

State of New Mexico
Energy, Minerals & Natural Resources

Form C-101

May 27, 2004

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

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

SEP - 2006
RECEIVED
OCD - ARTESIA

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Nearburg Producing Company 3300 N A St., Bldg 2, Ste 120, Midland, TX 79705		² OGRID Number 015742
⁴ Property Code 36038	⁵ Property Name Salt Draw 10 State	³ API Number 30-015-35153
⁹ Proposed Pool 1 Willow Lake, SW; Delaware		⁶ Well No. 2
¹⁰ Proposed Pool 2		

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
I	10	25S	28E		2310	South	660	East	Eddy

⁸ 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
P	10	25S	28E		330	South	330	East	Eddy

Additional Well Location

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 2914
¹⁶ Multiple No	¹⁷ Proposed Depth 6700'	¹⁸ Formation Delaware	¹⁹ Contractor United	²⁰ Spud Date 10/1/06
Depth to ground water		Distance from nearest fresh water well		Distance from nearest surface water
Pit: Liner: Synthetic ☒ 12 miles thick Clay ☐ Pit Volume _____ bbls Drilling Method: Closed-Loop System ☐ Fresh Water ☐ Brine ☒ Diesel/Oil-based ☐ Gas/Air ☐				

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12-1/4	8-5/8	32	850	800	Circ to surface.
7-7/8	5-1/2	17	6700	1000	Circ to surface

²² 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.

Propose to drill the well to sufficient depth to test the Delaware formation. Perf, test and stimulate as necessary to establish production.

Acreage dedication is 80 acres.

²³ 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 approval plan ☐ . Signature: <i>Sarah Jordan</i>		OIL CONSERVATION DIVISION	
Printed name: Sarah Jordan		Approved by: BRYAN G. ARRANT	
Title: Production Analyst		Title: DISTRICT II GEOLOGIST	
E-mail Address: sjordan@nearburg.com		Approval Date: SEP 22 2006 Expiration Date: SEP 22 2007	
Date: 9.18.06	Phone: 432/686-8235 x 203	Conditions of Approval: Attached ☐	

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 and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

SEP 2008
RECEIVED
OCD - ARTESIA

Form C-102
Revised JUNE 10, 2003
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 96855	Pool Name Willow Lake; Sew; Delaware
Property Code	Property Name SALT DRAW 10 STATE	Well Number 2
OGRID No. 015740	Operator Name NEARBURG PRODUCING COMPANY	Elevation 2914'

Surface Location

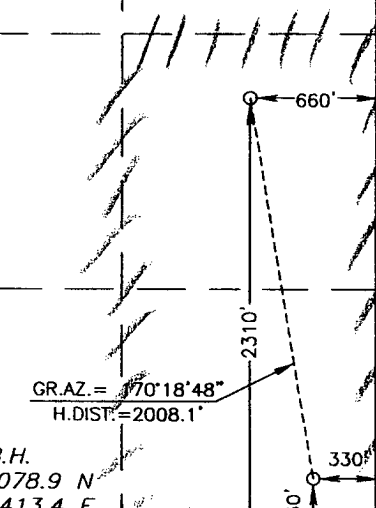
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	10	25-S	28-E		2310	SOUTH	660	EAST	EDDY

Bottom Hole Location If Different From Surface

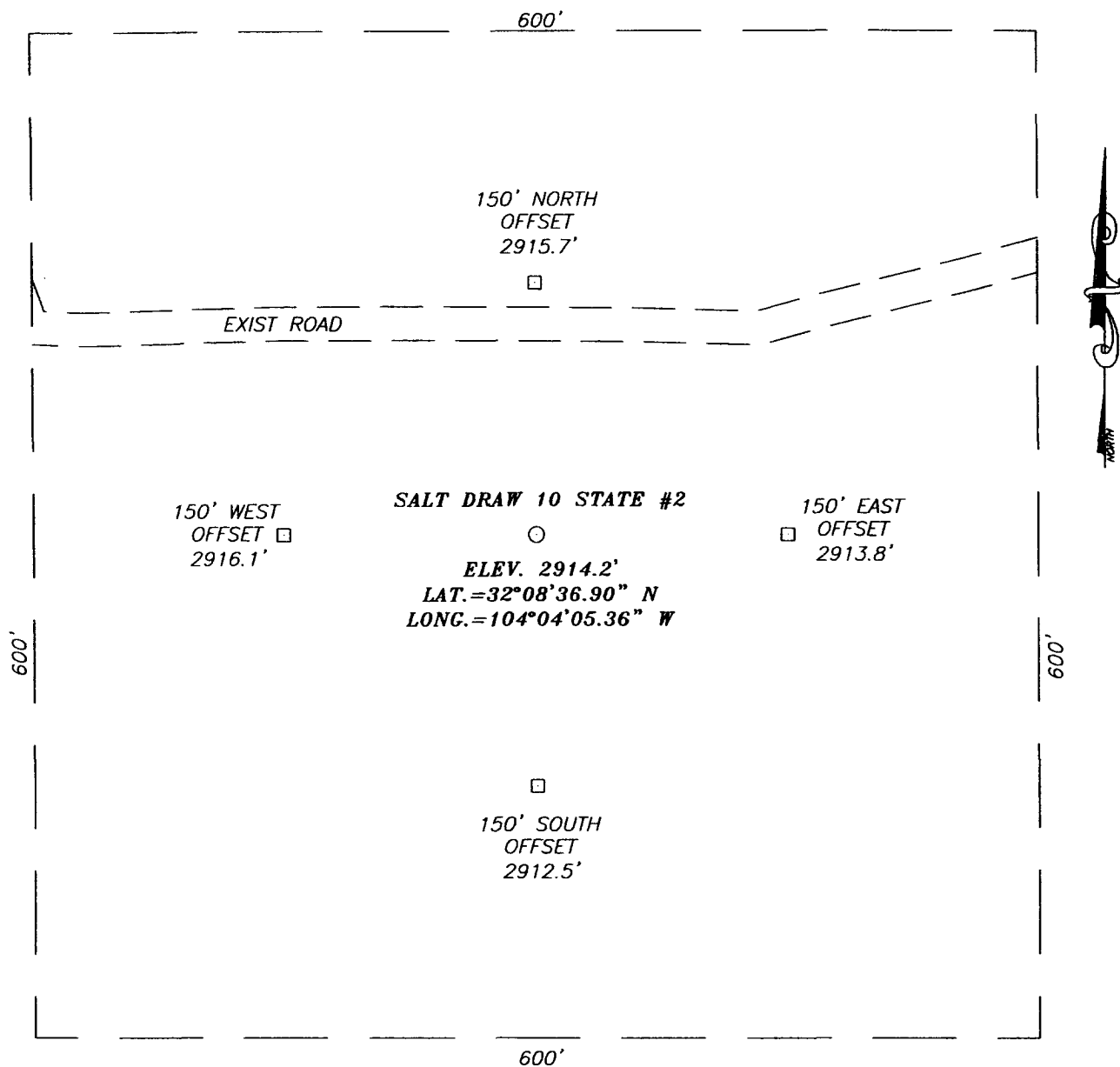
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	10	25-S	28-E		330	SOUTH	330	EAST	EDDY

