

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**

<sup>1</sup> Operator Name and Address Nadel and Gussman Permian, LLC 601 N. Maricopa Suite 508 Midland, TX 79701		<sup>2</sup> OGRID Number 155615	Correct API # for this well is
<sup>3</sup> Property Code		<sup>4</sup> API Number 30 - 005 - 63697	30-005-63541
<sup>5</sup> Property Name Moonlight Fee		<sup>6</sup> Well No. 1	
<sup>9</sup> Proposed Pool 1 Lost Lake		<sup>10</sup> Proposed Pool 2	

**<sup>7</sup> Surface Location**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	12	9S	29E		1500	North	1500	West	Chaves

**<sup>8</sup> 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
F	12	9S	29E		1487	North	2545	West	Chavez

**Additional Well Information**

<sup>11</sup> Work Type Code E	<sup>12</sup> Well Type Code G	<sup>13</sup> Cable/Rotary R	<sup>14</sup> Lease Type Code P	<sup>15</sup> Ground Level Elevation 4006'
<sup>16</sup> Multiple N	<sup>17</sup> Proposed Depth 9,000' TVD	<sup>18</sup> Formation Morrow	<sup>19</sup> Contractor UTI-Paterson	<sup>20</sup> Spud Date 08/15/04
Depth to Groundwater		Distance from nearest fresh water well		Distance from nearest surface water
<sup>21</sup> Proposed Casing and Cement Program				

Pit Liner: Synthetic ☒ 20 mils thick Clay ☐ Pit Volume: 20,000 bbls Drilling Method:  
Closed-Loop System ☐ Fresh Water ☒ Brine ☒ Diesel/Oil-based ☒ Gas/Air ☐

**<sup>21</sup> 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"	48#	338'	400sx	SURE
11"	8 5/8"	32#	3496'	1050sx	SURE
7 7/8"	5 1/2"	17#	9000' TVD	1000sx	6000'

<sup>22</sup> 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.

This well was originally a dry hole plugged and abandoned by Concho Oil and Gas. The well is to be re-entered to be drilled directionally for a more desirable bottom hole location. A blowout prevention diagram will be sent in the package. No H<sub>2</sub>S is to be expected but an H<sub>2</sub>S contingency letter is attached.

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JUL 16 2004

OCD-ARTESIA

NSL- 5130 (BHL)

<sup>23</sup> 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: Josh Fernau

Title: Staff Engineer

E-mail Address: joshf@naguss.com

Date: 07/14/04

Phone: (432) 682-4429

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Conditions of Approval Attached ☐

TIM W. GUM  
DISTRICT II SUPERVISOR

Expiration Date: NOV 04 2005

CEMENT TO COVER ALL OIL,  
GAS AND WATER BEARING  
ZONES i.e. Glorieta

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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**

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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 ☐

JUL 16 2004

Operator: NADEL AND GUSSMAN PERMIAN Telephone: (432) 682-4429 e-mail address: **OOB-ARTESIA**

Address: 601 N. Marienfeld, Suite 508 Midland, TX 79701

Facility or well name: Moonlight Fee #1 API #: 30- U/L or Qtr/Qtr: F Sec: 12 T: 9 R: 29

County: Eddy Latitude: N33° 33' 02.0" Longitude: W103° 56' 31.1" NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☐ State ☐ Private ☒ Indian ☐

**Pit**

Type: Drilling ☒ Production ☐ Disposal ☐

Workover ☐ Emergency ☐

Lined ☒ Unlined ☐

Liner type: Synthetic ☒ Thickness 20 mil Clay ☐

Volume 20,000 bbl

**Below-grade tank**

Volume: bbl Type of fluid:

Construction material:

Double-walled, with leak detection? Yes ☐ If not, explain why not.

