-S	Range 24-E	Lot Idn	Feet from the 1200	North/South line NORTH	Feet from the 1490	East/West line WEST	County EDDY
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Bottom Hole Location If Different From Surface

UL or lot No. L	Section 11	Township 22-S	Range 24-E	Lot Idn	Feet from the 1980	North/South line SOUTH	Feet from the 990	East/West line WEST	County EDDY
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Dedicated Acres 32.6	Joint or Infill	Consolidation Code	Order No.
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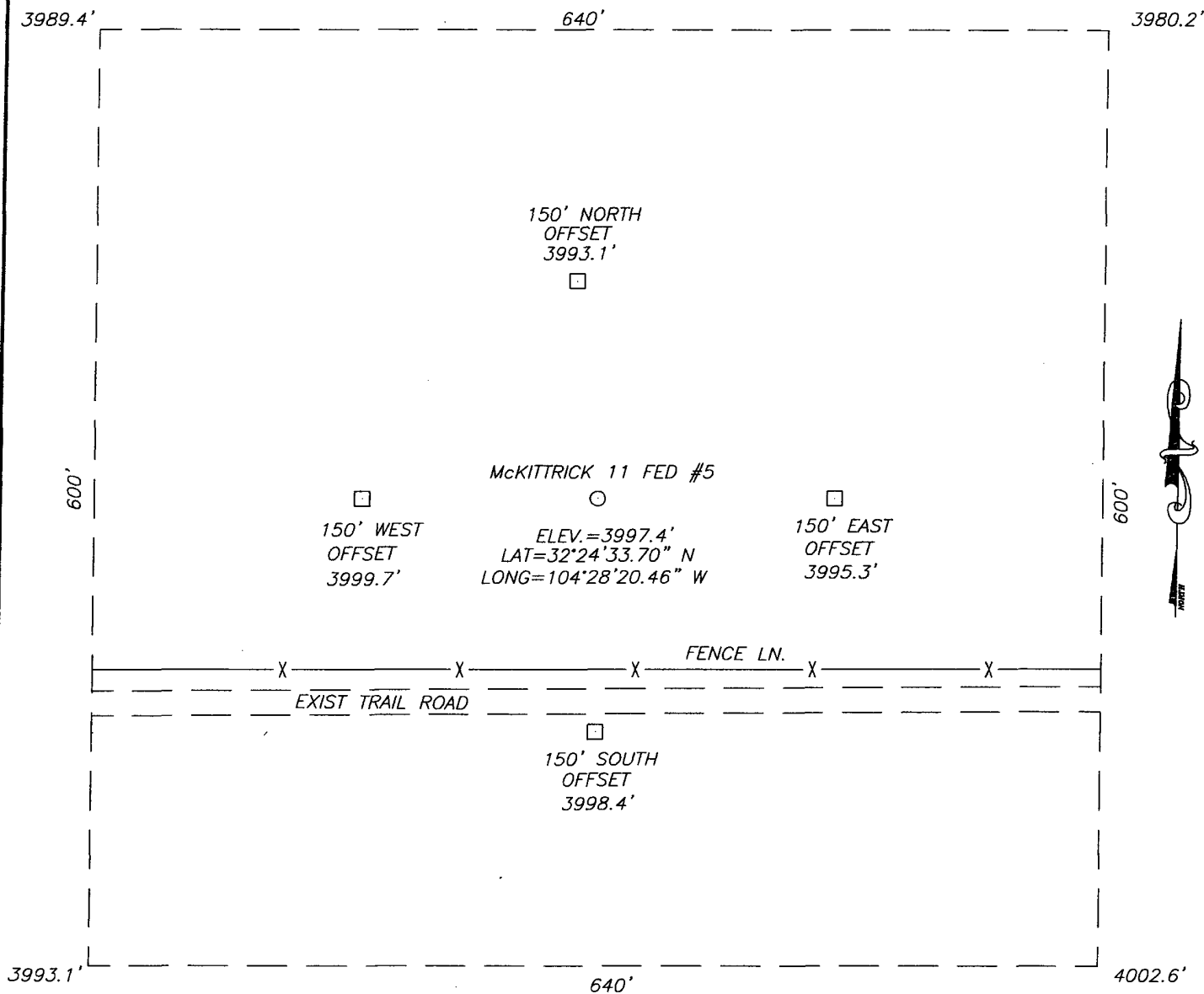
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>GEODETIC COORDINATES NAD 27 NME SURF. Y=512667.5 N X=457097.8 E</p> <p>LAT.=32°24'33.70\" N LONG.=104°28'20.46\" W</p> <p>B.H. Y=510571.3 N X=456592.5 E</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Herbert R Willis</i> Signature HERBERT R WILLIS Printed Name Operation Man Title 8/23/04 Date</p> <p>SURVEYOR CERTIFICATION</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>AUGUST 18, 2004</p> <p>Date Surveyed Signature & Seal of Professional Surveyor GARY EIDSON 8/20/04 04.11.1072 Certificate No. GARY EIDSON 12641</p>
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SECTION 11, TOWNSHIP 22 SOUTH, RANGE 24 EAST, N.M.P.M.,

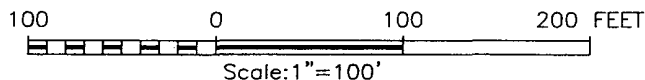
EDDY COUNTY,

NEW MEXICO.



DIRECTIONS TO LOCATION:

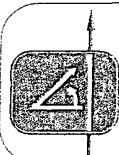
FROM THE INTERSECTION OF U.S. HWY #285 AND CO. RD. #137 (QUEENS HWY.), GO WEST ON CO. RD. #137 FOR APPROX. 6.1 MILES. TURN LEFT (SOUTH) AND GO APPROX. 3.5 MILES TO A CATTLEGUARD W/SIGN BIG WALT 2 #7. GO THRU CATTLEGUARD AND GO SOUTH APPROX. 0.2 MILES TO THE #7 WELL. CONTINUE SW ON EXIST TRAIL ROAD APPROX. 0.4 MILES TO THE PROPOSED LOCATION.



NEARBURG PRODUCING COMPANY

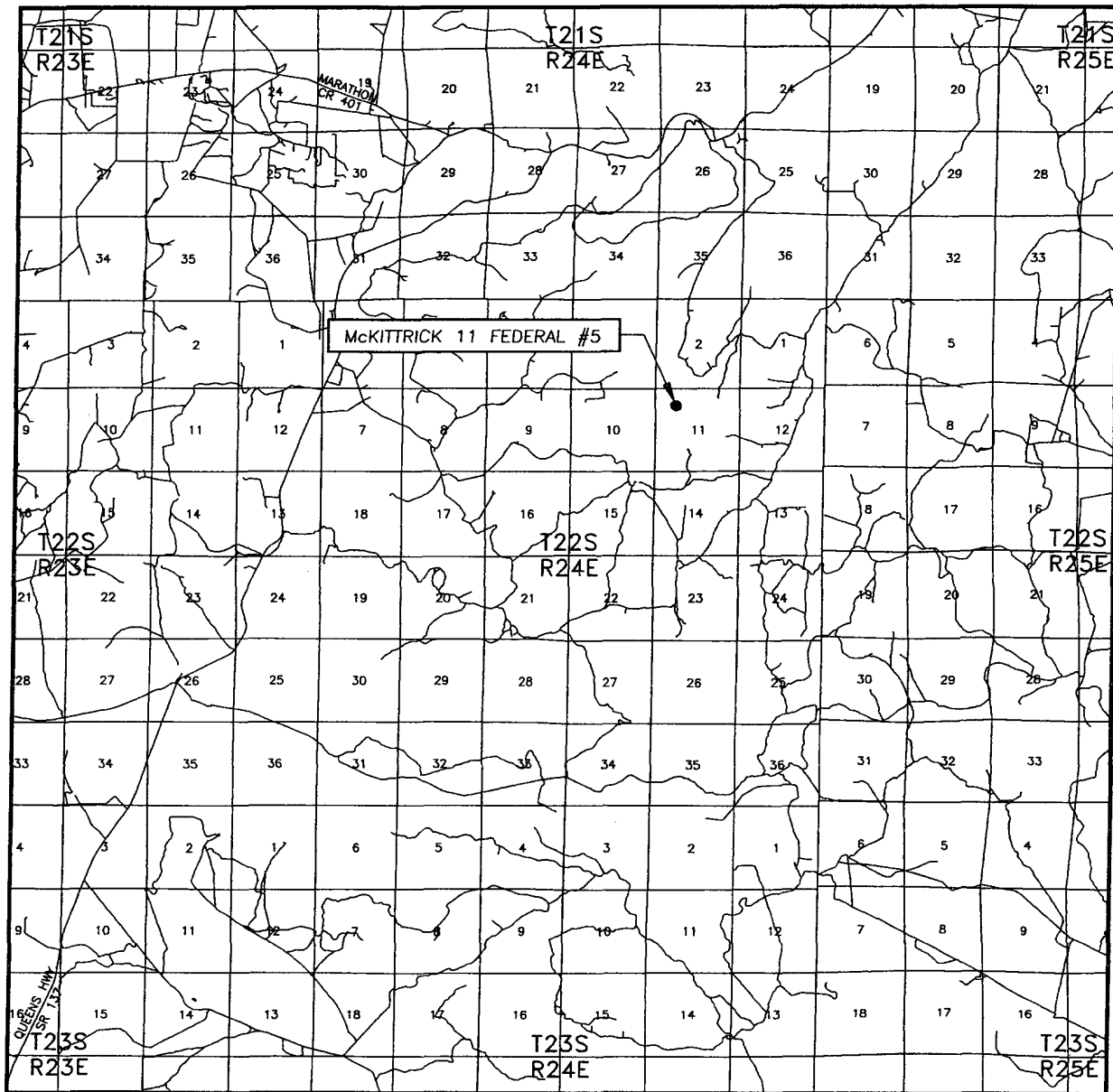
THE McKITTRICK 11 FED #5 LOCATED 1200' FROM THE NORTH LINE AND 1490' FROM THE WEST LINE OF SECTION 11, TOWNSHIP 22 SOUTH, RANGE 24 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO

