

OCD-ARTESIA

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No 1004-0137
Expires July 31, 2010

5 Lease Serial No.
SHL NMNM 15291 BHL NM31200

6. If Indian, Allottee or Tribe Name

7 If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.
Irami 34 Fed Com, Well #1H

9 API Well No.

10. Field and Pool, or Exploratory

11. Sec., T R. M. or Blk. and Survey or Area

Sec 34, T-19-S, R-25-E

12 County or Parish
Eddy

13 State
NM

1a. Type of work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator Nearburg Producing Company

3a. Address 3300 N. A St., Bldg 2, Suite 120
Midland, TX 79705

3b. Phone No. (include area code)
432 413 9747; 684-6381

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface 330 FSL & ¹⁶⁵FWL, Sec 34, T19S, R25E

At proposed prod. zone 330 FSL & 1650' FEL, Sec 34, T19S, R25E

UNORTHODOX
LOCATION

14. Distance in miles and direction from nearest town or post office*
18.9 miles NW from Carlsbad, NM

15 Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)

16. No. of acres in lease
360 in NM 15291
120 in NM 31200

17 Spacing Unit dedicated to this well
120 acres

18 Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft

19 Proposed Depth
MD 6083'
TVD 2722'

20 BLM/BIA Bond No. on file
NMB000153

21 Elevations (Show whether DF, KDB, RT, GL, etc.)
3510' GR

22 Approximate date work will start*
02/01/2012

23. Estimated duration
20 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

3. A Surface Use Plan (if the location is on National Forest System Lands, the
SUPO must be filed with the appropriate Forest Service Office)

4 Bond to cover the operations unless covered by an existing bond on file (see
Item 20 above).

5. Operator certification

6. Such other site specific information and/or plans as may be required by the
BLM

25 Signature

Name (Printed/Typed)

Ann Ritchie ann.wtor@gmail.com

Date

01/09/2012

Title

Regulatory

initial submittal 11/28/11

Approved by (Signature)

/s/ Don Peterson

Name (Printed/Typed)

/s/ Don Peterson

Date

SEP 19 2012

Title

FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

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, are attached.

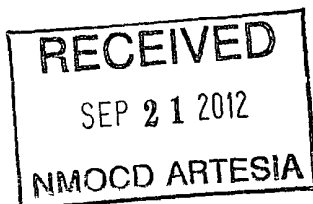
APPROVAL FOR TWO YEARS

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

(Continued on page 2)

Roswell Controlled Water Basin

SEE ATTACHED FOR
CONDITIONS OF APPROVAL



Approval Subject to General Requirements
& Special Stipulations Attached

12. Operations Representative

Tim Green, Marketing and Production Services Manager
Nearburg Producing Company
3300 N. "A" St., Bldg. 2, Suite 120
Midland, TX 79705

13. 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 approved.

1-20-12
Date

Tim Green
Tim Green, Marketing and Production Services Manager

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
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 30-015-40732	Pool Code 97565	Pool Name N seven RVRS. Glorieta - Yeso
Property Code 39459	Property Name IRAMI 34 FEDERAL	Well Number 1H
OGRID No. 15742	Operator Name NEARBURG PRODUCING CO.	Elevation 3513'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	34	19-S	25-E		330	SOUTH	165	WEST	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
O	34	19-S	25-E		330	SOUTH	1650	EAST	EDDY

Dedicated Acres 1.80	Joint or Infill	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

CORNER COORDINATES TABLE Ⓐ - Y=586859.8 N, X=454623.7 E Ⓑ - Y=586846.0 N, X=458586.6 E Ⓒ - Y=585518.4 N, X=454611.4 E Ⓓ - Y=585506.9 N, X=458579.4 E GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION Y=585847.8 N X=454779.5 E LAT = 32.610514° N LONG = 104.480190° W BOTTOM HOLE LOCATION Y=585837.5 N X=458256.3 E DETAIL 3508.9' 3521.2' 600' 600' 3508.0' 3522.6' GR AZ 90°10'08" HORIZ DIST = 3477.8' 165' 330' SEE DETAIL 1650' BH	OPERATOR CERTIFICATION 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. Signature <i>Tim Green</i> Date 4-13-12 Printed Name Tim Green E-mail Address 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. FEBRUARY 21, 2012 Date of Survey Signature of Professional Surveyor <i>Ronald J. Eidson</i> Seal of Professional Surveyor Certificate Number 3239 Surveyor 3239 AF JWSC W.O. 12.11.0273
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Attachment to Form 3160-3
Irami 34 Fed Com #1H
SHL: 330' FSL & 10' FWL, Section 34, T19S, R25E
BHL: 330' FSL and 1650' FEL, Section 34, T19S, R25E
Eddy County, New Mexico

DRILLING PROGRAM

1. Geological Name of Surface Formation: Permian

2. Estimated Tops of Geological Markers:

Grayburg	477' MD	Dolomite
San Andres	777' MD	Dolomite
Glorieta	2347' TVD	Silty Dolomite
Yeso	2447' TVD	Dolomite
**Mid Yeso Mkr	2597' TVD	Dolomite
**EOC-TVD	2697'	Dolomite
**EOL-TVD	2722'	
TMD	MD - tbd	

3. Estimated Depths of Anticipated Fresh Water, Oil or Gas:

Grayburg	477' MD - Water
San Andres	777' MD - Oil
Yeso	2447' TVD - Oil

4. Casing and Cementing Program:

Csg Sz	Hole Sz	Setting Depth	Weight	Grade	Joint	Collapse	Burst	Tension
8 5/8"	12 1/4"	0-825'	32#	New J55	STC	1.125	1.125	1.6
5 1/2"	7 7/8"	0-6083'	17#	New N80	LTC	1.126	1.125	1.6

Drill 12 1/4" hole to 825'. 8 5/8" surface casing will be cemented in 2 Stages:

Lead: 180 sxs Thixotropic "H" + 10% A-19 + 1% CC + 10 pps LCM-1 + .25 pps Cello + 5 pps LCM. Weight 14.6 ppg; Yield 1.32 cfs; Mix Water 6.15 gps. **Tail:** 314 sx "C" + 2% CC + 1 gps FP-6L. Weight 14.8 ppg; Yield 1.32 cfs; Mix Water 6.3 gps.

