

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT**

SUBMIT IN TRIPLICATE  
(Other instructions on reverse side)

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

**APPLICATION FOR PERMIT TO DRILL OR DEEPEN**

1a. TYPE OF WORK  
**DRILL**       **DEEPEN**

b. TYPE OF WELL  
 OIL WELL       GAS WELL       OTHER       SINGLE ZONE       MULTIPLE ZONE

2. NAME OF OPERATOR  
**Nearburg Producing Company**

3. ADDRESS AND TELEPHONE NO.  
**3300 North A Street, Building 2, Suite 120, Midland, Texas 79705 (915) 686-8235**

4. LOCATION OF WELL (Report location clearly and in accordance with applicable requirements)  
 At surface **2,200' FSL and 1,600' FEL**  
 At proposed prod. zone **1,650' FNL and 1,650' FEL**

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE\*  
**6 miles NE from Halfway**

15. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any)  
**1,650' FNL & 1,650' FEL**

16. NO. OF ACRES IN LEASE  
**639.87**

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.  
**500' NE of 3,460' Dry hole**

19. PROPOSED DEPTH  
**13,700'**

20. ROTARY OR CABLE TOOLS  
**Rotary**

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
**3,589 GR**

22. APPROX. DATE WORK WILL START\*  
**12/01/98**

5. LEASE DESIGNATION AND SERIAL NO.  
**NMNM 17238**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.  
**Viper 3 Federal #1**

9. API WELL NO.  
**30-025-34543**

10. FIELD AND POOL, OR WILDCAT  
**SEM Wildcat, Morrow, East**

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA  
**Section 3, T20S-R33E**

12. COUNTY OR PARISH  
**Lea**

13. STATE  
**New Mexico**

**SUBJECT TO  
LIKE APPROVAL  
BY STATE**

23. **SECRETARY'S POTASH** PROPOSED **POTASH** DRILLING PROGRAM **FOR CONTROLLED WATER BASIN**

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
18-1/2	16 *		1350	<b>CIRCULATE WITH</b>
14-3/4	11-3/4 *		3750	<b>CIRCULATE WITH</b>
10-5/8	LINEL 8-5/8 *		5250	<b>Tie back 200'</b>
7-7/8	5-1/2 *		13700	<b>Tie back 200'</b>

\* See Attached Sheet for Casing Program

**IF PRODUCTIVE  
CIRCULATE TO  
SURFACE**

Propose to directionally drill from 2,200' FSL & 1,600' FEL, Section 3-T20S-R33E to 1,650' FNL & 1,650' FEL, Section 3-T20S-R33E, Lea County, New Mexico to sufficient depth to evaluate the Morrow formation. After reaching TD, logs will be run and casing set if the evaluation is positive. Perforate, test and stimulate as necessary to establish production.

OPER. OGRID NO. 15742  
 PROPERTY NO. 23910  
 POOL CODE 77380  
 EFF. DATE 12-8-98  
 API NO. 30-025-34543

**APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS  
ATTACHED**

IN ABOVE SPACE DESCRIBE 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 [Signature] TITLE Manager of Drilling and Production DATE 10/28/98

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:

APPROVED BY ( ORIG. SGD.) M. J. CHÁVEZ TITLE STATE DIRECTOR DATE 11-30-98

\*See Instructions On Reverse Side

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.

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NEARBURG PRODUCING COMPANY  
VIPER 3 FEDERAL #1  
SHL 2,200' FSL AND 1,600' FEL  
BHL 1,650' FNL AND 1,650' FEL  
SECTION 3-T20S-R33E  
LEA COUNTY, NEW MEXICO

CASING PROGRAM

Hole Size	Csg Size	Wt & Grade	Depth	Cmt	TOC
18-1/2"	16"	65#, H40, STC	0 - 1,000'	800 sxs	Circ to surface
18-1/2"	16"	75#, J55, STC	1,000-1,350'		
14-3/4"	11-3/4"	65#, S95, BTC	0 - 3,750'	1,500 sxs	Circ to surface
10-5/8" (Optional)	8-5/8"	32#, J55, STC	3,550'-4,500'	500 sxs	Circ liner inside 11-3/4"
10-5/8"	8-5/8"	32#, S80, STC	4,500'-5,250'		
7-7/8"	5-1/2"	17#, N80, BTC	0 - 2,400'	1,700 sxs	Tie back 200' into
7-7/8"	5-1/2"	17#, N80, LTC	2,400'-10,200'		8-5/8" Liner
7-7/8"	5-1/2"	17#, S95, LTC	10,200'-13,700'		

## STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Nearburg Producing Company  
P.O. Box 823085  
Dallas, Texas  
75382-3085

The undersigned accepts all applicable terms, conditions, stipulations and restrictions covering operations conducted on the leased land or portion thereof, as described below:

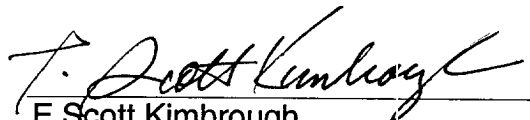
Lease No: NMNM 17238

Legal Description of Land: SHL 2,200' FSL and 1,600' FEL  
BHL 1,650' FNL and 1,650' FEL  
Section 3, T20S-R33E

Formation(s) (if applicable): Morrow

Bond Coverage: \$25,000 statewide bond of Nearburg Producing Company

BLM Bond File No: NM1307



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E Scott Kimbrough  
Manager of Drilling and Production  
10/28/98

