Form 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

5. Lease Designation and Serial No.

NMNM53219 SUNDRY NOTICES AND REPORTS ON WELLS 6. If Indian, Allottee or Tribe Name 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 7. If Unit or CA, Agreement Designation SUBMIT IN TRIPLICATE RECEIVED 1. Type of Well Oil Weil 8. Well Name and No. X Other MAY 2 6 7004 McKittrick 14 Federal SWD #1 2. Name of Operator OCP-ARTESIA **Nearburg Producing Company** 9. API Well No. 3. Address and Telephone No. 30-015-21010 3300 North A Street, Building 2, Suite 120, Midland, TX 79705 (432) 686-8235 10. Field and Pool, or Exploratory Area 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) McKittrick Hills: Devonian 2390 FNL and 830 FEL, Sec 14, 22S, 24E 11. County or Parish, State Eddy County, New Mexico 12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF ACTION TYPE OF SUBMISSION Notice of Intent Abandonment Change of Plans Recompletion New Construction Subsequent Report Plugging Back Non-Routine Fracturing Casing Repair Water Shut-Off Final Abandonment Notice Conversion to Injection **Altering Casing** Dispose Water Other (Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.) 13. Describe Proposed or Completed Operations (Clearly state all pertinet 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 markders and zones pertinent to this work.)* See attached sheets for conversion to injection. Logs and Deviation report also enclosed. 4/30/04 Began disposal operations. 14. I hereby certify **Production Analyst** 05/25/2004 Date (This space for Federa or State office use Approved by Conditions of approval, if any: Date 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.

512-5058

OPERATOR: WELL/LEASE:

NEARBURG PRODUCING CO. McKITTRICK 14 FED. SWD #1

COUNTY:

EDDY

STATE OF NEW MEXICO DEVIATION REPORT

| | | · · · · · · · · · · · · · · · · · · · |
|------------------------|-------|---------------------------------------|
| | 2 3/4 | 10,844 |
| | 5 1/2 | 11,292 |
| RECEIVED | 6 | 11,354 |
| | 6 | 11,414 |
| MAY 2 6 7004 | 5 3/4 | 11,482 |
| · | 5 1/2 | 11,544 |
| OCB-ARTESIA | 5 | 11,639 |
| | 5 1/2 | 11,757 |
| | 5 1/4 | 11,855 |
| | 4 | 11,950 |
| | 3 3/4 | 12,160 |

STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me on this 12th day of December, 2003, by Steve Moore on behalf of Patterson-UTI Drilling Company LP, LLLP.

My Commission Expires: 4/08/2007

Notary Public for Midland County, Texas

JONI D. HODGES
NOTARY PUBLIC
STATE OF TEXAS

McKittrick Hills 14 Federal SWD #1

2390 FNL and 830 FEL
Sec 14, 22S, 24E
McKittrick Hills; Devonian
Eddy County, New Mexico
** ALL COSTS ARE FIELD ESTIMATES **