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)

Less than 50 feet

(20 points)

50 feet or more, but less than 100 feet

(10 points)

0

100 feet or more

(0 points)

Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)

Yes

(20 points)

No

(0 points)

0

Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)

Less than 200 feet

(20 points)

200 feet or more, but less than 1000 feet

(10 points)

0

1000 feet or more

(0 points)

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: 07/14/04

Printed Name/Title Josh Fernau, Staff Engineer

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:

Printed Name/Title

Signature

DISTRICT I  
1825 N. French Dr., Hobbs, NM 88240

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611 South First, Artesia, NM 88210

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1000 Elia Pecos Rd., Artesia, NM 87410

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name LOST LAKE
Property Code	Property Name MOONLIGHT FEE	Well Number 1
GRID No.	Operator Name NADEL AND GUSSMAN PERMIAN, L.L.C.	Elevation 4006'

Surface Location

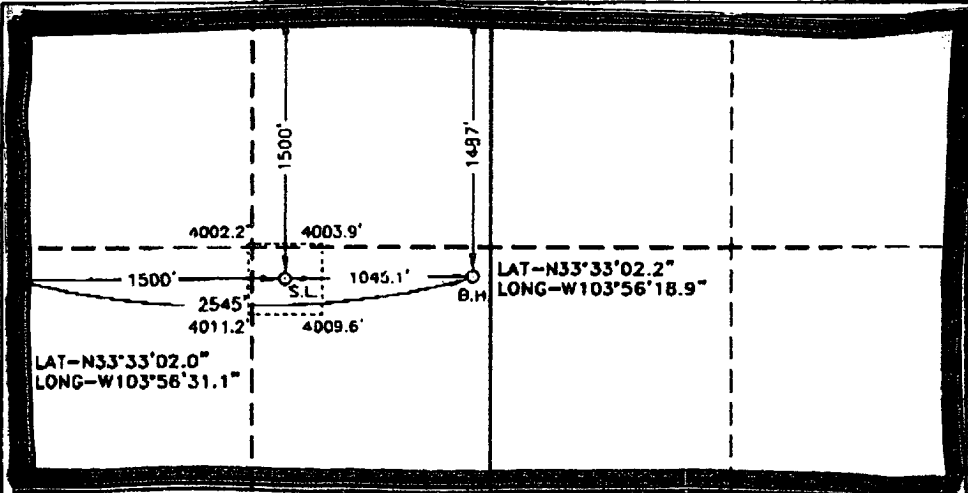
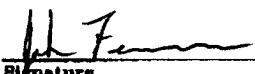
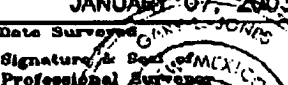
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	12	9 S	29 E		1500	NORTH	1500	WEST	CHAVES

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
F	12	9 S	29 E		1487	NORTH	2545	WEST	CHAVES

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>Diagram showing well location and acreage dedication plat. The diagram includes a grid with dashed lines representing section boundaries. A well location is marked with a circle and labeled 'S.L.' (Surface Location) and 'B.H.' (Bottom Hole Location). Distances are given in feet: 1500' from the North/South line to the well location, 1487' from the North/South line to the bottom hole location, 2545' from the East/West line to the well location, and 1045.1' from the East/West line to the bottom hole location. Coordinates are provided for both locations: LAT-N33°33'02.0" LONG-W103°56'31.1" for the surface location and LAT-N33°33'02.2" LONG-W103°56'18.9" for the bottom hole location. The diagram also shows a dashed line representing the well path and a solid line representing the well location.</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p> Signature Josh Fernau Printed Name Staff Engineer Title 07/14/04 Date</p> <p><b>SURVEYOR CERTIFICATION</b></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>JANUARY 07, 2003 Date Surveyed  Signature of Garys Jones Professional Surveyor No. 2947 Certificate No. 7977 BAYN SURVEYS</p>
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**NADEL AND GUSSMAN PERMIAN, L.L.C.**  
**601 N. Marienfeld, Suite 508**  
**Midland, TX 79701**  
**(432) 682-4429 (Office)**  
**(432) 682-4325 (Fax)**

07/14/04

Mr. Bryan Arrant  
District 2 Geologist  
New Mexico Oil and Gas Division  
1301 West Grand  
Artesia, NM 88210

**Re: Re-entry O'Brien #2**  
**API: 30-005-63541**

**Well Name: MOONLIGHT FEE #1**  
**SURF: 1500' FNL, 1500' FWL**  
**BHL: 1487' FNL, 2545' FWL**  
**Unit Letter F, Sec. 12-T9S-R29E**  
**Chaves, NM**

**Rule 118 H2S Exposure**

Dear Mr. Arrant,

Nadel and Gussman Permian have evaluated this well and we do not expect to encounter hydrogen sulfide. However, we will employ a third party monitoring system. We will begin monitoring prior to drilling out the intermediate casing and will continue monitoring the remainder of the well.