**SUPPLEMENTAL DRILLING DATA**  
**NEARBURG PRODUCING COMPANY**  
**VIPER 3 FEDERAL #1**

**1. SURFACE FORMATION:**

Quaternary Aeolian Deposits

**2. ESTIMATED TOPS OF GEOLOGIC MARKERS: (Get from Geo. dept.)**

T/Rustler	1,500'	T/Strawn	12,100'
B/Salt	3,150'	T/Atoka	12,370'
T/Delaware	5,300'	T/Morrow	12,750'
T/Bone Spring	8,100'		
T/Wolfcamp	11,000'		

**3. ANTICIPATED POSSIBLE HYDROCARBON BEARING ZONES:**

Bone Spring, Wolfcamp and Morrow formations

**4. CASING AND CEMENTING PROGRAM:**

	<u>Casing Size</u>	<u>Setting Depth</u>		<u>Weight</u>	<u>Grade</u>	<u>Joint</u>
		<u>From</u>	<u>To</u>			
	16"	0 - 1,000'		65#	H-40	STC
	16"	1,000 - 1,350'		75#	J-55	STC
	11-3/4"	0 - 3,750'		65#	S-95	BTC
(Optional)	8-5/8"	3,550' - 4,500'		32#	J-55	STC
	8-5/8"	4,500' - 5,250'		32#	S80	STC
	5-1/2"	0 - 2,400'		17#	N-80	BTC
	5-1/2"	2,400' - 10,200'		17#	N-80	LTC
	5-1/2"	10,200' - 13,700'		17#	S-95	LTC

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

We plan to drill a 18-1/2" hole to equal 1,350'. 16" casing will be cemented with 1,300 sx or volume necessary to tie back to surface. We will then drill a 14-3/4" hole to 3,750', set and cement casing using 2,000 sx of cement. A contingency 8-5/8" casing liner will be set in a 10-5/8" hole at 5,250' using 1,000 sx of cement.

5-1/2" production casing will be cemented with approximately 500 sx of Class "H" 50/50 POZ and 1,200 sx Class "H" 35/65 POZ cement..

**5. PRESSURE CONTROL EQUIPMENT:**

The BOP stack will consist of a 5,000 psi working pressure, dual ram type preventer and annular.

A BOP sketch is attached.

**6. CIRCULATING MEDIUM:**

Surface to 8,200':

Spud and drill to 6,500' with fresh water mud, weight 8.9 to 9.1 ppg, viscosity 28 to 30.  
Below 6,500', add brine to bring chlorides up to at least 60,000 ppm.

8,200' to TD:

Drill to TD with cut brine/ Polymer mud system with mud weight of 9.1 - 10.0 ppg and viscosity 28-34.

**7. AUXILIARY EQUIPMENT:**

None required.

**8. TESTING, LOGGING AND CORING PROGRAM:**

Electric logging is planned, drill stem tests, cores and sidewall cores possible.

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

BHP expected to not exceed 6,000 psi.

**10. ANTICIPATED STARTING DATE:**

It is planned that operations will commence on December 1, 1998, with drilling and completion operations lasting about 30 days.

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

**NEARBURG PRODUCING COMPANY  
VIPER 3 FEDERAL #1  
SHL 2,200' FSL & 1,600' FEL  
BHL 1,650' FNL & 1,650' FEL  
SECTION 3, T20S, R33E  
LEA COUNTY, NEW MEXICO**

**LOCATED:**

6 miles NE from Halfway

**OIL & GAS LEASE:**

NMNM17238

**RECORD LESSEE:**

Eva G. Manning

**BOND COVERAGE:**

\$25,000 statewide bond of Nearburg Producing Company.

**ACRES IN LEASE:**

639.87

**GRAZING LEASE:**

Kenneth Smith, Inc.  
PO Box 764  
Carlsbad, NM 88220  
505/ 887-3374

**POOL:**

Wildcat, Morrow

**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 13,700'.

**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:**

2,665' of new road. 12' wide going Northwest off of existing location.

**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:**

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

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

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

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

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 will be contained in a trash trailer and removed from well site.
- E. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

**7. ANCILLARY FACILITIES:**

None required.

**8. WELL SITE LAYOUT:**

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 sand dunes.

**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 residence within a mile of the proposed well site.

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

None observed in this area.

**G. Land Use:**

Grazing.