Dedicated Acres 80	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

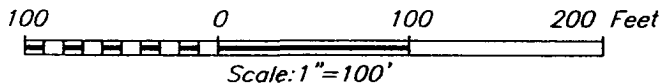
GEODETIC COORDINATES NAD 27 NME SURF. Y=416058.0 N X=582075.6 E LAT.=32°08'36.90" N LONG.=104°04'05.36" W GR.AZ.= 170°18'48" H.DIST.=2008.1' B.H. Y=414078.9 N X=582413.4 E 	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. <i>[Signature]</i> Signature G. Jordan Printed Name Prod. Analyst Time 9.18.06 Date SURVEYOR CERTIFICATION 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. DECEMBER 14, 2005 Date Surveyed Signature & Seal of Professional Surveyor GARY EIDSON NEW MEXICO 12227/05 05.11.1801 Certificate No. GARY EIDSON 12641
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SECTION 10, TOWNSHIP 25 SOUTH, RANGE 28 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

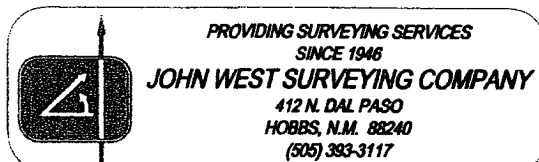
FROM MILE POST 11 ON U.S. HWY. #285, GO EAST THRU CATTLEGUARD APPROX. 0.1 MILES, TURN RIGHT (SOUTH) AND GO APPROX. 0.4 MILES, TURN LEFT (EAST) AND GO APPROX. 300'. THIS LOCATION IS APPROX. 140' SOUTH.



