orm 3160-5
June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
Nearburg Producing Company

3. Address and Telephone No.
P. O. Box 823085, Dallas, TX 75382 214-739-1778

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
990' FNL and 990' FWL, Section 10, T22S, R24E

GROUND LEVEL ELEV 4002'

5. Lease Designation and Serial No.
NM 90505

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.
Red Walt 10 Fed #1

9. API Well No.

10. Field and Pool, or Exploratory Area
Cisco Wildcat

11. County or Parish, State
Eddy County, NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION	
☒ Notice of Intent	☐ Abandonment	☐ Change of Plans
☐ Subsequent Report	☐ Recompletion	☐ New Construction
☐ Final Abandonment Notice	☐ Plugging Back	☐ Non-Routine Fracturing
	☐ Casing Repair	☐ Water Shut-Off
	☐ Altering Casing	☐ Conversion to Injection
	☒ Other Surface Location Change	☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

This Sundry Notice is submitted to change location 190' south per BLM request (drainage problem).

NEW MEXICO
OIL CONSERVATION DIVISION
EXHIBIT 7
CASE NO. 10823

JUL 29 '93 12:49

14. I hereby certify that the foregoing is true and correct
Signed [signature] Title Drilling Supt. Date 07/29/93

(This space for Federal or State office use)
Approved by [signature] Title AREA MANAGER Date 8/30/93
Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instruction on Reverse Side

OPERATOR'S COPY

SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

OPERATORS NAME NEARBURG PRODUCING COMPANY WELL NO. & NAME NO. 1-RED WALT 10 FEDERAL
LOCATION 990'/ F N L & 990'/ F W L SEC. 10, T. 22S., R. 24E.
LEASE NO. NM-90505 - EDDY COUNTY NEW MEXICO

The special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CFR 3165.3 and 3165.4.

SPECIAL ENVIRONMENT REQUIREMENTS

( ) Lesser Prairie Chicken (Stips attached)
( ) San Simon Swale (Stips attached)
( ) Floodplain (Stips attached)
( ) Other _____

ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(✓) The BLM will monitor construction of this drill site. Notify the Carlsbad Resource Area Office, BLM at least 3 working days prior to commencing construction at (505) 887-6544.

(✓) Roads and the drill pad for this well must be surfaced with 4 inches of compacted caliche.

( ) All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____ inches in depth. Approximately _____ cubic yards of topsoil material will be stockpiled for reclamation.

(✓) Other V-door Southeast,

WELL COMPLETION REQUIREMENTS

( ) A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

(✓) Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at a depth of 1/2 inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre.

( ) A. Seed Mixture 1 (Loamy Site)
Lehmanns Lovegrass (Eragrostis lehmanniana) 1.0
Side Oats Grama (Bouteloua curtipendula) 5.0
Sand Dropseed (Sporobolus cryptandrus) 1.0

( ) B. Seed Mixture 2 (Sandy Sites)
Sand Dropseed (Sporobolus cryptandrus) 1.0
Sand Lovegrass (Eragrostis trichodes) 1.0
Plains Bristlegrass (Setaria macrostachya) 2.0

(✓) C. Seed Mixture 3 (Shallow Sites)
Sideoats Grama (Bouteloua curtipendula) 1.0
Lehmann's Lovegrass (Eragrostis lehmanniana) 1.0
or Boar Lovegrass (E. chloromelas)

( ) D. Seed Mixture 4 ("Gyp" Sites)
Alkali Sacaton (Sporobolus airoides) 1.0
Four-Wing Saltbush (Atriplex canescens) 5.0

Seeding should be done either late in the fall (September 15 - November 15, before freeze up) or early as possible the following spring to take advantage of available ground moisture.

( ) Other

RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6 mil plastic.

Mineral material extracted during construction of the reserve pit may be used for development of the pad and access road as needed. Removal of any additional material on location must be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.

The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

OPTIONAL PIT CONSTRUCTION STANDARDS

The reserve pit may be constructed in predominantly fill material if:

1) Lined as specified above and,

2) A borrow/caliche/gravel pit can be constructed immediately adjacent to the reserve pit and is capable of containing all reserve pit contents. The mineral material removed in the process can be used for pad and access road construction. However, a material sales contract must be purchased from BLM prior to removal of the material.

Reclamation of the reserve pit consists of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be recontoured, all trash removed, and reseeded as specified in this permit.

CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to proceed by BLM.

TRASH PIT STIPS

All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

OPERATORS NAME NEARBURG PRODUCING COMPANY WELL NO. & NAME NO. 1-RED WALT 10 FEDERAL
LOCATION 990' F N L & 990' F W L SEC. 10, T. 22S., R. 24E.
LEASE NO. NM-90505 - EDDY COUNTY NEW MEXICO

The special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CFR 3165.3 and 3165.4.

DRILLING OPERATIONS REQUIREMENTS [Carlsbad Controlled Water Basin]
[Area of Con ern For Carlsbad's Water Wells]

The Bureau of Land Management office is to be notified at (505) 887-6544, in sufficient time for a representative to witness:

(✓) 1. Spudding (✓) 2. Cement casing 9 5/8 inch 7 inch ___ inch

(✓) 3. BOP tests ( ) Other Whenever a casing string is cemented in the R-111-P potash area, cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

CASING

(✓) 9 5/8" surface casing should be set @ ~1300', in the San Andres and cement circulated to the surface. If cement does not circulate to the surface, this BLM office will be notified and a temperature survey or cement bond log will be run to verify the top of the cement. Remedial cementing will be done prior to drilling out of that string.

( ) ~~Minimum required fill of cement behind the~~ _____ ~~intermediate casing is to~~ _____.

(✓) Minimum required fill of cement behind the 7" production casing is to tie back 600' above uppermost horizon which contains fluids with a potential for migration - or tie back 200' into 9 5/8" csg. @ ~1300'.

~~PRESSURE CONTROL~~

(✓) Before drilling below the 9 5/8" casing, the blowout preventer assembly will consist of a minimum of:

(✓) One Annular Preventer, and (✓) Two RAM-Type Preventers (✓) Other Kelly Cock/Stabbing Valve

(✓) After setting the 9 5/8" casing string, and before drilling into the Wolfcamp Formation, the blowout preventers and related control equipment shall be pressure-tested as described in General Requirements. Any equipment failing to test satisfactorily will be repaired or replaced.

(✓) The test will be conducted by an independent service company.
(✓) The results of the test will be reported to the appropriate BLM office.
(✓) The Bureau of Land Management office is to be notified in sufficient time for a representative to witness the test.

(✓) Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, will be installed and operating before drilling into the Wolfcamp Formation, and will be used until production casing is run and cemented. Monitoring equipment will consist of the following:

(✓) 1. A recording pit level indicator to determine pit volume gains and losses.
( ) 2. A mud-volume measuring device for accurately determining mud volume necessary to fill the hole on trips.
(✓) 3. A flow-sensor on the flow-line to warn of any abnormal mud returns from the well.

(✓) A Hydrogen Sulfide Contingency Plan ~~will be~~ has been approved by this BLM office (SOS). ~~before drilling below the~~ _____ ~~Formation~~. A copy of the plan will be posted at the drilling site.

( ) Other Gamma-Ray/Neutron logs shall be run from the base of the Salado formation to the surface; cable speed not to exceed 30 feet per minute.