**H. Surface Ownership:**

Bureau of Land Management  
PO Box 1178  
Carlsbad, NM 88221

**11. OPERATOR'S REPRESENTATIVE:**

H. R. Willis  
3300 N A St., Bldg 2, Suite 120  
Midland, TX 79705  
Office: (915) 686-8235  
Home: (915) 697-2484

**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.

Date

10/29/98

  
E. Scott Kimbrough

Manager of Drilling and Production

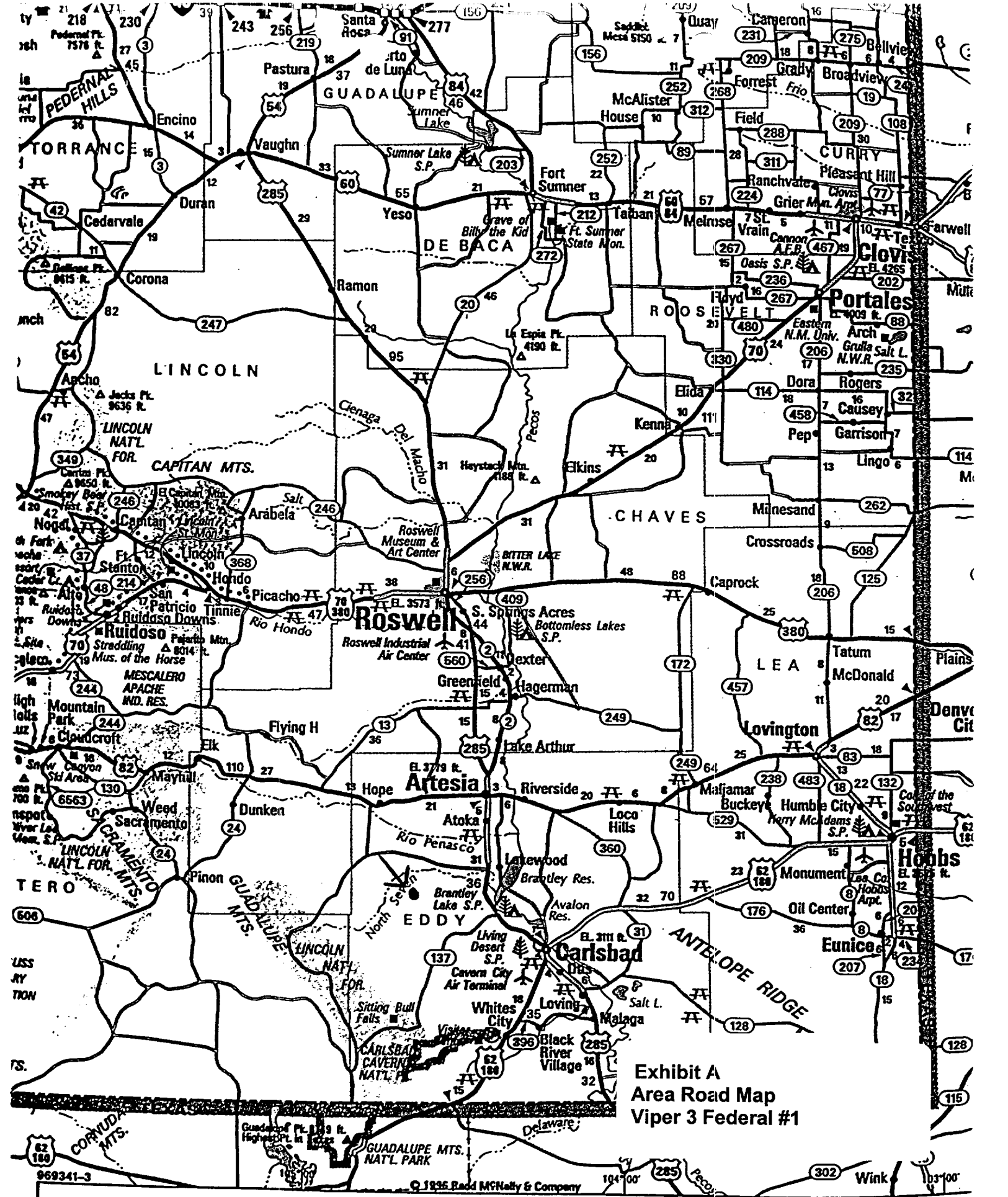
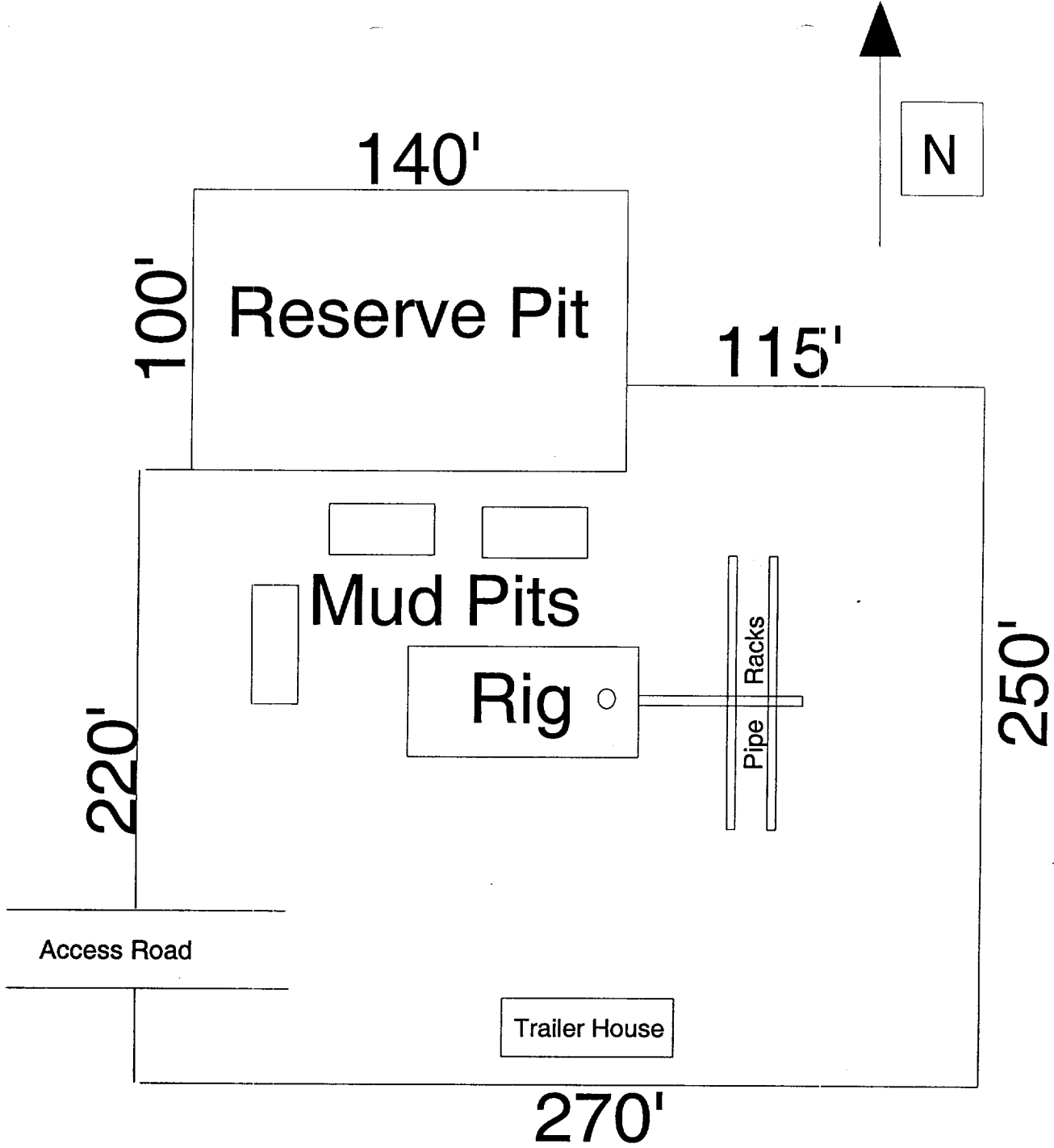