Survey Date: 08/18/04	Sheet 1 of 1 Sheets
W.O. Number: 04.11.1072	DRAWN BY: J.R.
Date: 08/19/04	DISK: CD#10
04111072	Scale: 1"=100'



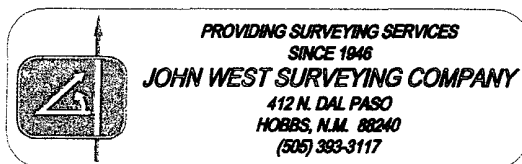
PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 11 TWP. 22-S RGE. 24-E
 SURVEY N.M.P.M.
 COUNTY EDDY
 DESCRIPTION 1200' FNL & 1490' FWL
 ELEVATION 3997'
 OPERATOR NEARBURG
 PRODUCING COMPANY
 LEASE McKITTRICK 11 FEDERAL



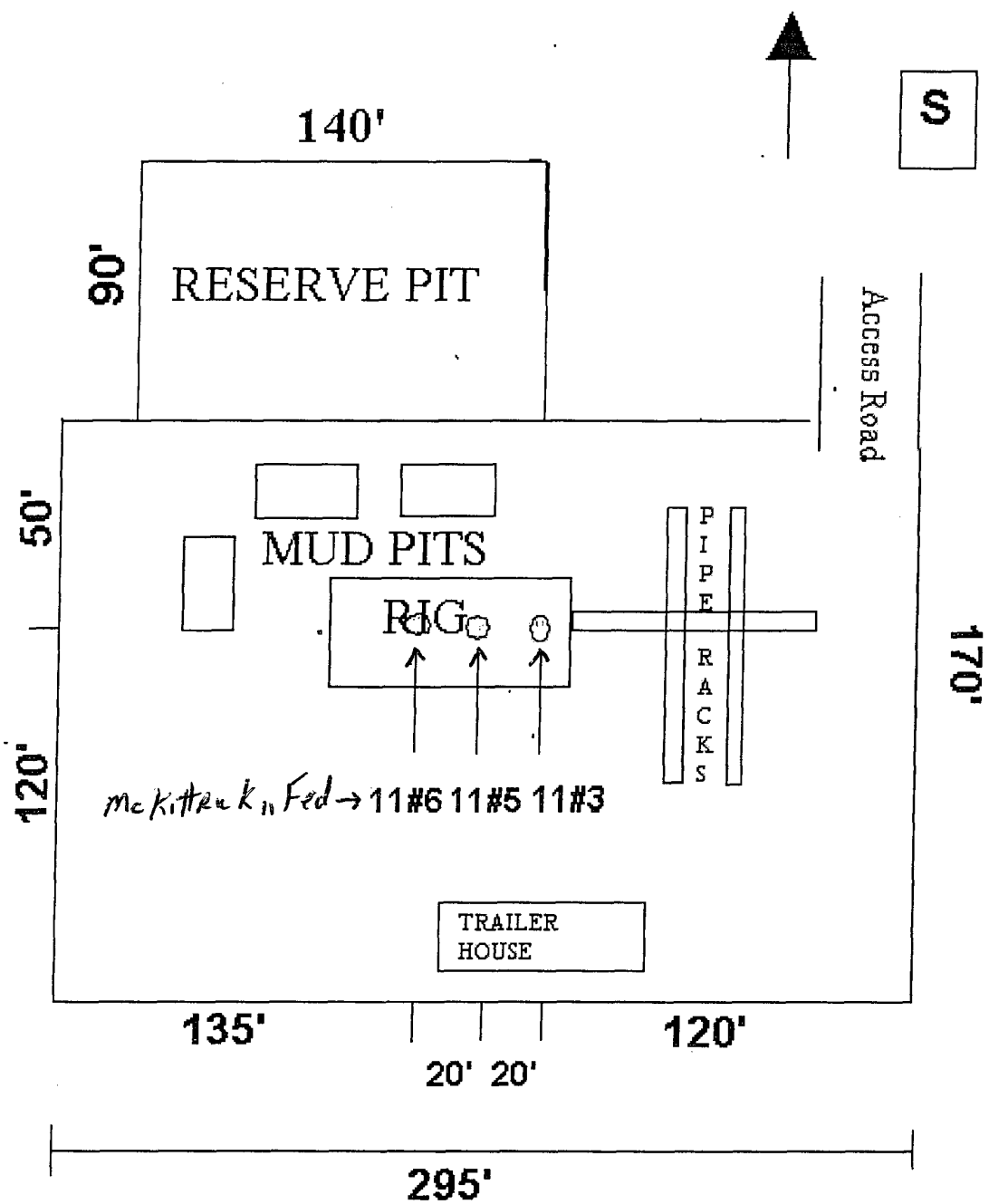
This topographic map depicts the Nagavotee Peak area in Arizona. The map features contour lines indicating elevation, with major peaks labeled such as Nagavotee Peak (4186T) and Little Walt Spring (3992T). A prominent feature is the 'McKITTRICK 11 FEDERAL #5' area, which is highlighted with a thick black border. Other labeled locations include 'Canyon', 'Nagavotee Peak', 'Little Walt Spring', and 'Nagavotee Peak'. Elevation points are marked with 'x' and numbers like 3981T, 3988T, 3993T, 3999T, 4001T, 4032T, 3903T, and 3893T. The map also shows a grid system with letters A through Z and numbers 1 through 15. A dashed line labeled 'I-224' runs across the upper portion of the map. The word 'ARIZONA' is printed in large letters across the right side of the map.

CONTOUR INTERVAL: 20'
AZOTEA PEAK, N.M.

U.S.G.S. TOPOGRAPHIC MAP
AZOTEA SPEAK, N.M.



**PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117**



DISTRICT I
P.O. Box 1960, Hobbs, NM 88241-1960

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name <i>Indian Basing; Upper Penn, Ass.</i>
Property Code	Property Name McKITTRICK 11 FEDERAL	Well Number 5
OGRID No. 015742	Operator Name NEARBURG PRODUCING CO.	Elevation 3997'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	11	22-S	24-E		1200	NORTH	1620	WEST	EDDY

Bottom Hole Location If Different From Surface

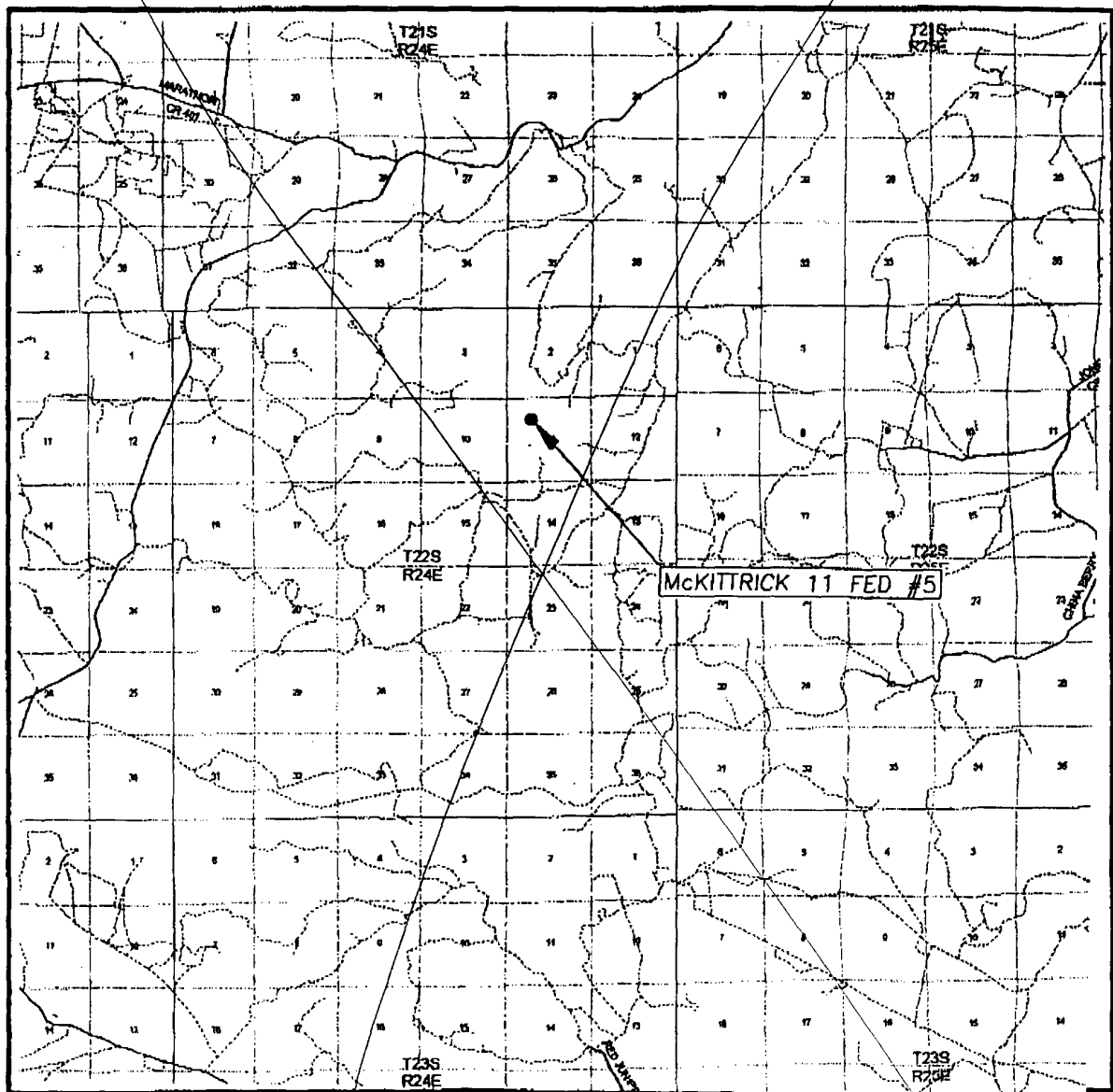
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	11	22-S	24-E		1980	SOUTH	990	WEST	EDDY