These volumes are based on circulating cement to surface. 100% excess.

Drill 7 7/8" hole to 6083'. 5 1/2" production casing will be cemented as follows:

Lead: 550 sxs "C" Neat. Weight 14.8 ppg; Yield 1.32 cfs; Mix Water 6.3 gps.
 Volumes basing on circulating cement to surface. 100% excess.

Peak Packer System will be installed below DV tool @ 2000'. Set isolation packer at the top of the Glorietta to provide isolation between the San Andres and Glorietta.

See
COA *

5. Minimum Specifications for Pressure Control:

Exhibit 1 & 2. Nipple up on 8 5/8" with 11", 2M system and test to 2000 psi with independent tester. *See COA*

BOP will be operationally checked each 24 hr period. BOP will be operationally checked on each trip out of the hole. These checks will be noted on the daily tour sheets. A 2" kill line and a 3" choke line will be included in the drilling spool located below the BOP. Other accessories to the BOP equipment will include a Kelly Cock and floor safety valve (inside BOP) and choke lines and choke manifold with 2000 psi WP rating.

6. Types and Characteristics of the Proposed Mud System:

<u>Depth</u>	<u>Type System</u>	<u>Mud Wt.</u>	<u>Visc.</u>	<u>Waterloss</u>
0-825'	Fresh Water	8.4 - 9.2	29	N.C.
825-6083'	Fresh Water/Cut Brine	8.3 - 9.2	29	N.C.

The necessary mud products for weight addition and fluid loss control will be on location at all times.

7. Auxiliary Well Control and Monitoring Equipment: None Required

See COA * 8. Logging, Testing, and Coring Program: *See COA*

DLL/CNL/LDT/CAL/GR logging is planned. Drill stem test, cores and sidewall cores are possible.

9. Abnormal Conditions, Pressures, Temperatures and Potential Hazards:

0-825': Gravel, red beds and water sands, seepage & losses. Tight hole.
825-6083': Hole cleaning, seepage and losses. *hases*
BHP expected to be 1100 psi. No problems anticipated.

10. Anticipated Starting Date:

Operations are planned to commence upon approval, approximate 1st week of February 2012. Drilling and completion operations anticipated to be approximately 23 days.

Irami 34 Federal Com, Well No. 1H
Eddy County, New Mexico
Sec. 34-19S-25E
Quote No. 092711347

SITE DETAILS

Irami 34 Federal Com #1H

Site Centre Northing: 585848 30
Easting: 454624 40

Ground Level: 3510 00
Positional Uncertainty: 0 00
Convergence: -0 15

FIELD DETAILS

Eddy County, New Mexico

Geodetic System: US State Plane Coordinate System 1983
Ellipsoid: GRS 1980
Zone: New Mexico, Eastern Zone
Magnetic Model: WMM_2010

System Datum: Mean Sea Level
Local North: Grid North

ANNOTATIONS

No.	TVD	MD	Annotation
1	2124 06	2124 06	KOP, Build 10 00°/100'
2	2697 00	3019 38	Hold 89 53°, 90.17° Azimuth
3	2722 00	6083 12	PBHL - Lateral



Azimuths to Grid North
True North: 0 15°
Magnetic North: 8 22°

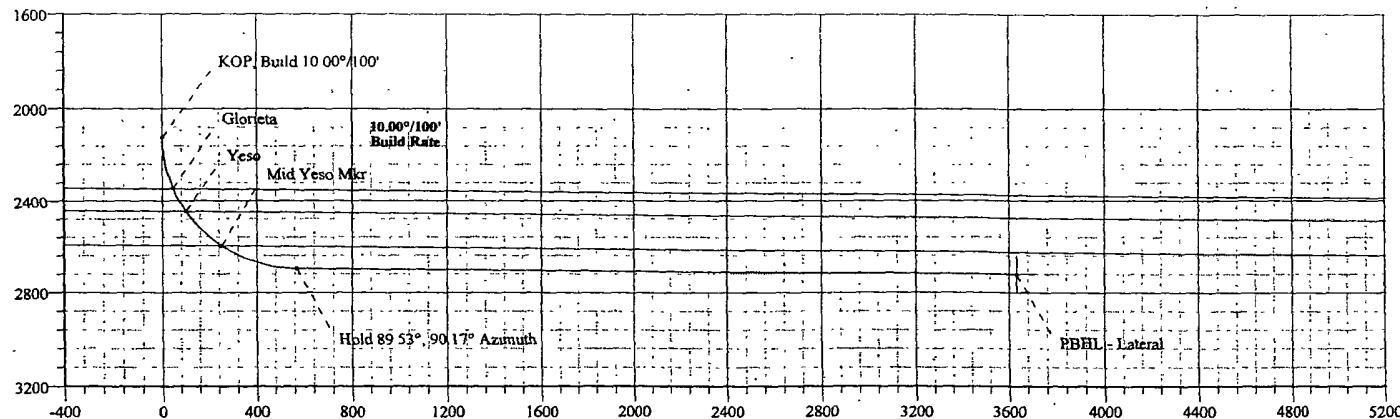
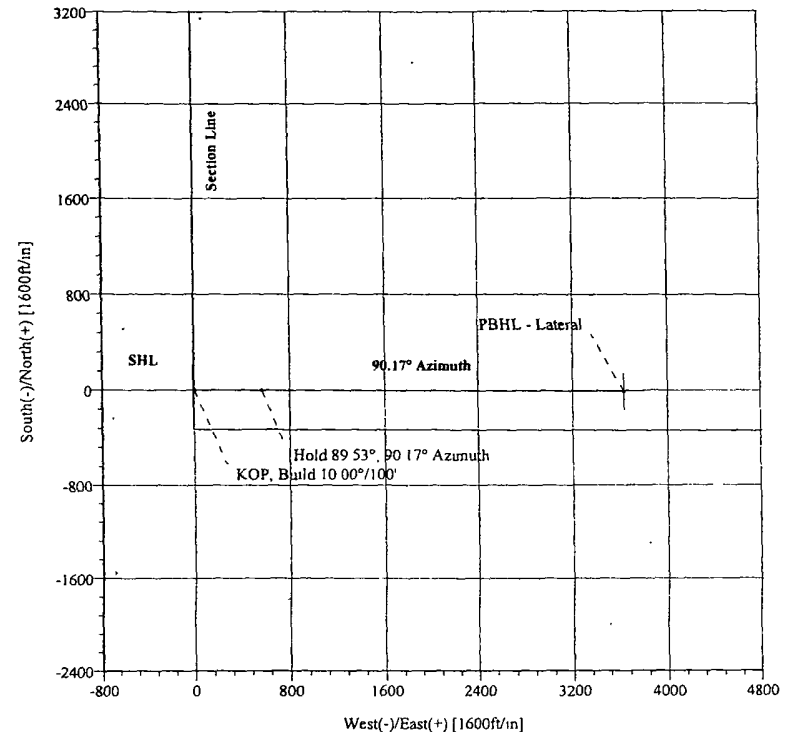
Magnetic Field
Strength: 48726nT
Dip Angle: 60 35°
Date: 2011/09/27
Model: WMM_2010

TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Shape
PBHL - Lateral	2722 00	-10 80	3631 90	585837 50	458256 30	32°36'36 813N	104°36'11 348W	Point

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	2124 06	0 00	0 00	2124 06	0 00	0 00	0 00	0 00	0 00	
2	3019 38	89 53	90 17	2697 00	-1 69	568 28	10 00	90 17	568 28	
3	6083 12	89 53	90 17	2722 00	-10 80	3631 90	0 00	0 00	3631 92	PBHL - Lateral



Formation Tops:

Grayburg: 477' KBTVD
San Andres: 777' KBTVD
Glorieta: 2347' KBTVD
Yeso: 2447' KBTVD
Mid Yeso Marker: 2597' KBTVD

Aim Directional Services

Planning Report - Geographic

Company: Nearburg Producing Company Field: Eddy County, New Mexico Site: Irami 34 MO Federal Com #1H Well: #1H Wellpath: Lateral 1r1	Date: 2011/09/28 Time: 11:26:43 Page: 1 Co-ordinate(NE) Reference: Well: #1H, Grid North Vertical (TVD) Reference: SITE 3522.0 Section (VS) Reference: Well (0.00N,0.00E,90.17Azi) Plan: Lateral 1r1
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Field: Eddy County, New Mexico	
Map System: US State Plane Coordinate System 1983 Geo Datum: GRS 1980 Sys Datum: Mean Sea Level	Map Zone: New Mexico, Eastern Zone Coordinate System: Well Centre Geomagnetic Model: WMM_2010

Site: Irami 34 MO Federal Com #1H	
Site Position: From: Map Position Uncertainty: 0.00 ft Ground Level: 3510.00 ft	Northing: 585848.30 ft Easting: 454624.40 ft Latitude: 32 36 36 826 N Longitude: 104 36 53 810 W North Reference: Grid Grid Convergence: -0 15 deg

Well: #1H Well Position: +N/-S 0.00 ft +E/-W 0.00 ft Position Uncertainty: 0.00 ft	Slot Name: Northing: 585848.30 ft Easting: 454624.40 ft Latitude: 32 36 36.826 N Longitude: 104 36 53 810 W
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Wellpath: Lateral 1r1 Current Datum: SITE Magnetic Data: 2011/09/27 Field Strength: 48726 nT Vertical Section: Depth From (TVD)	Drilled From: Surface Tie-on Depth: 0 00 ft Above System Datum: Mean Sea Level Declination: 8.07 deg Mag Dip Angle: 60.35 deg +N/-S +E/-W Direction ft ft deg 0.00 0.00 0 00 90.17
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Plan: Lateral 1r1 Principal: Yes	Date Composed: 2011/09/27 Version: 1 Tied-to: User Defined
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Plan Section Information										
MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg	Target
2124.06	0.00	0.00	2124.06	0.00	0.00	0.00	0.00	0.00	0.00	
3019.38	89.53	90.17	2697.00	-1.69	568.28	10.00	10.00	10.07	90.17	
6083.12	89.53	90.17	2722.00	-10.80	3631.90	0.00	0.00	0.00	0.00	PBHL - Lateral

Section 1 : Start DLS 10 00 TFO 90 17										
MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
2124.06	0.00	0.00	2124.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2150.00	2.59	90.17	2149.99	0.00	0.59	0.59	10.00	10.00	0.00	0.00
2200.00	7.59	90.17	2199.78	-0.01	5.03	5.03	10.00	10.00	0.00	0.00
2250.00	12.59	90.17	2248.99	-0.04	13.79	13.79	10.00	10.00	0.00	0.00
2300.00	17.59	90.17	2297.25	-0.08	26.80	26.80	10.00	10.00	0.00	0.00
2350.00	22.59	90.17	2344.19	-0.13	43.97	43.97	10.00	10.00	0.00	0.00
2353.45	22.94	90.17	2347.37	-0.13	45.31	45.31	10.00	10.00	0.00	0.00
2400.00	27.59	90.17	2389.46	-0.19	65.17	65.17	10.00	10.00	0.00	0.00
2450.00	32.59	90.17	2432.70	-0.27	90.24	90.24	10.00	10.00	0.00	0.00
2468.13	34.41	90.17	2447.82	-0.30	100.24	100.24	10.00	10.00	0.00	0.00
2500.00	37.59	90.17	2473.60	-0.35	118.97	118.97	10.00	10.00	0.00	0.00
2550.00	42.59	90.17	2511.84	-0.45	151.16	151.16	10.00	10.00	0.00	0.00
2600.00	47.59	90.17	2547.12	-0.55	186.57	186.57	10.00	10.00	0.00	0.00
2650.00	52.59	90.17	2579.19	-0.67	224.91	224.91	10.00	10.00	0.00	0.00
2684.08	56.00	90.17	2599.07	-0.75	252.58	252.58	10.00	10.00	0.00	0.00
2700.00	57.59	90.17	2607.79	-0.79	265.90	265.90	10.00	10.00	0.00	0.00
2750.00	62.59	90.17	2632.71	-0.92	309.23	309.23	10.00	10.00	0.00	0.00
2800.00	67.59	90.17	2653.76	-1.05	354.56	354.57	10.00	10.00	0.00	0.00
2850.00	72.59	90.17	2670.78	-1.19	401.56	401.56	10.00	10.00	0.00	0.00
2900.00	77.59	90.17	2683.64	-1.34	449.86	449.86	10.00	10.00	0.00	0.00
2950.00	82.59	90.17	2692.24	-1.48	499.10	499.10	10.00	10.00	0.00	0.00

