

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-8161 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) 334-8178 Fax:(505) 334-8170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3482

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 192392

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
4. Property Code 38734		3. API Number 30-015-42659
5. Property Name MACHO GRANDE STATE		6. Well No. 002H

7. Surface Location

UL - Lot	A	Section	32	Township	23S	Range	29E	Lot Idn	a	Feet From	200	N/S Line	N	Feet From	700	E/W Line	E	County	Eddy
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8. Proposed Bottom Hole Location

UL - Lot	P	Section	32	Township	23S	Range	29E	Lot Idn	P	Feet From	330	N/S Line	S	Feet From	330	E/W Line	E	County	Eddy
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9. Pool Information

CEDAR CANYON;BONE SPRING	11520
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Additional Well Information

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type State	15. Ground Level Elevation 3014
16. Multiple N	17. Proposed Depth 13050	18. Formation 2nd Bone Spring Sand	19. Contractor	20. Spud Date 1/15/2015
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	400	425	0
Int1	12.25	9.625	40	2850	775	0
Prod	8.75	7	26	8850	900	2350
Liner1	6.125	4.5	11.6	13050	0	

Casing/Cement Program: Additional Comments

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22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular	5000	5000	SHAFFER
Double Ram	5000	5000	SHAFFER

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. 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. Signature:	OIL CONSERVATION DIVISION
Printed Name: Electronically filed by Scott Germann	Approved By: Randy Dade
Title: General Manager	Title: District Supervisor
Email Address: sgerman@naguss.com	Approved Date: 9/23/2014 Expiration Date: 9/23/2016
Date: 9/19/2014 Phone: 432-682-4429	Conditions of Approval Attached

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DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
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

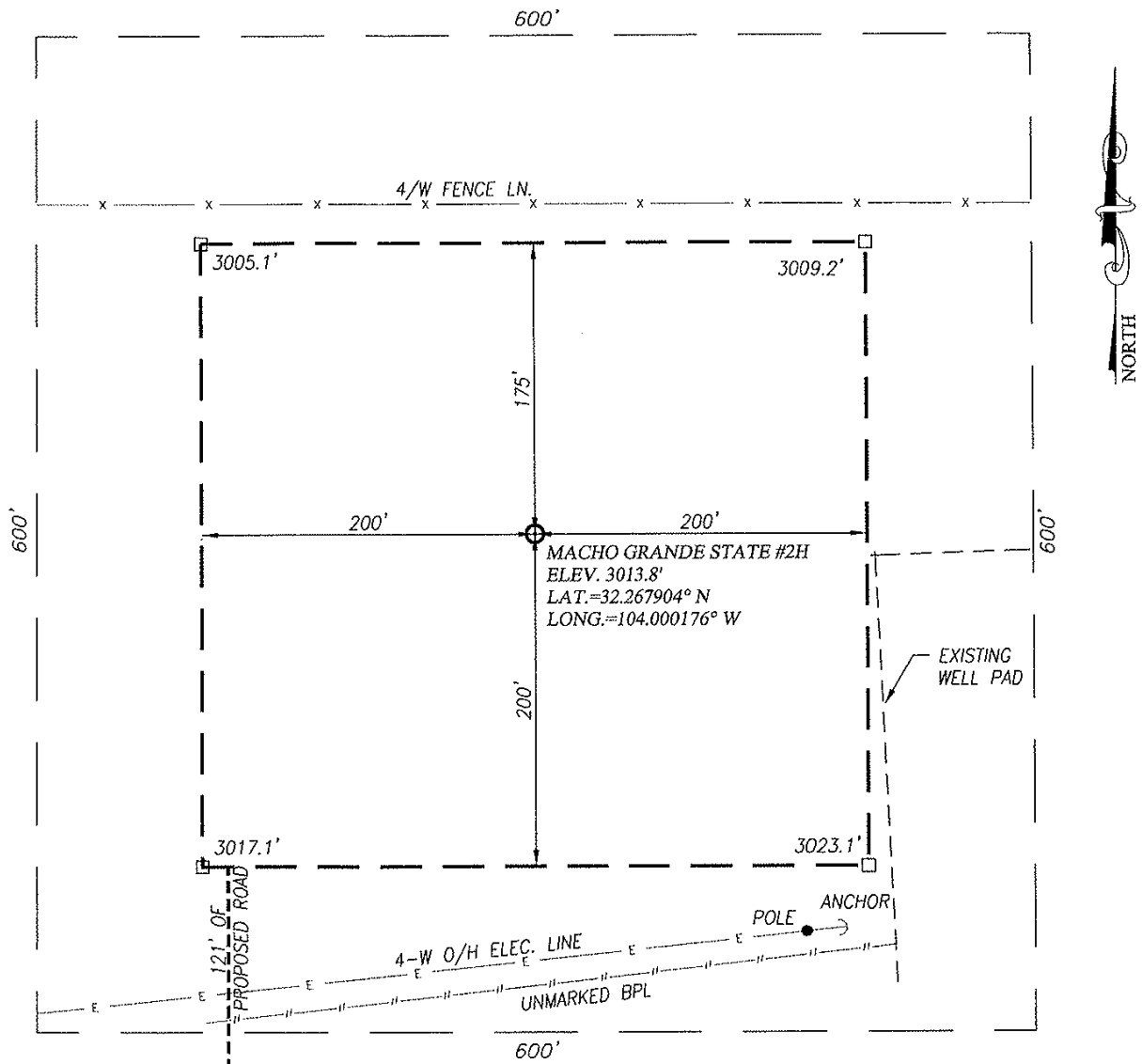
API Number	Pool Code	Pool Name Cedar Canyon; Bone Spring
Property Code	Property Name MACHO GRANDE STATE	Well Number 2H
OGRID No. 155615	Operator Name NADEL & GUSSMAN PERMIAN, LLC	Elevation 3014