EXHIBIT A

BLM ~~Serial~~ Lease Number: NM-90505

Company Reference: Red Walt 10 Fed. #1

STANDARD STIPULATIONS FOR PERMANENT RESOURCE ROADS
THE ROSWELL DISTRICT, BLM

The holder/grantee/permittee shall hereafter be identified as the holder in these stipulations. The Authorized Officer is the person who approves the Application for Permit to Drill (APD) and/or Right-of-Way (ROW).

GENERAL REQUIREMENTS

The holder shall minimize disturbance to existing fences and other improvements on public domain surface. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will make a documented good-faith effort to contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence.

Holder agrees to comply with the following stipulations:

1. ROAD WIDTH AND GRADE

The road will have a driving surface of 14 feet (all roads shall have a minimum driving surface of 12 feet, unless local conditions dictate a different width). The maximum grade is 10 percent unless the box below is checked. Maximum width of surface disturbance from construction will be 30 feet.

/__/ Those segments of road where grade is in excess of 10% for more than 300 feet shall be designed by a professional engineer.

2. CROWNING AND DITCHING

Crowning with materials on site and ditching on one side of the road on the uphill side will be required. The road cross-section will conform to the cross section diagrams in Figure 1. If conditions dictate, ditching may be required for both sides of the road; if local conditions permit, a flat-bladed road may be considered (if these conditions exist, check the appropriate box below). The crown shall have a grade of approximately 2% (i.e., 1" crown on a 12' wide road).

/__/ Ditching will be required on both sides of the roadway as shown on the attached map or as staked in the field.

/__/ Flat-blading is authorized on segment(s) delineated on the attached map.

3. DRAINAGE

Drainage control shall be ensured over the entire road through the use of borrow ditches, outsloping, insloping, natural rolling topography, lead-off (turnout) ditches, culverts, and/or drainage dips.

A. All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval for lead-off ditches shall be determined according to the following table, but may be amended depending upon existing soil types and centerline road slope (in %):

SPACING INTERVAL FOR TURNOUT DITCHES

Percent slope	Spacing interval
0% - 4%	400' - 150'
4% - 6%	250' - 125'
6% - 8%	200' - 100'
8% - 10%	150' - 75'

A typical lead-off ditch has a minimum depth of 1 foot below and a berm 6 inches above natural ground level. The berm will be on the down-slope side of the lead-off ditch. The ditch end will tie into vegetation whenever possible.

For this road the spacing interval for lead-off ditches shall be at

/__/ 400 foot intervals.

/✓/ 200 foot intervals.

/__/ locations staked in the field as per spacing intervals above.

/__/ locations delineated on the attached map.

B. Culvert pipes shall be used for cross drains where drainage dips or low water crossings are not feasible. The minimum culvert diameter must be 18 inches. Any culvert pipe installed shall be of sufficient diameter to pass the anticipated flow of water. Culvert location and required diameter are shown on the attached map (Further details can be obtained from the Roswell District Office or the appropriate Resource Area Office).

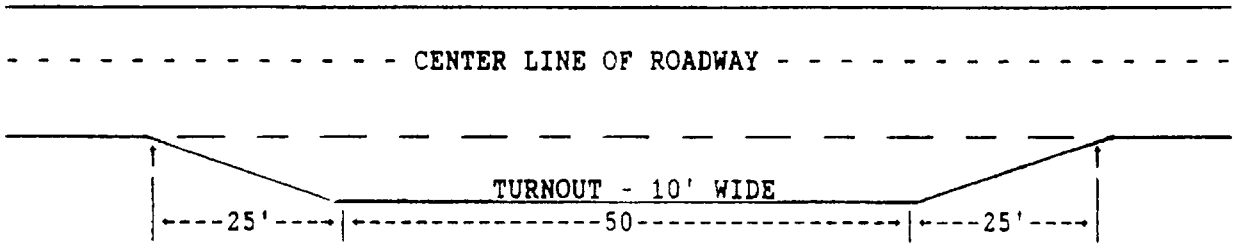
C. On road slopes exceeding 2%, drainage dips shall drain water into an adjacent lead-off ditch. Drainage dip location and spacing shall be determined by the formula:

$$\text{spacing interval} = \frac{400'}{\text{road slope in \%}} + 100'$$

Example: 4% slope: spacing interval = $\frac{400}{4}$ + 100 = 200 feet

4. TURNOUTS

Unless otherwise approved by the Authorized Officer, vehicle turnouts will be required. Turnouts will be located at 2000-foot intervals, or the turnouts will be intervisible, whichever is less. Turnouts will conform to the following diagram:



STANDARD TURNOUT - PLAN VIEW

5. SURFACING

Surfacing of the road or those portions identified on the attached map may, at the direction of the Authorized Officer, be required, if necessary, to maintain traffic within the right-of-way with caliche, gravel, or other surfacing material which shall be approved by the Authorized Officer. When surfacing is required, surfacing materials will be compacted to a minimum thickness of six inches with caliche material. The width of surfacing shall be no less than the driving surface. Prior to using any mineral materials from an existing or proposed Federal source, authorization must be obtained from the Authorized Officer.

6. CATTLEGUARDS

Where used, all cattleguard grids and foundation designs and construction shall meet the American Association of State Highway and Transportation Officials (AASHTO) Load Rating H-20, although AASHTO U-80 rated grids shall be required where heavy loads (exceeding H-20 loading), are anticipated (See BLM standard drawings for cattleguards). Cattleguard grid length shall not be less than 8 feet and width of not less than 14 feet. A wire gate (16-foot minimum width) will be provided on one side of the cattleguard unless requested otherwise by the surface user.

7. MAINTENANCE

The holder shall maintain the road in a safe, usable condition. A maintenance program shall include, but not be limited to blading, ditching, culvert installation, culvert cleaning, drainage installation, cattleguard maintenance, and surfacing.

8. PUBLIC ACCESS

Public access along this road will not be restricted by the holder without specific written approval being granted by the Authorized Officer. Gates or cattleguards on public lands will not be locked or closed to public use unless closure is specifically determined to be necessary and is authorized in writing by the Authorized Officer.

9. CULTURAL RESOURCES

Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the authorized officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the authorized officer after consulting with the holder.

10. SPECIAL STIPULATIONS: None.

OPERATOR'S COPY

Form 3160-3
(July 1992)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: NM [redacted] 90505

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT AGREEMENT NAME:

1a. TYPE OF WORK: DRILL ☒ DEEPEN ☐

b. TYPE OF WELL: OIL WELL ☒ GAS WELL ☐ OTHER — SINGLE ZONE ☒ MULTIPLE ZONE ☐

8. FARM OR LEASE NAME, WELL NO.: Red Walt 10 Federal 1

2. NAME OF OPERATOR: Nearburg Producing Company

9. API WELL NO.:

3. ADDRESS AND TELEPHONE NO.: P. O. Box 823085, Dallas, TX 75382 214-739-1778

10. FIELD AND POOL, OR WILDCAT: Cisco Wildcat

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 990' FNL and 990' FWL (505)
At proposed prod. zone

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec 10, T22S, R24E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 10 Air Miles east of Carlsbad, New Mexico

12. COUNTY OR PARISH: Eddy | 13. STATE: NM

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 330'

16. NO. OF ACRES IN LEASE: 40 acres/320 acres in unit

17. NO. OF ACRES ASSIGNED TO THIS WELL: 320

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: Yates Petro Hickory W/2 17, 22S, 24E

19. PROPOSED DEPTH: 8,000'

20. ROTARY OR CABLE TOOLS: Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3997' GR.

22. APPROX. DATE WORK WILL START*: 8-20-93

23. PROPOSED CASING AND CEMENTING PROGRAM — Carlsbad Controlled Water Basin

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	9-5/8"	36#	0 - 1,300'	775 sx Circulate
8-3/4"	7"	23# K-55	0 - 5,000'	950 sx Circulate
		26# K-55	5,000' - 8,000'	

Propose to drill the well to sufficient depth to evaluate the Cisco/Canyon formation. After reaching TD, logs will be run and casing set if the evaulation is positive. Perforate, test and stimulate as necessary to establish production.