Please contact me if you have any additional questions.

Sincerely,



Josh Fernau  
Staff Engineer

## **MUD PROGRAM**

**Nadel and Gussman Permian, LLC**

**Moonlight Fee #1**

**SURF: 1500' FNL, 1500' FWL**

**BHL: 1487' FNL, 2545' FWL**

**Section 12, T9S, R29E**

**Chaves, New Mexico**

### **Casing Program**

**Remaining Casing**

**0 – 338'**

**17 ½" hole**

**13 3/8" casing**

**338' – 3496'**

**11" hole**

**8 5/8" casing**

**New Casing**

**3496' -9500' TVD**

**7 7/8" hole**

**5 ½" casing**

### **Estimated Formation Tops (TVD)**

**San Andres**

**2470'**

**Canyon**

**7840'**

**Glorieta**

**3750'**

**Strawn**

**8130'**

**Tubb**

**5310'**

**Atoka Clastics**

**8390'**

**Abo Shale**

**6160'**

**Lavender Sand**

**8500'**

**Base Abo Shale**

**6620'**

**Green Sand**

**8560'**

**Wolfcamp**

**6870'**

**Upper Morrow**

**8650'**

**Wolfcamp 3 Brothers**

**7330'**

**Middle Morrow**

**8670'**

**Cisco**

**7600'**

**Mississippi**

**8750'**

**TD 9000' TVD**

### **Suggested Mud Program**

**Surface Interval**

**0 – 338'**

**Drilled**

**Intermediate**

**338' – 3494'**

**Drilled**

**Production Interval**

**3496' – TD**

**3494' - 6000' Interval**

**Circulate through outside reserve pit**

**Drill with cut Brine @ 8.6 – 9.2 PPG**

**6000' – 9500' TVD**

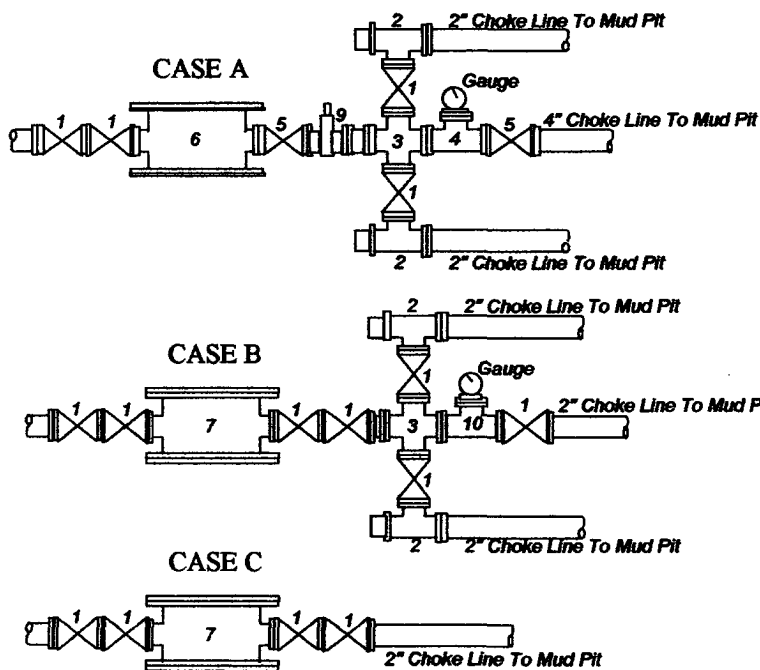
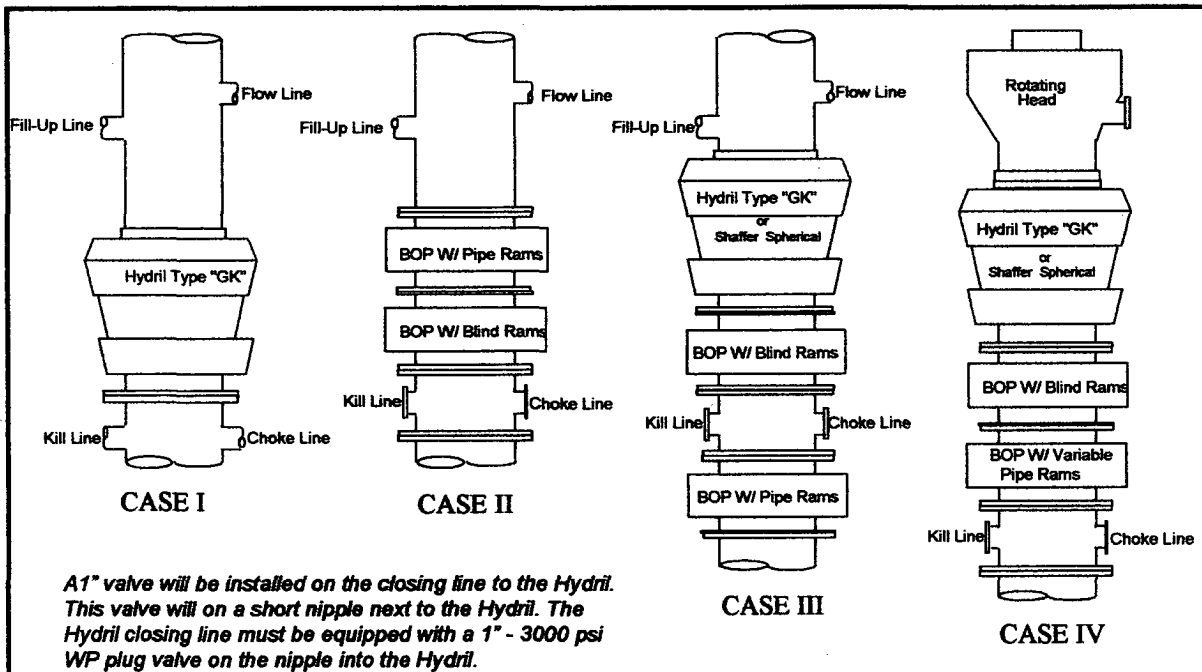
**Return circulation to steel pit for light mud up to drill ABO**