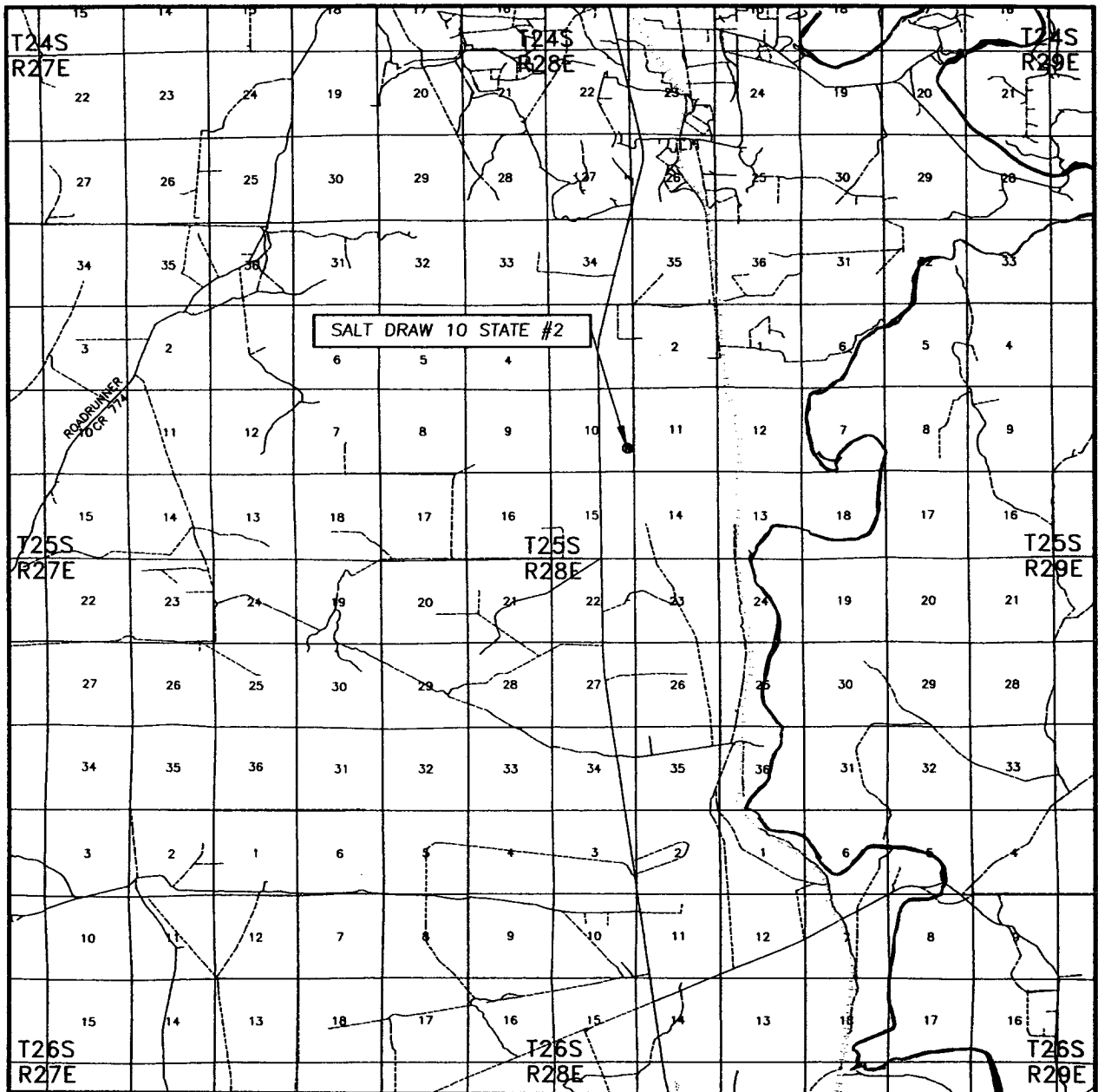
NEARBURG PRODUCING COMPANY

SALT DRAW 10 STATE #2 WELL
 LOCATED 2310 FEET FROM THE SOUTH LINE
 AND 660 FEET FROM THE EAST LINE OF SECTION 10,
 TOWNSHIP 25 SOUTH, RANGE 28 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

Survey Date: 12/14/05	Sheet 1 of 1 Sheets
W.O. Number: 05.11.1801	Dr By: J.R.
Date: 12/19/05	Disk: CD#5
05111801	Scale: 1"=100'



VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 10 TWP. 25-S RGE. 28-E

SURVEY N.M.P.M.

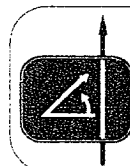
COUNTY EDDY

DESCRIPTION 2310' FSL & 660' FEL

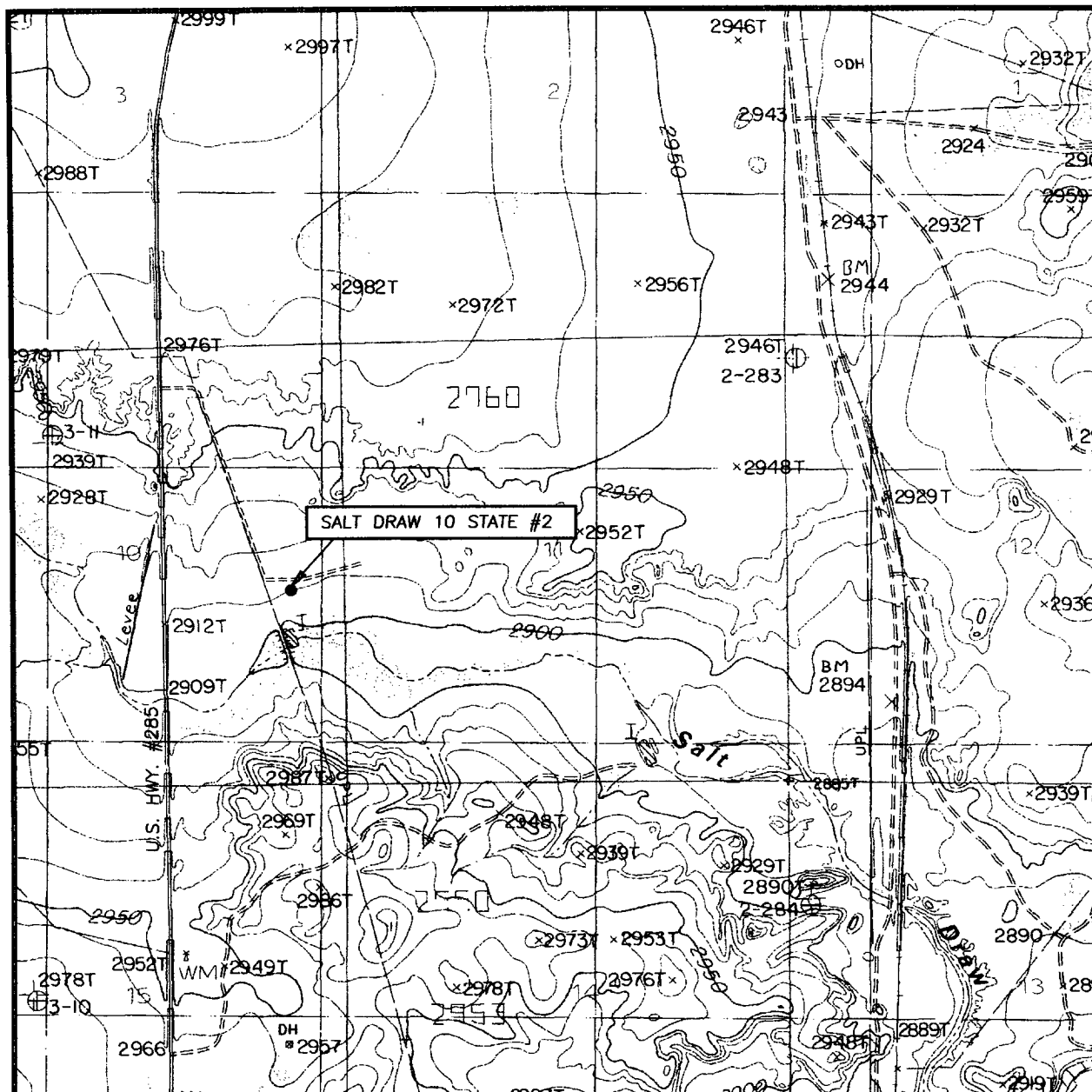
ELEVATION 2914'