Notice of Staking was filed 7-19-93 by Scott Kimbrough. Original Notice of Staking was 660' FNL and 660' FWL. It was necessary to move the location 140' South and 330' East because of drainage areas.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.
SIGNED: Scott Kimbrough TITLE: Manager of Drilling & Prod. DATE: 7/21/93

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

APPROVED BY: Lonnie P. Mamms TITLE: AREA MANAGER DATE: 8/30/93

*See Instructions On Reverse Side

Submit to Appropriate
District Office
State Lease - 4 copies
Fee Lease - 3 copies

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

JUL 30 11:10 AM '93

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator	Lease	Well No.
Nearburg Producing Company	Red Walt Federal 10	1

Unit Letter	Section	Township	Range	County
D	10	22 - S	24 - E NMPM	Eddy

Actual Footage Location of Well:
990 feet from the North line and 990 feet from the West line

Ground level Elev.	Producing Formation	Pool	Dedicated Acreage:
4002			Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

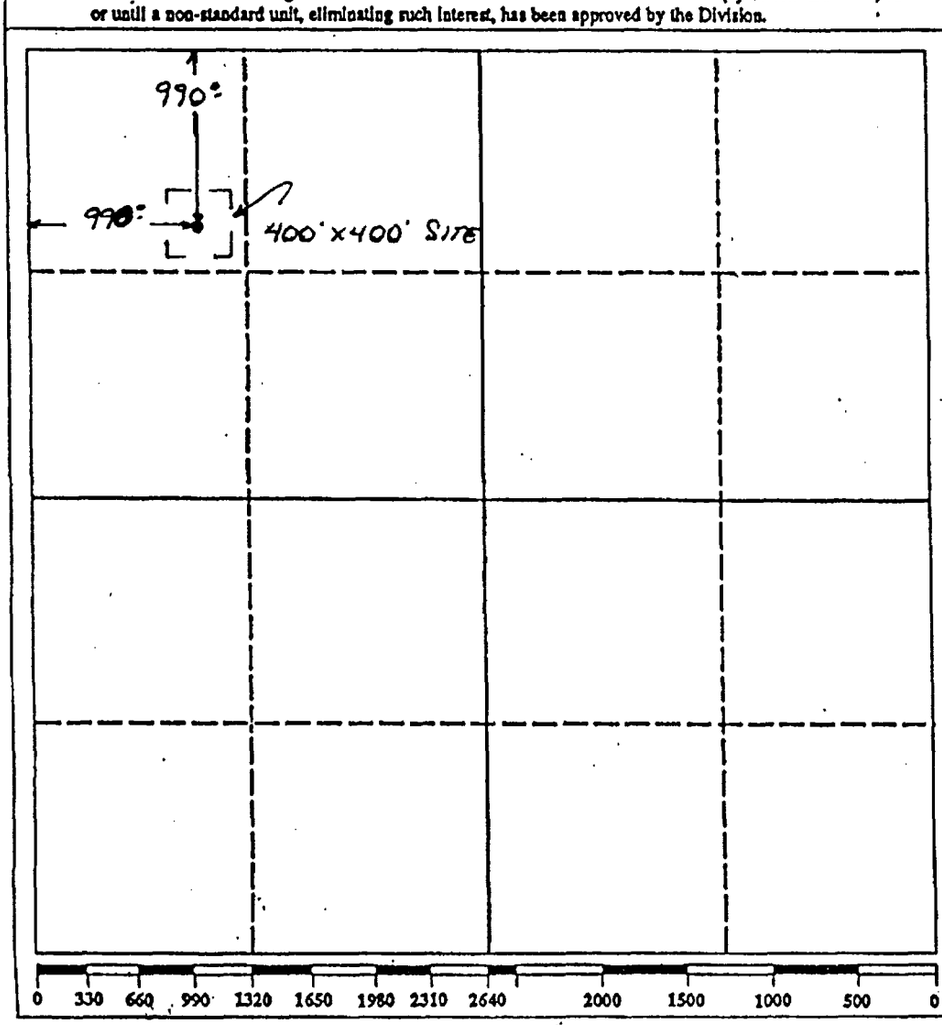
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

☐ Yes ☐ No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary. _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein in true and complete to the best of my knowledge and belief.

Signature: H. L. Willis

Printed Name: H. L. Willis

Position: Drlg Supt

Company: Nearburg Producing Co

Date: 7/30/93

SURVEYOR CERTIFICATION

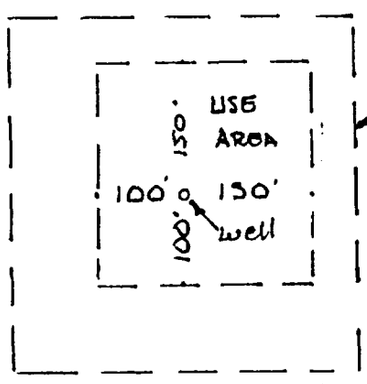
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: July 30, 1993

Signature & Seal of Professional Surveyor: Truman L. Gaskin

TRUMAN GASKIN NEW MEXICO 2126 REGISTERED PROFESSIONAL LAND SURVEYOR

Certificate No. 2126



SURFACE USE AND OPERATIONS PLAN FOR DRILLING, COMPLETION, AND PRODUCING

NEARBURG PRODUCING COMPANY
RED WALT 10 FEDERAL WELL NO. 1
~~660'~~ 990' FNL and 990' FWL, SECTION 10–T22S–R24E
EDDY COUNTY, NEW MEXICO

LOCATED:

10 Air miles east of Carlsbad, New Mexico

OIL & GAS LEASE:

NMNM – ~~[redacted]~~ 90525

RECORD LESSEE:

Nearburg Exploration Company

BOND COVERAGE:

$25,000 statewide bond of Nearburg Producing Company.

ACRES IN LEASE:

40 acres/320 acres in unit.

GRAZING LEASE:

Dan Greggory
617 Queens Road
Carlsbad, NM 88220

POOL:

Cisco Wildcat

EXHIBITS:

A. Area Road Map
B. Drilling Rig Layout
C. Vicinity Oil & Gas Map
D. Topographic & Location Verification Map
E. Well Location & Acreage Dedication Plat

This well will be drilled to a depth of approximately 8,000'.