Aim Directional Services

Planning Report - Geographic

Company: Nearburg Producing Company	Date: 2011/09/28	Time: 11:26:43	Page: 2
Field: Eddy County, New Mexico	Co-ordinate(NE) Reference: Well: #1H, Grid North		
Site: Irami 34 MO Federal Com #1H	Vertical (TVD) Reference: SITE 3522.0		
Well: #1H	Section (VS) Reference: Well (0.00N,0.00E,90.17Azi)		
Wellpath: Lateral 1r1	Plan: Lateral 1r1		

Section 1 : Start DLS 10.00 TFO 90.17

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
3000.00	87.59	90.17	2696.51	-1.63	548.90	548.90	10.00	10.00	0.00	0.00
3019.38	89.53	90.17	2697.00	-1.69	568.28	568.28	10.00	10.00	0.00	0.00

Section 2 : Start Hold

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
3100.00	89.53	90.17	2697.66	-1.93	648.89	648.90	0.00	0.00	0.00	0.00
3200.00	89.53	90.17	2698.47	-2.23	748.89	748.89	0.00	0.00	0.00	0.00
3300.00	89.53	90.17	2699.29	-2.52	848.88	848.89	0.00	0.00	0.00	0.00
3400.00	89.53	90.17	2700.10	-2.82	948.88	948.89	0.00	0.00	0.00	0.00
3500.00	89.53	90.17	2700.92	-3.12	1048.88	1048.88	0.00	0.00	0.00	0.00
3600.00	89.53	90.17	2701.74	-3.42	1148.87	1148.88	0.00	0.00	0.00	0.00
3700.00	89.53	90.17	2702.55	-3.71	1248.87	1248.88	0.00	0.00	0.00	0.00
3800.00	89.53	90.17	2703.37	-4.01	1348.87	1348.87	0.00	0.00	0.00	0.00
3900.00	89.53	90.17	2704.18	-4.31	1448.86	1448.87	0.00	0.00	0.00	0.00
4000.00	89.53	90.17	2705.00	-4.61	1548.86	1548.87	0.00	0.00	0.00	0.00
4100.00	89.53	90.17	2705.82	-4.90	1648.85	1648.86	0.00	0.00	0.00	0.00
4200.00	89.53	90.17	2706.63	-5.20	1748.85	1748.86	0.00	0.00	0.00	0.00
4300.00	89.53	90.17	2707.45	-5.50	1848.85	1848.86	0.00	0.00	0.00	0.00
4400.00	89.53	90.17	2708.27	-5.80	1948.84	1948.85	0.00	0.00	0.00	0.00
4500.00	89.53	90.17	2709.08	-6.09	2048.84	2048.85	0.00	0.00	0.00	0.00
4600.00	89.53	90.17	2709.90	-6.39	2148.84	2148.85	0.00	0.00	0.00	0.00
4700.00	89.53	90.17	2710.71	-6.69	2248.83	2248.84	0.00	0.00	0.00	0.00
4800.00	89.53	90.17	2711.53	-6.98	2348.83	2348.84	0.00	0.00	0.00	0.00
4900.00	89.53	90.17	2712.35	-7.28	2448.82	2448.84	0.00	0.00	0.00	0.00
5000.00	89.53	90.17	2713.16	-7.58	2548.82	2548.83	0.00	0.00	0.00	0.00
5100.00	89.53	90.17	2713.98	-7.88	2648.82	2648.83	0.00	0.00	0.00	0.00
5200.00	89.53	90.17	2714.79	-8.17	2748.81	2748.83	0.00	0.00	0.00	0.00
5300.00	89.53	90.17	2715.61	-8.47	2848.81	2848.82	0.00	0.00	0.00	0.00
5400.00	89.53	90.17	2716.43	-8.77	2948.81	2948.82	0.00	0.00	0.00	0.00
5500.00	89.53	90.17	2717.24	-9.07	3048.80	3048.82	0.00	0.00	0.00	0.00
5600.00	89.53	90.17	2718.06	-9.36	3148.80	3148.81	0.00	0.00	0.00	0.00
5700.00	89.53	90.17	2718.87	-9.66	3248.79	3248.81	0.00	0.00	0.00	0.00
5800.00	89.53	90.17	2719.69	-9.96	3348.79	3348.81	0.00	0.00	0.00	0.00
5900.00	89.53	90.17	2720.51	-10.26	3448.79	3448.80	0.00	0.00	0.00	0.00
6000.00	89.53	90.17	2721.32	-10.55	3548.78	3548.80	0.00	0.00	0.00	0.00
6083.12	89.53	90.17	2722.00	-10.80	3631.90	3631.92	0.00	0.00	0.00	0.00