- 12/22/03 MIRU pulling unit. MIRU reverse unit & equipment. MI & rack 2 3/8" N80 tbg. ND wellhead. NU BOP. PU & RIH w/1 6" bit, 6 4" DC's158 jts 2 3/8" N80 4.7# EUE 8rd tbg to 5,100'. SI & SDFN.
- 12/23/03 PU & RIH w/ 77 jts (235 total) 2 3/8" N80 4.7# EUE 8rd tbg. Tag DV tool @ 7,522'. Test to 500#. OK. RU swivel. Drld thru DV tool in 45 minutes (no cmt on top of or below DV tool). Circ hole clean. RD swivel. Test to 500#. OK. PU & RIH w/156 jts (391 total) 2 3/8" N80 4.7# EUE 8rd tbg. Tag PBTD (FC) @ 12,405'. Circ hole clean. POOH & LD 150 jts tbg. SI & SDFN.
- 12/24/03 Finish POOH & LD tbg, collars & bit. Chg pipe rams in BOP to 3 1/2". Ready to pick up 3 1/2" frac tbg on Monday the 29th. SI & SDF holidays.
- 12/29/03 MO 2 3/8" tbg. MI & rack 3 1/2" frac string. PU & RIH w/ (1) 6" bit, (1) 7" scraper, 250 jts 3 1/2" P110 9.3# PH6 frac tbg. SI & SDFN.
- PU & RIH w/145 jts (395 total) 3 1/2" P110 9.3# PH6 frac tbg. Tag PBTD @ 12,405'. PU 3' off bottom. MIRU BJ Services. Pickle dn tbg w/200 gals (4.8 bbls) xylene, 800 gals (19 bbls) 15% HCL pickle acid. Push acid to bottom of tbg w/91 bbls fresh wtr loaded w/1 gpt WCW5827Q Cationic Surfactant. SD. Tie on to annulus, pump dn annulus & out tbg to frac tank w/450 bbls same fluid. SD. Test to 2,000#. OK. RDMO BJ Services. POOH & std back 274 jts tbg. Will FOOH tomorrow A.M. SI & SDFN.
- 12/31/03 FOOH w/ tbg & LD BHA. SI & SDF holiday. Will perf Friday A.M.
- 01/02/04 MIRU JSI E.L. RIH w/GR/CCL, tag PBTD @ 12,374' by E.L. corrected to open hole log (12,390' by tally). Log from 12,372' 11,148'.Correlated on depth. POOH. RIH w/4" csg guns loaded w/4 JSPF, 90 degree phasing, .42" EHD premium charges, perforated as follows: Beginning F.L. @ 1,090'1. 12,346'-366'F.L. @ 1,090'2. 12,326'-346'F.L. @ 1,050'3. 12,306'-326'F.L. @ 1,020'4. 12,227'-247'F.L. @ 1,000'5. 12,207'-227'F.L. @ 960'6. 12,187'-207'F.L. @ 920'7. 12,167'-187'F.L. @ 900'8. 12,147'-167'F.L. @ 850'9. 12,127'-147'F.L. @ 810'10. 11,828'-848'F.L. @ 760'11. 11,808'-828'F.L. @ 680'12. 11,788'-808'SD due to darkness. Left csg open to frac tank. SDFN.
- 01/03/04 Fluid @ surface, no flow to frac tank overnight. RIH w/4" csg guns & continue perforating as follows: Beginning F.L. @ surface1. 11,684'-704'2. 11,642'-662'3. 11,674'-684'11,632'-742'4. 11,550'-570'5. 11,510'-530'6. 11,540'-550'11,500'-510'Shot a total of 1,440 holes. Overran approx. 5 bbls wtr. RDMO JSI. Left csg open to frac tank. SDFW.
- No flow to frac tank. MIRU Hydrostatic tbg testers. Hydrostatically TIH to 10,000# above slips w/1 2 7/8" x 7" RBP w/extended retrieving neck, 1 2 7/8" x 7" 10K pkr, 395 jts 3 1/2" P110 9.3# PH6 frac tbg. RDMO tbg testers. Set RBP @ 12,382'. Release off RBP. PU to 11,400' & set pkr. Left tbg open to frac tank. SDFN.

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RECEIVED

MAY 2 6 7004

OCH-ARTESIA

01/06/04

MIRU pump truck. Load annulus w/3 bbls fresh wtr, test to 1,000#. OK. RIH w/swab. IFL @ surface. Made 16 swab runs w/F.L. staying @1,800' from surface. Rec'd 226 bbls wtr w/no show of oil or gas. Displaced 5 bbls wtr while perforating & 60 bbls wtr while testing in holew/3 1/2" tbg. Have rec'd 291 bbls wtr total. (NOTE: well did not go on vacuum while perforating). Left tbg open to frac tank. Last wtr sample showed specific gravity of 1.004 @ 68 degrees F & chlorides of 12,000. SDFN.

