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

State of New Mexico Energy Minerals and Natural Resource ECEIVED

Form C-101 May 27, 2004

Oil Conservation Division 1220 South St. Francis Dr.

JUL 1 3 2005 it to appropriate District Office OCD-AFITEOIA

AMENDED REPORT

District IV Santa Fe. NM 87505 1220 S. St. Francis Dr., Santa Fe, NM 87505 APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE Operator Name and Address Nadel and Gussman Permian, LLC 601 N. Mariemield Suite 508 Midland, TX 79701 OGRID Number 155615 30 - 015 -Property Name Big Chief Fee Well No. Property Code Proposed Pool 2 Proposed Pool 1 Wildcat Grenite **Surface Location** North/South line Feet from the Fast/West line County Lot Idn Feet from the Township III. or lot no Section Range 1.980 Eddy 22 S 28 E 15 ⁸ Proposed Bottom Hole Location If Different From Surface East/West line Feet from the North/South line Feet from the UL or lot no. Section Township Range Additional Well Information 13 Cable/Rotary 15 Ground Level Elevation 11 Work Type Code 12 Well Type Code Lease Type Code 3,112 N 19 Contractor Spud Date Formation Multiple Proposed Depth 08/01/05 Morrow Paterson - UTI 12 900* No Depth to Groundwater: Greater that 100' Distance from nearest surface water. Greater than 1,000° Distance from nearest fresh water well: Greater than 1,000 Liner: Synthetic 2 12 miles thick Clay Pri Volume: 15,000 bbls Drilling Method: Pit: Fresh Water 🛛 Brine 🔯 Diesel/Oil-based 🔲 Gas/Air 📋 Closed-Loop System ²¹ Proposed Casing and Cement Program **Estimated TOC** Casing weight/foot Setting Depth Sacks of Cement Hole Size Casing Size 300sx Circ. to Surf. 3007 17 1/2" 13 3/8" 48# H-40 900sx Circ. to Surf. 9 5/8" 40# N-80, P-110 6,100 121/2" 8 3/1" 17#, 20# HCP-110 12,9007 1,550sx TOC @ 5,900' 5 1/2" 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. Nadel and Guasman Permian, LLC proposes to drill the Big Chief Fee #9. A mud gas separator will be installed and tested prior to drilling the Wolfcamp. A BOP will be installed on the 9 5/8" and tested. Cement to cover all water, oil and gas producing zones. NGP will notify NMOCD of spud date and cementing times so the surface and intermediate casing strings could be witnessed. No H₂S is expected, but a contingency is attached. ²³ I hereby certify that the information given above is true and complete to the best OIL CONSERVATION DIVISION of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines , a general permit , or an Approved by: (attached) alternative OCD-approved plan Signature: Printed name: Josh Fernau Title: 4 2005 4 2006 Expiration Date: Title: Staff Engineer Approvai Date:

Conditions of Approval Attached

Phone: 432-682-4429

E-mail Address: joshf@naguss.com

Date: 07/11/05

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
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1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fa, NM 87505

State of New Mexico Energy Minerals and Natural Resources

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 For drilling and production facilities, submit 1 appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