1. **EXISTING ROADS:**

A. Exhibit "A" is a portion of a section map showing the location of the proposed well as staked.

B. Exhibit "C" is a plat showing existing roads in the vicinity of the proposed well site.

2. **ACCESS ROADS:**

A. **Length and Width:**

The access road will be approximately 12' wide and about 1550' long, and is shown on exhibit "D".

B. **Surface Material:**

Existing

C. **Maximum Grade:**

Less than two percent.

D. **Turnouts:**

None necessary.

E. **Drainage Design:**

Existing

F. **Culverts:**

None necessary.

G. **Gates and Cattle Guards:**

None necessary.

3. **LOCATION OF EXISTING WELLS:**

A. Existing wells in the immediate are are shown on Exhibit "C".

4. **LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:**

A. Necessary production facilities for this well will be located on the well pad.

5. **LOCATION AND TYPE OF WATER SUPPLY:**

A. It is not contemplated that a water well will be drilled. Water necessary for drilling will be purchased and hauled to the site over existing roads shown on Exhibit "D".

6. METHODS OF HANDLING WASTE DISPOSAL:

A. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.

B. Water produced during tests will be disposed of in the drilling pits.

C. Oil produced during tests will be stored in test tanks.

D. Trash, waste paper, garbage and junk will be ~~buried in a separate trash pit and~~ covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind. Location of the trash pit is shown on Exhibit "B". NOT AUTHORIZED SJS

E. All trash and debris will be ~~buried or~~ removed from the well site within 30 days after finishing drilling and/or completion operations. N/A

7. ANCILLARY FACILITIES:

A. None required.

8. WELL SITE LAYOUT:

A. Exhibit "B" shows the relative location and dimensions of the well pad, mud pits, reserve pit, and trash pit, and the location of major rig components.

9. PLANS FOR RESTORATION OF THE SURFACE:

A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. The well site will be cleaned of all trash and junk to leave the site in an as aesthetically pleasing condition as possible.

B. After abandonment, all equipment, trash, and junk will be removed and the site will be clean.

10. OTHER INFORMATION:

A. Topography:

The land surface at the well site is rolling native grass with a regional slope being to the east.

B. Soil:

Top soil at the well site is sandy soil.

C. Flora and Faunal:

The location is in an area sparsely covered with mesquite and range grasses.

10. **OTHER INFORMATION:** (CONTINUED)

D. **Ponds and Streams:**

There are no rivers, lakes, ponds, or streams in the area.

E. **Residences and Other Structures:**

There are no occupied dwellings or other structures within a mile of the proposed well site.

F. **Archaeological, Historical, and Cultural Sites:**

None observed in area.

G. **Land Use:**

Grazing.

H. **Surface Ownership: – BLM**

(Grazing Lease)
Dan Greggory
617 Queens Road
Carlsbad, New Mexico 88220

11. **OPERATOR'S REPRESENTATIVE:**

E. Scott Kimbrough
419 W. Cain
Hobbs, New Mexico 88240
Office: (505) 397–4186
Home: (505) 392–2707

12. **CERTIFICATION:**

I hereby certify that I , or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Nearburg Producing Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approve.