Surface Location									
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	32	23-S	29-E		200	NORTH	700	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	32	23-S	29-E		330	SOUTH	330	EAST	EDDY
Dedicated Acres 160	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>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=461340.9 N X=602976.0 E</p> <p>LAT.=32.267904° N LONG.=104.000176° W</p>		<p>CORNER COORDINATES TABLE</p> <p>A - Y= 461539.7 N, X= 602349.7 E B - Y= 461542.2 N, X= 603671.6 E C - Y= 456251.7 N, X= 603786.2 E D - Y= 456261.2 N, X= 602461.4 E</p>		<p>BOTTOM HOLE LOCATION Y=456584.1 N X=603449.1 E</p>		<p>OPERATOR CERTIFICATION</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><u>Sarah Presley</u> 9.15.2014 Signature Date <u>Sarah Presley</u> Printed Name <u>spresley@naguss.com</u> E-mail Address</p>		<p>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>JULY 26, 2014</p> <p>Date of Survey Signature & Seal of Professional Surveyor: <u>Ronald J. Eidson</u> 08/07/2014 Certificate Number 3239 Ronald J. Eidson 12641 3239</p>		<p>Diagram showing well location and acreage dedication plat with coordinates and survey data.</p>	
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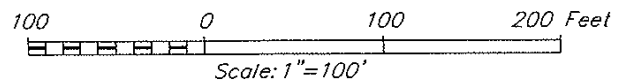


NOTE:

1) SEE "LOCATION VERIFICATION MAP"
FOR PROPOSED ROAD LOCATION.

DIRECTIONS TO MACHO GRANDE STATE #2H:

FROM THE INTERSECTION OF U.S. 285 & C.R. 720(DUARTE) IN MALAGA, GO EAST ON C.R. 720 APPROX 0.8 MILES TO C.R. 745 (HARROUNO TURN LEFT AND GO NORTH 1 MILE ROAD BENDS RIGHT FOLLOW ROAD NORTHEAST APPROX. 2.1 MILES TURN LEFT ON CALICHE LSE ROAD AND GO NORTH APPROX. 0.5 MILES TO FORK IN ROAD KEEP LEFT AND GO NORTH 0.2 MILES TO FORK AND STAY RIGHT APPROX. 0.2 MILES THEN ROAD BENDS RIGHT GO EAST 315' THEN FOLLOW MANDERING ROAD NORTH EAST 1.3 MILES TO EXISTING BATTERY FROM THE SOUTHEAST CORNER GO NORTH EAST APPROX 0.4 MILES TO PROPOSED ROAD FOLLOW ROAD SURVEY NORTH 121' TO SOUTHWEST OF PAD CORNER.