**Add starch for filtrate 25 – 30 cc oil for 5%, Salt Gel for viscosity @ 36+**

**Mud weight will be controlled @ 10.0 PPG or less**

# Nadel and Gussman Permian

## MINIMUM BLOWOUT PREVENTER REQUIREMENTS



BOP SIZE	BOP CASE	WORKING PRESSURE	CHOKE CASE
11"	IV	10,000	A

**\*Rotating head required**

Bradenhead : \_\_\_\_\_  
Mfr: \_\_\_\_\_  
Size: \_\_\_\_\_ Type: \_\_\_\_\_

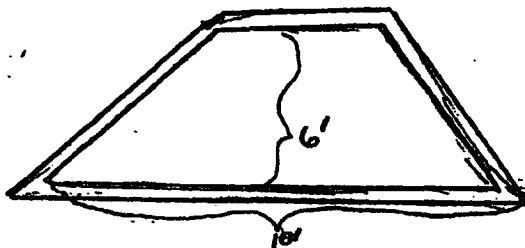
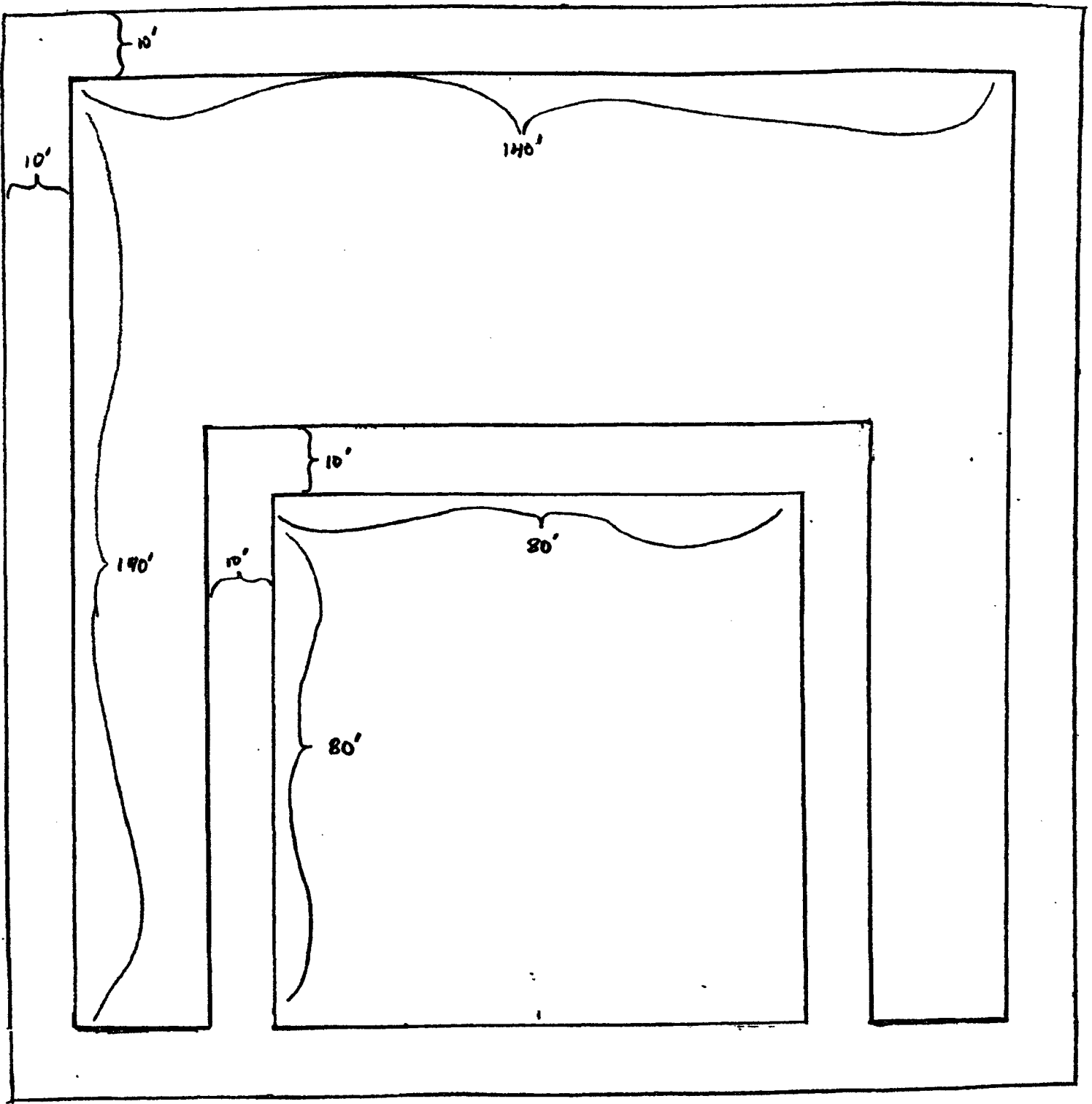
*jl F...*  
07/14/04