01/07/04

Release pkr. RIH & set pkr @ 12,010'. MIRU BJ Services. Conduct safety meeting. Test lines to 6,000#. Treat perfs from 12,127' to 12,366' via 3 1/2" 9.3# tbg w/22,000 gals (524 bbls) 20% HCL acid @ avg press of 5,627# w/rate of 38 bpm, flush w/120 bbls fresh wtr loaded w/1 gpt WCW 5827Q Cationic Surfactant. SD. ISIP 2,700#. Bled well dn, flowed back approx 50 bbls wtr before dying. Release pkr, RIH & latch onto RBP & release. Re-set RBP @ 12,010', PU hole & set pkr @ 11,740'. Test lines. Treat perfs from 11,788' to 11,848'via 3 1/2" 9.3# tbg w/8,000 gals (190 bbls) 20% HCL acid @ avg press of 5,750# w/rate of 35 bpm, start flush w/comp fluid, communicatingw/30 bbls flush pumped. SD. Close backside. Pump 90 bbls remaining flush @ avg press of 1,570# w/rate of 15 bpm. SD. ISDP 1,110#.Tbg & annulus on vac in approx 2 minutes. Release pkr. RIH & latch onto RBP & release. PU & re-set RBP @ 11,740'. PU & re-set pkr @11,350'. Load annulus w/15 bbls comp fluid. Test to 1,000#. OK. Treat perfs from 11,500' to 11,704' via 3 1/2" 9.3# tbg w/17,000 gals (405 bbls) 20% HCL acid @ avg press of 5,800# w/rate of 36 bpm, flush w/120 bbls comp fluid @ same press & rate. SD. ISDP 2,500#. Tbg press dn to 150# in 10 minutes. SI tbg. RDMO BJ Services. Will leave tbg SI overnight. SI & SDFN. Pumped 1,119 bbls acid and 360 bbls flush.

\$10,632 10% Contingencies

01/08/04

SITP 0#. Open tbg to frac tank w/no blow. Release pkr. RIH & latch onto RBP & release. POOH & LD 280 jts 3 1/2" frac tbg. Down 4 1/2hrs for rig repair. SI & SDFN. NOTE: Have tight section in csg from 9,568' to 9,661'. Saw when running in hole w/pkr & plug and while pulling out of hole.

01/09/04

POOH & LD rest of 3 1/2" P110 9.3# CS-Hydrill frac tbg, pkr & plug. MO 3 1/2" tbg. MI & rack 4 1/2" L80 12.75# CS-Hydrill tbg w/TK-99internal coating. SI & SDFW.

01/12/04

MIRU Hydrostatic tbg testers. PU & hydrostatically TIH to 5,000# above slips w/1 - 2 7/8" x 7" 26-29# AS 10K nickel coated pkr, 1 - 2 7/8"down hole nickel coated valve w/2.25" ID, 1 - 2 7/8" nickel coated O/O tool w/1.875" "F" profile, 1 - 2 7/8" EUE 8rd x 4 1/2" CS-Hydrill x-overw/TK-99 internal coating, 195 jts TK-99 internally coated 4 1/2" L80 12.75# CS-Hydrill tbg. SI & SDFN.

01/13/04

PU & hydrostatically TIH to 5,000# above slips w/169 jts (364 total) TK-99 internally coated 4 1/2" L80 12.75# CS-Hydrill tbg. RDMO tbg testers. Set pkr in 15K compression @ 11,402'. SI & SDFN.

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2390 FNL and 830 FEL

Sec 14, 22S, 24E

McKittrick Hills; Devonian Eddy County, New Mexico

MIRU Lobo pump truck. Release off O/O tool & PU 2'. Pump dn annulus & out tbg @ 2 bpm (F.L. @ surface, circ to frac tank) w/220 bbls fresh wtr loaded w/1 gpt WCW 5827Q Cationic Surfactant & dbl inhibited pkr fluid. SD. Latch back onto pkr. Test annulus to 1,000# & hold for 10 minutes. OK. Release press. ND BOP. NU wellhead. Pressure annulus to 500# & hold for 30 minutes while recording on chart for N.M. OCD csg integrity test. Test was good w/no leak off. OCD was notified of test, but did not have representative on location to witness test. RDMO pump truck. RDMO pulling unit. SI & SDFN. NOTE: Tagged tight spot in csg @ 9,661'-9,568' on 1-13-04 w/jts #308, 309 & 310. To shut Weatherford TTV down hole valve, pick up on tbg & turn to right 1/4 to 1/2 turn, to open pick up on tbg & turn to left 1/4 to 1/2 turn. Can contact Kenco Oil Tools or Weatherford.