NADEL & GUSSMAN PERMIAN, LLC

**MACHO GRANDE STATE #2H WELL
LOCATED 200 FEET FROM THE NORTH LINE
AND 700 FEET FROM THE EAST LINE OF SECTION 32,
TOWNSHIP 23 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO**

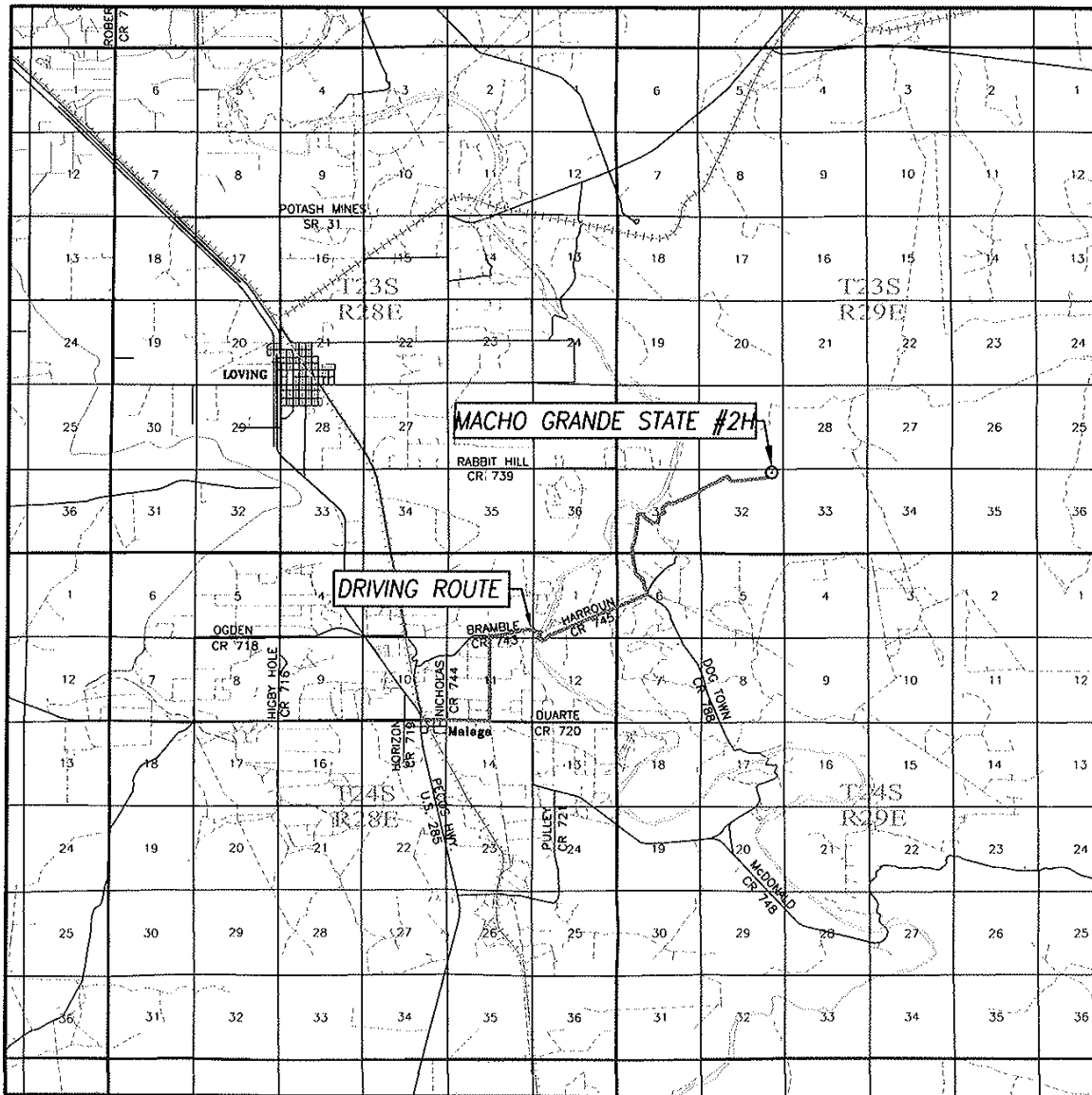


PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO HOBBS, N.M. 88240
(575) 393-3117 www.jwsc.biz
TBPLS# 10021000