RECEIVED

Form C-1

June 1, 20

	nk covered by a "general plan"? Yes [] N or below-gradle tank 20 Closure of a pit or below-g						
		442 -,					
Operator: Nadel and Gussman Permian, LLC	Telephone:432-682-4429e-mail a	ddress:joshf@daglisk@om					
Address:601 N. Marienteld State 508 Midland TX 79/01	 						
Facility or well name: _Big Chief Fee #9API #:							
County:EddyLatitude_N 32 de	eg 23' 27.6" Longitude W104 deg 04' 22.3"	' NAD: 1927 🔀 1993 📙					
Surface Owner: Federal State Private Indian							
Ph	Relow-grade tank						
Type: Drifting ☑ Production ☐ Disposal ☐	Volume:bbl Type of fluid:						
Workover Emergency	Construction material:						
Lined 🖾 Unlined 🗋	Double-wadled, with leak detection? Yes [] If n	ot, explain why not.					
Liner type: Synthetic M Thickness 12 mil Clay							
Pit Volume15,000bbl		T					
Depth to ground water (vertical distance from bottom of pit to seasonal	Less than 50 feet	(20 points)					
high water elevation of ground water.)	50 feet or more, but less than 100 feet	(10 points)					
	100 feet or more	(0 points) x					
Wellhead protection area: (Less than 200 feet from a private domestic	Yes	(20 points)					
water source, or less than 1000 feet from all other water sources.)	No	(0 points) x					
	Less than 2500 feet	(20 points)					
Distance to surface water: (horizontal distance to all wetlands, playas,	200 feet or more, but less than 1000 feet	(10 points)					
irrigation canals, ditches, and perennial and ophemeral watercourses.)	1000 feet our more	(0 points) x					
		0					
	Ranking Score (Total Points)						
If this is a pit closure: (1) Attach a diagram of the facility showing the pit'	s relationship to other equipment and tanks. (2) Indi	cate disposal location: (check the onsite box if					
your are burying in place) onsite 🔲 officite 🔲 If officite, name of facility_	(3) Attach a general	description of remedial action taken imcluding					
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 excava-	tions.						
Additional Comments:							
		· · · · · · · · · · · · · · · · · · ·					
I hereby certify that the information above is true and complete to the best has been/will be constructed or closed according to NMOCD guideline	of my knowledge and belief. I further certify that s [3], a general permit [1], or an (attached) altern	the above-described pit or below-grade (ank ative OCD-approved plan).					
Date: 07/11/05	41-4						
	greature M. Ferran						
Your certification and NMOCD approval of this application/closure does not otherwise endanger public health or the environment. Nor does it relieve the regulations.	not relieve the experator of liability should the content he operator of its responsibility for compliance with	is of the pit or tank contaminate ground water or any other federal, state, or local laws and/or					
•• · · · · · · · · · · · · · · · · · ·							
Approval: Field Supervisor	11/18						
Printed Name/Title	Signature	JUL 14 2005					

DISTRICT 1 1625 H. Franch Dr., Sabba, 101 00010 DISTRICT II 811 South Pirst, Artesia, NN 68210

State of New Mexico

Form C-102 Revised March 17, 1909

Energy, Minerals and Natural Resources Depart

DISTRICT III 1000 Bio Brazon Bil., Astes, Wil 87410 DISTRICT IV 2010 Shouth Punkasa, Sanda Pa, KH 87505

OIL CONSERVATION DIVISION

2040 South Pacheco Santa Fe, New Mexico 87504-2088

O AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	97542	Pool Name
Property Code	Property Name	Fell Number
	BIG CHIEF FEE	9
OGRED No.	Operator Name	Clevetion
	NADEL AND GUSSMAN P	ERMIAN 3112'
	Surface Location	

UL or lot No.	Section	Township	Bange	fot lide	Feet from the	North/South line	Feet from the	East/West line	County
J	15	22 S	28 E		1980	SOUTH	1880	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or let No.	Section	Township	Range	Lot libs	Feet from the	North/South line	Feet from the	East/West Hoe	County
320		r tesfill Co	nsolidation (Care	ler No.				

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

			OPERATOR CERTIFICATION
		1	I hereby excitly the the information, outsided hereby to true and complete in the best of my insolates and ballet.
			A Fenom
		i	Signature Josh Fernau Printed Name Staff Engineer Title 07/11/05
		1	Staff Engineer This 03/11/06
		i 	Data SURVEYOR CERTIFICATION
\	Lat.: N32*23*27.6*	1	/ herobe vertile that the well incestion shown
	Long.: W104'04'22.3	·; \	on this plat was platted from field noise of actual surveys made by me or under my
	φ -	1880'	cupervison and that the man is true and servest to the best of my belief.
			Date Surveyed MF
		+	Signature & School Co
	1986	<u> </u>	7 1 2 2 0 M
			No. 3576
		1	Certificate No. Gery L. Jones 7977
<u> </u>			Basin surveyS

