

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(505) 393-6161 Fax:(505) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
August 1, 2011
Permit 144139

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

| | | |
|---|---------------------------------|-------------------------------|
| 1. Operator Name and Address NADEL AND GUSSMAN PERMIAN, LLC 601 N MARIENFELD MIDLAND, TX 79701 | | 2. OGRID Number 155615 |
| | | 3. API Number 30-015-39992 |
| 4. Property Code 39089 | 5. Property Name TEXAS EAGLE | 6. Well No. 004H |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| E | 13 | 18S | 25E | E | 2310 | N | 990 | W | EDDY |

8. Pool Information

| | |
|-----------------|-------|
| FIVE MILE; YESO | 24540 |
|-----------------|-------|

Additional Well Information

| | | | | |
|--------------------------|----------------------------|--|---------------------------|------------------------------------|
| 9. Work Type New Well | 10. Well Type OIL | 11. Cable/Rotary | 12. Lease Type Private | 13. Ground Level Elevation 3462 |
| 14. Multiple N | 15. Proposed Depth 6900 | 16. Formation Yeso Formation | 17. Contractor | 18. Spud Date 5/1/2012 |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

19. Proposed Casing and Cement Program

| Type | Hole Size | Casing Type | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 12.25 | 9.625 | 36 | 900 | 600 | 0 |
| Int1 | 8.75 | 7 | 26 | 2850 | 500 | 0 |
| Prod | 6.125 | 4.5 | 13.5 | 6900 | 0 | |

Casing/Cement Program: Additional Comments

Will 1" cement to surface if necessary on surface casing. will circulate cement on 7" intermediate Casing. Complete open hole with Packers Plus completion in 6.125" hole set liner hanger at 2650'.

Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|-----------|------------------|---------------|--------------|
| Annular | 3000 | 1500 | Hydril |
| DoubleRam | 3000 | 3000 | Shaffer |

| | | |
|---|----------------------------------|---------------------------|
| 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 <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . Printed Name: Electronically filed by Scott Germann Title: General Manager Email Address: sgerman@naguss.com Date: 2/16/2012 | OIL CONSERVATION DIVISION | |
| | Approved By: Randy Dade | |
| | Title: District Supervisor | |
| | Approved Date: 3/1/2012 | Expiration Date: 3/1/2014 |
| | Phone: 432-682-4429 | |
| Conditions of Approval Attached | | |

FEB 09 2012

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1,
2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------------|--|---------------------------------|
| ¹ API Number | ² Pool Code | ³ Pool Name |
| ⁴ Property Code | ⁵ Property Name TEXAS EAGLE | ⁶ Well Number 4H |
| ⁷ OGRID No. | ⁸ Operator Name Nadel and Gussman Permian, LLC | ⁹ Elevation 3462' |

¹⁰ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| E | 13 | 18 S | 25 E | | 2310 | NORTH | 990 | WEST | EDDY |

¹¹ 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 | 12 | 18 S | 25 E | | 2310 | SOUTH | 990 | WEST | EDDY |

| | | | |
|-------------------------------|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order 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.

| | | | | |
|--|--|--|--|---|
| <p>B.H.</p> <p>PROPOSED BOTTOM HOLE LOCATION</p> <p>LAT = N 32°45'41.66" LONG = W 104°26'36.30"</p> <p>N.M.S.P.S.E. NORTH = 640,810.90 EAST = 507,499.35</p> | | | | <p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Sarah Tisdale</i> 2/9/2012 Signature Date</p> <p>Sarah Tisdale Printed Name</p> <p>Sarah@naguss.com E-mail Address</p> |
| | | | | SECTION 12 |
| | | | | SECTION 13 |
| <p>S.L.</p> <p>SURFACE LOCATION</p> <p>LAT = N 32°44'55.96" LONG = W 104°26'36.56"</p> <p>N.M.S.P.S.E. NORTH = 636,192.14 EAST = 507,471.78</p> | | | | <p>¹⁸ 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>FEBRUARY 02, 2012 Date of Survey</p> <p><i>Terry D. Rains</i> Signature and Seal of Professional Surveyor</p> <p>12516 Certificate Number</p> <p>TERRY D. RAINS, JR. RAINS SURVEYING COMPANY</p> |

Permit Comments

Operator: NADEL AND GUSSMAN PERMIAN, LLC , 155615

Well: TEXAS EAGLE #004H

API: 30-015-39992

| Created By | Comment | Comment Date |
|------------|----------|--------------|
| CSHAPARD | Land p/P | 3/1/2012 |

Permit Conditions of Approval

Operator: NADEL AND GUSSMAN PERMIAN, LLC , 155615

Well: TEXAS EAGLE #004H

API: 30-015-39992

| OCD Reviewer | Condition |
|-----------------|--|
| CSHAPARD | Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string |