Survey Date: 7/26/14	CAD Date: 7/31/14	Drawn By: LSL
W.O. No.: 14110730	Rev: .	Rel. W.O.:

Sheet 1 of 1

VICINITY MAP



SCALE: 1" = 2 MILES

DRIVING ROUTE: SEE LOCATION VERIFICATION MAP

SEC. 32 TWP. 23-S RGE. 29-E

SURVEY N.M.P.M.

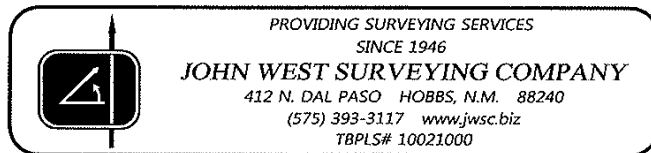
COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 200' FNL & 700' FEL

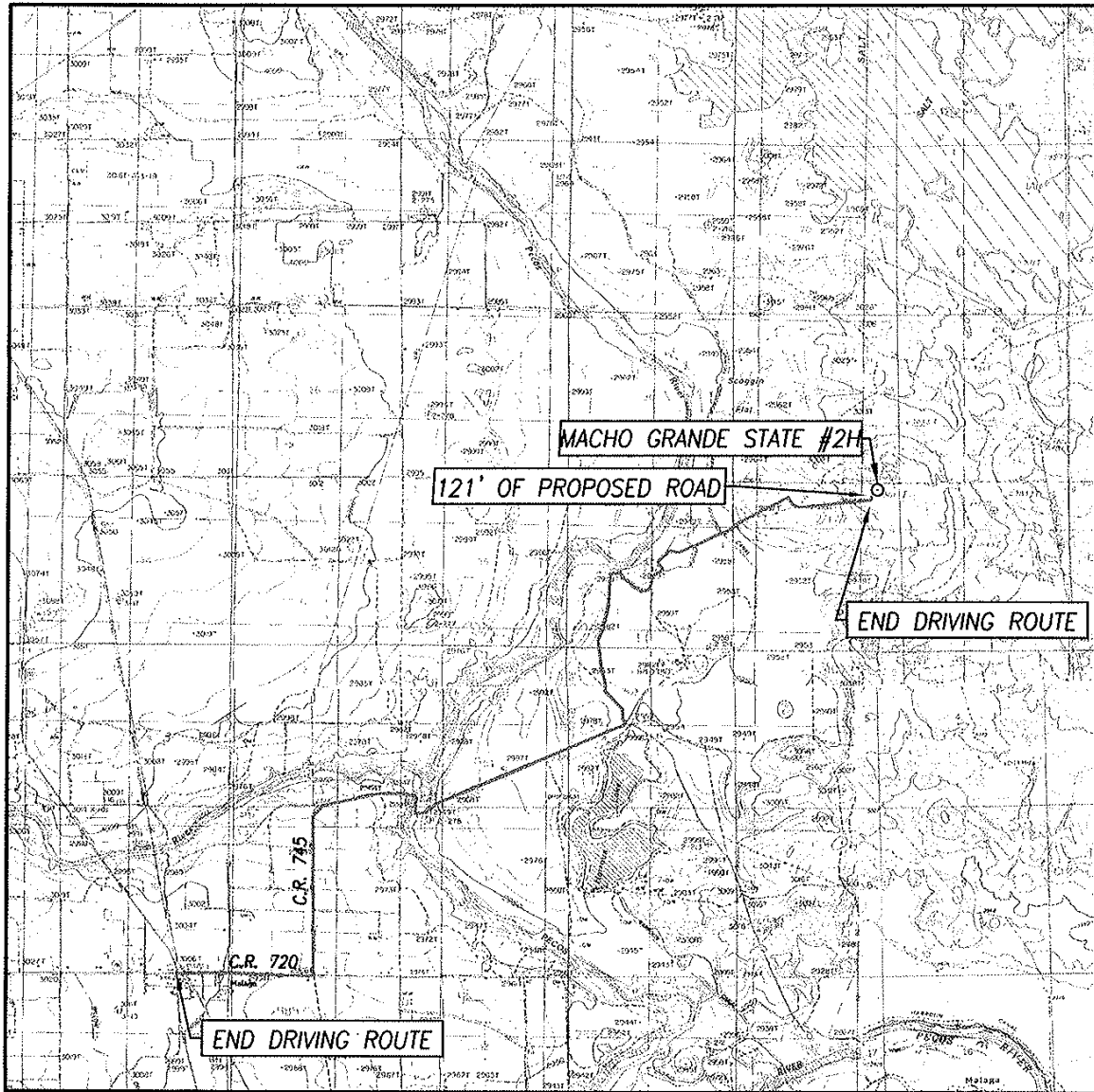
ELEVATION 3014'