NADEL AND GUSSMAN PERMIAN, L.L.C. 601 N. Marienfeld, Suite 508 Midland, TX 79701 (432) 682-4429 (Office) (432) 682-4325 (Fax)

07/11/05

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

Re: Big Chief Fee #9 1,980' FSL & 1,880' FEL Unit Letter J, Sec. 15-T22S-R28E Eddy, 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

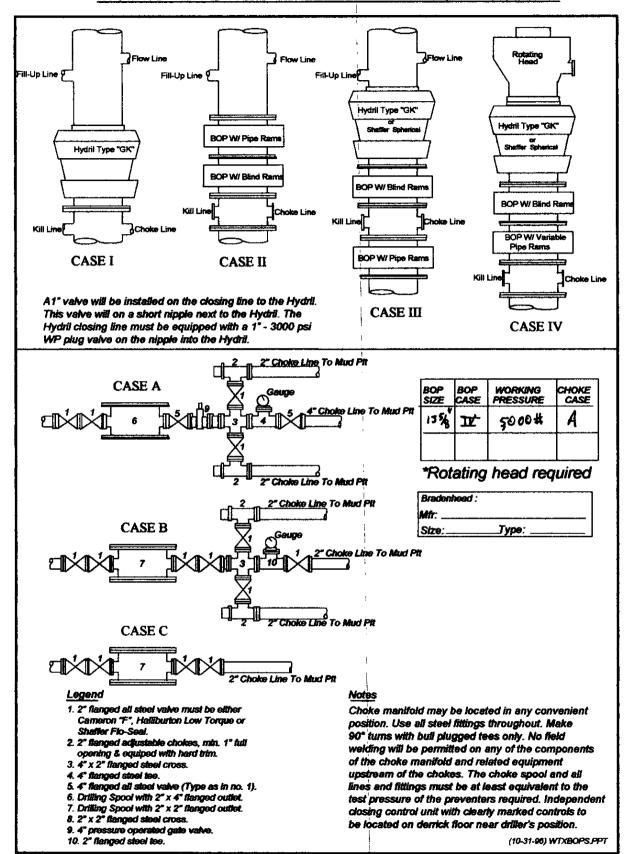
pl Farm

Hydrogen Sulfide Drilling Operations Plan

- 1. Company and Contract personnel admitted on location should be trained by a qualified H₂S safety instructor to the following:
 - A. Characteristics of H₂S.
 - B. Physical Effects and Hazards.
 - C. Proper Use of Safety Equipment and Life Support Systems.
 - D. Principle and Operation of H₂S Detectors, Warning System and Briefing.
 - E. Evacuation Procedure, Routes and First Aid.
 - F. Proper Use of 30 minute Pressure Demand Air Pack.

2. H₂S Detection and Alarm Systems

- A. H₂S Detectors and Audio Alarm System to be Located at Bell Nipple, End of Blooie Line (mud pit) and on Derrick floor or doghouse.
- 3. Windsock and/or Wind Streamers
 - A. Windsock at Mud Pit Area Should be High Enough to be Visible.
 - B. Windsock at Briefing Area Should be High Enough to be Visible.
 - C. There Should be a Windsock at Entrance to Location.
- 4. Condition Flags and Signs
 - A. Warning Sign on Access Road to Location.
 - B. Flags to be Displayed on Sign at Entrance to Location.
 - 1. Green Flag, Normal Safe Condition.
 - 2. Yellow Flag, Indicates Potential Pressure and Danger.
 - 3. Red Flag, Danger H₂S Present in Dangerous Concentration Only Emergency Personnel Admitted to Location.
- 5. Well Control Equipment
 - A. See Attached Diagram.
- 6. Communication
 - A. While Working Under Masks Chalkboards Will be Used for Communication.
 - B. Hand Signals will be Used Where Chalk Board is Inappropriate.
 - C. Two Way Radio or Cell Phone will be Used to Communicate off Location in Case of Available at Most Drilling Foreman's Trailer or Living Quarters.
- 7. Drillstem Testing
 - A. Exhausts will be Watered.
 - B. Flare Line will be Equipped with an Electric Igniter or a propane pilot light in case gas reaches the surface.
 - C. If Location is near any Dwelling a Closed DST will be Performed.
- 8. Drilling Contractor Supervisor will be Required to be Familiar with the Effects H₂S has on tubular goods and other mechanical equipment.
- 9. If H₂S Encountered, Mud system will be Altered if Necessary to Maintain Control of Formation. A Mud Gas Separator will be Brought into Service Along with H₂S Scavengers if Necessary.



