

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone:(575) 393-6161 Fax:(575) 393-0720

**District II**  
811 S. First St., Artesia, NM 88210  
Phone:(575) 748-1283 Fax:(575) 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 175912

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

|                                                                                                         |  |                               |
|---------------------------------------------------------------------------------------------------------|--|-------------------------------|
| 1. Operator Name and Address<br>NADEL AND GUSSMAN PERMIAN, LLC<br>601 N MARIENFELD<br>MIDLAND, TX 79701 |  | 2. OGRID Number<br>155615     |
| 4. Property Code<br>34762                                                                               |  | 3. API Number<br>30-015-41785 |
| 5. Property Name<br>CARRINGTON STATE                                                                    |  | 6. Well No.<br>005H           |

**7. Surface Location**

|               |               |                 |              |         |                  |               |                  |               |                |
|---------------|---------------|-----------------|--------------|---------|------------------|---------------|------------------|---------------|----------------|
| UL - Lot<br>P | Section<br>12 | Township<br>17S | Range<br>28E | Lot Idn | Feet From<br>850 | N/S Line<br>S | Feet From<br>250 | E/W Line<br>E | County<br>Eddy |
|---------------|---------------|-----------------|--------------|---------|------------------|---------------|------------------|---------------|----------------|

**8. Proposed Bottom Hole Location**

|               |               |                 |              |              |                  |               |                  |               |                |
|---------------|---------------|-----------------|--------------|--------------|------------------|---------------|------------------|---------------|----------------|
| UL - Lot<br>M | Section<br>12 | Township<br>17S | Range<br>28E | Lot Idn<br>M | Feet From<br>990 | N/S Line<br>S | Feet From<br>330 | E/W Line<br>W | County<br>Eddy |
|---------------|---------------|-----------------|--------------|--------------|------------------|---------------|------------------|---------------|----------------|

**9. Pool Information**

|                                     |       |
|-------------------------------------|-------|
| EMPIRE; GLORIETA-YESO Completion #1 | 96210 |
|-------------------------------------|-------|

**Additional Well Information**

|                           |                            |                                        |                         |                                    |
|---------------------------|----------------------------|----------------------------------------|-------------------------|------------------------------------|
| 11. Work Type<br>New Well | 12. Well Type<br>OIL       | 13. Cable/Rotary                       | 14. Lease Type<br>State | 15. Ground Level Elevation<br>3706 |
| 16. Multiple<br>N         | 17. Proposed Depth<br>8300 | 18. Formation<br>Paddock               | 19. Contractor          | 20. Spud Date<br>1/14/2014         |
| Depth to Ground water     |                            | Distance from nearest fresh water well |                         | Distance to nearest surface water  |

☒ We will be using a closed-loop system in lieu of lined pits

**21. Proposed Casing and Cement Program**

| Type   | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|--------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf   | 17.5      | 13.375      | 54.5             | 300           | 350             | 0             |
| Prod   | 8.75      | 7           | 26               | 4000          | 650             | 0             |
| Liner1 | 6.125     | 4.5         | 13.5             | 8300          | 0               |               |

**Casing/Cement Program: Additional Comments**

|                                                                                                                                             |
|---------------------------------------------------------------------------------------------------------------------------------------------|
| will 1" cement to surface if necessary on surface casing. Open hole completion w/ frac ports and packers no cement set liner hanger @ 3700' |
|---------------------------------------------------------------------------------------------------------------------------------------------|

**22. Proposed Blowout Prevention Program**

| Type       | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Double Ram | 3000             | 3000          | SHAFFER      |
| Annular    | 1500             | 1500          | HYDRILL      |

|                                                                                                                                                                                                                                                                                                                        |                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| 23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.<br>I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> , if applicable.<br><br>Signature: | <b>OIL CONSERVATION DIVISION</b>                         |
| Printed Name: Electronically filed by Scott Germann                                                                                                                                                                                                                                                                    | Approved By: Randy Dade                                  |
| Title: General Manager                                                                                                                                                                                                                                                                                                 | Title: District Supervisor                               |
| Email Address: sgerman@naguss.com                                                                                                                                                                                                                                                                                      | Approved Date: 11/8/2013      Expiration Date: 11/8/2015 |
| Date: 11/7/2013      Phone: 432-682-4429                                                                                                                                                                                                                                                                               | Conditions of Approval Attached                          |