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	Map Northing ft	Map Easting ft	← Latitude → Deg Min Sec			← Longitude → Deg Min Sec		
2124.06	0.00	0.00	2124.06	0.00	0.00	585848.30	454624.40	32	36	36.826 N	104	36	53.810 W
2150.00	2.59	90.17	2149.99	0.00	0.59	585848.30	454624.99	32	36	36.826 N	104	36	53.804 W
2200.00	7.59	90.17	2199.78	-0.01	5.03	585848.29	454629.43	32	36	36.826 N	104	36	53.752 W
2250.00	12.59	90.17	2248.99	-0.04	13.79	585848.26	454638.19	32	36	36.826 N	104	36	53.649 W
2300.00	17.59	90.17	2297.25	-0.08	26.80	585848.22	454651.20	32	36	36.826 N	104	36	53.497 W
2350.00	22.59	90.17	2344.19	-0.13	43.97	585848.17	454668.37	32	36	36.826 N	104	36	53.296 W
2353.45	22.94	90.17	2347.37	-0.13	45.31	585848.17	454669.71	32	36	36.826 N	104	36	53.281 W
2400.00	27.59	90.17	2389.46	-0.19	65.17	585848.11	454689.57	32	36	36.826 N	104	36	53.048 W
2450.00	32.59	90.17	2432.70	-0.27	90.24	585848.03	454714.64	32	36	36.826 N	104	36	52.755 W
2468.13	34.41	90.17	2447.82	-0.30	100.24	585848.00	454724.64	32	36	36.826 N	104	36	52.638 W
2500.00	37.59	90.17	2473.60	-0.35	118.97	585847.95	454743.37	32	36	36.826 N	104	36	52.419 W
2550.00	42.59	90.17	2511.84	-0.45	151.16	585847.85	454775.56	32	36	36.826 N	104	36	52.043 W
2600.00	47.59	90.17	2547.12	-0.55	186.57	585847.75	454810.97	32	36	36.826 N	104	36	51.629 W
2650.00	52.59	90.17	2579.19	-0.67	224.91	585847.63	454849.31	32	36	36.826 N	104	36	51.181 W
2684.08	56.00	90.17	2599.07	-0.75	252.58	585847.55	454876.98	32	36	36.826 N	104	36	50.857 W
2700.00	57.59	90.17	2607.79	-0.79	265.90	585847.51	454890.30	32	36	36.826 N	104	36	50.702 W
2750.00	62.59	90.17	2632.71	-0.92	309.23	585847.38	454933.63	32	36	36.825 N	104	36	50.195 W

Aim Directional Services

Planning Report - Geographic

Company: Nearburg Producing Company
Field: Eddy County, New Mexico
Site: Irami 34 MO Federal Com #1H
Well: #1H
Wellpath: Lateral 1r1

Date: 2011/09/28 **Time:** 11:26:43
Co-ordinate(NE) Reference: Well: #1H, Grid North
Vertical (TVD) Reference: SITE 3522.0
Section (VS) Reference: Well (0.00N,0.00E,90.17Azi)
Plan: Lateral 1r1

Page: 3

Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	Map Northing ft	Map Easting ft	Latitude Deg Min Sec		Longitude Deg Min Sec	
2800.00	67.59	90.17	2653.76	-1.05	354.56	585847.25	454978.96	32	36	36.825 N	104 36 49.665 W
2850.00	72.59	90.17	2670.78	-1.19	401.56	585847.11	455025.96	32	36	36.825 N	104 36 49.116 W
2900.00	77.59	90.17	2683.64	-1.34	449.86	585846.96	455074.26	32	36	36.825 N	104 36 48.551 W
2950.00	82.59	90.17	2692.24	-1.48	499.10	585846.82	455123.50	32	36	36.825 N	104 36 47.975 W
3000.00	87.59	90.17	2696.51	-1.63	548.90	585846.67	455173.30	32	36	36.825 N	104 36 47.393 W
3019.38	89.53	90.17	2697.00	-1.69	568.28	585846.61	455192.68	32	36	36.825 N	104 36 47.166 W
3100.00	89.53	90.17	2697.66	-1.93	648.89	585846.37	455273.29	32	36	36.824 N	104 36 46.224 W
3200.00	89.53	90.17	2698.47	-2.23	748.89	585846.07	455373.29	32	36	36.824 N	104 36 45.055 W
3300.00	89.53	90.17	2699.29	-2.52	848.88	585845.78	455473.28	32	36	36.824 N	104 36 43.886 W
3400.00	89.53	90.17	2700.10	-2.82	948.88	585845.48	455573.28	32	36	36.823 N	104 36 42.717 W
3500.00	89.53	90.17	2700.92	-3.12	1048.88	585845.18	455673.28	32	36	36.823 N	104 36 41.548 W
3600.00	89.53	90.17	2701.74	-3.42	1148.87	585844.88	455773.27	32	36	36.822 N	104 36 40.379 W
3700.00	89.53	90.17	2702.55	-3.71	1248.87	585844.59	455873.27	32	36	36.822 N	104 36 39.209 W
3800.00	89.53	90.17	2703.37	-4.01	1348.87	585844.29	455973.27	32	36	36.822 N	104 36 38.040 W
3900.00	89.53	90.17	2704.18	-4.31	1448.86	585843.99	456073.26	32	36	36.821 N	104 36 36.871 W
4000.00	89.53	90.17	2705.00	-4.61	1548.86	585843.69	456173.26	32	36	36.821 N	104 36 35.702 W
4100.00	89.53	90.17	2705.82	-4.90	1648.85	585843.40	456273.25	32	36	36.821 N	104 36 34.533 W
4200.00	89.53	90.17	2706.63	-5.20	1748.85	585843.10	456373.25	32	36	36.820 N	104 36 33.364 W
4300.00	89.53	90.17	2707.45	-5.50	1848.85	585842.80	456473.25	32	36	36.820 N	104 36 32.195 W
4400.00	89.53	90.17	2708.27	-5.80	1948.84	585842.50	456573.24	32	36	36.820 N	104 36 31.026 W
4500.00	89.53	90.17	2709.08	-6.09	2048.84	585842.21	456673.24	32	36	36.819 N	104 36 29.857 W
4600.00	89.53	90.17	2709.90	-6.39	2148.84	585841.91	456773.24	32	36	36.819 N	104 36 28.688 W
4700.00	89.53	90.17	2710.71	-6.69	2248.83	585841.61	456873.23	32	36	36.818 N	104 36 27.518 W
4800.00	89.53	90.17	2711.53	-6.98	2348.83	585841.32	456973.23	32	36	36.818 N	104 36 26.349 W
4900.00	89.53	90.17	2712.35	-7.28	2448.82	585841.02	457073.22	32	36	36.818 N	104 36 25.180 W
5000.00	89.53	90.17	2713.16	-7.58	2548.82	585840.72	457173.22	32	36	36.817 N	104 36 24.011 W
5100.00	89.53	90.17	2713.98	-7.88	2648.82	585840.42	457273.22	32	36	36.817 N	104 36 22.842 W
5200.00	89.53	90.17	2714.79	-8.17	2748.81	585840.13	457373.21	32	36	36.816 N	104 36 21.673 W
5300.00	89.53	90.17	2715.61	-8.47	2848.81	585839.83	457473.21	32	36	36.816 N	104 36 20.504 W
5400.00	89.53	90.17	2716.43	-8.77	2948.81	585839.53	457573.21	32	36	36.816 N	104 36 19.335 W
5500.00	89.53	90.17	2717.24	-9.07	3048.80	585839.23	457673.20	32	36	36.815 N	104 36 18.166 W
5600.00	89.53	90.17	2718.06	-9.36	3148.80	585838.94	457773.20	32	36	36.815 N	104 36 16.997 W
5700.00	89.53	90.17	2718.87	-9.66	3248.79	585838.64	457873.19	32	36	36.814 N	104 36 15.828 W
5800.00	89.53	90.17	2719.69	-9.96	3348.79	585838.34	457973.19	32	36	36.814 N	104 36 14.658 W
5900.00	89.53	90.17	2720.51	-10.26	3448.79	585838.04	458073.19	32	36	36.813 N	104 36 13.489 W
6000.00	89.53	90.17	2721.32	-10.55	3548.78	585837.75	458173.18	32	36	36.813 N	104 36 12.320 W
6083.12	89.53	90.17	2722.00	-10.80	3631.90	585837.50	458256.30	32	36	36.813 N	104 36 11.348 W