01/15/04 MIRU BJ Services. Conduct safety meeting. Test lines to 5,000#. Pump injection rate test w/fresh wtr as follows: Open tbg w/no press. Tbg loaded w/3 bbls pumped.

| RATE: | BEGINNING PRESSURE: | ENDING PRESSURE: | BBLS PUMPED: |
|-------|----------------------------|-------------------------|------------------|
| 4.3 | 560# | 540# | 60 |
| 6.2 | 1,000# | 980# | 30 |
| 7.0 | 1,270# | 1,190# | 50 |
| 8.0 | 1,730# | 1,670# | 40 |
| 9.0 | 2,400# | 2,310# | 60 |
| 10.0 | 2,435# | 2,342# | 40 |
| 11.0 | 2,640# | 2,563# | 50 |
| 12.0 | 3,225# | 3,115# | 80 |
| 13.3 | 3,600# | 3,513# | 150 |
| 13.8 | 3,660# | 3,460# | 150 |
| 14.8 | 3,930# | 3,841# | 110 |
| 15.8 | 4,350# | 4,247# | 280 |
| 16.7 | 4,640# | 4,550# | 290 |
| 17.2 | 4,720# | 4,520# | 210 |
| 17.8 | 4,778# | 4,593# | 375 |
| 18.5 | 4,675# | 4,531# | 500 |
| 16.8 | 4,100# | 4,065# | 100 |
| 14.8 | 3,350# | 3,264# | 150 |
| 12.8 | 2,576# | 2,556# | 50 |
| 12.0 | 2,367# | 2,260# | 35 |
| 11.3 | 2,022# | 2,017# | 25 |
| 10.2 | 1,735# | 1,690# | 35 |
| 9.0 | 1,421# | 1,400# | 30 |
| 7.9 | 1,082# | 1,075# | 30 |
| 7.0 | 917# | 870# | 30 |
| 6.0 | 712# | 645# | 25 |
| | | | 2,985 bbls total |

SD. Pressure to 0 in 1.5 minutes. RDMO BJ Services. Will RIH w/slickline tomorrow A.M. to make sure dn hole valve is fully open.

01/16/04 MIRU JSI slickline. RIH w/1 11/16" sinker bars. Tag @ 11,403' (dn hole valve is partially closed). POOH. RDMO JSI. Will find unit &open valve as soon as possible. SD.

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- MIRU Lucky Well Service pulling unit. Well had 0# tbg psi Put 4 1/2" x 10' tbg sub on wellhead valve & unflanged wellhead. Tbg wt @145,000#. Pulled 10 points over & turned tbg to the left (to close dn hole valve) 1/4 turn. RU Lobo pump truck to tbg to pump fresh wtr to load tbg. Pumped 22 Bbls wtr & SD. Pulled tbg up to check tbg wt Pkr bumped @ 165,000#. Turned tbg to left again 1/2 turn. Had pump truck pump 70 Bbls wtr & SD. Pulled tbg up to check tbg wt. Pulled to 175,000#. Had pump truck pump 108 Bbls wtr for a total of 200 Bbls when well started flowing out casing valve (circulating). Pulled tbg up & tbg wt stayed @ 158,000#. Could not feel pkr. Pkr released or O/O tool unlatched. Flanged wellhead back up. Will PU tbg sub & check to see if we can latch back up then POOH w/ tbg & pkr. SI all valves on wellhead. SDFN. Perfs @ 11500'- 12366'. PBTD @ 12405' (FC).
- Tbg & csg had light blow. Blew to 0# quickly. Pulled tbg up & found that we were latched back on O/O tool pulling into pkr. Pulled tbg10 points over string wt & turned to left to close dn hole valve. Pumped 200 Bbls fresh wtr dn tbg. Tbg never loaded. ND WH & NU BOPE. Released pkr. POOH & LD 57 jts- 4 1/2" CS-Hydrill 12.75# L-80 tbg w/ TK-99 PC on pipe racks. Continue to POOH (standing back) 90 jts-4 1/2" CS-Hydrill 12.75# L-80 tbg w/ TK-99 PC. Close BOPE rams. Put TIW valve in tbg. SI csg. SDFW. Will finish POOH w/ tbg, profile nipple, dn hole valve & pkr on Monday AM. Perfs @ 11500'- 12366', 4 JSPF, 1440 holes. PBTD @ 12405' (FC).
- Remove TIW valve from tbg. Open BOP rams. RU Lobo pump truck to backside. POOH (standing back) w/ 110 jts- 4 1/2" CS-Hydril12.75# L-80 tbg w/ TK-99 PC. Could only put 200 jts total 4 1/2" tbg in derrick. Continue POOH & LD on pipe rack w/ 107 jts- 4 1/2"CS-Hydril 12.75# L-80 tbg w/ TK-99 PC (plastic coating), 2 7/8" x 7" T-2 O/O tool w/ 1.875" "F" profile, 2 7/8" Weatherford 10K dn hole TTV valve w/ 2.25" ID, 2 7/8" x 7" AS-1 10K pkr w/ carbide slips. Close BOP blind. SI well. RD Lobo pump truck. SDON. Take O/O tool, dn hole valve & AS 10K pkr in to shop to repair. Broke dn hole valve apart & found ball & seats severely washed out. Will have to overnight valve parts & send them to nickel plate tomorrow. Pulling unit on standby until Wednesday AM when dn hole valve will be repaired. Perfs @ 11500'- 12366', PBTD @ 12405' (FC).
- 01/27/04 Lucky pulling unit on stand-by. Kenco rebuilt dn hole valve. Will RIH w/ pkr, dn hole valve, O/O tool & tbg in the AM.
- Open BOPE blind. PU & RIH w/ rebuilt 2 7/8" x 7" AS1- 10K pkr w/ carbide slips, 2 7/8" Weatherford 10K dn hole TTV valve w/ 2.25" ID,2 7/8" x 7" T-2 O/O tool w/ 2.25" "F" profile, 2 7/8" EUE 8rd x 4 1/2" CS-Hydrill x-over w/ TK-99 PC, 364 jts- 4 1/2" CS-Hydrill 12.75#L-80 tbg w/ TK-99 PC. Set AS-1 pkr in 15K compression. Pulled 10 points over string wt & turned tbg to left 1/2 turn to close dn hole valve. RU Lobo pump truck to tbg to load & test dn hole valve. Pressured to 500# and held pressure good. Blew off pressure. Got off O/O tool. Pulled up tbg & closed BOPE rams. SI well. Will circulate pkr fluid in the AM. Perfs @ 11500'- 12366'. PBTD @ 12405' (FC).