RECOMMENDED MUD PROPERTIES

MD(RKS) (ft)	Muse VA. , (DPG)	Funnek Vis.	βv			HT IP @	pit	% Solids	ä
0-300'	8.4-9.0	26-36	1-3	1-3	N/C	N/A	9.5-10.0	<5	<10K
300'-6,100'	9.7-10.2	28-32	1-3	2-5	N/C	N/A	9.5-10.0	<3	>150,000
6,100'-10,400'	8.4-9.0	26-30	1-3	2-5	N/C	N/A	9.5-10.0	<2	>50K
10,400'-12,900'	10.0-12.0	35-45	6-9	9-18	<6	N/A	9.5-10.0	<5	>150K

0 - 300' MD

- A fresh water spud mud is recommended to drill this section of the hole.
- · Circulate through the steel pits.
- Use AQUAGEL® for the initial viscosity.
- Lime will be used for alkalinity and flocculation.
- EZ-MUD® additions may be made at the drill pipe or run in sweeps to aid with hole cleaning.
- HY-SEAL® can be used also for sweeps and seepage control.
- If total losses are experienced, a more aggressive mixture of HY-SEAL®, PLUG-GIT®, or BARO-SEAL®
 can be used.
- Pump a hi-vis sweep (80-100 sec/qt) at TD to clean the hole.

300' - 6,100' MD

- Drill out with fresh water and displace to brine after drilling cement.
- Additions of lime and caustic soda can be used throughout this interval for ph control.
- Control seepage losses with HY-SEAL®, PLUG-GIT®, or BARO-SEAL®.
- Sweep the hole with EZ-MUD® for hole cleaning.
- Use ZEOGEL® as needed for viscosity or in sweeps.

<u>6,100' - 10,400'</u>

- Drill out with fresh water working through the reserve pit and drill to 10,400'
- Lime and caustic soda will be used for ph control.
- Control seepage losses with HY-SEAL®, PLUG-GIT®, or BARO-SEAL®.
- Sweep the hole with EZ-MUD® for hole cleaning.

10,400' - 12,900'

- Prior to drilling the Canyon (±10,400'), displace to 10.0 ppg. brine water.
- Mud-up at ±10,500'. Increase the mud weight to 12,0 ppg. prior to drilling the Atoka (±11,100').
- Additions of POLYOL HM will aid to inhibit and stabilize the water sensitive shales.
- Reduce the total hardness concentration of the mud with soda ash.
- Maintain viscosity/rheology with BARAZAN® D PLUS.
- Reduce the fluid loss as recommended with DEXTRID® prior to drilling the Morrow (±12,200').
- Maintain pH with caustic soda.
- Add HY-SEAL®, PLUG-GIT®, or BARO-SEAL® for seepage or lost returns.
- Pump EZ-MUD® and HY-SEAL® sweeps to aid with hole cleaning.
- Pump a hi-vis sweep (80-100 sec/qt) at TD to clean the hole.