7/21/93
Date

E. Scott Kimbrough
Manager of Drilling and Production

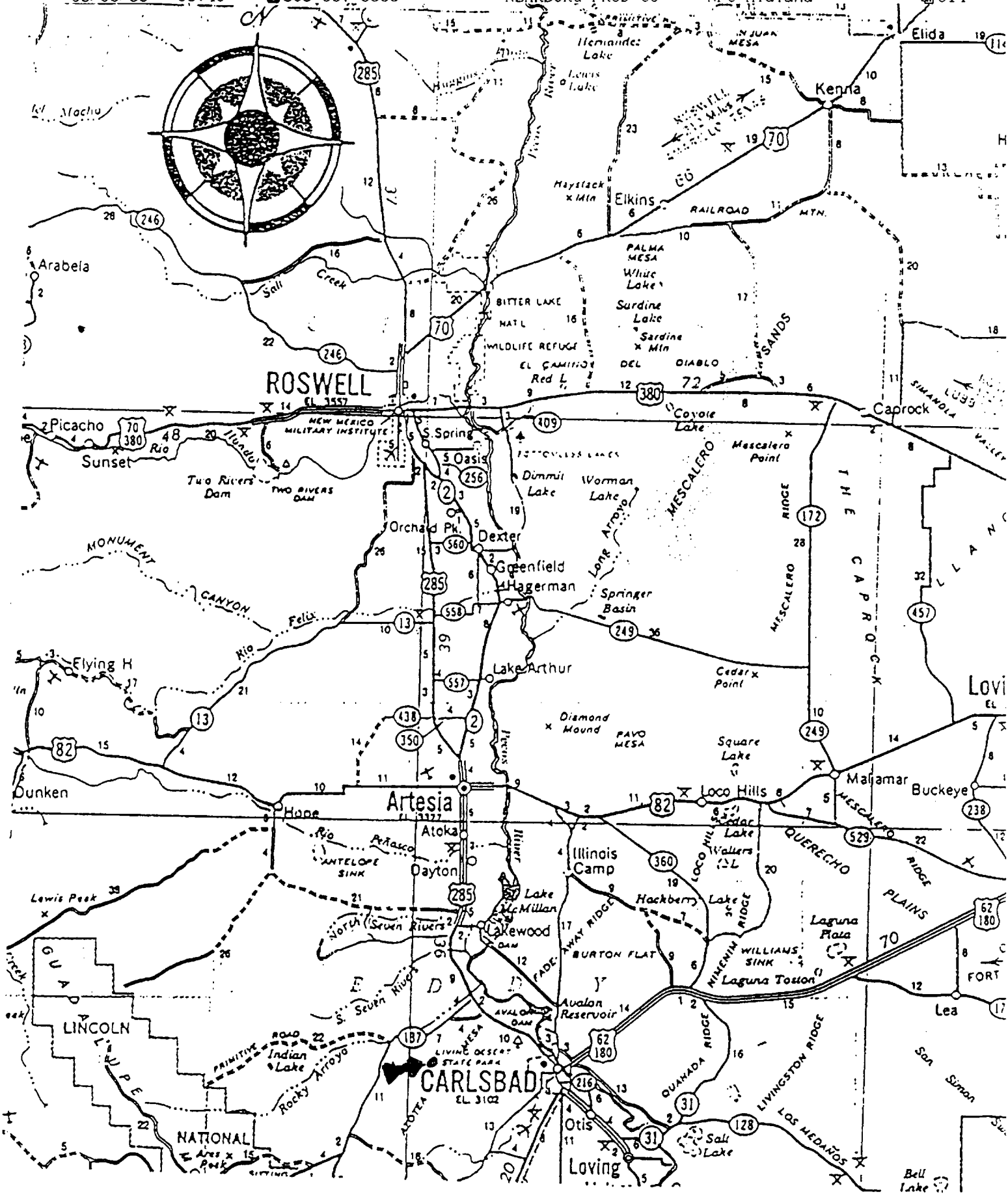


EXHIBIT A

AREA ROAD MAP

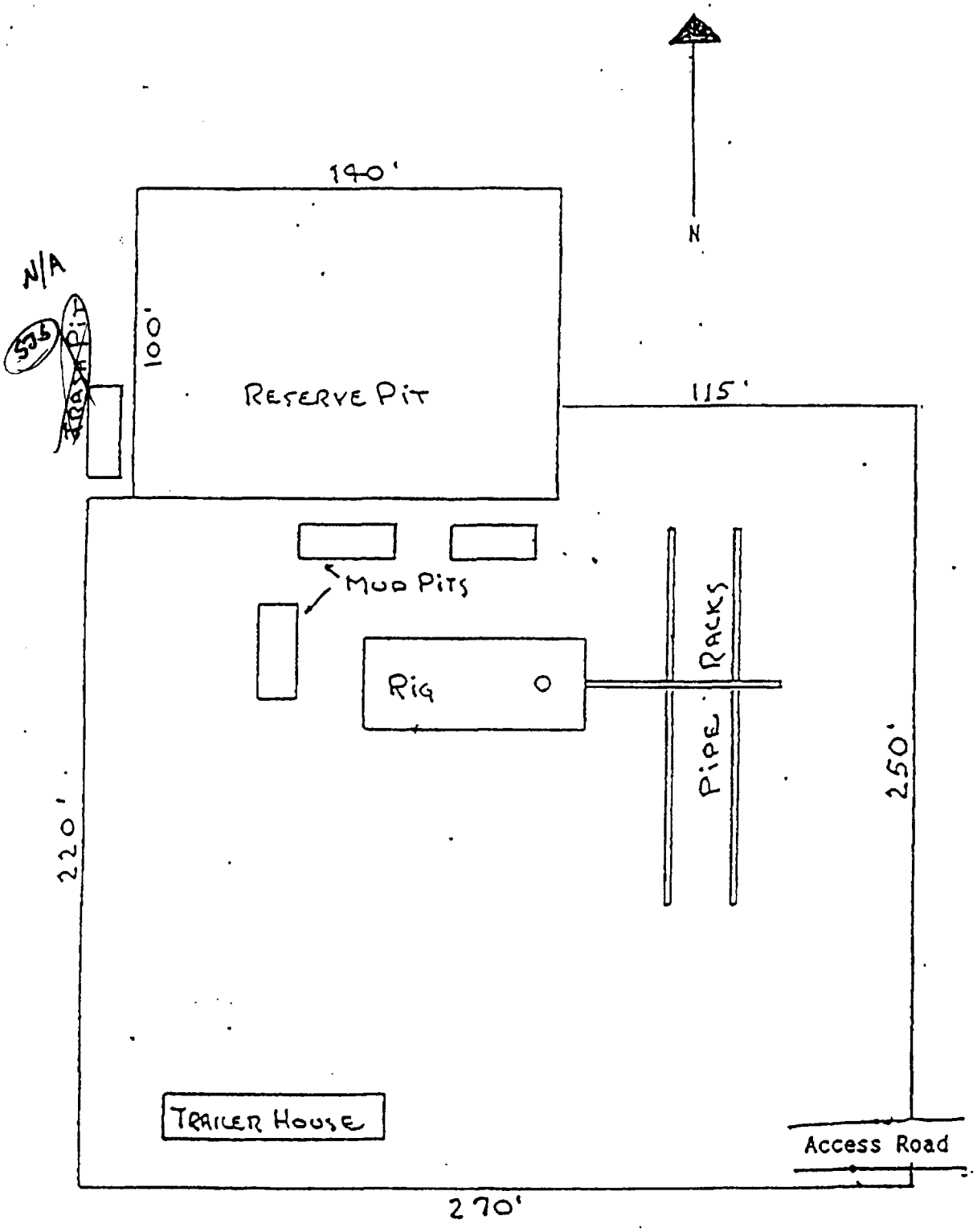
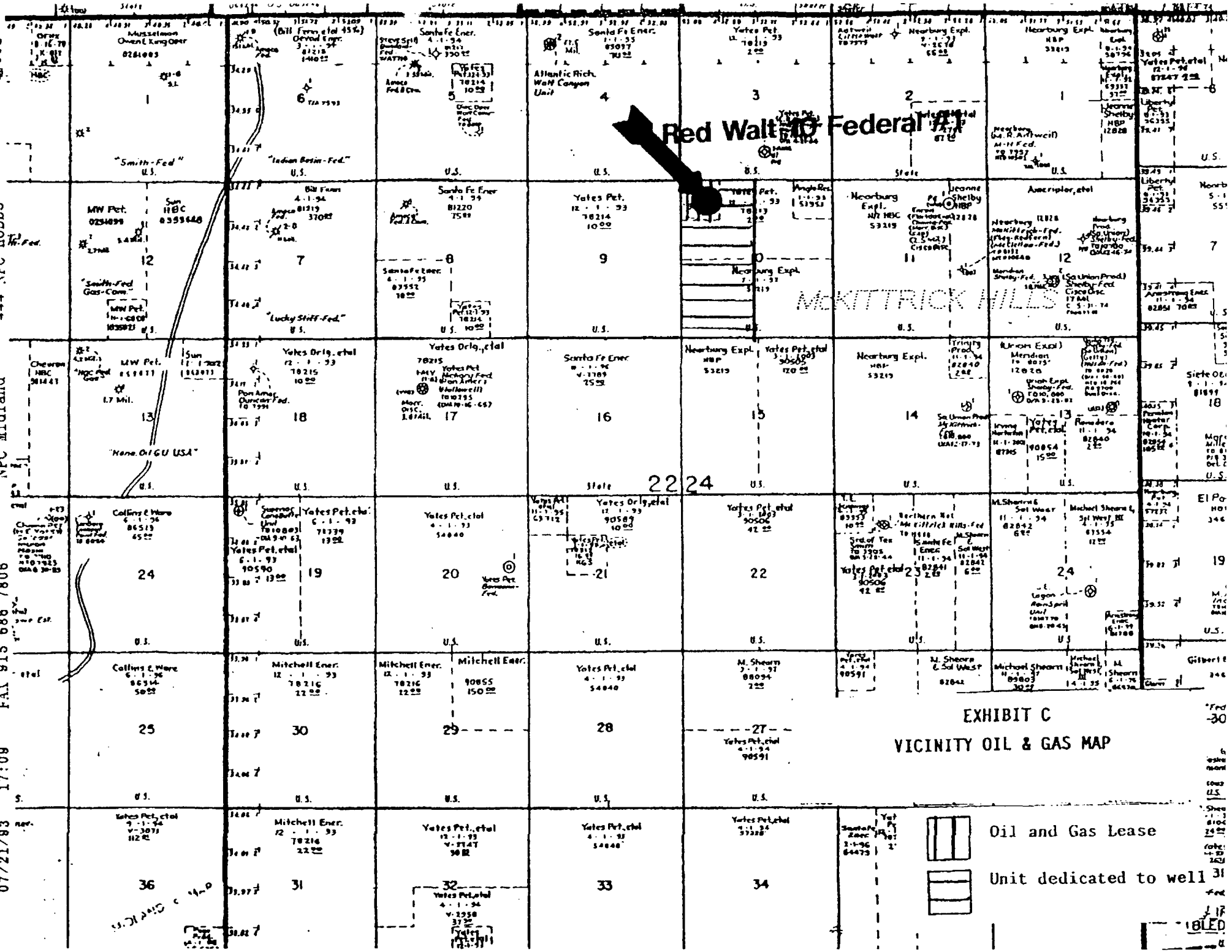