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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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>GEODETIC COORDINATES NAD 27 NME SURFACE HOLE Y = 512667.5 N X = 457227.8 E LAT = 32°24'33.70"N LONG = 104°28'18.95"W</p> <p>GRID AZ = 196°51'32" GRID DIST = 2190'</p> <p>SURFACE HOLE 1200' 1620' 3990.5' 3998.6' 3994.2' 600' 900' 4010.8'</p> <p>BOTTOM HOLE 990' 1980' Y = 510571.3 N X = 456592.5 E</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Sarah Jordan</i> Signature Sarah Jordan Printed Name Prod. Analyst Title 7.27.04 Date</p> <p>SURVEYOR CERTIFICATION</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>March 04 2004</p> <p>Date Surveyed Signature & Seal of Professional Surveyor <i>Gary E. Erson</i> Rev. 03/22/04 3/25/04 04.11.0264 Certificate No. GARY-ERSON 12641</p>
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VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 11 TWP. 22-S RGE. 24-E
SURVEY N.M.P.M.
COUNTY EDDY
DESCRIPTION 1200' FNL & 1620' FWL
ELEVATION 3997'
OPERATOR NEARBURG PRODUCING COMPANY
LEASE McKITTRICK 11 FEDERAL

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Nearburg Producing Company
3300 North "A" Street, Building 2, Suite 120
Midland, Texas 77905

The undersigned accepts all applicable terms, conditions, stipulations and restrictions covering operations conducted on the leased land or portion thereof, as described below:

Lease No: NMNM53219

Legal Description of Land: SHL: Unit C, 1200 FNL and 1620 FWL, Sec 11-22S-24E
BHL: Unit L, 1980 FSL and 990 FWL, Sec 11-22S, 24E
Eddy County, New Mexico

Formation(s) (if applicable): Upper Penn, Associated

Bond Coverage: \$25,000 statewide bond of Nearburg Producing Company

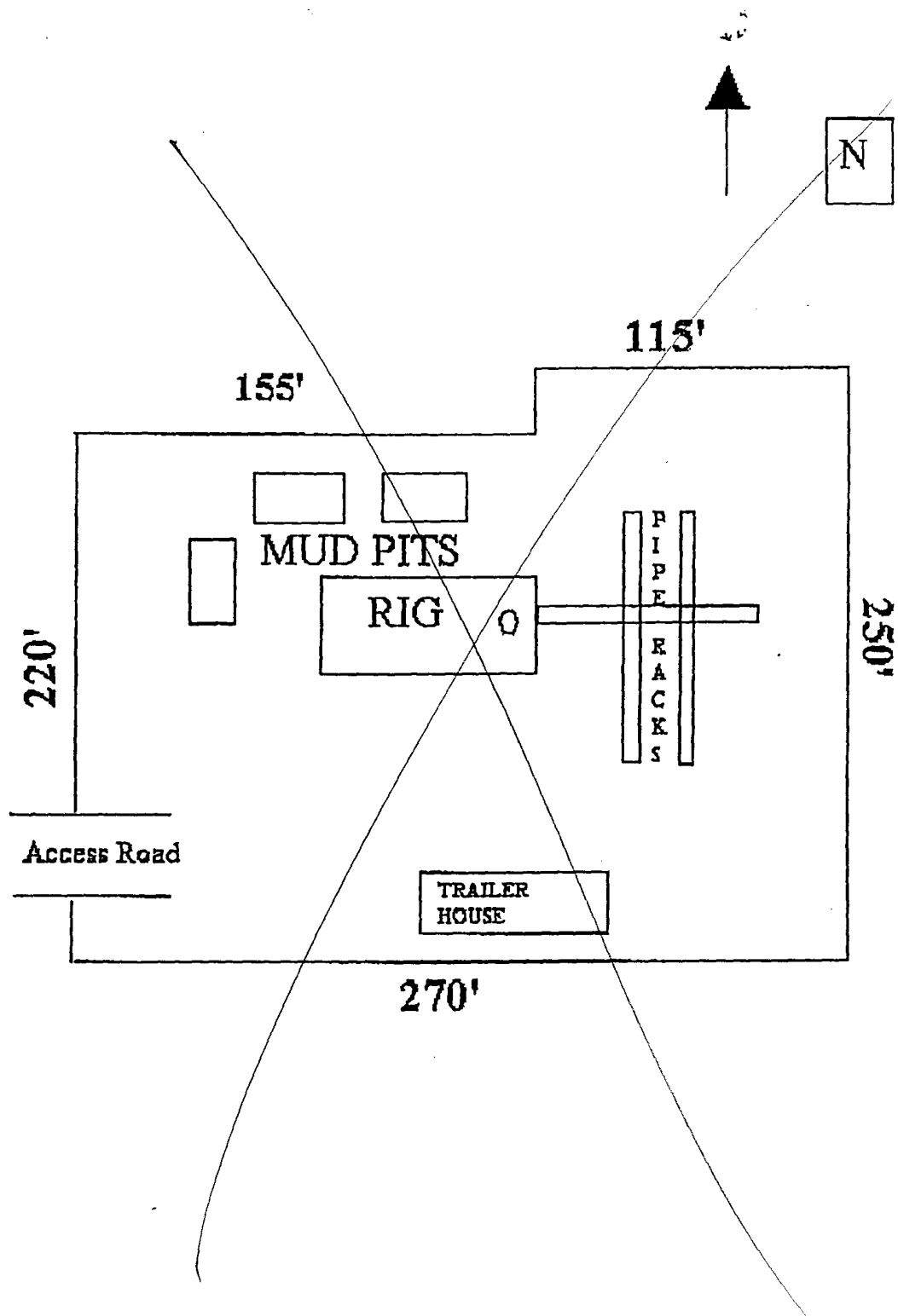
BLM Bond File No: NM1307

7.27.04

Date



H. R. Willis
Drilling Manager



ATTACHMENT TO FORM 3160-3
MCKITTRICK 11 FEDERAL #5
SHL: 1200 FNL AND 1620 FWL
BHL: 1980 FSL AND 990 FWL
SECTION 11, T22S, R24E
EDDY COUNTY, NEW MEXICO

DRILLING PROGRAM

1. GEOLOGIC NAME OF SURFACE FORMATION

Quaternary

2. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS

Bone Spring	3660'
Wolfcamp Shale	7120'

3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL, OR GAS

Cisco/ Canyon	7885'
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4. CASING AND CEMENTING PROGRAM

<u>Casing Size</u>	<u>From</u> <u>To</u>	<u>Weight</u>	<u>Grade</u>	<u>Joint</u>
9-5/8"	0' – 1,500'	36#	J55	STC
7"	0' – 8,600'	23 & 26#	K55, N80	LTC & BTC

Equivalent or adequate grades and weights of casing may be substituted at time casing is run, depending on availability.

We plan to drill a 14-3/4" hole to equal 1500'. 9-5/8" casing will be cemented with 700 sxs Class "C" or volume necessary to bring cement back to surface.

8-3/4" hole will be drilled to 8,600' and 7" production casing will be cemented with approximately 1000 sxs of Class "H" cement circulated to surface.

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL

The BOP stack will consist of a 3,000 psi working pressure, dual ram type preventer and annular.

A BOP sketch is attached.

6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM

Spud and drill to 1500' with fresh water mud for surface string. The production section from 1,500' to 8,600' will be 8.3 ppg Fresh Water system with mud weight sufficient to control formation pressures.

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT

None required.

8. LOGGING, TESTING, AND CORING PROGRAM

DLL/CNL/LDT/CAL/GR logging is planned. Drill stem tests, cores and sidewall cores are possible.

9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES & POTENTIAL HAZARDS

None anticipated.

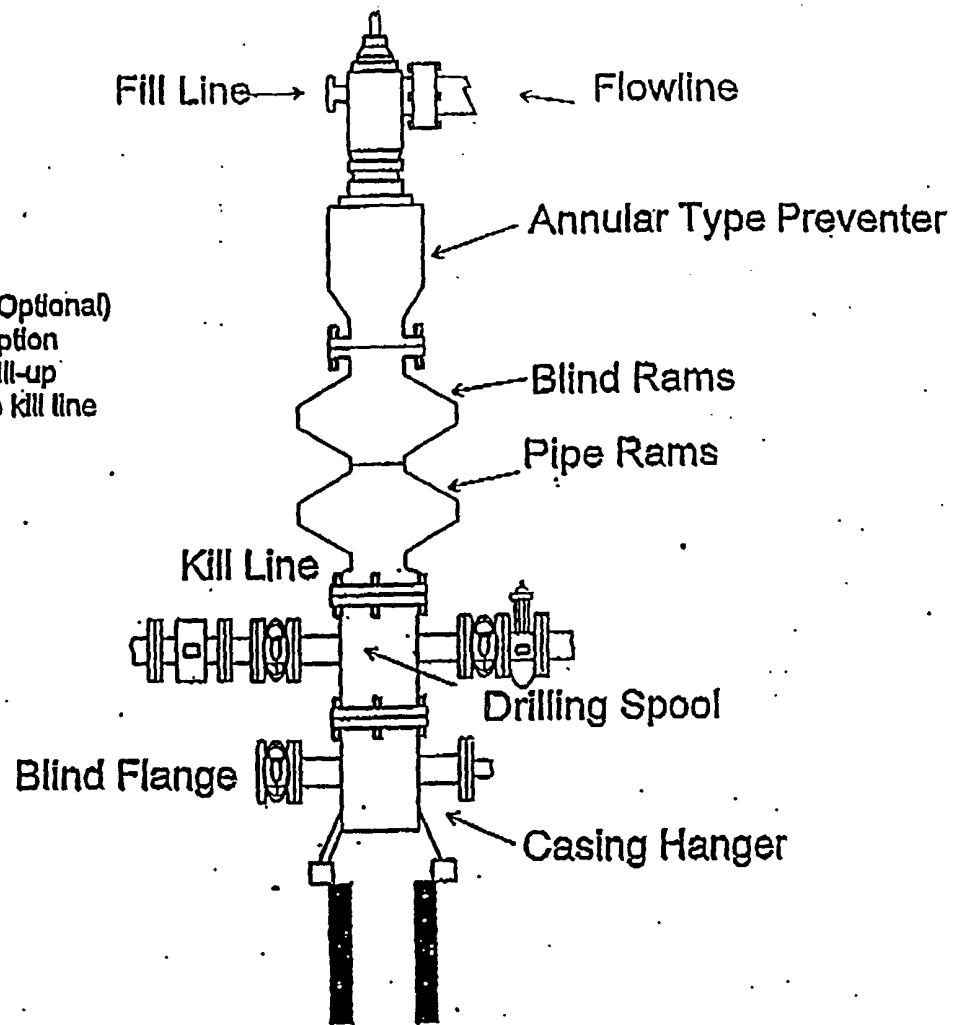
BHP expected to be 1,100 psi.