Targets

Name	Description Dip. Dir.	TVD ft	+N/-S ft	+E/-W ft	Map Northing ft	Map Easting ft	Latitude Deg Min Sec		Longitude Deg Min Sec	
PBHL - Lateral		2722.00	-10.80	3631.90	585837.50	458256.30	32	36	36.813 N	104 36 11.348 W

Formations

MD ft	TVD ft	Formations	Lithology	Dip Angle deg	Dip Direction deg
	0.00	Grayburg		0.47	90.17
	0.00	San Andres		0.47	90.17
2353.45	2347.37	Glorieta		0.47	90.17
2468.13	2447.82	Yeso		0.47	90.17
2684.08	2599.07	Mid Yeso Mkr		0.47	90.17

Aim Directional Services

Planning Report - Geographic

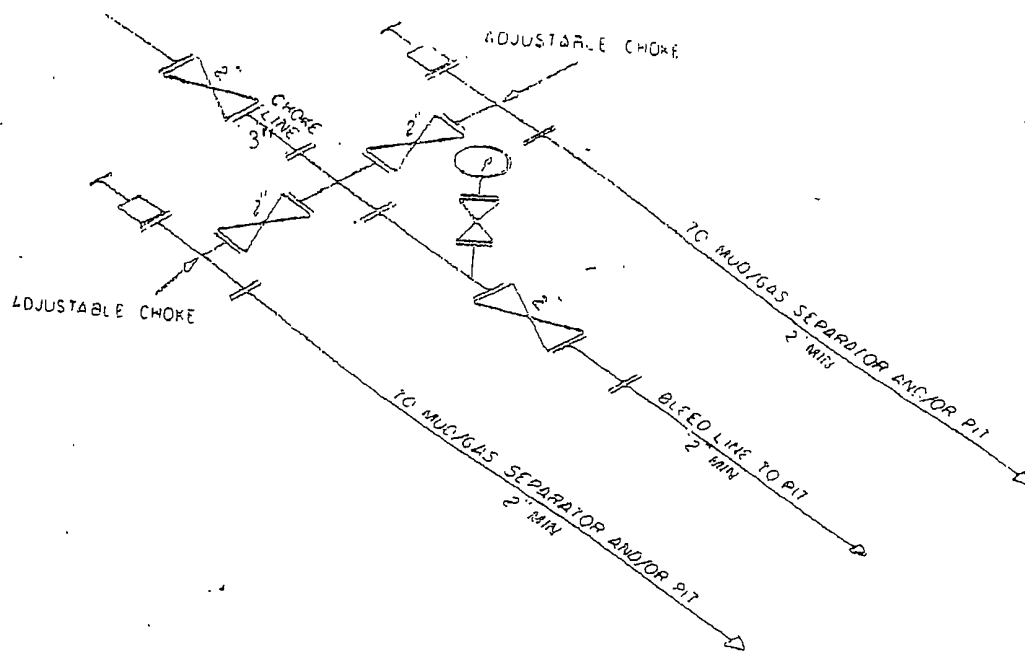
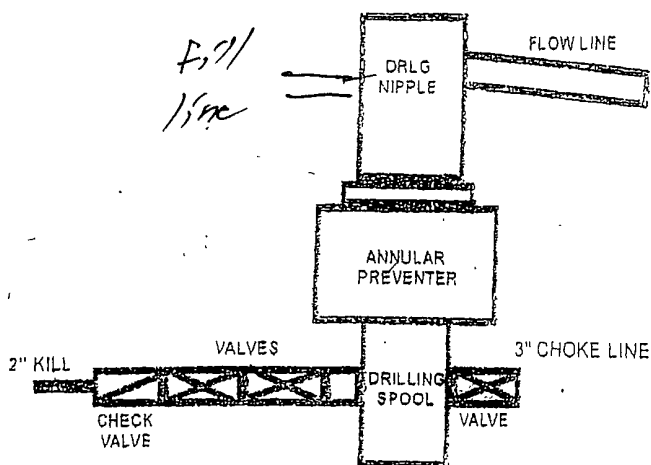
Company: Nearburg Producing Company
Field: Eddy County, New Mexico
Site: Irami 34 MO Federal Com #1H
Well: #1H
Wellpath: Lateral 1r1

Date: 2011/09/28 Time: 11:26:43 Page: 4
Co-ordinate(NE) Reference: Well: #1H, Grid North
Vertical (TVD) Reference: SITE 3522.0
Section (VS) Reference: Well (0.00N,0.00E,90.17Azi)
Plan: Lateral 1r1