### Legend

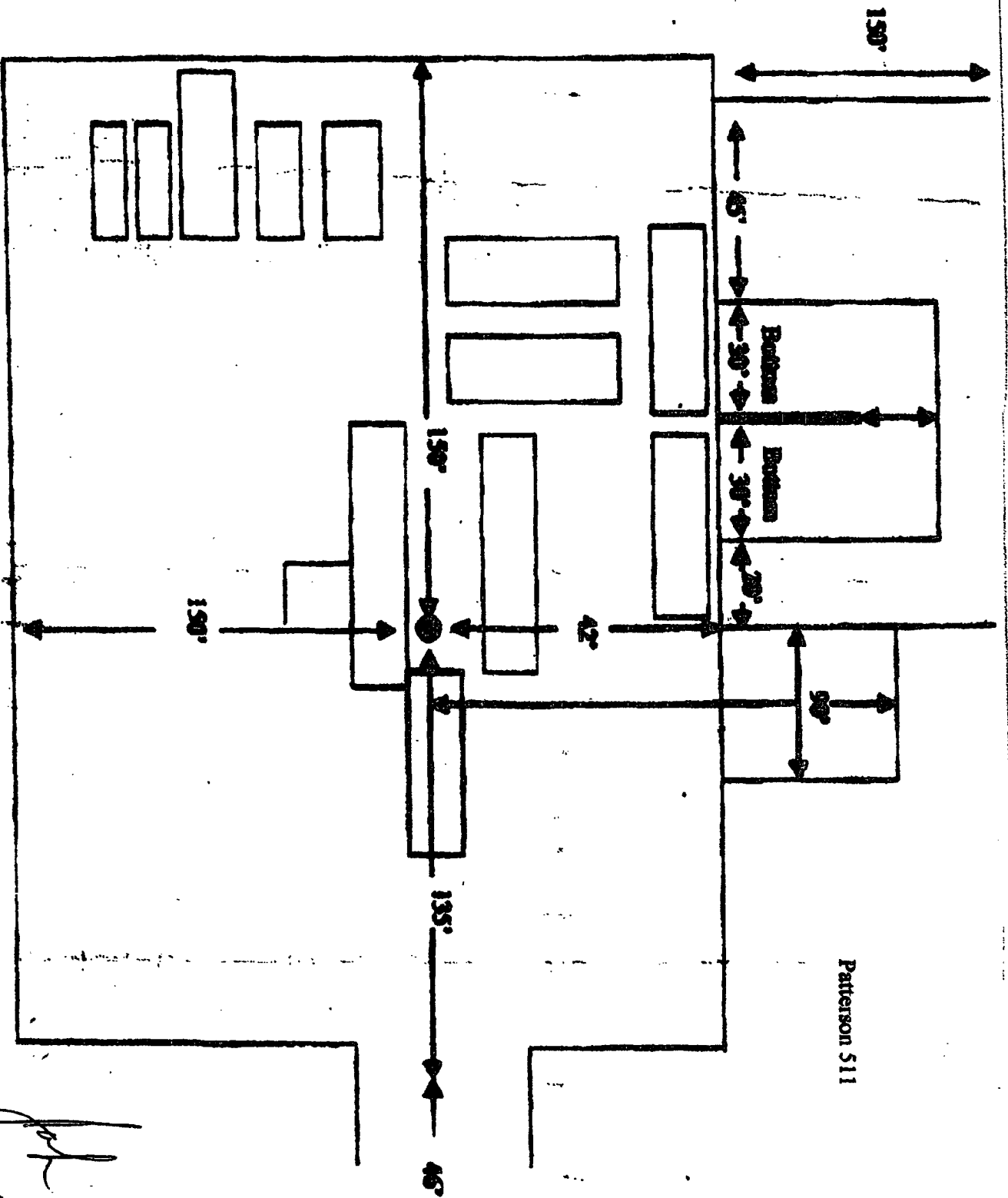
1. 2" flanged all steel valve must be either Cameron "F", Halliburton Low Torque or Shaffer Flo-Seal.
2. 2" flanged adjustable chokes, min. 1" full opening & equipped with hard trim.
3. 4" x 2" flanged steel cross.
4. 4" flanged steel tee.
5. 4" flanged all steel valve (Type as in no. 1).
6. Drilling Spool with 2" x 4" flanged outlet.
7. Drilling Spool with 2" x 2" flanged outlet.
8. 2" x 2" flanged steel cross.
9. 4" pressure operated gate valve.
10. 2" flanged steel tee.