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DISTRICT IV  
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Phone: (505) 476-3460 Fax: (505) 476-3462

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

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

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                            |                                                        |                                            |
|----------------------------|--------------------------------------------------------|--------------------------------------------|
| API Number                 | Pool Code                                              | Pool Name<br><i>Empire Glorieta - Yeso</i> |
| Property Code              | Property Name<br><b>CARRINGTON STATE</b>               | Well Number<br><b>5H</b>                   |
| OGRID No.<br><i>155615</i> | Operator Name<br><b>NADEL AND GUSSMAN PERMIAN LLC.</b> | Elevation<br><b>3706'</b>                  |

| Surface Location |         |          |       |         |               |                  |               |                |        |
|------------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot No.    | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| P                | 12      | 17-S     | 28-E  |         | 850           | SOUTH            | 210           | 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 |
| M                                              | 12      | 17-S            | 28-E               |           | 990           | SOUTH            | 330           | WEST           | EDDY   |
| Dedicated Acres<br><i>160</i>                  |         | Joint or Infill | Consolidation Code | 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>GEODETIC COORDINATES</b><br/>NAD 27 NME</p> <p><b>SURFACE LOCATION</b><br/>Y=671326.3 N<br/>X=565009.3 E</p> <p>LAT.=32.845382° N<br/>LONG.=104.121658° W</p> <p><b>BOTTOM HOLE LOCATION</b><br/>Y=671450.7 N<br/>X=560280.5 E</p> |  | <p><b>CORNER COORDINATES TABLE</b></p> <p>A - Y=671781.1 N, X=559957.0 E<br/>B - Y=671801.7 N, X=565259.2 E<br/>C - Y=670460.1 N, X=559931.0 E<br/>D - Y=670477.6 N, X=565259.2 E</p>                                                                                                                                                                                                                                                                                                                                                              |  | <p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Stacey Peck</i> <i>9-19-13</i><br/>Signature Date</p> <p><i>Stacey Peck</i><br/>Printed Name</p> <p><i>speek@naguss.com</i><br/>E-mail Address</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>AUGUST 8, 2013</p> <p>Date of Survey: <i>8/15/2013</i><br/>Signature &amp; Seal of Professional Surveyor: <i>Ronald J. Eidson</i></p> <p><i>Ronald J. Eidson</i> 08/15/2013<br/>Certificate Number Gary G. Eidson 12641<br/>Ronald J. Eidson 3239</p> <p>ACK JWSC W.O. 13 11 0910</p> |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

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**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form APD Comments  
  
Permit 175912

**PERMIT COMMENTS**

|                                                                                                                 |  |                                 |
|-----------------------------------------------------------------------------------------------------------------|--|---------------------------------|
| Operator Name and Address:<br>NADEL AND GUSSMAN PERMIAN, LLC [155615]<br>601 N MARIENFELD<br>MIDLAND , TX 79701 |  | API Number:<br>30-015-41785     |
|                                                                                                                 |  | Well:<br>CARRINGTON STATE #005H |

| Created By | Comment                                                                         | Comment Date |
|------------|---------------------------------------------------------------------------------|--------------|
| stisdale   | Drill uninterrupted to TD with fresh water, will 1" CMT to surface if necessary | 10/24/2013   |
| CSHAPARD   | Land s/S                                                                        | 11/8/2013    |

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Form APD Conditions  
Permit 175912

**PERMIT CONDITIONS OF APPROVAL**

|                                                                                                                 |                                                                                                                                                                                                                                                                      |                                 |
|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| Operator Name and Address:<br>NADEL AND GUSSMAN PERMIAN, LLC [155615]<br>601 N MARIENFELD<br>MIDLAND , TX 79701 |                                                                                                                                                                                                                                                                      | API Number:<br>30-015-41785     |
|                                                                                                                 |                                                                                                                                                                                                                                                                      | Well:<br>CARRINGTON STATE #005H |
| OCD<br>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 |                                 |