

HOBBS, ARTESIA, AZTEC, SANTA FE NMOCD DISTRICT OFFICE

C-104 DENIAL NOTICE

October 21, 2011

(Date of Denial)

Randy Dade

(Contact person)

748-1283 ext. 102

(Phone)

Operator Nadel & Gussman Permian, LLC

OGRID 155615

Well Name Carrington State #4

API Number 30-015-38596

Pool Code 910210

Your recent form C-104 for the above well is hereby rejected for the following reason(s):

C-103 Subsequent Report with complete casing and cement data not received

C-103 Subsequent Report with Completion Report not received

C-105 not received or incomplete

C-101 and C-102 not in agreement as to completion information

Logs not received

Inactive Well List 6 out of 147 wells

* only allowed 5

* Part 5.9 violations (Specifically Financial Assurance on Cebro State #1 30-025-38954)

Directional/Deviation Survey required

C-102 that shows the results of the Directional Drill Survey and resulting bottom hole location

NSL/NSP not approved

C-104 omitted information

Section I information (name, address, OGRID, etc.)

Section II information (surface location)

Section IV information (well completion data)

- o Spud date
- o Ready date
- o TD
- o PBTD
- o Perf's
- o Hole size, casing/tubing size, depth set, sacks cement

Section V information (well test data)

- o Box Number

Signature Printed Name and Title E-mail Address Date Phone

Other

The well completion identified above has not been granted an allowable to produce. This well completion shall not be produced until the New Mexico Oil Conservation Division issues an approved C-104. This will not take place until all of the items noted above are addressed to the NMOCD's satisfaction.

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

State of New Mexico
Energy, Minerals & Natural Resources

Form C-104
Revised October 15, 2009

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

Submit one copy to appropriate District Office

☐ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

| | | |
|---|-------------------------------------|--------------------------------------|
| 1 Operator name and Address Nadel and Gussman Permian, L.L.C. 601 N. Marienfeld, Suite 508 Midland, TX 79701 | | 2 OGRID Number 155615 |
| 4 API Number 30-015-38596 | | 5 Pool Name Empire Glorietta-Yeso |
| 7 Property Code 34762 | 8 Property Name Carrington State | 9 Well Number 4 |

II. 10 Surface Location

| UI or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|-------------|---------------|----------------|--------|
| 0 | 12 | 17S | 28E | | 330' | South | 1650' | East | Eddy |

11 Bottom Hole Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | | | |
|------------------|-------------------------------|------------------------|------------------------|-------------------------|--------------------------|
| 12 Lse Code S | 13 Producing Method Code P | 14 Gas Connection Date | 15 C-129 Permit Number | 16 C-129 Effective Date | 17 C-129 Expiration Date |
|------------------|-------------------------------|------------------------|------------------------|-------------------------|--------------------------|

III. Oil and Gas Transporters

| 18 Transporter OGRID | 19 Transporter Name and Address | 20 O/G/W |
|----------------------|---|----------|
| | Holly-Navajo Refining & Marketing Co. 303 West Wall, Midland, TX 79701 | O |
| | | |
| | | |
| | | |
| | | |
| | | |

IV. Well Completion Data

| | | | | | |
|-------------------------|-----------------------------------|----------------------|-----------------------------------|-----------------|------------|
| 21 Spud Date 6/11/11 | 22 Ready Date | 23 TD 5400 | 24 PBDT 5320 | 25 Perforations | 26 DHC, MC |
| 27 Hole Size 11" | 28 Casing & Tubing Size 8-5/8" | 29 Depth Set 330' | 30 Sacks Cement 365 Circulated | | |
| 7-7/8" | 5-1/2" | 5395-5350 | 1125 Circulated | | |
| | | | | | |
| | | | | | |

V. Well Test Data

| | | | | | |
|-----------------|----------------------|----------------------------|----------------|------------------|------------------|
| 31 Date New Oil | 32 Gas Delivery Date | 33 Test Date 07/29/2011 | 34 Test Length | 35 Tbg. Pressure | 36 Csg. Pressure |
| 37 Choke Size | 38 Oil 33 | 39 Water 679 | 40 Gas 0 | | 41 Test Method |

42 I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.
Signature: *[Signature]*

Printed name: Zac Hernandez
Title: Operations Engineer
E-mail Address: zhernandez@naguss.com
Date:
Phone: (432) 682-4429

OIL CONSERVATION DIVISION

Approved by: DENIED
By Lewis "Randy" Dade
Title: OCD District #2 Supervisor
Approval Date: 575-748-1283 Ext.102

Operator: Nadel + Gussman Permian
Well Name: Carriington state #4

OGRID: 155615 API: 30-0 15 - 38596 Lease Type F(S)P

Date C104 rec'd 09/14/2011 C-104 filed for N X RT PB RE DHC Other
Date of file review / /

Inactive Well List 7 out of 146 10/14 * 7/147 10/21
Additional Bonding: 1 6/147
* 1

APD Approval Date 03/23/2011
Pit Permit Approval 03/24/2011 Permit # 211329 Pit Closure: / /

Spud notice ✓ 06/11/2011
Casing:

Surface 8.625 amended required
Intermediate amended required
Production 5.5 amended required
TD Reached: 06/19/2011
Rig Released: 06/20/2011

Deviation Survey: 112 ' @ 5390 ' TD @ 5400

Standard or Directional Survey / / MD TVD

"As Drilled" or Amended C-102 ✓
BHL: UL 0 S 12 T 175 R 20E Footages 330 FNL/1650 FWL/1650

Completion Sundry: 07/05/2011

Completion Report: 09/14/2011 - Need Tops (18.2)
Logs

(432) - 682-4429
CALL 24C - REQUEST
24C. f/Tops.
9/28/2011

COMPLIANCE: NSL NSP
DHC ART

OTHER REQUIREMENTS:

Inactive Well List //
Additional Bonding

Date to TCS / RD for approval / / 18

Reviewed by: DENIED / /