NEARBURG
OPERATOR PRODUCING COMPANY

LEASE SALT DRAW 10 STATE



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



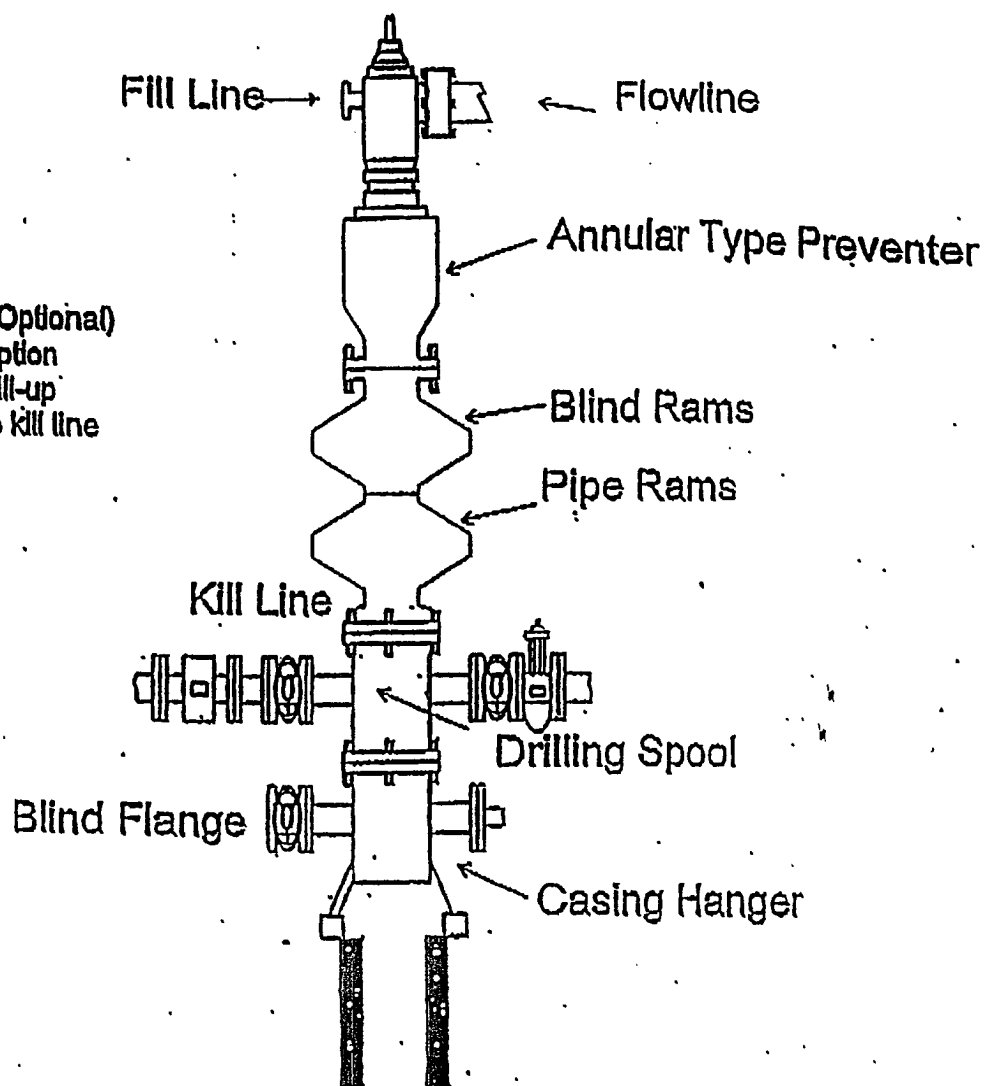
CONTOUR INTERVAL:
MALAGA, N.M. - 10'

U.S.G.S. TOPOGRAPHIC MAP
MALAGA, N.M.