McKittrick Hills 14 Federal SWD #1

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01/29/04

RU Lobo pump truck to pump 212 Bbls fresh wtr w/ double inhibited pkr fluid dn csg @ out tbg to circulate pkr fluid @ 3 bpm rate. RD pump truck off tbg. Latch O/O tool back up to pkr. Pull 10 pts over tbg wt & turn tbg to right 1/2 turn to open dn hole valve. Used tongs to assure valve was open all the way. RU Lobo pump truck to pump 5 Bbls dn tbg to make certain valve was open. RD pump truck. RU JSI slickline to RIH w/ 1 7/8" tool to run through dn hole valve to make sure valve was open fully. The dn hole valve & pkr set @ 11401'. Ran JSI tool to11500'. Tool never saw dn hole valve or pkr. POOH w/ JSI tool. RDMO JSI. ND BOPE. NU WH. Left 15 pts compression on pkr when we flanged well up. RU Lobo pump truck to csg to pressure to 500# and chart to test pkr. Held good. RDMO Lobo pump truck & Lucky Well Service pulling unit. Well left SI. Will have BJ Services pump injection rate test in the AM. Perfs @ 11500'- 12366'. PBTD @ 12405' (FC).

01/30/04 MIRU BJ Services. BJ conducted pre-job safety meeting. Test lines to 50/00#. Pump injection rate test w/ fresh wtr as follows: Open tbg w/0# pressure. Tbg standing full of fluid.

| (bpm) | | | | |
|-------|-----------------------|-------------|---------|----------------|
| RATE: | BEGINNING PSI: | ENDING PSI: | BBLS PU | MPED: BPD/rate |
| 4.3 | 150# | 155# | 7 | 6192 |
| 5.2 | 220# | 225# | 21 | 7488 |
| 8.5 | 445# | 445# | 45 | 12240 |
| 11.0 | 657# | 706# | 112 | 15840 |
| 16.0 | 1308# | 1426# | 499 | 23040 |
| 18.0 | 1667# | 1685# | 1030 | 25920 |
| 20.0 | 1969# | 2060# | 1415 | 28800 |
| 22.0 | 2405# | 2450# | 2000 | 31680 |
| 21.0 | 2285# | 2300# | 2531 | 30240 |
| 19.0 | 1755# | 1760# | 2711 | 27360 |

SD. ISDP @ 210#. Pressure to 0# in 5 minutes. RDMO BJ Services. Left well SI.Pumped total of 2711 Bbls fresh wtr for inj. Rate test. Test witnessed and apporved by Gerry Guye. FINAL REPORT.