DRILLING FLUID DISCUSSION BY INTERVAL

MD(RKB) (H)	Mud Weight (ppg):	Funnel Vis.	Ņ	YP	Find Loss	H11HP @: 280	p#	% Selids	SE.
0-300,	8.4-9.0	26-36	1-3	1-3	N/C	N/A	9.5-10.0	<5	<10K

Interval: 0 - 300' MD: Spud Mud

Mud Properties:

Operation: S

Spud in and drill a 17 1/2" hole and drill to ±300'. Set 13 3/4" surface casing.

Mud System:

A fresh water system with AQUAGEL® is recommended for drilling this interval. Lime will be

added to aid flocculation and to adjust ph for corrosion control.

Solids Control:

Fully utilize at least two linear motion shakers, rig desilter, and rig desander to control drill

solids. Run the finest mesh screens that will accommodate pump rates.

Issues:

<u>Lost Returns/Seepage</u> - Add HY-SEAL® as needed for seepage. Use PLUG-GIT® or BARO-SEAL® if needed for lost returns. Circulation losses should be anticipated while drilling the surface hole. If returns cannot be established, "dry-drill" to surface casing TD.

Hole Cleaning: Use **EZ-MUD®** in sweeps or poured directly down the drill pipe on connections. **HY-SEAL®** can also be used for hole cleaning and/or tight connections. With the fast penetration rates and low annular viscosities it is important to maintain adequate viscosity to clean the large diameter hole. The cuttings should be circulated above the BHA prior to connections.

Sweep the hole at TD with a viscous EZ-MUD® and HY-SEAL® pill prior to wiper trip and while circulating and conditioning the hole for surface casing.

in)	(ppg)					231		SULDS	
MD(RKB)	WEIGHT	FUN	PV	YP	API	mir@	pH	7.	CIT

Interval: 300'- 6,100' MD: Brine Water

Mud Properties:

Operation:

Drill out of surface casing and obtain successful shoe test. Drill a 12 1/4" hole to 6,100'. Set

9 %" intermediate casing.

Mud System:

Prior to drilling out, dump and clean the sand trap and settling pit. Dump as much cement contaminated mud as possible. Drill out of the surface casing with fresh water. Displace the system with 10.0 ppg. brine after drilling cement. Lime and caustic soda will be added to aid flocculation and to adjust ph for corrosion control. Pump **EZ-MUD®** sweeps to aid in hole

cleanina.

Solids Control:

Fully utilize at least two linear motion shakers, rig desilter, and rig desander to control drill solids. Run the finest mesh screens that will accommodate pump rates.

Issues:

Seepage - Add HY-SEAL® as needed for seepage. PLUG-GIT® or BARO-SEAL® can be

used for any lost returns.

Hole Cleaning- Use EZ-MUD® and HY-SEAL® in sweeps.

Sweep the hole at TD with a viscous EZ-MUD® and HY-SEAL® pill prior to wiper trip and while circulating and conditioning the hole for surface casing.

3	MD(RKB) (H)	WEIGHT (ppg)	FUN	2	Ϋ́P	API	HTMP @ 250	PM	% SOLIDS	CI *
	6,100'-10,400'	8.4-9.0	26-30	1-3	2-5	N/C	N/A	9.5-10.0	<2	>50K

Interval: 6,100' - 10,400' MD: Brine Water

Mud Properties:

Operation:

Drill out of intermediate casing and obtain successful shoe test. Drill an 8 ¾" hole.

Mud System:

Prior to drilling out, dump and clean the sand trap and settling pit. Dump as much cement contaminated mud as possible. Drill out of the casing with fresh water, working through the reserve pit. Drill out the intermediate casing with fresh water and drill to ±10,400'. Prior to drilling the Canyon (±10,400') displace to 10.0 ppg. brine. The addition of POLYOL HM (1/2 to 1% by volume) will aid to inhibit and stabilize the water sensitive shale. Reduce the total hardness concentration to <150 mg/l with soda ash. Lime and Caustic soda will be added to

adjust ph for corrosion control.

Solids Control:

Fully utilize at least two linear motion shakers, rig desilter, and rig desander to control drill solids. Run the finest mesh screens that will accommodate pump rates.

issues:

Lost Returns/Seepage - Add HY-SEAL®, PLUG-GIT®, or BARO-SEAL® for seepage or

lost returns.