10. ANTICIPATED STARTING DATE:

Is planned that operations will commence on September 1, 2004 with drilling and completion operation lasting about 30 days.

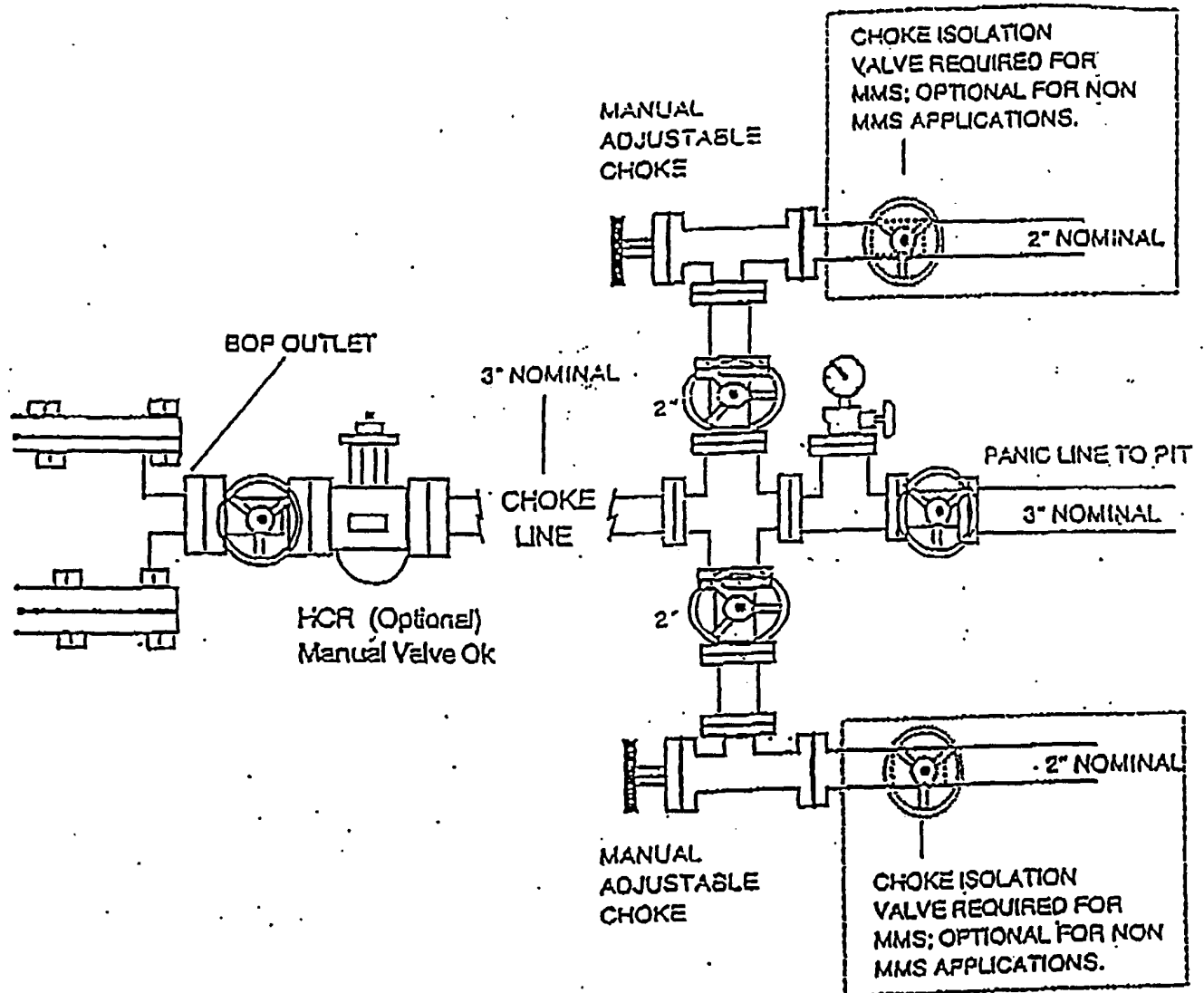
BOPE SCHEMATIC

Rotating Head (Optional)
Drilling Nipple option
must include a fill-up
line. Do not use kill line
for fill up.



1500 Series

ARBURG PRODUCING COMPANY
CHOKE MANIFOLD
5M SERVICE



SURFACE USE AND OPERATIONS PLAN FOR
DRILLING, COMPLETION, AND PRODUCING

NEARBURG PRODUCING COMPANY
MCKITTRICK 11 FEDERAL #5
SECTION 11-T22S-R24E
EDDY COUNTY, NEW MEXICO

LOCATED

13 miles West of Carlsbad, NM

OIL & GAS LEASE

NMNM53219

RECORD LESSEE

Nearburg Exploration Company

BOND COVERAGE

\$25,000 statewide bond of Nearburg Producing Company

ACRES IN LEASE

2236

GRAZING LEASE

Rockhouse Ranch

POOL

Indian Basin; Upper Penn, Associated

EXHIBITS

- A. Area Road Map
- B. Drilling Rig Layout
- C. Vicinity Oil & Gas Map
- D. Topographic & Location Verification Map
- E. Well Location & Acreage Dedication Map

This well will be drilled to a depth of approximately 8,600'.

1. EXISTING ROADS

- A. Exhibit A is a portion of a section map showing the location of the proposed well as staked.
- B. Exhibit C is a plat showing existing roads in the vicinity of the proposed well site.

2. ACCESS ROADS

A. Length and Width

The access road will be built and is shown on Exhibit D.

B. Surface Material

Existing.

C. Maximum Grade

Less than five percent

D. Turnouts

None necessary.

E. Drainage Design

Existing.

F. Culverts

None necessary.

G. Gates and Cattle Guards

None needed.

3. LOCATION OF EXISTING WELLS

Existing wells in the immediate area are shown in Exhibit C.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

Necessary production facilities for this well will be located on the well pad.

5. LOCATION AND TYPE OF WATER SUPPLY

It is not contemplated that a water well will be drilled. Water necessary for drilling will be purchased and hauled to the site over existing roads shown on Exhibit D.

6. METHODS OF HANDLING WASTE DISPOSAL

- A. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- B. Water produced during tests will be disposed of in the drilling pits.
- C. Oil produced during tests will be stored in test tanks.
- D. Trash will be contained in a trash trailer and removed from well site.
- E. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

7. ANCILLARY FACILITIES

None required.

8. WELL SITE LAYOUT

Exhibit B shows the relative location and dimensions of the well pad, mud pits, reserve pit, and trash pit, and the location of major rig components.

9. PLANS FOR RESTORATION OF THE SURFACE

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. The well site will be cleaned of all trash and junk to leave the site in an as aesthetically pleasing condition as possible.
- B. After abandonment, all equipment, trash, and junk will be removed and the site will be clean.

10. OTHER INFORMATION

A. Topography

The land surface at the well site is rolling native grass with a regional slope being to the east.

B. Soil

Topsoil at the well site is sandy soil.

C. Flora and Fauna

The location is in an area sparsely covered with mesquite and range grasses.

D. Ponds and Streams

There are no rivers, lakes, ponds, or streams in the area.

E. Residences and Other Structures

There are no residences within a mile of the proposed well site.

F. Archaeological, Historical, and Cultural Sites

None observed on this area.

G. Land Use

Grazing

H. Surface Ownership

BLM (USA)

11. OPERATOR'S REPRESENTATIVE

H. R. Willis
3300 North "A" Street, Bldg 2, Suite 120
Midland, Texas 79705
Office: (432) 686-8235
Home: (432) 697-2484

12. 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 presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Nearburg Producing Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

7.27.04

Date

H. R. Willis

Drilling Manager

**HYDROGEN SULFIDE DRILLING OPERATIONS PLANS
NEARBURG PRODUCING COMPANY
McKITTRICK 11 FEDERAL #5**

1. HYDROGEN SULFIDE TRAINING

- A. All regularly assigned personnel, contracted or employed by Nearburg Producing Company, will receive training from a qualified instructor in the following areas prior to commencing drilling potential hydrogen sulfide bearing formations in this well:
 - 1. The hazards and characteristics of hydrogen sulfide (H₂S).
 - 2. The proper use and maintenance of personal protective equipment and life support systems.
 - 3. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures and prevailing winds.
 - 4. The proper techniques for first aid and rescue procedures.
- B. In addition, supervisory personnel will be trained in the following areas:
 - 1. The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
 - 2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
 - 3. The contents and requirements of the H₂S Drilling Operations Plan.
- C. There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

HYDROGEN SULFIDE DRILLING OPERATIONS PLANS

PAGE 2

2. H2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H2S safety equipment and systems will be installed, tested and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H2S.