Exhibit A  
 Area Road Map  
 Viper 3 Federal #1

969341-3

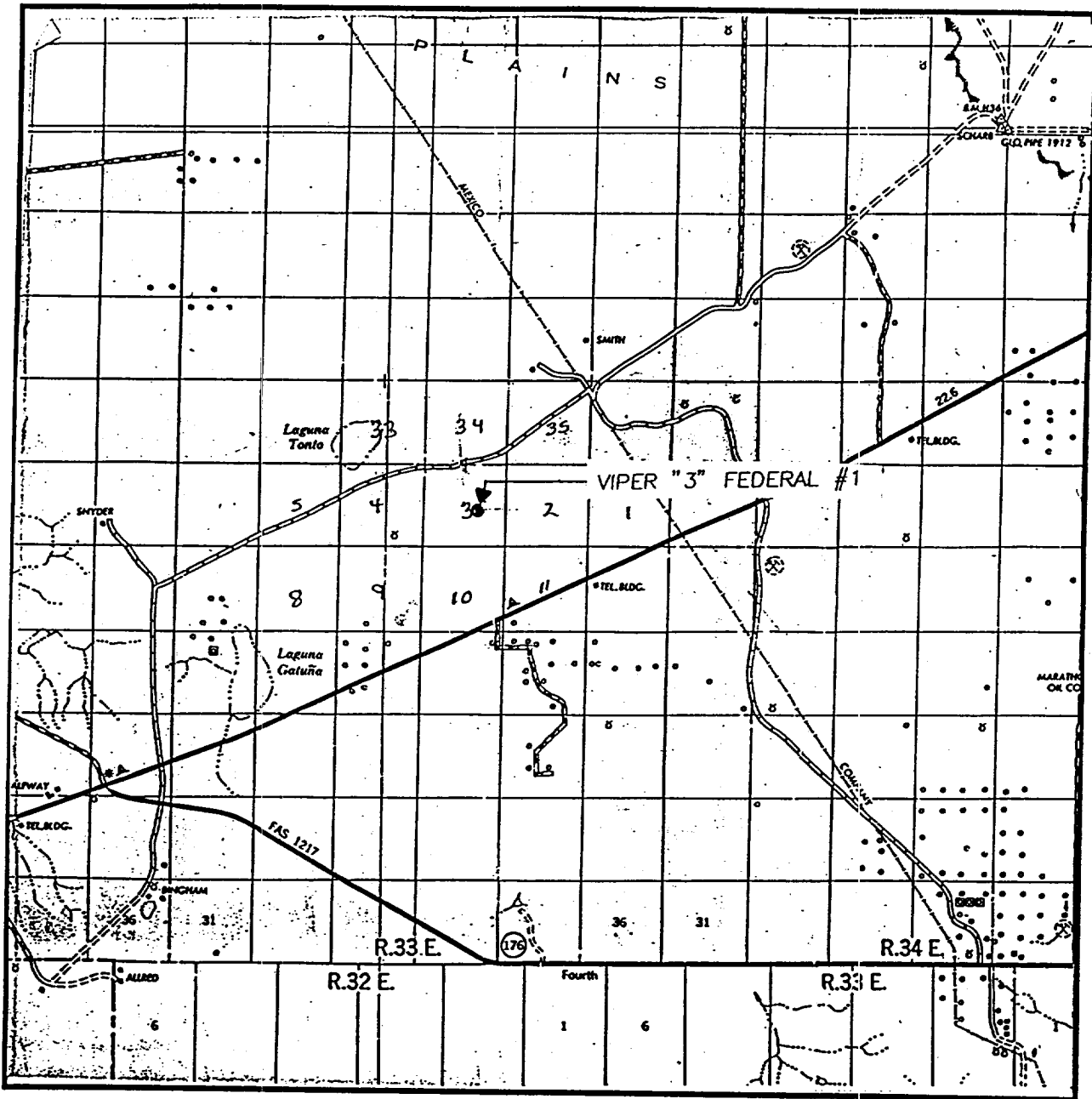
© 1936 Road McNally & Company

103'00"



**DRILLING RIG LAYOUT**  
**NEARBURG PRODUCING COMPANY**  
**Viper 3 Federal #1**  
**SCALE 1" = 50'**

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 3 TWP. 20-S RGE. 33-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 2200' FSL & 1600' FEL