Hole Cleaning: Use EZ-MUD® and HY-SEAL® in sweeps.

	(t):	(ppg)	FUNT	PV	YP	AT	21.1	piá	SOLIDS	_ cr
	10,400'-12,900'	10.0-12.0	35-45	6-9	9-18	<6	N/A	9.5-10.0	<5	>150

Interval: 10,400' - 12,900' MD: Brine Water

Mud Properties:

Operation:

Prior to drilling the Canyon (±10,400'), displace to 10.0 ppg. brine water. Mud-up at

 $\pm 10,500$ '. Increase the mud weight to 12.0 ppg. prior to drilling the Atoka ($\pm 11,100$ ').

Mud System:

Additions of POLYOL HM will aid to inhibit and stabilize the water sensitive shales. Reduce the total hardness concentration of the mud with soda ash. Maintain viscosity/rheology with BARAZAN® D PLUS as recommended. Reduce the fluid loss as recommended with DEXTRID® prior to drifling the Morrow (£12,200). Maintain pH with caustic soda. Use

BARA-THIN PLUS (DESCO) as needed for "thinning".

Solids Control:

Fully utilize at least two linear motion shakers, rig desitter, and rig desander to control drill solids. Run the finest mesh screens that will accommodate pump rates.

Issues:

Lost Returns/Seepage - Add HY-SEAL®, PLUG-GIT®, or BARO-SEAL® for seepage or lost returns.

Hole Cleaning: Use EZ-MUD® and HY-SEAL® in sweeps.

Mud Density: The Atoka/Morrow may require mud weights as high as 13.0 ppg. Rapid increases in formation pressure should be anticipated below intermediate casing. The maximum mud weight in this section should be 13.0 ppg. Cuttings at the shale shaker should be monitored for signs of sloughing shale which may indicate a need for higher mud weights. Tight hole, fill on trips, torque/drag on connections, and increasing connection gas may also be an early indication of the need to raise the mud weight.

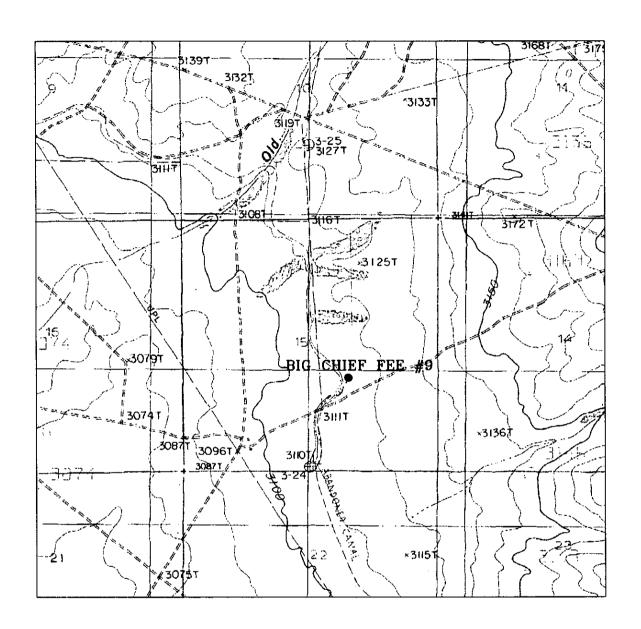
SECTION 15, TOWNSHIP 22 SOUTH, RANGE 28 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO. 150' NORTH □ OFF SET 3113.5' Proposed Lease Road 3237 ROAD LEASE NADEL & GUSSMAN PERMIAN BIG CIEF FEE #9 ELEV. - 3112' 150' WEST ⊡ OFF SET 0 ₽ LAT. N32*23'27.6" LONG. W104*04'22.3" 150' EAST OFF SET 3113.9' 3110.8 150' SOUTH OFF SET 3111.9' 0 100 100 200 FEET BEREE SCALE: 1" = 100' NADEL AND GUSSMAN PERMIAN Directions to Location: FROM THE JUNCTION OF CO. RD. 605 AND CO. RD. 607, GO NORTHEAST ON 607 FOR 1.3 MILE TO σ "Y", TAKE ROAD NORTH FOR 0.6 MILE PROPOSED LEASE ROAD. REF: BIG CHIEF FEE No. 9 / Well Pod Topo BIG CHIEF FEE No. 9 LOCATED 1980' FROM THE SOUTH LINE AND 1880' FROM THE EAST LINE OF SECTION 15, TOWNSHIP 22 SOUTH, RANGE 28 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO. BASIN SURVEYS P.O. BOX 1786 -HOBBS, NEW MEXICO Drawn By: K. GOAD W.O. Number: 5579 Sheets