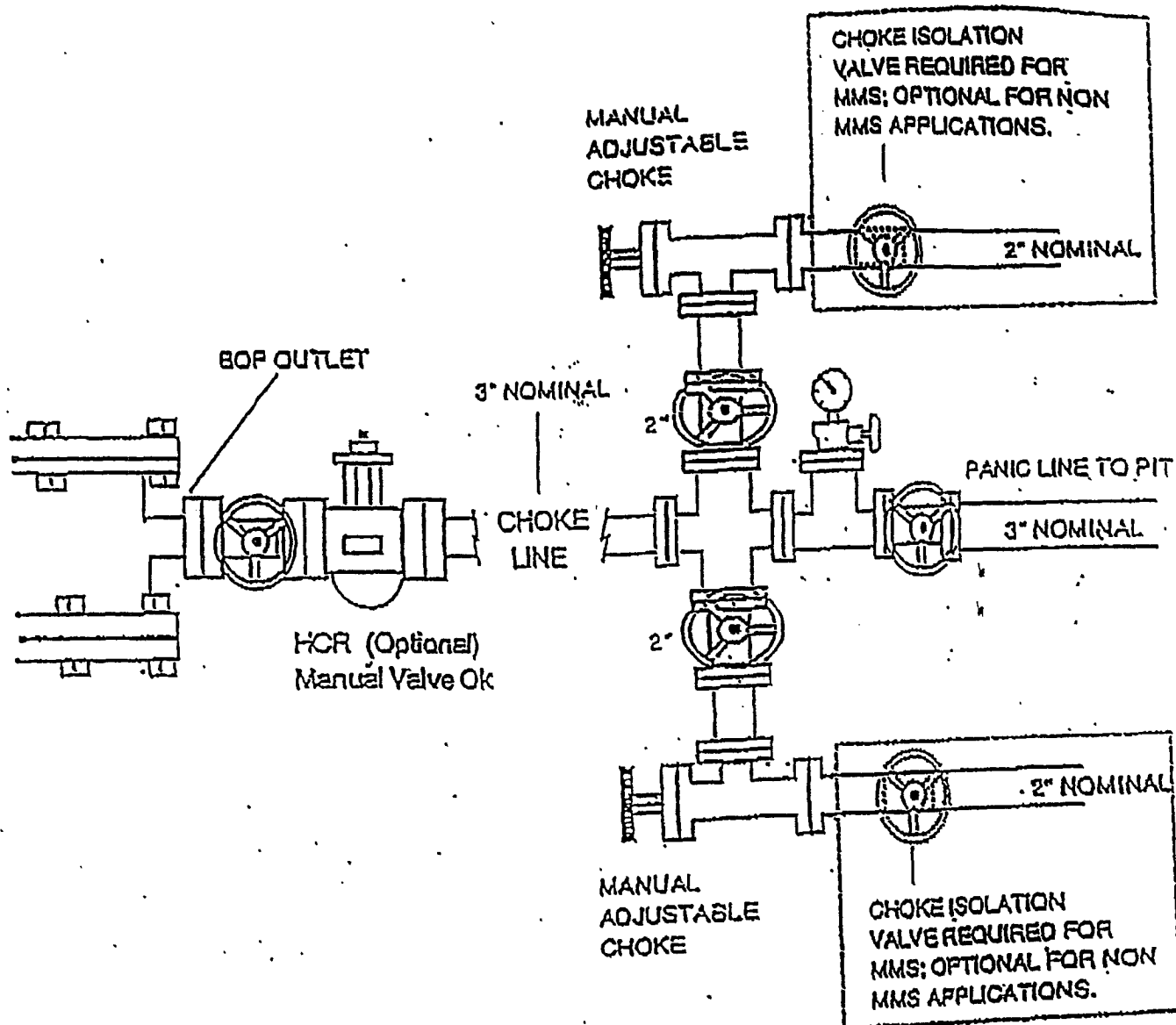
**PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 383-3117**