OPERATOR NADEL & GUSSMAN PERMIAN, LLC

LEASE MACHO GRANDE STATE



LOCATION VERIFICATION MAP



SCALE: 1" = 5280'

SEC. 32 TWP. 23-S RGE. 29-E
 SURVEY N.M.P.M.
 COUNTY EDDY STATE NEW MEXICO
 DESCRIPTION 200' FNL & 700' FEL
 ELEVATION 3014'

OPERATOR NADEL & GUSSMAN PERMIAN, LLC
 LEASE MACHO GRANDE STATE
 U.S.G.S. TOPOGRAPHIC MAP
 LOVING, N.M.

CONTOUR INTERVAL: MALAGA, N.M. - 10' REMUDA BASIN, N.M. - 10'
 LOVING, N.M. - 10' PIERCE CANYON, N.M. - 10'

DIRECTIONS TO MACHO GRANDE STATE #2H:

FROM THE INTERSECTION OF U.S. 285 & C.R. 720(DUARTE) IN MALAGA, GO EAST ON C.R. 720 APPROX 0.8 MILES TO C.R. 745 (HARROUND TURN LEFT AND GO NORTH 1 MILE ROAD BENDS RIGHT FOLLOW ROAD NORTHEAST APPROX. 2.1 MILES TURN LEFT ON CALICHE LSE ROAD AND GO NORTH APPROX. 0.5 MILES TO FORK IN ROAD KEEP LEFT AND GO NORTH 0.2 MILES TO FORK AND STAY RIGHT APPROX. 0.2 MILES THEN ROAD BENDS RIGHT GO EAST 315' THEN FOLLOW MANDERING ROAD NORTH EAST 1.3 MILES TO EXISTING BATTERY FROM THE SOUTHEAST CORNER GO NORTH EAST APPROX 0.4 MILES TO PROPOSED ROAD FOLLOW ROAD SURVEY NORTH 121' TO SOUTHWEST OF PAD CORNER.



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Form APD Comments

Permit 192392

PERMIT COMMENTS

Operator Name and Address: NADEL AND GUSSMAN PERMIAN, LLC [155615] 601 N MARIENFELD MIDLAND , TX 79701		API Number: 30-015-42659
		Well: MACHO GRANDE STATE #002H
Created By CSHAPARD	Comment Land p/S	Comment Date 9/19/2014

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Form APD Conditions

Permit 192392

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: NADEL AND GUSSMAN PERMIAN, LLC [155615] 601 N MARIENFELD MIDLAND , TX 79701		API Number: 30-015-42659
		Well: MACHO GRANDE STATE #002H
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	