ELEVATION 3589

OPERATOR NEARBURG PRODUCING COMPANY

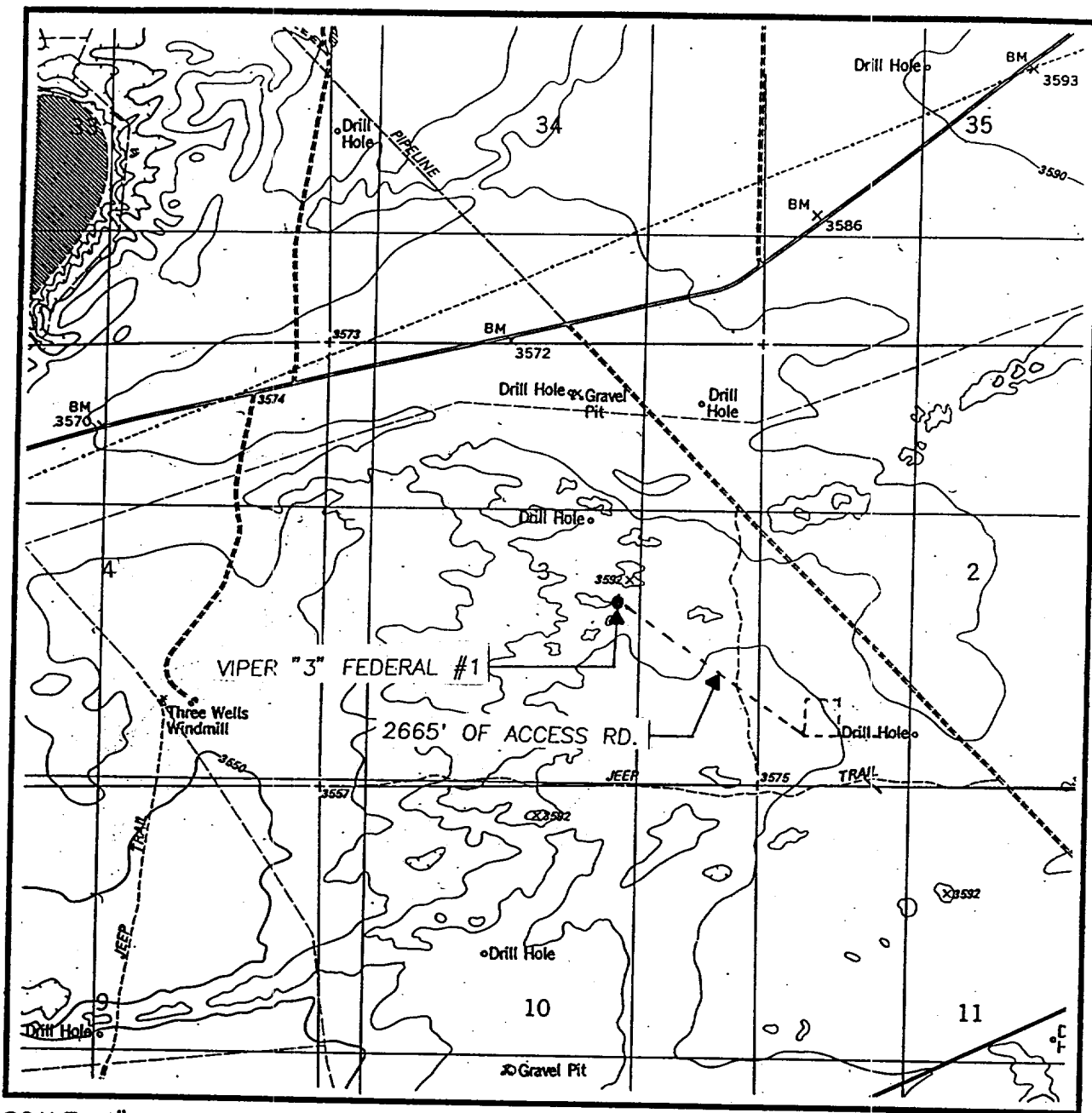
LEASE VIPER "3" FEDERAL

**JOHN WEST ENGINEERING  
HOBBS, NEW MEXICO**

**(505) 393-3117**

**Exhibit C  
Vicinity Oil & Gas Map  
Viper 3 Federal #1**

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
LAGUNA GATUNA - 10'

SEC. 3 TWP. 20-S RGE. 33-E

SURVEY \_\_\_\_\_ N.M.P.M.

COUNTY \_\_\_\_\_ LEA

DESCRIPTION 2200' FSL & 1600' FEL

ELEVATION \_\_\_\_\_ 3589

OPERATOR NEARBURG PRODUCING COMPANY

LEASE \_\_\_\_\_ VIPER #3 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP

LAGUNA GATUNA, N.M.

**JOHN WEST ENGINEERING**  
**HOBBS, NEW MEXICO**  
**(505) 393-3117**

Exhibit D  
Topographic &  
Location Verification Map

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, NM 86211-0719

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

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

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <i>30-025-34543</i>	Pool Code <i>77380</i>	Pool Name <i>Wildecat</i> Morrow <i>East</i>
Property Code	Property Name VIPER "3" FEDERAL	Well Number 1
OGRID No. 015742	Operator Name NEARBURG PRODUCING COMPANY	Elevation 3589