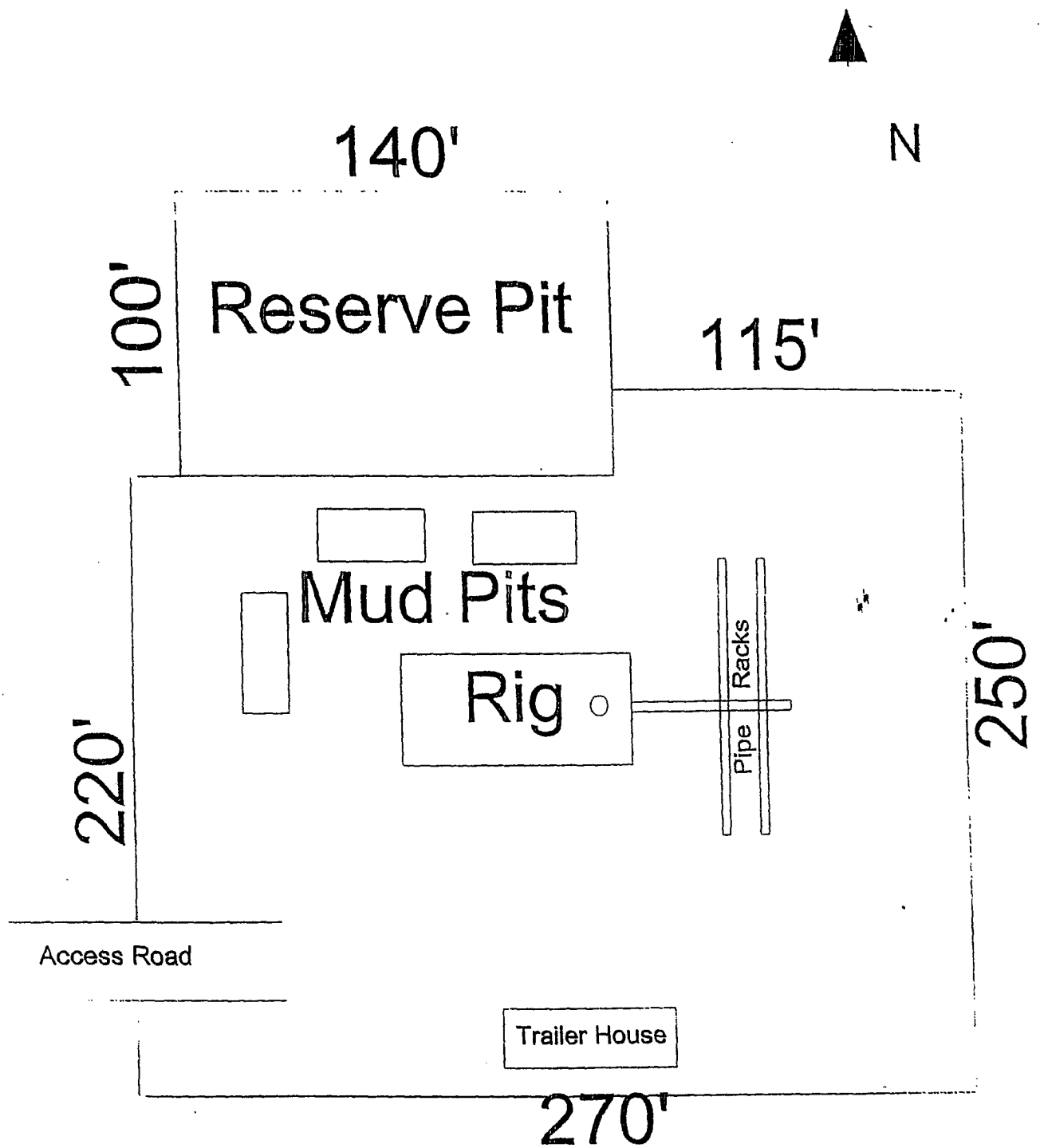
Rotating Head (Optional)
Drilling Nipple option
must include a fill-up
line. Do not use kill line
for fill up.



1500 Series

CHOKE MANIFOLD 5M SERVICE





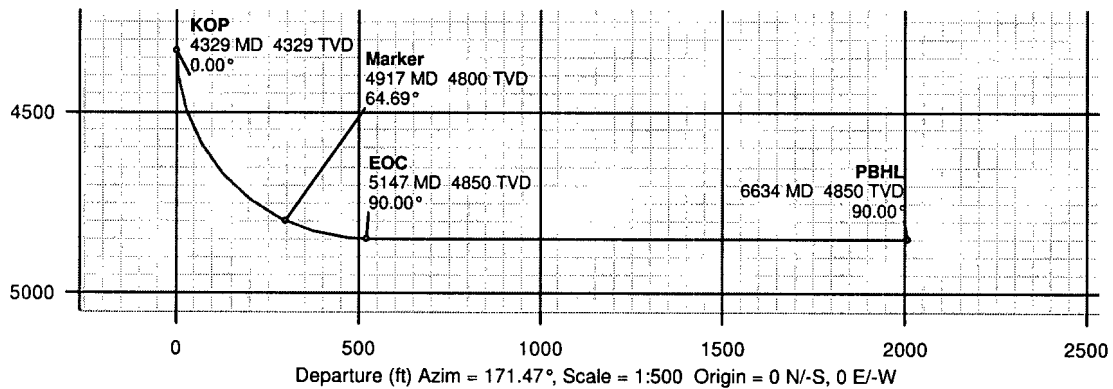
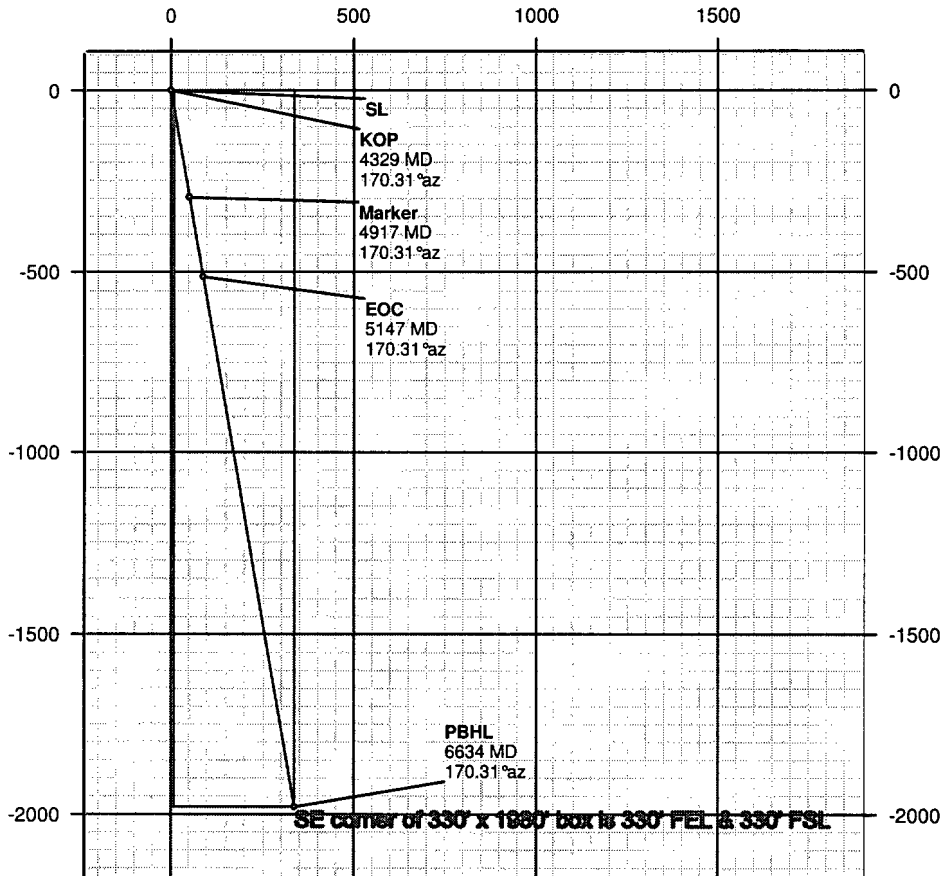
**EXHIBIT B
DRILLING RIG LAYOUT
NEARBURG PRODUCING COMPANY**