A. Well Control Equipment:

1. Flare line with continuous pilot.
2. Choke manifold with a minimum of one remote choke.
3. Blind rams and pipe rams to accommodate all sizes with properly sized closing unit.
4. Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head and flare gun with flares as needed.

B. Protective Equipment for Essential Personnel:

Mark II Surviveair 30-minute units located in the dog house and at briefing areas, as indicated on well site diagram.

C. H2S Detection and Monitoring Equipment:

1. Two portable H2S monitors positioned and location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 ppm are reached.
2. One portable SO2 monitor positioned near flare line.

D. Visual Warning systems:

1. Wind direction indicators as shown on well site diagram.
2. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used when appropriate. See example attached.

HYDROGEN SULFIDE DRILLING OPERATIONS PLANS

PAGE 3

E. Mud Program

1. The Mud Program has been designed to minimize the volume of H₂S circulated to the surface. Proper mud weights, safe drilling practices and the use of H₂S scavengers will minimize hazards when penetrating H₂S bearing zones.
2. A mud-gas separator will be utilized as needed.

F. Metallurgy

All drill strings, casing, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and line and valves shall be suitable for H₂S service.

G. Communication

1. Cellular telephone communications in company vehicles and mud logging trailer.
2. Land line (telephone) communications at area office.

H. Well Testing

Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safely and adequately conduct the test. The drill stem testing in an H₂S environment will be conducted during the daylight hours.

WARNING

**YOU ARE ENTERING A H2S AREA
AUTHORIZED PERSONNEL ONLY**

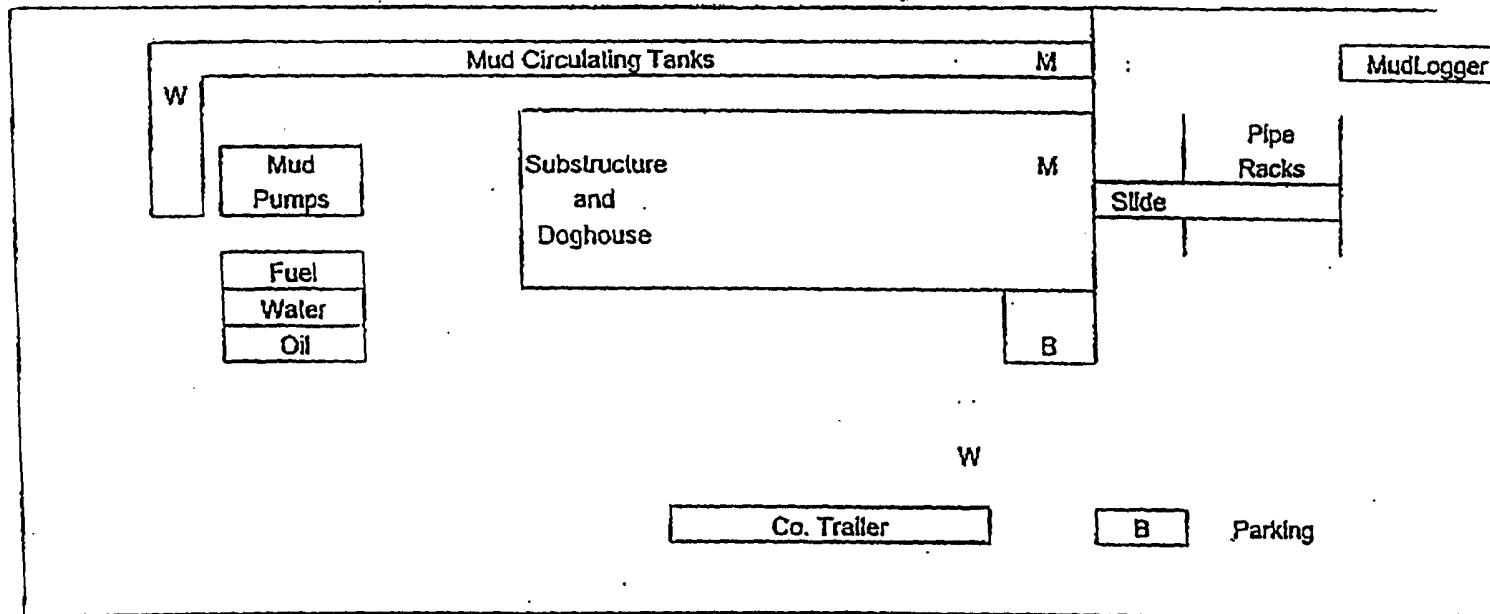
1. BEARDS OR CONTACT LENSES NOT ALLOWED
2. HARD HATS REQUIRED
3. SMOKING IN DESIGNATED AREAS ONLY
4. BE WIND CONSCIOUS AT ALL TIMES
5. CHECK WITH NEARBURG SUPERINTENDENT AT MAIN OFFICE

NEARBURG PRODUCING COMPANY

(432) 686-8235

NEARBY PRODUCING COMPANY HYDROGEN SULFIDE DRILLING OPERATIONS LOCATION PLAN

Location Entered:



M - H₂S Monitors with alarms at bell nipple and shale shaker

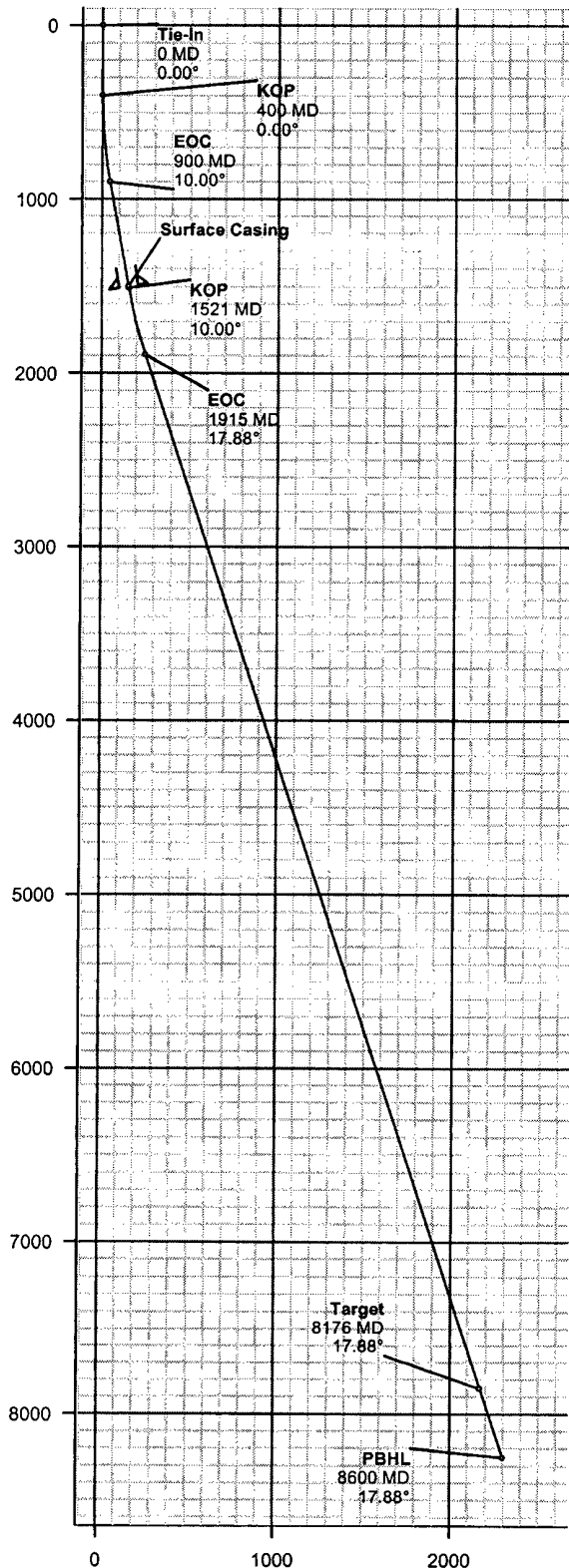
W - Wind Direction Indicators

B - Safe Briefing areas with caution signs and protective breathing equipment.
Minimum 150' from wellhead.