EXHIBIT B
DRILLING RIG LAYOUT
NEARBURG PRODUCING COMPANY
RED WALT 10 FEDERAL #1
SCALE 1" = 50


Red Wattle Federal #1
EXHIBIT C
VICINITY OIL & GAS MAP
Oil and Gas Lease
Unit dedicated to well
McKITTRICK HILLS
NEARBURG PROD CO
NPC Midland
NPC Hobbs
915 686 7806
FAX 915 397 3998
09/08/93 06:43
07/21/93 17:08

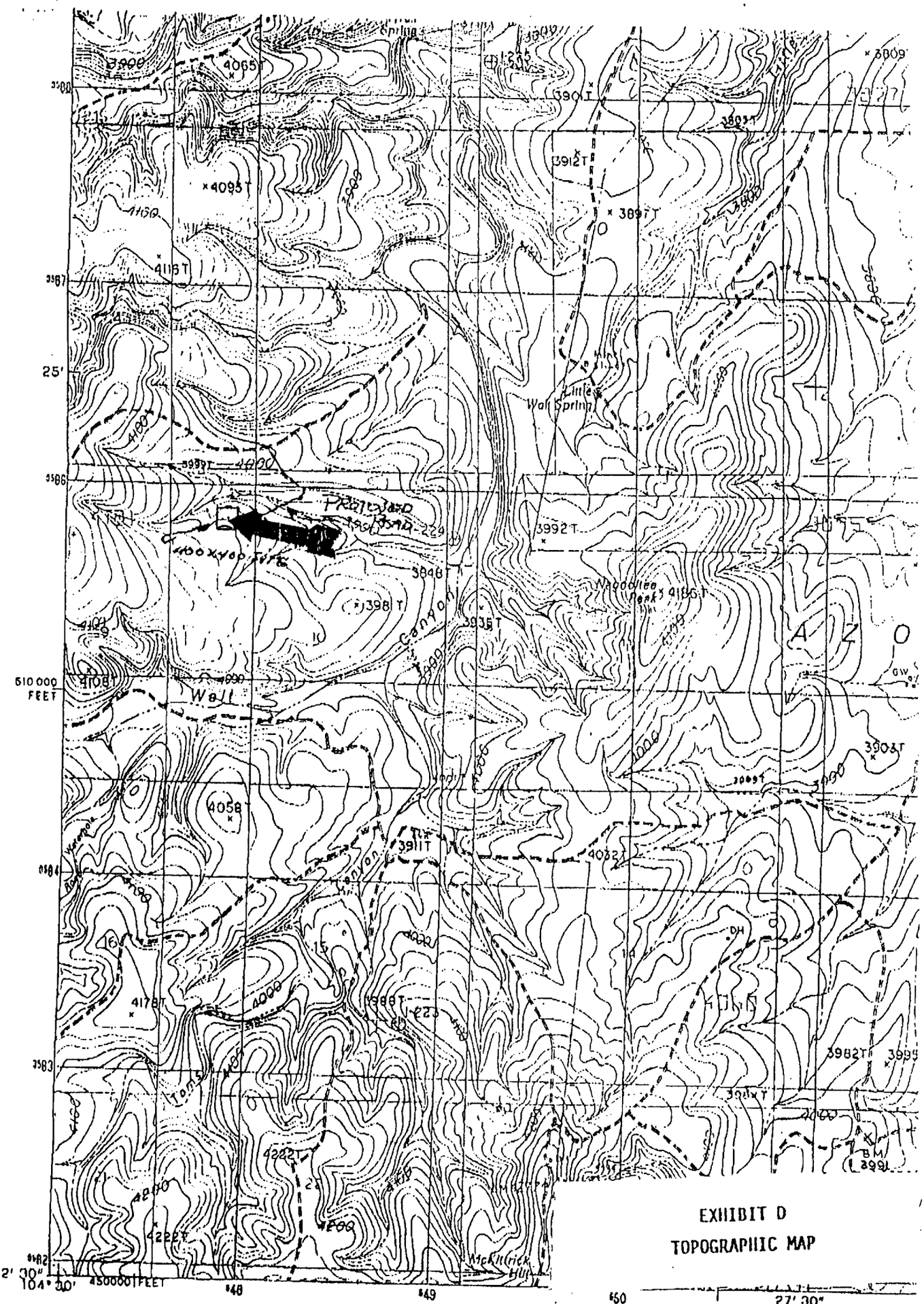


EXHIBIT D

TOPOGRAPHIC MAP

PRODUCED BY THE UNITED STATES GEOLOGICAL SURVEY
CONTROL BY ..... USGS, NOS/NOAA
COMPILED FROM AERIAL PHOTOGRAPHS TAKEN 1977
FIELD CHECKED ..... 1978 MAP EDITED 1985
PROJECTION ..... TRANSVERSE MERCATOR
GRID: 1000-METER UNIVERSAL TRANSVERSE MERCATOR ..... ZONE 13
10,000-FOOT STATE GRID TICKS ..... NEW MEXICO, EAST ZONE
UTM GRID DECLINATION ..... 0°16' EAST
1985 MAGNETIC NORTH DECLINATION ..... 10° EAST
VERTICAL DATUM ..... NATIONAL GEODETIC VERTICAL DATUM OF 1929
HORIZONTAL DATUM ..... 1927 NORTH AMERICAN DATUM

To place on the predicted North American Datum of 1983, move the projection lines as shown by dashed corner ticks (9 meters south and 47 meters east)

There may be private inholdings within the boundaries of any Federal and State Reservations shown on this map

PROVISIONAL MAP

Produced from original manuscript drawings. Information shown as of date of field check.

Fee Lease - 3 copies

EXHIBITE

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT
All Distances must be from the outer boundaries of the section

Operator	Lease	Well No.
Nearburg Producing Company	Red Walt 10 Federal	1

Unit Letter	Section	Township	Range	County
D	10	22 - S	24 - E NMPM	Eddy

Actual Footage Location of Well:
990 feet from the West line and 800 feet from the North line

Ground level Elev.	Producing Formation	Pool	Dedicated Acreage:
3997	Cisco/Canyon	Cisco Wildcat	320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