Survey Date: 07-08-2005

Sheet

1 of

Date: 07-11-2005 Disk: KJG #9 - 5579A.DWG



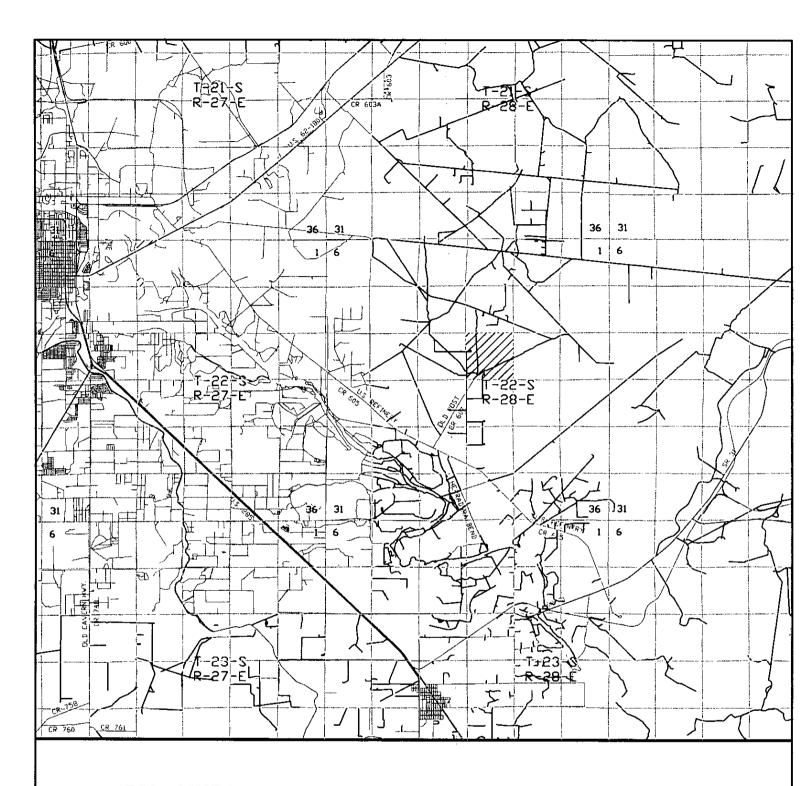
BIG CHIEF FEE #9 Located at 1980' FSL and 1880' FEL Section 15, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (505) 393-7316 — Office (505) 392-3074 — Fax basinsurveys.com

W.O. Number:	5579AA - KJG #1
Survey Date:	071-08-2005
Scale: 1" = 20	000,
Dote: 0711-	-2005

NADEL AND GUSSMAN PERMIAN, L.L.C.



BIG CHIEF FEE #9 Located at 1980' FSL and 1880' FEL Section 15, Township 22 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786 1120 N. West County Rd. Hobbs, New Mexico 88241 (505) 393-7316 - Office (505) 392-3074 - Fax basinsurveys.com

W.O. Number:	5579AA - KJG #1
Survey Date:	07-08-2005
Scale: 1" = 20	000,
Date: 07-11-	-2005

NADEL AND GUSSMAN PERMIAN, L.L.C.