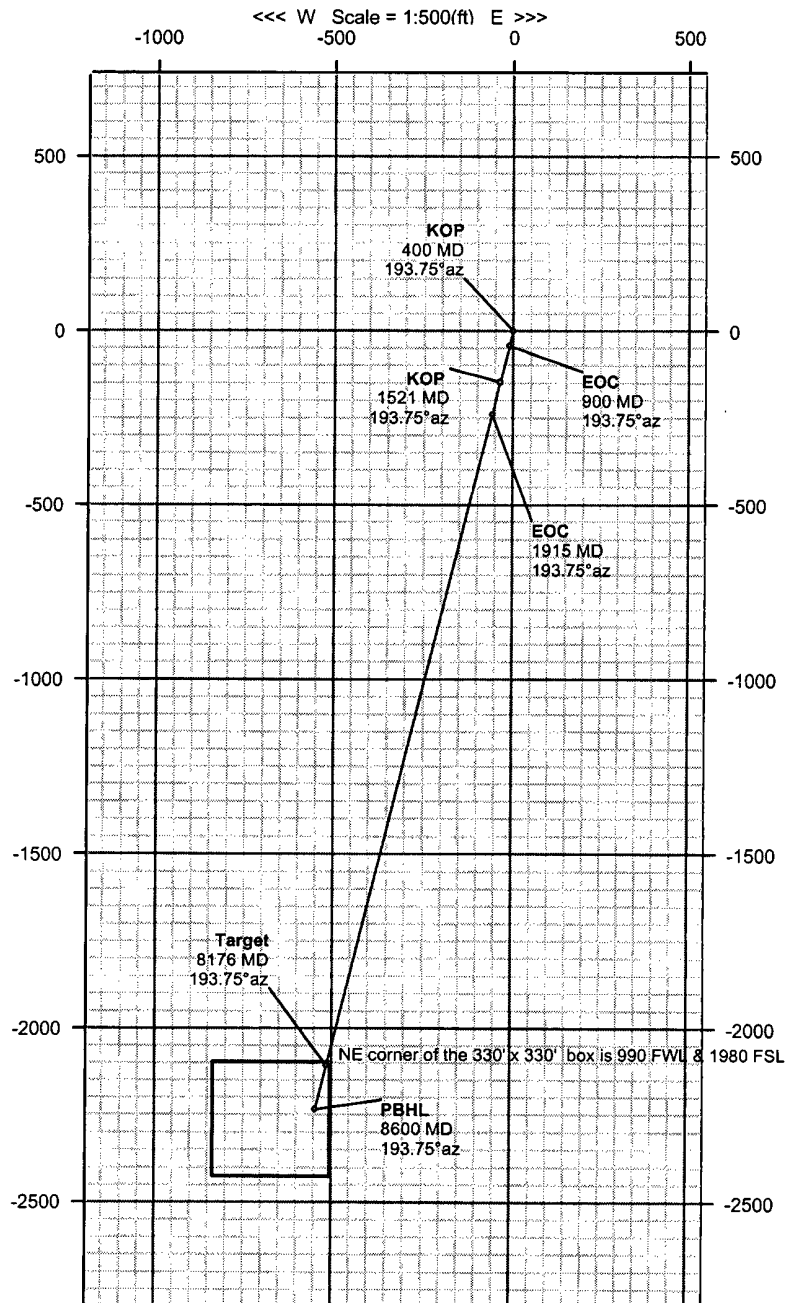
Prevailing Wind Directions: Summer - South/Southwest
Winter - North/Northwest

Nearburg Producing Company

WELL		McKittrick 11 Fed # 5		FIELD		Eddy County, NM		STRUCTURE		McKittrick 11 Fed # 5	
Magnetic Parameters				Surface Location				Miscellaneous			
Model: IGRF 2000		Dip: 60.436°		Date: September 07, 2004		Lat: N32 24 33.697		North: 512667.50 NUS		Slot: McKittrick 11 Fed # 5	
Mag Dec: +9.011°		FS: 49472.5 nT		Lon: W104 28 20.464		Easting: 457097.80 NUS		Scale Fact: 0.9999111989		TVD Ref: (0.00 ft above)	
										Srvy Date: Wed 08:16 AM September 08, 2004	
										Plan: 11-S.r1	



Departure (ft) Azim = 193.75°. Scale = 1:1000 Origin = 0 N/-S, 0 E/-W



INTREPID
Directional Drilling Specialists



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Proposal

Report Date: September 8, 2004	Survey / DLS Computation Method: Minimum Curvature / Lubinski
Client: Nearburg Producing Company	Vertical Section Azimuth: 193.750°
Field: Eddy County, NM	Vertical Section Origin: N 0.000 ft, E 0.000 ft
Structure / Slot: McKittrick 11 Fed # 5 / McKittrick 11 Fed # 5	TVD Reference Datum:
Well: McKittrick 11 Fed # 5	TVD Reference Elevation: 0.0 ft relative to
Borehole: McKittrick 11 Fed # 5	Sea Bed / Ground Level Elevation: 0.000 ft relative to
UWI/API#:	Magnetic Declination: 9.011°
Survey Name / Date: 11-5_r1 / September 8, 2004	Total Field Strength: 49472.542 nT
Tort / AHD / DDI / ERD ratio: 17.880° / 2298.61 ft / 4.632 / 0.279	Magnetic Dip: 60.436°
Grid Coordinate System: NAD27 New Mexico State Planes, Eastern Zone, US Feet	Declination Date: September 07, 2004
Location Lat/Long: N 32 24 33.697, W 104 28 20.464	Magnetic Declination Model: IGRF 2000
Location Grid N/E Y/X: N 512667.500 ftUS, E 457097.800 ftUS	North Reference: Grid North
Grid Convergence Angle: -0.07450867°	Total Corr Mag North -> Grid North: +9.086°
Grid Scale Factor: 0.99991120	Local Coordinates Referenced To: Well Head

Comments	Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	TVD (ft)	Vertical Section (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (deg)	DLS (deg/100 ft)	Tool Face (deg)
Tie-In	0.00	0.00	193.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-166.25M
KOP	400.00	0.00	193.75	400.00	0.00	0.00	0.00	0.00	0.00	0.00	-166.25M
	500.00	2.00	193.75	499.98	1.75	-1.70	-0.41	1.75	193.75	2.00	-166.25M
	600.00	4.00	193.75	599.84	6.98	-6.78	-1.66	6.98	193.75	2.00	-166.25M
	700.00	6.00	193.75	699.45	15.69	-15.24	-3.73	15.69	193.75	2.00	0.00G
	800.00	8.00	193.75	798.70	27.88	-27.08	-6.63	27.88	193.75	2.00	0.00G
EOC	900.00	10.00	193.75	897.47	43.52	-42.28	-10.34	43.52	193.75	2.00	0.00G
Surface Casing	1511.83	10.00	193.75	1500.00	149.77	-145.47	-35.60	149.77	193.75	0.00	0.00G
KOP	1521.35	10.00	193.75	1509.38	151.42	-147.08	-35.99	151.42	193.75	0.00	0.00G
	1600.00	11.57	193.75	1586.63	166.14	-161.38	-39.49	166.14	193.75	2.00	0.00G
	1700.00	13.57	193.75	1684.23	187.90	-182.52	-44.66	187.90	193.75	2.00	0.00G
	1800.00	15.57	193.75	1781.01	213.06	-206.96	-50.64	213.06	193.75	2.00	0.00G
	1900.00	17.57	193.75	1876.85	241.59	-234.66	-57.42	241.59	193.75	2.00	0.00G
EOC	1915.35	17.88	193.75	1891.47	246.26	-239.20	-58.53	246.26	193.75	2.00	0.00G
Target	8176.27	17.88	193.75	7850.00	2168.52	-2106.39	-515.35	2168.52	193.75	0.00	0.00G
PBHL	8600.00	17.88	193.75	8253.26	2298.61	-2232.76	-546.27	2298.61	193.75	0.00	0.00G

PREPARED FOR:

Mr. Butch Willis
NEARBURG PRODUCING CORPORATION
Midland, Texas

McKittrick 11 Federal # 5
Section 11
T-22-S
R-24-E
Eddy County, New Mexico

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OOD-ARTESIA

Prepared by:
Jason Edwards
May 26, 2004

DRILLING FLUID SYNOPSIS

NEARBURG PRODUCING CORPORATION

MCKITTRICK 11 FEDERAL # 5

Section 11

T-22-S

R-24-E

Eddy County, New Mexico

CASING

9 5/8" at 1,500'

5 1/2" at 8,600'

DEPTH	MUD WEIGHT	VISCOSITY	FLUID LOSS	DRILL SOLIDS	COMMENTS
0-1,500'	8.4 to 8.5	28 to 29	No Control	<1%	Fresh Water, Fresh Gel Sweeps, Lime, Paper
1,500'-8,600'	8.4 to 8.5	28 to 29	No Control	<1%	Fresh Water, Star NP-110, Paper, Lime Starch if needed

ESTIMATED FORMATION TOPS

SAN ANDRES	495'
GLORIETA	2,018'
YESO	2,110'
BONE SPRINGS	4,600'
WOLFCAMP	7,548'
PENN (CISCO)	7,775'
CANYON	7,895'
TD	8,600'

RECOMMENDED CASING PROGRAM

9 5/8" at 1,600'

5 1/2" at 8,600'

RECOMMENDED DRILLING FLUID PROGRAM

<u>DEPTH</u>	<u>WEIGHT</u>	<u>VISCOSITY</u>	<u>FILTRATE</u>
0-1,500'	8.4-8.5	28-29	No Control

Spud with fresh water circulating through the working pits. Sweep the hole with Fresh Water Gel flocculated with Lime mixed at a 10 to 1 ratio. Use Paper for seepage control. There is a potential for lost returns in this interval. If lost returns are encountered and circulation cannot be regained after pumping several viscous LCM pills, you should consider dry drilling to casing point. While dry drilling, we recommend periodically pumping viscous LCM sweeps to prevent solid accumulation in annulus.

<u>DEPTH</u>	<u>WEIGHT</u>	<u>VISCOSITY</u>	<u>FILTRATE</u>
1,500'-8,800'	8.4-8.5	28-29	No Control

Drill out from under surface with fresh water circulating through the reserve pit. Use Star NP-110 for sweeps and to control solids. Use Lime for 9.0 to 10.0 pH. Paper should be used for seepage. The hole should be swept every 200', or as needed, with pre-hydrated Fresh Water Gel. This will minimize solids buildup in the annulus and reduce the possibility of lost circulation while drilling the Upper Penn and other under pressured formations. There is a potential for lost returns in this interval. If lost returns are encountered and circulation cannot be regained after pumping several viscous LCM pills, you should consider dry drilling to casing point. While dry drilling, we recommend periodically pumping viscous LCM sweeps, to prevent solid accumulation in annulus. There is a possibility of encountering H₂S from the Bone Springs as well as the Upper Penn. If H₂S is encountered, we recommend additions of an H₂S Scavenger for personnel safety and a Filming Amine to protect the drill pipe. We recommend utilizing a ±200 bbl premix pit for sweeps and LCM pills.