### Notes

Choke manifold may be located in any convenient position. Use all steel fittings throughout. Make 90° turns with bull plugged tees only. No field welding will be permitted on any of the components of the choke manifold and related equipment upstream of the chokes. The choke spool and all lines and fittings must be at least equivalent to the test pressure of the preventers required. Independent closing control unit with clearly marked controls to be located on derrick floor near driller's position.



*John F...*  
07/14/04



*John Tom*  
07/14/04





O.D. Artesia

# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

Oil Conservation Division

November 3, 2004

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NOV 08 2004

OCD-ARTESIA

**Nadel and Gussman Permian, L.L.C.**

c/o **James Bruce**

**P. O. Box 1056**

**Santa Fe, New Mexico 87504**

*Administrative Order NSL-5130 (BHL)*

Dear Mr. Bruce:

Reference is made to the following: (i) your application on behalf of the operator, Nadel and Gussman Permian, L.L.C. ("Nadel and Gussman") submitted to the New Mexico Oil Conservation Division ("Division") on November 1, 2004 (*administrative application reference No. pSEM0-430744525*); and (ii) the Division's records in Santa Fe: all concerning Nadel and Gussman's request for an unorthodox subsurface gas well location within a standard 320-acre lay-down gas spacing unit comprising the N/2 of Section 12, Township 9 South, Range 29 East, NMPM, Chaves County, New Mexico, for the Undesignated Lost Lake-Strawn Gas Pool (80693), Undesignated Broke Tank Lake-Atoka Gas Pool (97166), and the wildcat Morrow formation (96070).

This application has been duly filed under the provisions of Division Rules 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, and 111.C (2).

From the Division's records and your application, it is our understanding that Concho Oil & Gas Corporation drilled its O'Brien Well No. 2 (API No. 30-005-63541) at a standard deep gas well location pursuant to Division Rule 104.C (2) (a) 1500 feet from the North and West lines (Unit F) of Section 12 to a total depth of 8,880 feet in the spring of 2003 to test the Morrow formation for commercial gas production within the N/2 of Section 12. The well was found to be non-commercial and has been shut-in.

Per your application, Nadel and Gussman, at this time, intends to recomplete the wellbore, which is to be redesignated the Moonlight Fee Well No. 1, by kicking-off from vertical at a depth of 5,800 feet to the east-southeast, and drill directionally to a targeted unorthodox bottomhole deep gas well location at an approximate depth of 9,348 feet (MD), or 9,200 feet (TVD), that is 1882 feet from the North line and 2391 feet from the West line (Unit F) of Section 12.

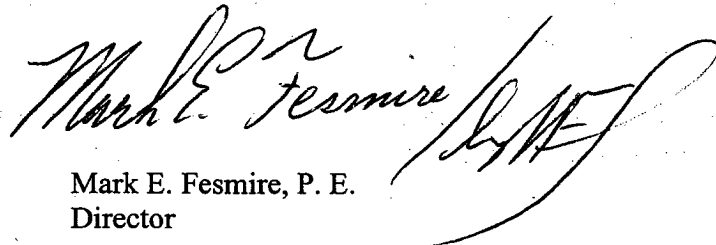
It is further understood that recompleting the well in this manner will allow Nadel and Gussman to penetrate the Morrow formation at a location appearing to be more geologically favorable within the N/2 of Section 12, thereby increasing the likelihood of encountering commercial quantities of gas from this zone, and by utilizing an existing wellbore, Nadel and Gussman is preventing waste and caused by drilling an excessive number of wells.

In accordance with Division Rules 111.A (7), 111.C (3), and 104.F (2) the planned recompletion/directional drilling of the Moonlight Fee Well No. 1/O'Brien Well No. 2 to the above-described subsurface deep gas well location within the Strawn, Atoka, and Morrow formations underlying the N/2 of Section 12 is hereby approved.

Further, Nadel and Gussman shall comply with all provisions of Division Rule 111 applicable in this matter.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Mark E. Fesmire, P. E.  
Director

MEF/ms

cc: New Mexico Oil Conservation Division – Artesia