Annotation

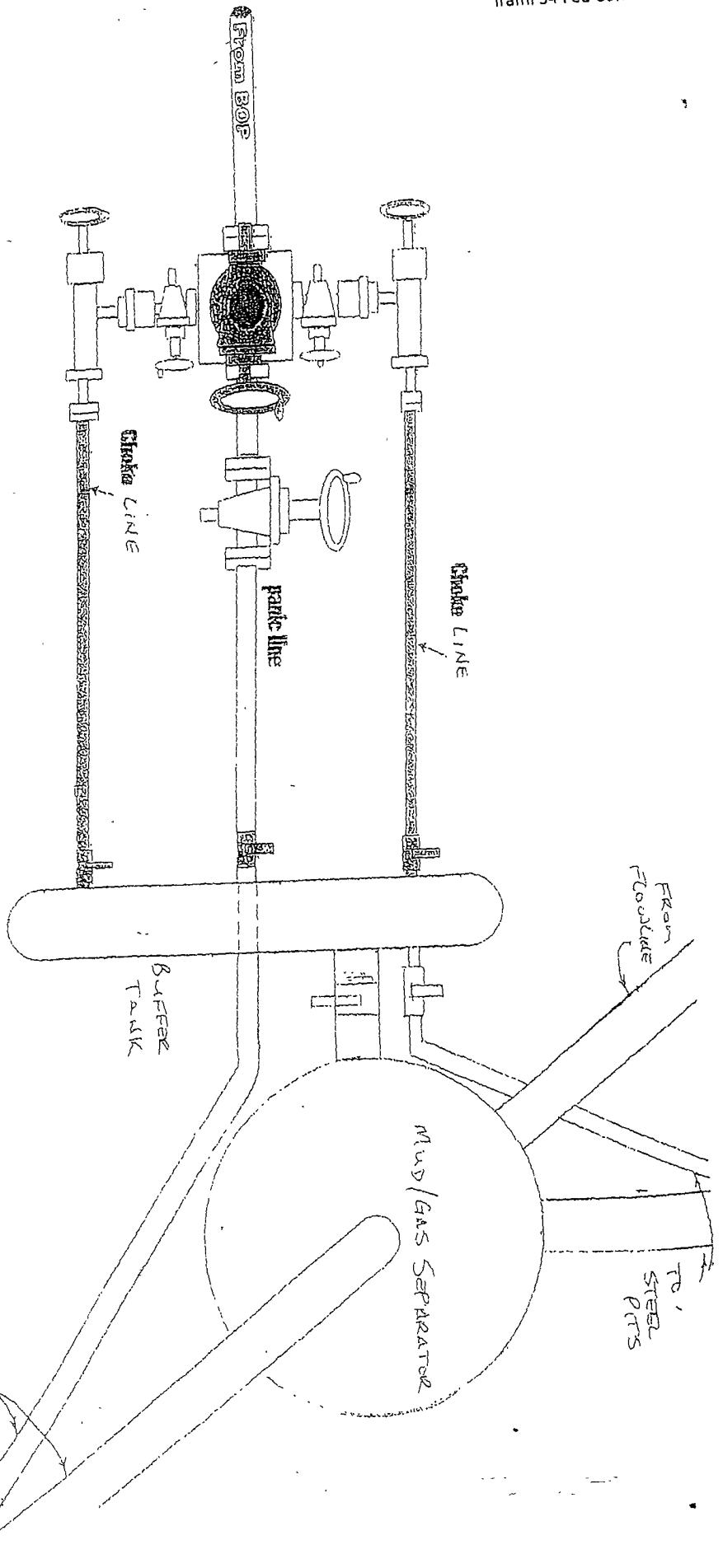
MD ft	TVD ft	
2124.06	2124.06	KOP, Build 10.00°/100'
3019.38	2697.00	Hold 89.53°, 90.17° Azimuth
6083.12	2722.00	PBHL - Lateral