Note: we recommend a blend of Fiber Plug, Nut Shell, Maxi-Seal (Chem-Seal), and Mica may be used as LCM in this interval.

If a drilling fluid is desired for evaluation of this interval, we recommend returning to the working pits and utilizing a Star NP-110/Starch type fluid. Use Starch to reduce the API fluid loss below 15cc. Maintain pH at 9.0 to 10.0 with Lime. If additional viscosity is desired we recommend using Fresh Gel. This fluid should be sufficient for evaluation in this area.

Estimated Drilling Fluid Cost: \$4,000.00 to \$5,000.00
Estimated Drilling Days: 13 to 16

Cost is based on a 1,000 bbl system and does not reflect lost circulation, abnormal pressure, H₂S, unstable hole conditions requiring elevated viscosities or mud in production interval.

AMBAR LONE STAR FLUID SERVICES LOST CIRCULATION PROCEDURES

Loss of circulation is a possibility on this well. Although each well is different, there are some basic procedures and drilling practices that can aid in reducing the severity or, in some cases, prevent lost circulation. Below is a list, which may prove helpful.

1. Maintain viscosities as low as possible and still clean the hole. We recommend a viscosity of 28 to 29 on this well.
2. Maintain mud weights as low as possible without jeopardizing safety.
3. Use slow trip speeds to prevent swabbing and surging.
4. Break circulation in stages with reduced pump strokes while tripping in the hole.
5. Rotate pipe prior to and while tripping in the hole.
6. Use an optimum hydraulics program.

Severe seepage to total loss of circulation may occur even when the above procedures are followed. For severe seepage, we recommend circulating pills (50-100 bbls. depending on hole size) containing 10-30 ppb of various (fibrous and flake) lost circulation material. It would be helpful to reduce pump rates until full returns are established. Once full returns are regained, normal pump rates should be returned to in stages. The inclusion of lost circulation material in the entire system is recommended only if the above procedures do not adequately seal off the loss zone.

For total loss of circulation, we recommend pulling enough stands to place the bit above the loss zone. A viscous pill containing the appropriate type of loss circulation material should be spotted. The size of the pill should be determined by hole size and should contain at least 30 ppb lost circulation material. Several attempts should be made before considering other alternatives. After returns are regained, we recommend staging back to bottom using the procedure outlined above.

If returns are not fully re-established, consideration should be given to dry drilling while pumping periodic sweeps to ensure hole cleaning.

Nearburg Producing Company

3300 N A St., Bldg 2, Suite 120

Midland, TX 79705

**Hydrogen Sulfide (H₂S) Contingency
Plan**

For

McKittrick 11 Federal #5

SHL: 1200 FNL and 1490 FWL

BHL: 1980 FSL and 990 FWL

Sec 11, T22S, R24E

Eddy County, New Mexico

**PUBLIC PROTECTION PLAN
NEARBURG PRODUCING COMPANY**

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PUBLIC PROTECTION PLAN NEARBURG PRODUCING COMPANY

1. PURPOSE

This plan is intended to protect the health and safety of the public, contractors and Nearburg Producing Company (NPC) personnel should an unanticipated release of a potentially hazardous volume of Hydrogen Sulfide (H₂S) occur.

Further to:

- Comply with the Bureau of Land Management's (BLM) Onshore Oil and Gas Operations Onshore Oil and Gas Order No. 6, Hydrogen Sulfide Operations (43 CFR Part 3160).
- Comply with the State of New Mexico Oil Conservation Division's (NMOCD) rule 19 NMAC 15.C 118.
- Assure proper notification of the appropriate parties and agencies.

2. SCOPE

The provisions of this document are intended to address Hydrogen Sulfide (H₂S) releases and H₂S emergencies at Nearburg Producing Companies production batteries and all surrounding operated field locations in the McKittrick Hills Field. Facilities for which calculations indicate a potential hazardous volume of H₂S could occur have additional site specific response information and radius of exposure drawn on the attached plat map. The field is located approximately 20 miles west of Carlsbad, New Mexico (Eddy County).

This plan is intended to be used in conjunction with the Emergency Response plan that is available at the Artesia Field Office and applies to RMS Level 1 incidents.

3. DEFINITIONS

All Clear - Notification of effected personnel, by the response leader, that the incident has ended and the area is safe to re-enter.

A Potentially Hazardous Volume - a volume of Hydrogen Sulfide (H₂S) gas of such concentrate that:

- The 100-ppm ROE includes any public area.
- The 500-ppm ROE includes any public road.
- The 100-ppm ROE exceeds 3,000 feet.

Facility – Equipment involved in producing, processing, or transporting natural gas and/or crude oil, including the property to the edge of the pad or fence.

PUBLIC PROTECTION PLAN NEARBURG PRODUCING COMPANY

Hydrogen Sulfide Gas (H₂S) – is extremely flammable, colorless, poisonous gas that may occur naturally as a component of production streams, such as crude oil, produced water and natural gas. At low concentrations it has a rotten egg odor, but at higher concentrations deadens the sense of smell. Its specific gravity is heavier than air giving it a tendency to collect in low-lying areas on still days. The permissible exposure limit is 10 ppm and the short term exposure limit is 15 ppm. It is considered to be immediately dangerous to life and health at 300 ppm. H₂S is readily dispersed in air and is water soluble.

ICS (Incident Command System) – A team based concept for emergency response in which roles and responsibilities are predetermined.

Incident Commander (IC) – Senior Nearburg Producing Company employee in charge of an emergency response.

Incipient Stage Fire – A fire in the beginning or very early stages of development, which can be effectively extinguished by one or more persons with portable fire fighting equipment.

Muster Site – A pre-defined staging or meeting area.

RMS Level I – an emergency that can be reasonably addressed by Artesia Area Office in which the incident occurs and that can be resolved in approximately two days or less.

ROE (Radius of Exposure) – The radius constructed with the point of escape (of gas) as its starting point and its length calculated using the Pasquill-Gifford derived equation or computer modeling where the H₂S concentration is greater than 10%.

PPM – Parts per Million

Public Area – Any building or structure that is not associated with the well, facility or operation for which the ROE is being calculated and that is used as a dwelling, office, place of business, church, school, hospital or government building, or any portion of a park, city, town, village, or designated school bus stop or other similar area where members of the public may reasonably be expected to be present.

Public Road – Any federal, state, municipal or county road or highway.

Serious Incident – An event which results or has the potential to result in severe personal injury and/or significant equipment damage.

Sulfur Dioxide (SO₂) – A heavy colorless toxic gas that is formed when hydrogen sulfide is burned. It has a pungent odor and is a respiratory irritant. The permissible exposure limit is 2 ppm, the short term exposure limit is 5 ppm. It is considered to be immediately dangerous to life and health at 100 ppm. SO₂ is readily dispersed in air and is water soluble.

Total Personnel Evacuation – An evacuation of all persons (contract employees, or visitors) from the emergency area to a muster area.

PUBLIC PROTECTION PLAN NEARBURG PRODUCING COMPANY

4. THE PLAN

Training:

All personnel (company, contractors and sub-contractors) working in the field for NPC are required to complete hydrogen sulfide training before beginning work and annually thereafter.

Training on the contents of this plan shall be provided to all NPC and appropriate contract personnel working for NPC:

- whenever the employees' responsibilities or designated actions under the plan change,
- whenever the contents of the plan are changed/revised
- whenever a new employee begins employment, and
- periodically as needed for all employees.

Nearburg Producing Company supervision is responsible for this training.

Orientation:

All persons visiting or working at Indian Basin shall receive an orientation covering the following minimum items:

- ☐ What types of emergencies are possible,
- ☐ What the emergency evacuation alarm sounds like in the gas plant,
- ☐ How to report an incident/emergency,
- ☐ Who will be in charge during an emergency,
- ☐ How to safely evacuate the plant, and
- ☐ Where to assemble so that all persons can be accounted for.

The NPC representative responsible for the contractors or visitors shall conduct the orientations and shall document attendees and dates.

H2S Monitors:

All personnel working at the Indian Basin are required to wear personal H2S monitor at all times when working in the plant or field. Monitors should have a vibrating alarm if used in high noise areas.

Activation:

Phase I – activated when:

1. Sustained H2S concentration reaches 10 parts per million (ppm) in any work area and the source is not readily identified and/or controllable.
2. Continuous H2S levels are detected at 10 ppm (or greater) at any public road, near an occupied residence or bus stop, and the source is not readily identified and/or immediately controlled.

Phase II – activated when:

1. A potentially hazardous volume of H2S is detected.
2. When sustained H2S concentrations exceed 50 ppm at any facility boundary.

PUBLIC PROTECTION PLAN NEARBURG PRODUCING COMPANY

Phase I:

Upon discovery on-site personnel should:

- ☐ Make others on-site aware of the presence of H₂S and leave the area upwind or crosswind to a safe location. (Pre-determine if a pre-job tailgate meeting was conducted).
- ☐ Prevent unauthorized persons from entering the area. Request assistance if needed.
- ☐ If a residence or other public area is in the vicinity, monitor for H₂S to ensure exposure is less than 10 ppm. Notify supervisor if higher exposures are noted or if any other questions arise about steps necessary to protect these sensitive areas.
- ☐ If considering re-entering the area to assess the H₂S source, ensure you have been properly trained to respond. Use an H₂S monitor with digital display (preferably a multi-gas monitor) and have a supplied air respirator (SAR) and back up person with SAR readily available. Consider notification of supervisor if appropriate.
- ☐ Proceed with caution. If H₂S concentration reaches 10 ppm in your breathing zone, back out and use SAR to re-enter. **If H₂S concentration reaches 50 ppm at the facility boundary, immediately notify supervision.**
- ☐ If source can be safely controlled, monitor area to ensure H₂S levels are below 10 ppm. End response here and sound all clear to allow others to re-enter the area. Report length of release and volume to supervisor.
- ☐ If the source of H₂S cannot be identified and/or controlled, or if you cannot do so with out exposing yourself to danger, leave the area to a safe distance.
- ☐ Notify supervision.
- ☐ Continue to monitor for H₂S and maintain site security until instructed by supervision to do otherwise.