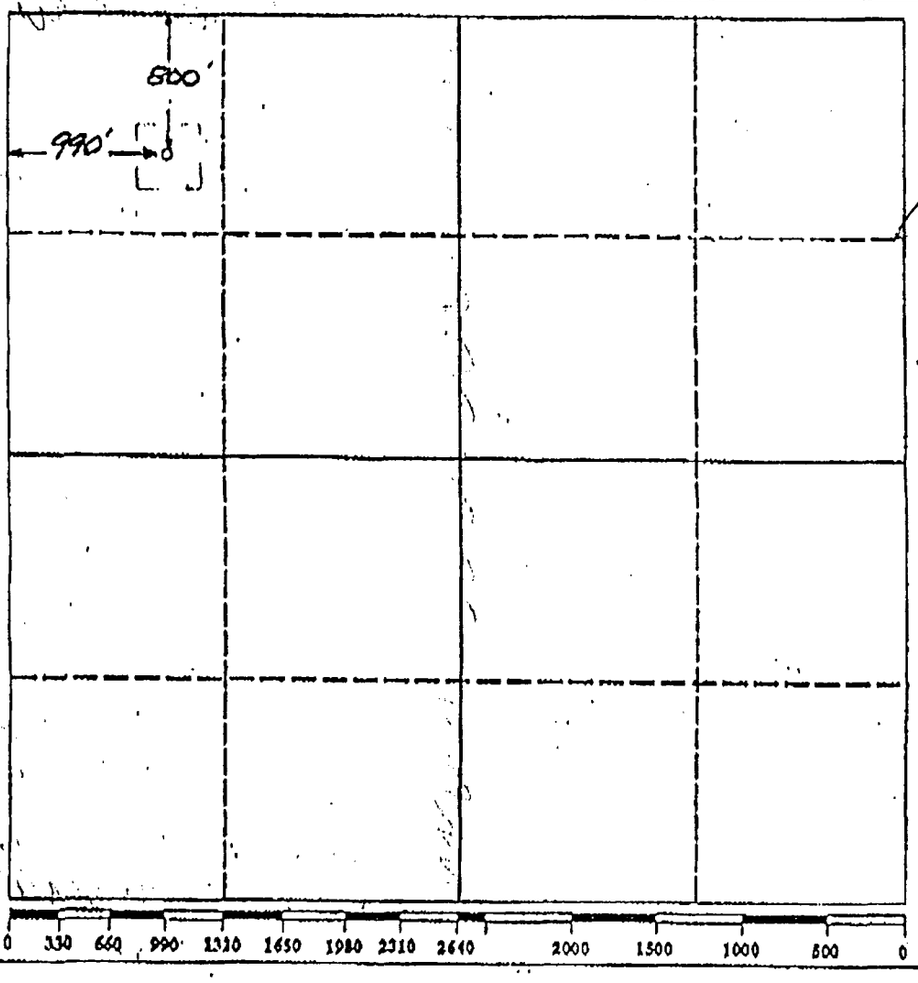
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☒ No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary. See attached

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: T. Scott Kimbrough

Printed Name: E. Scott Kimbrough

Position: Manager of Drlg & Prod

Company: Nearburg Producing Co

Date: 7/21/93

SURVEYOR CERTIFICATION

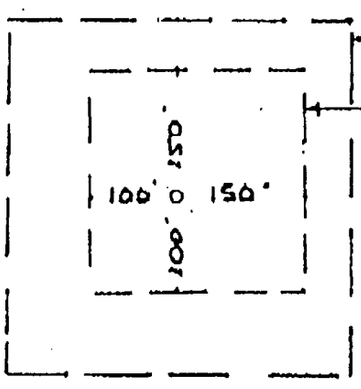
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: July 21, 1993

Signature & Seal of Professional Surveyor: Truman Gaskin

TRUMAN GASKIN NEW MEXICO REGISTERED PROFESSIONAL LAND SURVEYOR

Certificate No. 2126 2126



Nearburg Producing Company

Exploration and Production
419 W. Cain
Hobbs, New Mexico 88240
505-397-4186
FAX 505-397-3998

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN
NEARBURG PRODUCING COMPANY
RED WALT 10 FEDERAL WELL NO. 1

I. HYDROGEN SULFIDE TRAINING

A. All regularly assigned personnel, contracted or employed by Nearburg Producing Company, will receive training from a qualified instructor in the following areas prior to commencing drilling potential hydrogen sulfide bearing formations in this well:

1. The hazards and characteristics of hydrogen sulfide (H2S).

2. The proper use and maintenance of personal protective equipment and life support systems.

3. The proper use of H2S detectors, alarms, warning systems, briefing areas, evacuation procedures, and prevailing winds.

4. The proper techniques for first aid and rescue procedures.

B. In addition, supervisory personnel will be trained in the following areas:

1. The effects of H2S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.

2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.

3. The contents and requirements of the H2S Drilling Operations Plan.

C. There will be an initial training session just prior to encountering a known or probable H2S zone (within 3 days or 500 feet) and weekly H2S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H2S Drilling Operations Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

II. H2S SAFETY EQUIPMENT AND SYSTEMS

Note: All H2S safety equipment and systems will be installed, tested, and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H2S.

A. Well Control Equipment:

1. Flare line with continuous pilot.

2. Choke manifold with a minimum of one remote choke.

3. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.

4. Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head, and flare gun with flares.

B. Protective Equipment for Essential Personnel:

1. Mark II Surviveair 30-minute units located in the dog house and at briefing areas, as indicated on well site diagram.

C. H2S Detection and Monitoring Equipment:

1. Two portable H2S monitors positioned on location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 ppm are reached.

2. One portable SO2 monitor positioned near flare line.

D. Visual Warning Systems:

1. Wind direction indicators as shown on well site diagram.

2. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used when appropriate. See example attached.

E. Mud Program:

1. The Mud Program has been designed to minimize the volume of H2S circulated to the surface. Proper mud weights, safe drilling practices, and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.

2. A mud-gas separator will be utilized.

F. Metallurgy:

1. All drill strings, casings, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.

G. Communication:

1. Cellular telephone communications in company vehicles and mud logging trailer.

2. Land line (telephone) communications at area office.

H. Well Testing:

1. Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity which are necessary to safely and adequately conduct the test. The drill stem testing in an H2S environment will be conducted during the daylight hours.