SCALE 1" = 50'

Nearburg Producing company

WELL	Salt Draw 10 ST #2	FIELD	Eddy County, NM	STRUCTURE	Salt Draw 10 ST #2
Magnetic Parameters	Dip: 60.161° Model: IGRF 2005	Date: October 21, 2006 FS: 49114.5 nT	Surface Location Lat: N32 8 36.896 Lon: W104 4 5 359	NA227 New Mexico State Planes, Eastern Zone, US Feet Northing: 416058.00 NUS Easting: 582075.60 EUS Grid Conv: +0.14106688° Scale Fact: 0.9999168063	Miscellaneous Slot: Salt Draw 10 ST #2 Plan: Salt Draw 10 ST #2 v2 TVD Ref: RKB (0.00 ft above) Srvy Date: Mon 11:00 AM September 18, 2006

Scale = 1:500(ft)



Departure (ft) Azim = 171.47°, Scale = 1:500 Origin = 0 N-S, 0 E-W

Critical Points								
Critical Point	MD	INCL	AZIM	TVD	YSEC	N(+) / S(-)	E(+) / W(-)	DLS
Tie-In	0.00	0.00	170.31	0.00	0.00	0.00	0.00	0.00
KOP	4329.13	0.00	170.31	4329.13	0.00	0.00	0.00	0.00
Marker	4917.23	64.69	170.31	4800.00	298.14	-293.95	50.17	11.00
EOC	5147.31	90.00	170.31	4850.00	520.76	-513.45	87.64	11.00
PBHL	6634.33	90.00	170.31	4850.00	2007.48	-1979.27	337.83	0.00





Proposal

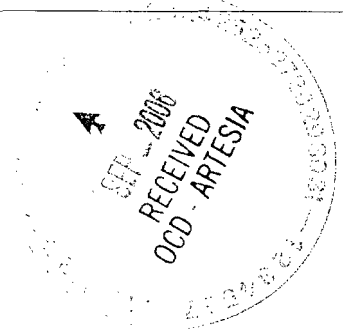
Report Date: September 18, 2006	Survey / DLS Computation Method: Minimum Curvature / Lubinski
Client: Nearburg Producing company	Vertical Section Azimuth: 171.470°
Field: Eddy County, NM	Vertical Section Origin: N 0.000 ft, E 0.000 ft
Structure / Slot: Salt Draw 10 ST #2 / Salt Draw 10 ST #2	TVD Reference Datum: RKB
Well: Salt Draw 10 ST #2	TVD Reference Elevation: 0.0 ft relative to
Borehole: Salt Draw 10 ST #2	Sea Bed / Ground Level Elevation: 0.000 ft relative to
UWI/API#:	Magnetic Declination: 8.357°
Survey Name / Date: Salt Draw 10 ST #2_r2 / September 18, 2006	Total Field Strength: 49027.599 nT
Tort / AHD / DDI / ERD ratio: 90.000° / 2007.89 ft / 5.393 / 0.414	Magnetic Dip: 60.143°
Grid Coordinate System: NAD27 New Mexico State Planes, Eastern Zone, US Feet	Declination Date: September 18, 2006
Location Lat/Long: N 32 8 36.896, W 104 4 5.359	Magnetic Declination Model: IGRF 2005
Location Grid N/E Y/X: N 416058.000 ftUS, E 582075.600 ftUS	North Reference: Grid North
Grid Convergence Angle: +0.14108688°	Total Corr Mag North -> Grid North: +8.216°
Grid Scale Factor: 0.99991681	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	170.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	100.00	0.00	170.31	100.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	200.00	0.00	170.31	200.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	300.00	0.00	170.31	300.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	400.00	0.00	170.31	400.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	500.00	0.00	170.31	500.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	600.00	0.00	170.31	600.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	700.00	0.00	170.31	700.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	800.00	0.00	170.31	800.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	900.00	0.00	170.31	900.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	1000.00	0.00	170.31	1000.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	1100.00	0.00	170.31	1100.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	1200.00	0.00	170.31	1200.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	1300.00	0.00	170.31	1300.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	1400.00	0.00	170.31	1400.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	1500.00	0.00	170.31	1500.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	1600.00	0.00	170.31	1600.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	1700.00	0.00	170.31	1700.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	1800.00	0.00	170.31	1800.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	1900.00	0.00	170.31	1900.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	2000.00	0.00	170.31	2000.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	2100.00	0.00	170.31	2100.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	2200.00	0.00	170.31	2200.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	2300.00	0.00	170.31	2300.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	2400.00	0.00	170.31	2400.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	2500.00	0.00	170.31	2500.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	2600.00	0.00	170.31	2600.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	2700.00	0.00	170.31	2700.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	2800.00	0.00	170.31	2800.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	2900.00	0.00	170.31	2900.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	3000.00	0.00	170.31	3000.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	3100.00	0.00	170.31	3100.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	3200.00	0.00	170.31	3200.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	3300.00	0.00	170.31	3300.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	3400.00	0.00	170.31	3400.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	3500.00	0.00	170.31	3500.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	3600.00	0.00	170.31	3600.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	3700.00	0.00	170.31	3700.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M