Surface Location

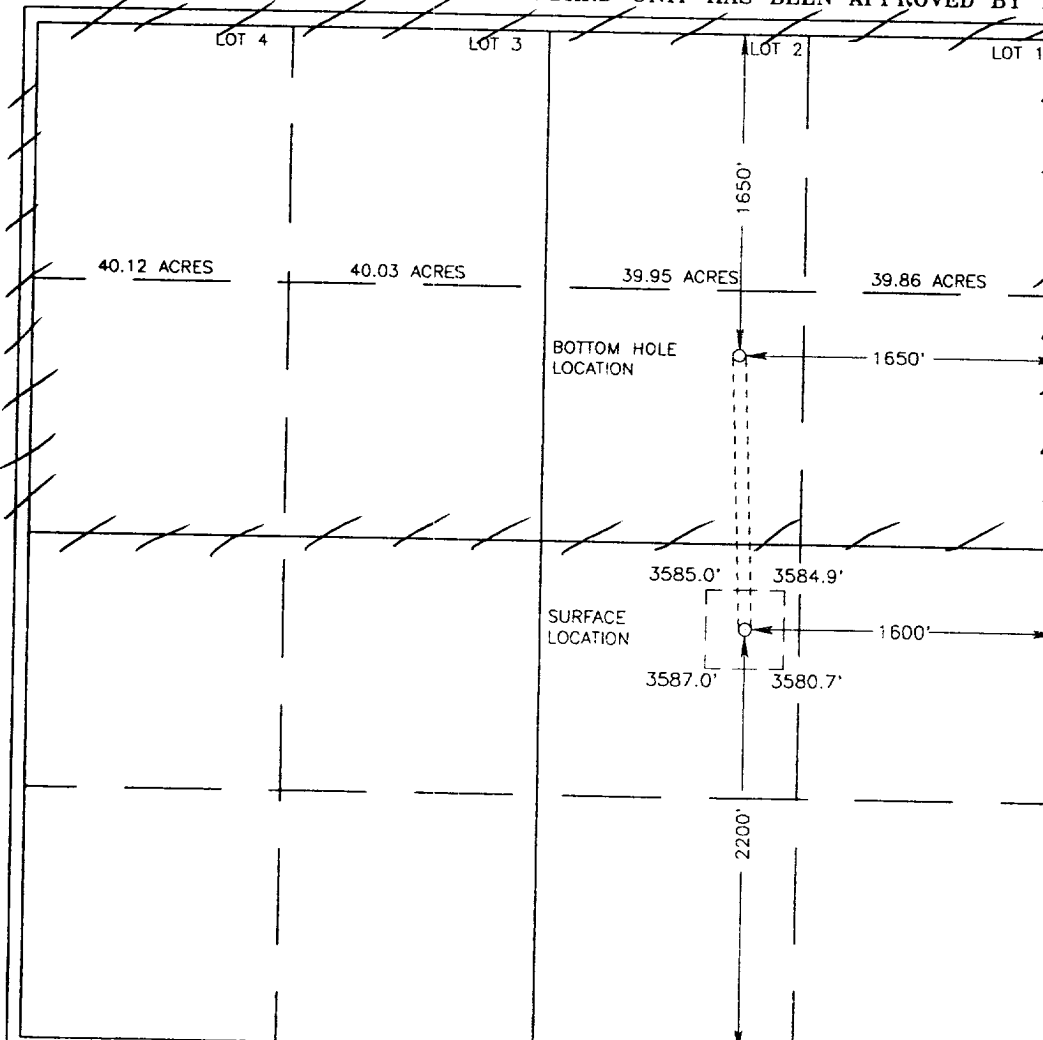
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	3	20 S	33 E		2200	SOUTH	1600	EAST	LEA

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
G	3	20 S	33 E		1650	NORTH	1650	EAST	LEA

Dedicated Acres 320	Joint or Infill J	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



**OPERATOR CERTIFICATION**

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

*E. Scott Kimbrough*  
Signature  
E. Scott Kimbrough  
Printed Name  
Mgr. of Drlg & Prod  
Title  
10/28/98  
Date

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**SURVEYOR CERTIFICATION**

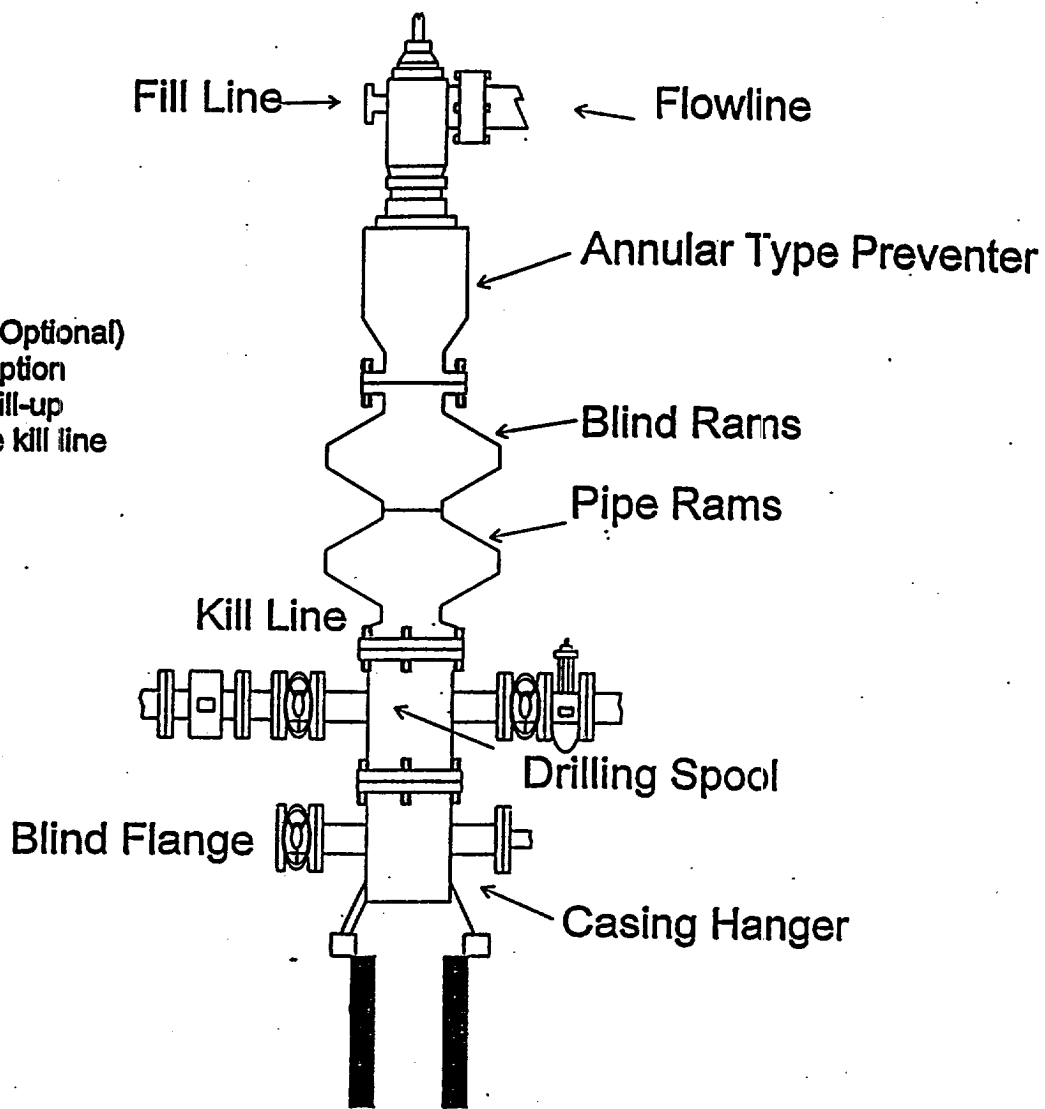
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