WARNING

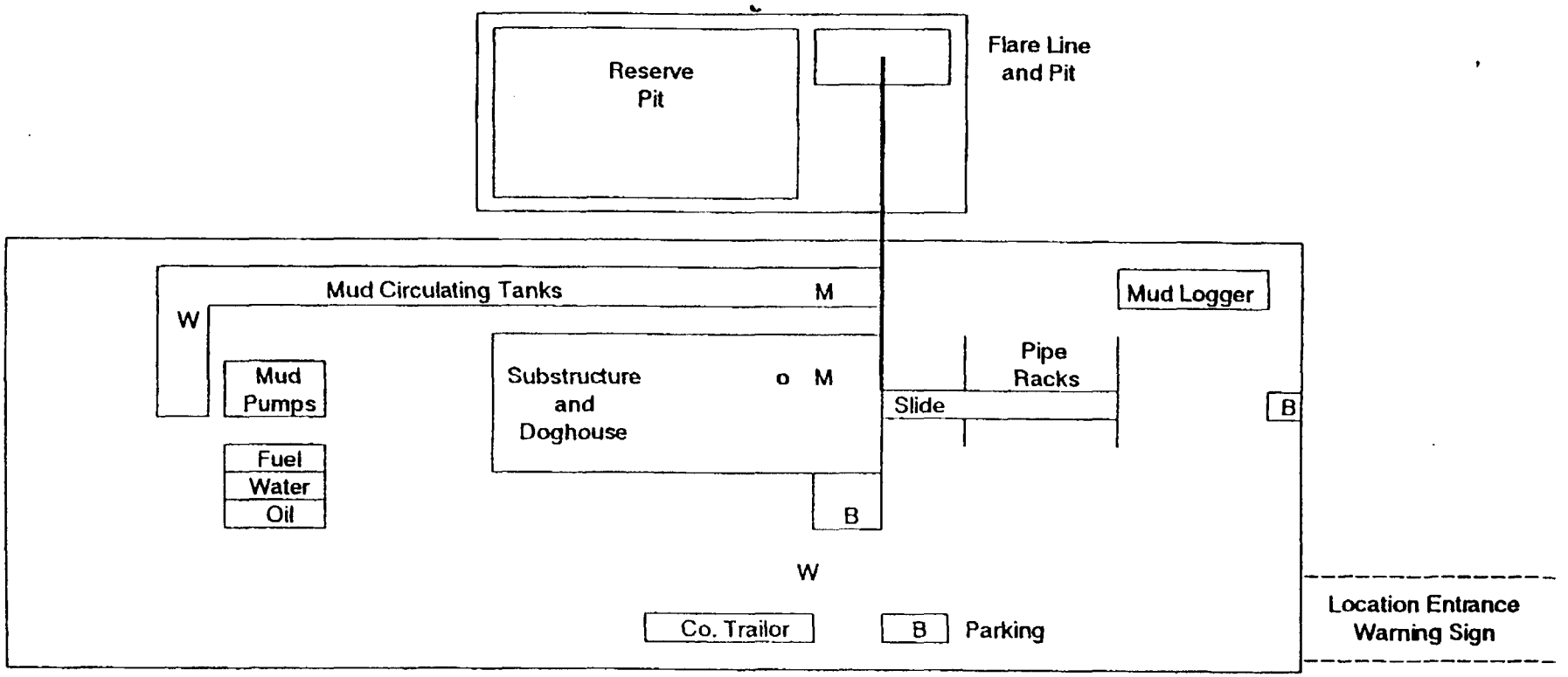
YOU ARE ENTERING AN H_2S AREA - AUTHORIZED PERSONNEL ONLY

1. *BEARDS OR CONTACT LENSES NOT ALLOWED*
2. *HARD HATS REQUIRED*
3. *SMOKING IN DESIGNATED AREAS ONLY*
4. *BE WIND CONSCIOUS AT ALL TIMES*
5. *CHECK WITH NEARBURG SUPERINTENDENT AT MAIN OFFICE*

NEARBURG PRODUCING COMPANY

1-505-397-4186

Nearburg Producing Company
Hydrogen Sulfide Drilling Operations Location Plan



M – H2S Monitors with alarms at bell nipple and shale shaker

W – Wind Direction Indicators

B – Safe Briefing areas with caution signs and protective breathing equipment. Minimum 150' from wellhead.

Prevailing Wind Directions: Summer – South / Southwest
Winter – North / Northwest

123R3ECOVH2SFIG

09/08/93 06:52 505 397 3998 NEARBURG PROD CO →→→ NPC Midland 023

SUPPLEMENTAL DRILLING DATA

NEARBURG PRODUCING COMPANY

RED WALT 10 FEDERAL WELL NO. 1

1. SURFACE FORMATION:

Yates Formation of Permian Age.

2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

San Andres.....800'
Glorieta.....1,400'
Bone Springs.....6,000'
Wolfcamp .....7,280'
Cisco/Canyon.....7,860'
Top Dolomite.....7,868'
Bottom Dolomite.....7,936'
TD.....8,000'

3. ANTICIPATED POSSIBLE HYDROCARBON BEARING ZONES:

Cisco/Canyon Dolomite.....7868'

4. CASING AND CEMENTING PROGRAM:

Casing Size	Setting Depth From	To	Weight	Grade	Joint
9-5/8"	0'	1,300'	36#	J-55	ST&C
7"	0'	8,000'	23# & 26	J-55 & N-80	ST&C & LT&C

Equivalent or adequate grades and weights of casing may be substituted at time casing is run, depending on availability.

We plan to drill a 12-1/4" hole to equal 1,300'.

9-5/8" casing will be cemented with 775 sx or volume necessary to tie back to surface.

7" production casing will be cemented with approximately 950 sx of Class "H" 50/50 POZ.

5. PRESSURE CONTROL EQUIPMENT:

The BOP stack will consist of a 3,000 psi working pressure, dual ram type preventer. & Annular.

A BOP sketch is attached. SJB

6. CIRCULATING MEDIUM:

Surface to 8,000':

Spud and drill to 4,500' with fresh water mud, weight 8.9 to 9.1 ppg, viscosity 32 to 38. Below 4,500', add brine to bring chlorides up to at least 60,000 ppm. Use starch for water loss of 8-10 cc, viscosity 35-38, mud weight 9.2 to 9.7 ppg.

7. AUXILLARY EQUIPMENT:

None required.

8. TESTING, LOGGING, AND CORING PROGRAM:

Electric logging is planned, drill stem tests possible.

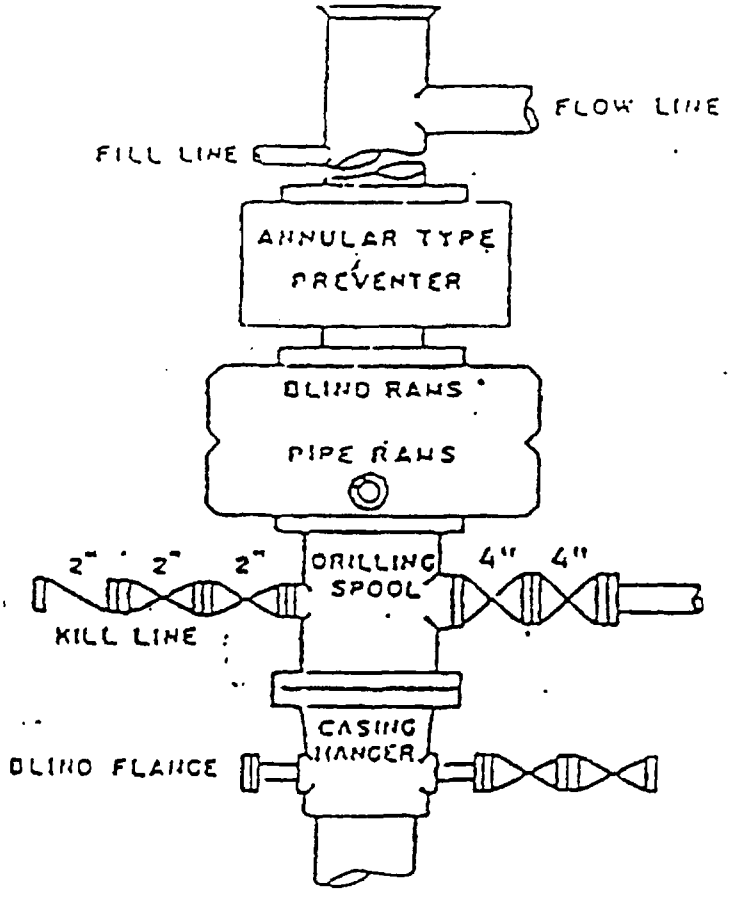
9. ABNORMAL PRESSURES, TEMPERATURES, OR HYDROGEN SULFIDE GAS:

None anticipated.

10. ANTICIPATED STARTING DATE:

It is planned that operations will commence on August 20, 1993, with drilling and completion operations lasting about 45 days.

BLOWOUT PREVENTER SKETCH
Nearburg Producing Company
Red Walt 10 Federal #1



900 SERIES

DRILLING OPERATIONS
CHOKE MANIFOLD
2M AND 3M SERVICE

RED WALT 10 FEDERAL #1