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)
	3800.00	0.00	170.31	3800.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	3900.00	0.00	170.31	3900.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	4000.00	0.00	170.31	4000.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	4100.00	0.00	170.31	4100.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	4200.00	0.00	170.31	4200.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	4300.00	0.00	170.31	4300.00	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
KOP	4329.13	0.00	170.31	4329.13	0.00	0.00	0.00	0.00	0.00	0.00	170.31M
	4400.00	7.80	170.31	4399.78	4.81	-4.75	0.81	4.81	170.31	11.00	0.00G
	4500.00	18.80	170.31	4496.95	27.77	-27.38	4.67	27.78	170.31	11.00	0.00G
	4600.00	29.80	170.31	4587.96	68.84	-67.88	11.59	68.86	170.31	11.00	0.00G
	4700.00	40.80	170.31	4669.45	126.52	-124.75	21.29	126.55	170.31	11.00	0.00G
	4800.00	51.80	170.31	4738.44	198.69	-195.90	33.44	198.73	170.31	11.00	0.00G
	4900.00	62.80	170.31	4792.38	282.69	-278.72	47.57	282.75	170.31	11.00	0.00G
Marker	4917.23	64.69	170.31	4800.00	298.14	-293.95	50.17	298.20	170.31	11.00	170.31G
	5000.00	73.80	170.31	4829.31	375.44	-370.16	63.18	375.52	170.31	11.00	0.00G
	5100.00	84.80	170.31	4847.85	473.53	-466.87	79.69	473.62	170.31	11.00	0.00G
EOC	5147.31	90.00	170.31	4850.00	520.76	-513.45	87.64	520.87	170.31	11.00	0.00G
	5200.00	90.00	170.31	4850.00	573.44	-565.38	96.50	573.56	170.31	0.00	0.00G
	5300.00	90.00	170.31	4850.00	673.42	-663.96	113.33	673.56	170.31	0.00	0.00G
	5400.00	90.00	170.31	4850.00	773.40	-762.53	130.15	773.56	170.31	0.00	0.00G
	5500.00	90.00	170.31	4850.00	873.38	-861.11	146.98	873.56	170.31	0.00	0.00G
	5600.00	90.00	170.31	4850.00	973.36	-959.68	163.80	973.56	170.31	0.00	0.00G
	5700.00	90.00	170.31	4850.00	1073.34	-1058.26	180.63	1073.56	170.31	0.00	0.00G
	5800.00	90.00	170.31	4850.00	1173.32	-1156.83	197.45	1173.56	170.31	0.00	0.00G
	5900.00	90.00	170.31	4850.00	1273.30	-1255.40	214.28	1273.56	170.31	0.00	0.00G
	6000.00	90.00	170.31	4850.00	1373.28	-1353.98	231.10	1373.56	170.31	0.00	0.00G
	6100.00	90.00	170.31	4850.00	1473.26	-1452.55	247.93	1473.56	170.31	0.00	0.00G
	6200.00	90.00	170.31	4850.00	1573.24	-1551.13	264.75	1573.56	170.31	0.00	0.00G
	6300.00	90.00	170.31	4850.00	1673.22	-1649.70	281.58	1673.56	170.31	0.00	0.00G
	6400.00	90.00	170.31	4850.00	1773.20	-1748.28	298.40	1773.56	170.31	0.00	0.00G
	6500.00	90.00	170.31	4850.00	1873.18	-1846.85	315.23	1873.56	170.31	0.00	0.00G
	6600.00	90.00	170.31	4850.00	1973.16	-1945.43	332.05	1973.56	170.31	0.00	0.00G
PBHL	6634.33	90.00	170.31	4850.00	2007.48	-1979.27	337.83	2007.89	170.31	0.00	0.00G

Nearburg Producing Company

Exploration and Production
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
432/686-8235
FAX: 432/686-7806



September 18, 2006

NM Oil Conservation Division
1301 W. Grand Ave
Artesia, NM 88210

Ref: Salt Draw 10 State #2
2310 FSL and 660 FEL
Sec 10, 25S, 28E
Eddy County, New Mexico

Sirs:

This is a new drill to the Delaware formation. We do not anticipate encountering H2S and fill no contingency plan is needed. Nearburg will have proper equipment on location in case H2S is encountered.

If you have any questions or need further information, please call me at the letterhead number.

Sincerely,

A handwritten signature in black ink that reads "Sarah Jordan". The signature is fluid and cursive, with the first name "Sarah" and last name "Jordan" clearly distinguishable.

Sarah Jordan
Production Analyst

/sj