SEPTEMBER 4, 1998  
Date Surveyed  
DMCC

*RONALD J. EIDSON*  
Signature  
Professional Surveyor  
NEW MEXICO  
3239  
12641  
12185

Certified No. RONALD J. EIDSON 3239  
EIDSON  
McDONALD 12641  
12185

NEA/BURG PRODUCING COMPANY  
BOPE SCHEMATIC

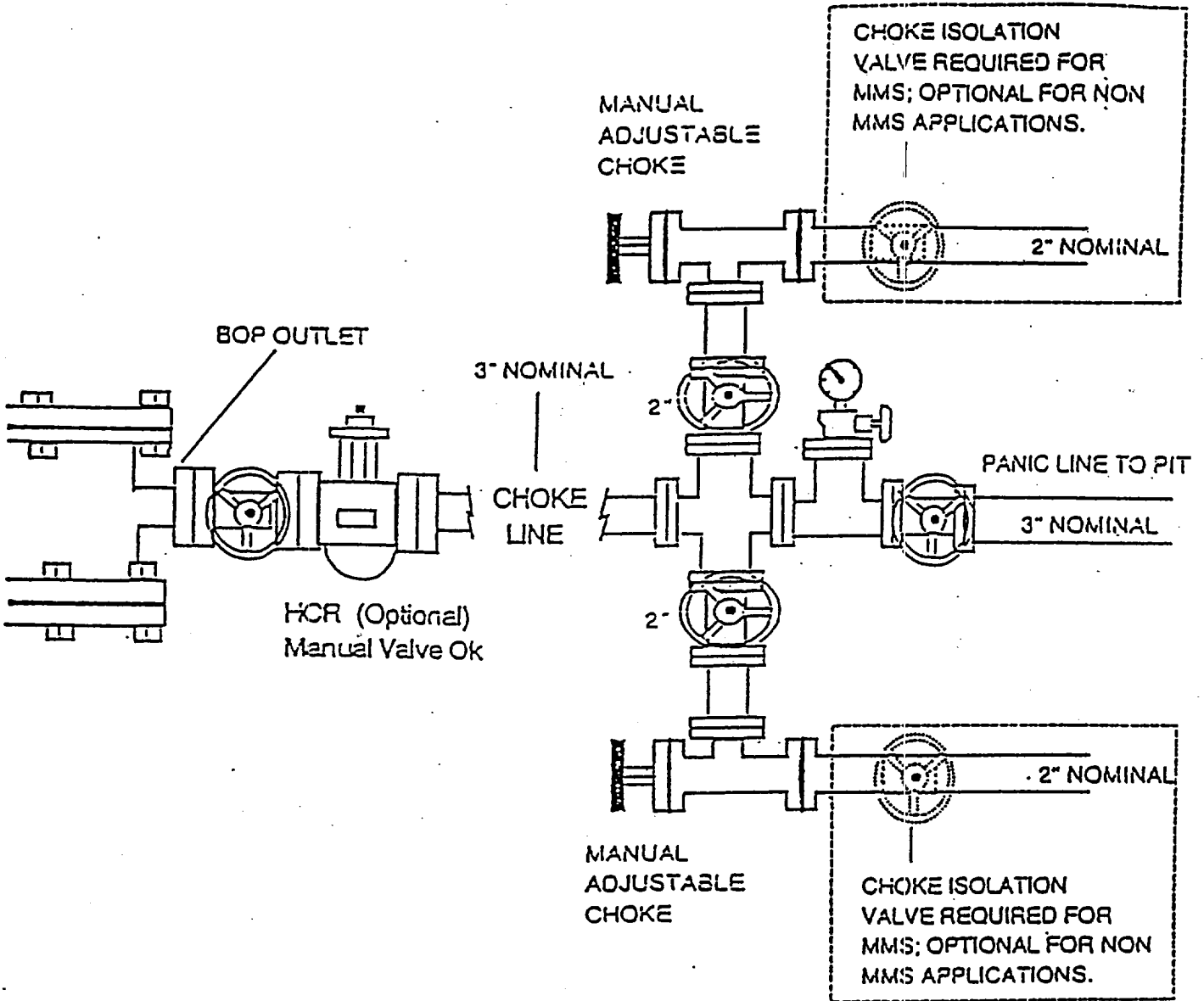


Rotating Head (Optional)  
Drilling Nipple option  
must include a fill-up  
line. Do not use kill line  
for fill up.