Supervision:

- ☐ Gather necessary information to determine the course of action and level of response.
- ☐ Mobilize any additional man power or equipment necessary.
- ☐ Ensure Phase II measures are implemented if appropriate.
- ☐ Continue to monitor situation until incident is over.
- ☐ Make notifications if required.
- ☐ Complete reports if required.
- ☐ Investigate as indicated.

Phase II

Upon discovery on-site personnel should:

- ☐ Make others on-site aware of the presence of H₂S and leave the area upwind or crosswind to a safe location. (Pre-determined if a pre-job tailgate meeting was conducted).
- ☐ Prevent authorized persons from entering the area.
- ☐ **Notify Supervisor.**

Supervision:

- ☐ Initiate the Incident Command System as deemed appropriate.
- ☐ Mobilize the resources necessary to maintain site security and provide for the protection of personnel and the public.
- ☐ Issue warnings to all NPC personnel by radio and/or phone (IB Contact List) to make them aware of the incident and its location. Have non-essential personnel leave the area. If deemed necessary, order a total personnel evacuation of the area.

PUBLIC PROTECTION PLAN NEARBURG PRODUCING COMPANY

- ☐ Notify non-company personnel known to work or reside in the area (IB Contact List). If necessary to ensure their safety, dispatch NPC personnel with the appropriate monitor, supplied air respirators and means of communication to these locations. (*Appendix B*)
- ☐ Have NPC personnel set up road blocks to prevent unauthorized entry into impacted areas until relieved by law enforcement or other authorized personnel.
- ☐ Make all appropriate notifications to NPC, Federal, State and local authorities.
- ☐ When the release has been contained and monitoring indicates the area is safe to re-enter, terminate operations and sound the all clear.
- ☐ Complete records if required.
- ☐ Investigate as indicated.
- ☐ For spills, well blowouts, fires, natural disasters and terrorist or bomb threats

All other personnel not involved in the immediate response:

- ☐ If a total evacuation is ordered, report to the incident command center or nearest muster site to which you have safe access. (See Appendix A for muster site locations)
- ☐ Ensure all contract personnel working for you (or in your area) are accounted for and have them report to a safe muster site.
- ☐ Senior employee at each muster site should make a roster of all personnel reporting to that muster site and be prepared to make it available to the incident commander (IC).
- ☐ Maintain communication with the IC and be prepared to offer assistance as it is requested.

Ignition of H2S:

While no uncontrollable release of H2S is anticipated, should ignition of gas be necessary for the protection of personnel or the public, the determination would be made by the NPC Incident Commander. The method of ignition will maintain the safety of the person performing this task as the primary concern. The most likely method would be the use of a flare gun from a safe distance.

If this becomes necessary, monitoring will include sulfur dioxide (SO2) in addition to H2S.

**PUBLIC PROTECTION PLAN
NEARBURG PRODUCING COMPANY**

6. APPROVALS

Approved by:

Name:

Title: Drilling Manager



Date:

9.8.01

**NEARBURG PRODUCING COMPANY
REGULATORY CONTACTS**

Agency	Contact Name		Division/Area	Main Phone #	Cell Phone	Home Phone #
	First	Last				
NMOCD	Emergency Number		District 2	505-746-4302		
NMOCD	Field Rep On-Call		District 2	505-939-8622		
NMOCD	Tim	Gum	District 2	505-748-1283	505-626-0824	505-324-1387
NMOCD	Mike	Stubblefield	District 2	505-748-1283	505-626-0831	505-746-6422
NMOCD	Gerry	Guye	District 2	505-748-1283	505-626-0843	505-887-3254
NMOCD	Phil	Hawkins	District 2	505-748-1283	505-626-0836	505-746-9272
NMOCD	Bryan	Arrant	District 2	505-748-1283	505-626-0830	505-748-2092
NMOCD	Lori	Wortenberhy	Santa Fe Division Ofc.	505-827-7131	505-476-3460	505-466-0134
NMOCD	Ed	Martin	Santa Fe Division Ofc.	505-827-7131	505-476-3492	505-685-4056
NMOCD	Roger	Anderson	Santa Fe Division Ofc.	505-827-7131	505-476-3490	505-471-2017
NM State Police			District 3, Roswell	505-827-9312		
NM State Police			Sub-District 3, Roswell	505-622-7200 (call this # for dispatch to our area)		
BLM			Carlsbad	505-887-6544		
US Coast Guard			National Response Center	800-424-8802		
NMED			Air Quality Bureau	505-827-1494		
	State Emergency Response Center			505-827-9126		
LEPC	Local Emerg. Planning Commission - Eddy County			505-885-2111		
NM OSHA	New Mexico OSHA Ofc.			505-827-2850		

EMERGENCY SERVICES

Service Provider	Description	Main Phone	
General Emergency	Police, Fire, Ambulance	911	
Carlsbad Police, Fire, Ambulance Service		505-885-2111	
Artesia General Hospital	Medical Services	505-748-3333	
Carlsbad Fire Dept.	Fire Control	505-885-3124	
Artesia Fire Dept.	Fire Control	505-746-2701	
Happy Valley Fire Dept.	Fire Control	505-885-1982	
NM State Police	Sub-District 3, Carlsbad		
NM State Police (Dispatcher)	District 3, Roswell	505-622-7200	
Eddy County Sheriff	Law Enforcement	505-887-7551	

**NEARBURG PRODUCING COMPANY
EMERGENCY RESPONSE PLAN**

Position	Office Phone	Cell Phone #	Home Phone #
Drilling Superintendent			
Butch Willis	432-686-8235 (223)	505-369-5852	432-697-2484
Production Superintendent			
Matt Lee	505-746-0422	505-365-6662	505-746-0932
Operations			
Roger King	505-746-0422	505-361-3605	505-885-3605
Rick Foutch	505-746-0422	505-361-4211	505-887-7844
Jerry Stark	505-746-0422	505-365-4672	505-746-3862
Planning Section			
Fred White	214-739-1778	469-644-1326	972-931-8845
Bob Shelton	432-686-8235 (214)	432-682-3100	432-528-6134
Public Affairs			
Bob Shelton	432-686-8235 (214)	432-682-3100	432-528-6134

AREA RESIDENTS AND OFFSET OPERATIONS

Location Description	Contact	Title	Address	City/ST/Zip	Phone 1	Cell	Location Info.
4TK + (Boles)	Wilkie, Mark & Sandi		1073 Marathon Rd.	Carlsbad, NM 88220	505-457-2022		
Foster Ranch	Foster, John		P.O. Box 103	Artesia, NM 88211-0103	505-457-2165		
Forrest Lee Ranch	Lee, Dean		P.O. Box 89	Lakewood, NM 88254	505-457-2301		Trailer house near NIBU 24
Gissler Ranch	Cox, Billy		344 Pinderosa Pine	Carlsbad, NM 88220	505-457-2397		
Gregory's	Gregory, Wayne		617 Queens Hwy.	Carlsbad, NM 88220	505-457-2245		
HH Ranch	Houchtaling, Harold		P.O. Box 234	Artesia, NM 88211-0234	505-457-2245		
Howell Ranch	Howell, Richard		P.O. Box 94	Lakewood, NM 88254	505-457-2602		
Kincaid Ranch	Kincaid, Gene		2913 Octotilly Canyon Dr.	Carlsbad, NM 88220	505-887-6918		
Kincaid Ranch	Kincaid, Hugh		2911 Octotilly Canyon Dr.	Carlsbad, NM 88220	505-885-9458		
Kincaid Ranch	Marbauch, Jim		1762 Qureen Hwy.	Carlsbad, NM 88220	505-457-2233		Lives at ranch house just E of Hwy 137 About 2 miles past mile marker 42 towrds Queens.
Old Jones Ranch	Lasiter, Rick				505-457-2108		
Schafer Ranch	Biebelle, Stacey		646 Qureen Hwy.	Carlsbad, NM 88220	505-457-2360		House near low water crossing on Hwy 137
Patsy's old house	DeMoss, Neil				none		
Chevron Oil	Boles, Randy					505-390-7232	
Chevron Oil	Angel, Kenneth					505-390-1540	
Devon	Daniel				505-390-5850		
Devon	Crosbey, Owen				505-748-7749		
Devon	Huber, Mark				505-748-5502		
Devon	Canada, Don				505-748-5503		
Devon	Brady				505-390-5431		
Devon	Huber, Joe	Superintendent			505-390-5438		
Devon	"Doghouse"				505-457-2613		
Duke Energy	Lamb, Johnny	Foreman			505-390-2791		
Duke Energy	Main Office		Carlsbad		505-628-0282		
Duke Energy	Valenzuela, Oscar				505-910-4675		
El Paso	Jacquez, David	Gas Measurement			505-857-2158		
KMG (Kerr McGee)	Deese, Tommy	Superintendent			505-234-2703	505-706-3423	
KMG (Kerr McGee)	Chalker, Andy	Prod. Foreman			505-234-2703	505-910-0342	
KMG (Kerr McGee)	Hess, Bobby	Team Leader			505-234-2703	505-706-3543	
KMG (Kerr McGee)	Wilson, James						
KMG (Kerr McGee)	Brannon, Steve				505-390-1540	505-706-3669	
Yates Petroleum (Agave)	Main Office				505-784-1471		
Yates Petroleum (Agave)	Johnson, Bill	Foreman			505-748-6816	505-365-4615	
Yates Petroleum (Agave)	Moorehead, Robert				505-748-6815	505-365-4840	