2M SYSTEM



2M CHOKE MANIFOLD EQUIPMENT — CONFIGURATION OF CHOKES

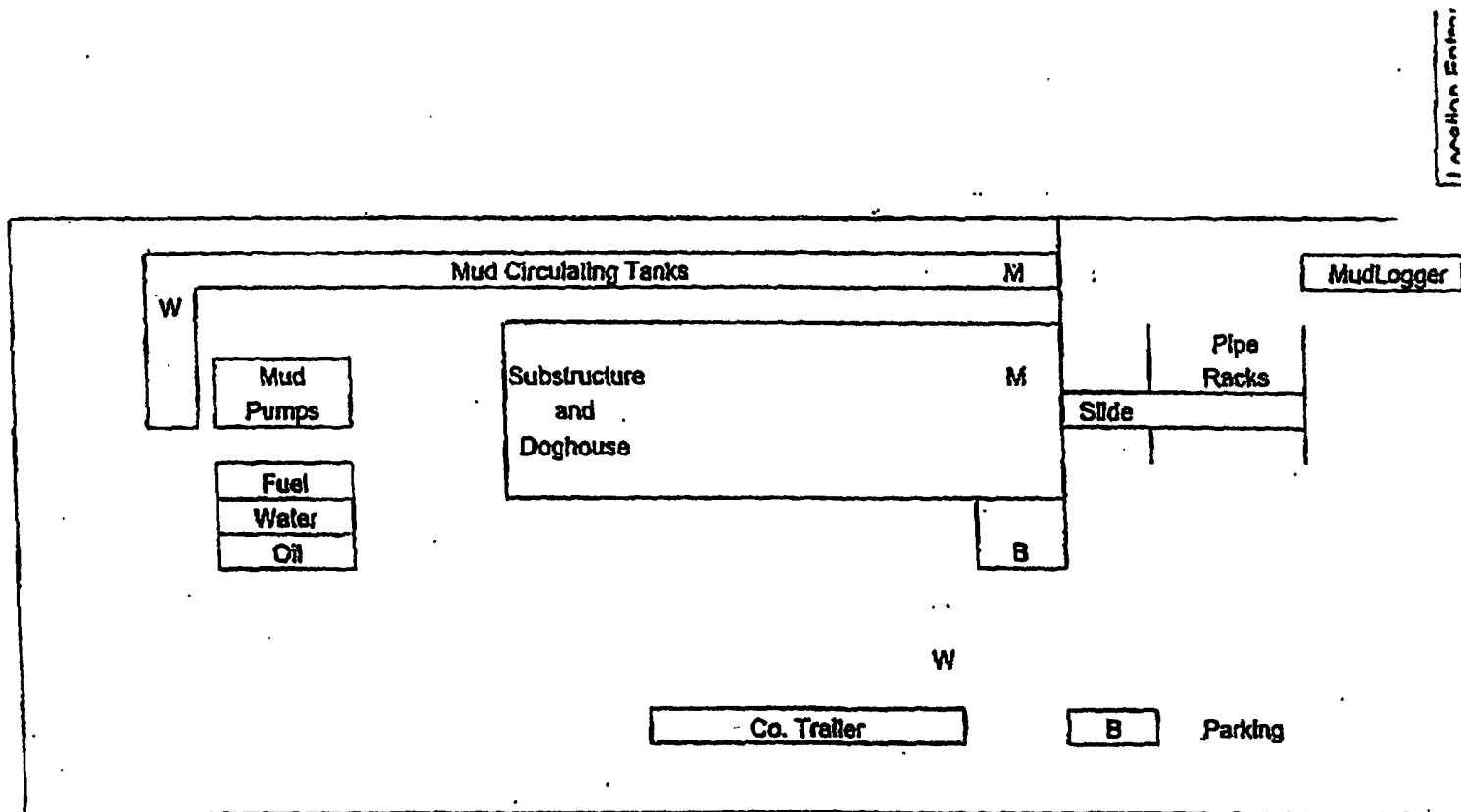
MAY VARY



2,000#/3,000# BOP manifold system

For POTENTIAL HZS EVALUATION

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

Hydrogen Sulfide Drilling Operations Plans
Nearburg Producing Company
Huber Federal #5H

1. 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 tubular 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. Initial training session prior to encountering a known or probable H₂S zone (within 3 days or 500') and weekly H₂S and well control drills for all personnel on 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.

2. 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' 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 sizes with properly sized closing unit.
 - 4. Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head and flare gun, and flares as needed.
- 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 and located 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 yellow for high visibility, and black lettering of sufficient size to be legible from a reasonable distance from the immediate location. Bilingual signs will be used when appropriate.

**Nearburg Producing Company
H2S Contingency Plan Emergency Contacts
(Name & Phone Numbers must be verified)**

NPC OFFICE	432-686-8235
EMERGENCY PHONE NUMBER	432-686-8235 X500
NPC Contact Personnel	
Wes Stinson, Drilling	575-365-6500
Matt Lee, Drilling Manager	575-365-6662
Roger King, Production Foreman	575-361-3605
Artesia	
Ambulance	911
NM State Police	575-746-2703
City Police	575-746-2703
Sheriff's Office	575-746-9888
Fire Department	575-746-2701
Local Emergency Planning Committee	575-746-2122
NMOCD	575-748-1283
Carlsbad	
Ambulance	911
NM State Police	575-885-3137
City Police	575-885-2111
Sheriff's Office	575-887-7551
Fire Department	575-887-3798
Local Emergency Planning Committee	575-887-6544
BLM	575-887-6544
NM Emergency Response Commission (Santa Fe)	
24 Hour	505-476-9600
NM State Emergency Operations Center	505-827-9126
National Emergency Response Center (Washington DC)	505-476-9635
	800-424-8802
Other	
Boots & Coots IWD	800-256-9688 or 281-934-8884
Cudd Pressure Control	432-699-0139 or 432-563-3356
Halliburton	575-746-2757
BJ Services	575-746-3569
Flight for Life – 4000 24 th St, Lubbock Tx	806-746-9911
Aerocare – R3, Box 49F, Lubbock, Tx	806-747-8923
Med Flight Air Ambulance-2301 Yale blvd SE #d, Albuq, NM	505-842-4433
SB Aid Med Serv – 2505 Clark Carr Loop SE, Albuq, NM	505-842-4949

**Nearburg Producing Company
H2S Contingency Plan**

**Assumed 100 ppm ROE = 3000'
100 ppm H2S concentration shall trigger activation of this plan**

Emergency Procedures

In the event of a release of gas containing H2S, the first responder(s) must:

Isolate the area and prevent entry by other persons into the 1000 ppm ROE.

Evacuate any public places encompassed by the 100 ppm BOE.

Be equipped with H2S monitors and air packs in order to control the release.

Use the "buddy system" to ensure no injuries occur during the response.

Take precautions to avoid personal injury during this operation.

Contact operator and/or local officials to aid in operation. See list of phone numbers attached

Have received training in the following:

Detection of H2S and

Measures for protection against the gas

Equipment used for protection and emergency response.

Ignition of Gas Source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally, the NM State Police may be involved. NM State Police shall be the Incident Command on the scene of any major release. Take care to protect downwind whenever there is an ignition of the gas.

Characteristics of H2S and SO₂

Common Name	Chemical Formula	Specific Gravity Air=1	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H ₂ S	1.189 Air=1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO ₂	2.21 Air =1	2 ppm	n/a	1000 ppm

Contacting Authorities

Nearburg Producing Company's personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the NMOCD must be notified of the release as soon as possible and no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, locate of release, etc. Be prepared with all information available including directions to site. The following call list of essential and potential responders has been prepared for use during a release. Nearburg Producing Company's response must be in coordination with the State of NM's "Hazardous Materials Emergency Response Plan" (HMER).

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	Nearburg Prod Co
LEASE NO.:	NM31200
WELL NAME & NO.:	1H Irami 34 Fed Com
SURFACE HOLE FOOTAGE:	330' FSL & 10' FWL
BOTTOM HOLE FOOTAGE:	330' FSL & 1650' FEL
LOCATION:	Section 34, T.19 S., R.25 E., NMPM
COUNTY:	Eddy County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**

- Cave/Karst
 - Range Structures
 - Communitization Agreement

- ☐ **Construction**
 - Notification
 - Topsoil
 - Closed Loop System
 - Federal Mineral Material Pits
 - Well Pads
 - Roads

- ☐ **Road Section Diagram**

- ☒ **Drilling**
 - H2S – Onshore Order 6 Requirements
 - Casing/Cement Requirements
 - High Cave/Karst
 - Logging Requirements
 - Waste Material and Fluids

- ☐ **Production (Post Drilling)**
 - Well Structures & Facilities
 - Pipelines
 - Electric Lines

- ☐ **Interim Reclamation**

- ☐ **Final Abandonment & Reclamation**