1500 Series

Viper 3 Federal #1  
Section 3, T20S, R33E  
2,200' FSL and 1,600' FEL  
Lea County, New Mexico

NEALBURG PRODUCING COMPANY  
CHOKE MANIFOLD  
5M SERVICE



Viper 3 Federal #1  
Section 3, T20S, R33E  
2,200' FSL and 1,600' FEL  
Lea County, New Mexico



**HYDROGEN SULFIDE DRILLING OPERATIONS PLAN**  
**NEARBURG PRODUCING COMPANY**  
**VIPER 3 FEDERAL #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 (H<sub>2</sub>S).
  2. The proper use and maintenance of personal protective equipment and life support systems.
  3. The proper use of H<sub>2</sub>S 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 H<sub>2</sub>S 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 H<sub>2</sub>S Drilling Operations Plan.
- C. There will be an initial training session just prior to encountering a known or probable H<sub>2</sub>S zone (within 3 days or 500 feet) and weekly H<sub>2</sub>S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H<sub>2</sub>S 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 as needed.

### B. Protective Equipment for Essential Personnel:

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 and 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 as needed.

### F. Metallurgy:

All drill strings, casing, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and line 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:**

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 is an H<sub>2</sub>S environment will be conducted during the daylight hours.

# **WARNING**

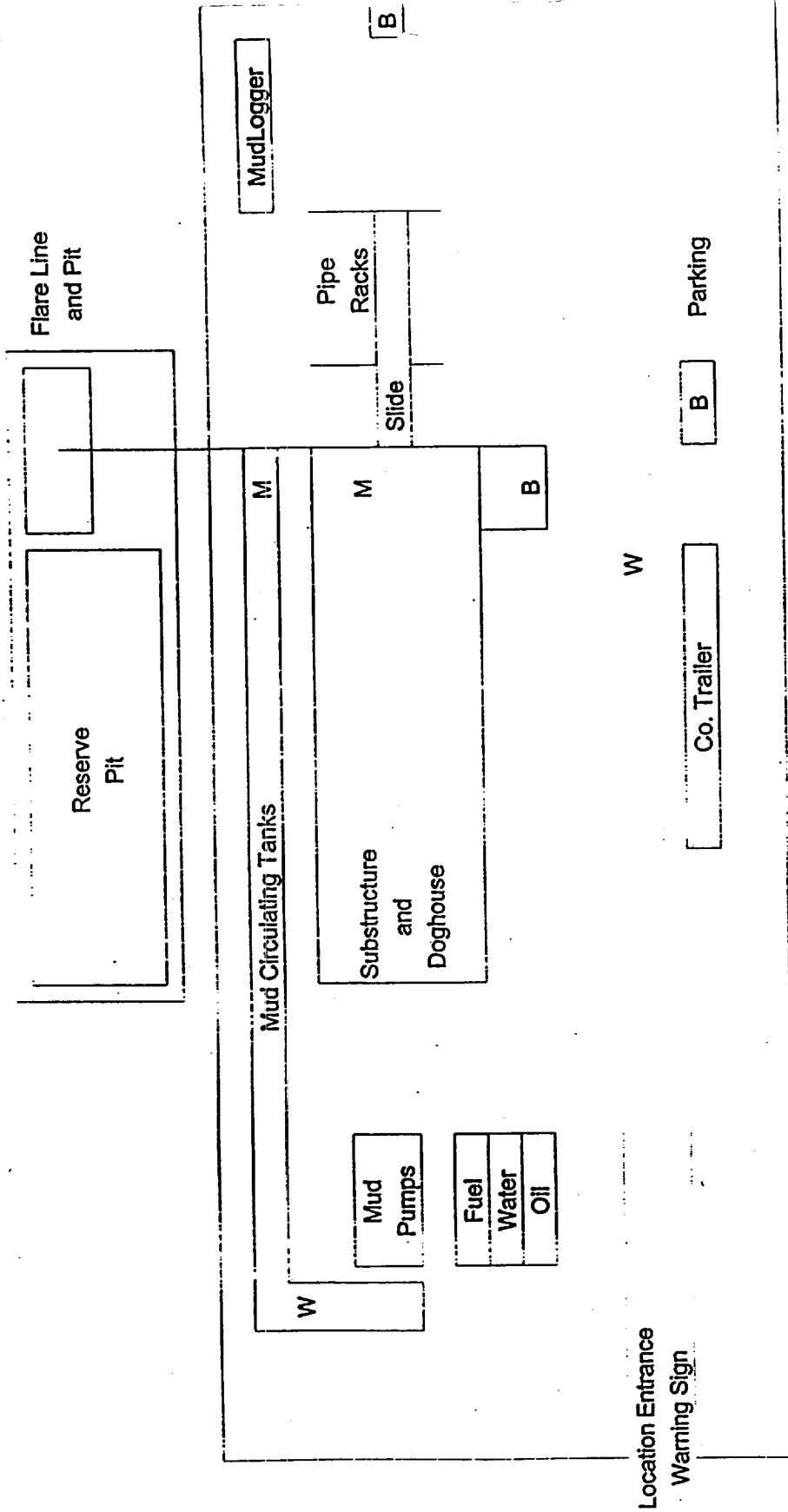
**YOU ARE ENTERING AN H2S  
AREA - AUTHORIZED PERSONNEL ONLY**

- 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**

**1-915-686-8235**

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

Viper 3 Federal #1  
Section 3, T20S, R33E  
2,200' FSL and 1,600' FEL  
Lea County, New Mexico

5/10/15

