

Post-it* Fax Note 7671 Date 3:29:01 # of pages 1

To Les Babyak	From Kim S.
Co./Dept. BLM	Co.
Phone #	Phone # 915-686-8235
Fax #	Fax # 915-687-4130

D
4-0135
993
al No.
ume

SUNDRY NOTICES AND RE
Do not use this form for proposals to drill or to d
Use "APPLICATION FOR PERM

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
 Nearburg Producing Company

3. Address and Telephone No.
 3300 North A Street, Building 2, Suite 120, Midland, Texas 79705

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 Unit H, 2310' FNL & 330' FEL, Section 3, T20S, R33E

7. If Unit or CA, Agreement Designation

8. Well Name and No.
 Python 3 Federal # 5

9. API Well No.

10. Field and Pool, or Exploratory Area
 LeasGem; Bone Spring

11. County or Parish, State
 Lea County, New Mexico

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input type="checkbox"/> Other
	<input checked="" type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

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.)
 Drill with air assist / mud fluid to decrease hydrostatic psi and regain circulation while drilling through the Capital Reef to TD(Bone Spring - 9,700').

1. We will install and maintain a properly functioning rotating head.
2. Air compressor will be 100' from the well bore in the opposite direction from the blooie line as indicated on well plat.
3. Air compressor will have spark arresters or water cooled exhaust systems.
4. Ask for a variance on 100' blooie / flow line from well bore to 60' blooie / flow line from well bore approved by Les Babyak (BLM).
5. Automatic spark igniter mounted at end of blooie/flow line and functional.
6. Surface casing will be set at 1300' per requirments of the NMOCD.

14. I hereby certify that the foregoing is true and correct
 Signed Kim Stewart

Title Regulatory Analyst

Date 03/28/01

Approved by (ORIG. SGD.) LES BABYAK

Title PETROLEUM ENGINEER

Date MAR 30 2001

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

Handwritten initials: KZ

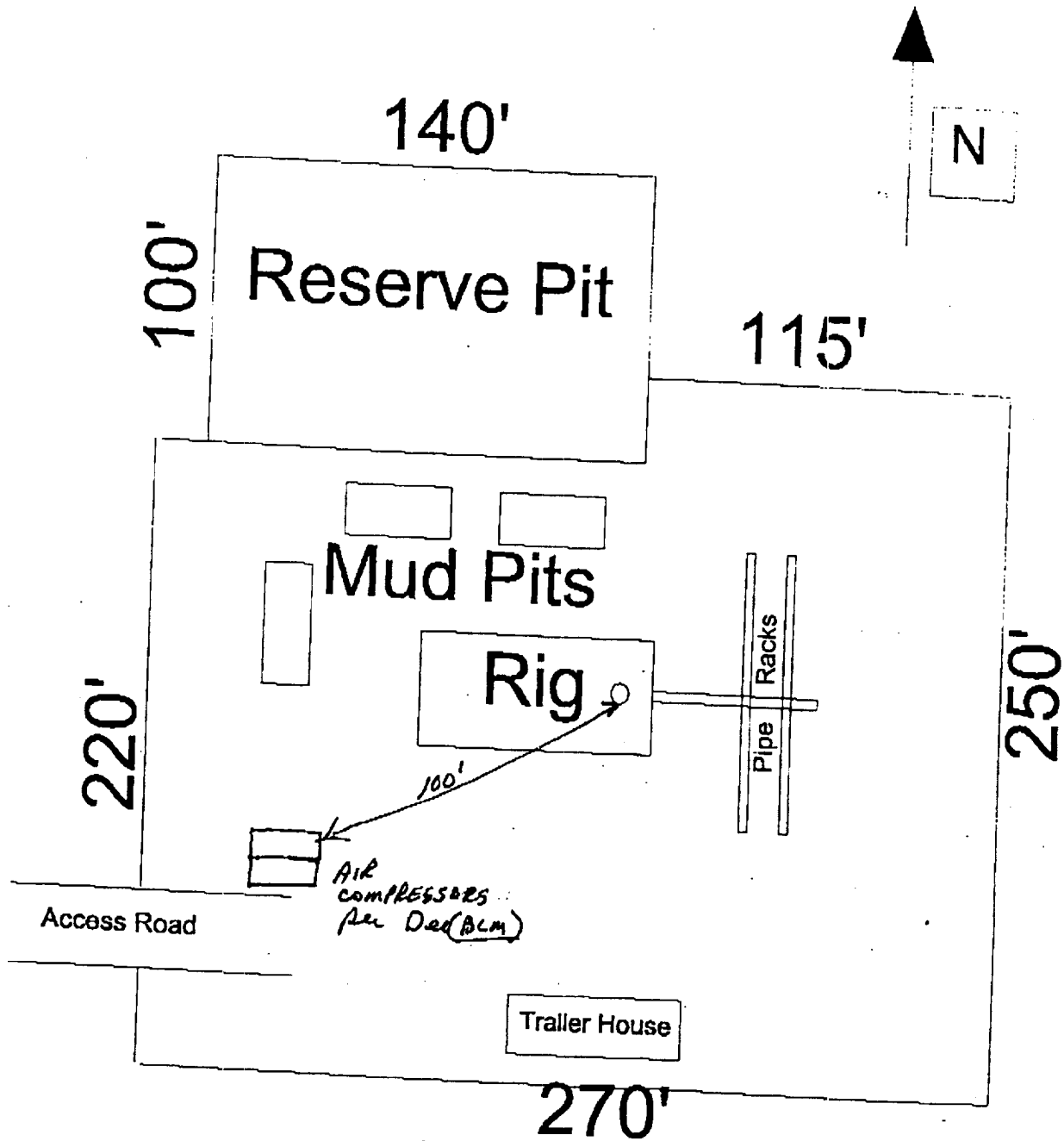


EXHIBIT B
 DRILLING RIG LAYOUT
 NEARBURG PRODUCING COMPANY
 Python 3 Federal # 5
 SCALE 1" = 50'