

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. DIV-Dist. 2

1001 W. Grand Avenue

NMI 08210

FORM APPROVED  
OMB NO. 1004-0137  
Expires March 31, 2007

## SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an  
abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

RECEIVED

JAN 30 2006

OCU-ARTESIA

## 1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

## 2. Name of Operator

Nearburg Producing Company

## 3a. Address

3300 N A St., Bldg 2, Ste 120, Midland, TX 79705

## 3b. Phone No. (include area code)

432/686-8235 x 203

## 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660 FNL and 1930 FEL, Sec 31-19S-25E

## 5. Lease Serial No.

NMNM84701

## 6. If Indian, Allottee or Tribe Name

## 7. If Unit or CA/Agreement, Name and/or No.

## 8. Well Name and No.

Dagger Draw 31 Fed  
#2

## 9. API Well No.

30-015-26431

## 10. Field and Pool, or Exploratory Area

Dagger Draw: Upper Penn.  
North

## 11. County or Parish, State

Eddy NM

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

## TYPE OF SUBMISSION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice

## TYPE OF ACTION

☐ Acidize☐ Alter Casing☐ Casing Repair☐ Change Plans☐ Convert to Injection☐ Deepen☐ Fracture Treat☐ New Construction☐ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☐ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☒ Other TA

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomple in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

Due to NPC's current success in the Glorietta-Yeso and Wolfcamp, we would like to TA the subject well for uphole potential.

Please see attached procedure.

APPROVED FOR 12 MONTH PERIOD

ENDING 1/26/07

APPROVED

JAN 26 2006

GARY GOURLEY

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed)

Sarah Jordan

Title

Production Analyst

1/9/06

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

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

**CURRENT EQUIPMENT DESCRIPTION:**

**RECOMMENDED PROCEDURE:**

- 1) Test deadmen.
- 2) Notify OCD of intention to TA wellbore.
- 3) MIRU PU. Kill well if necessary.
- 4) ND WH & NU BOP.
- 5) Release TAC & POH w/245 jts 2-7/8" tbg, TAC, 8 jts 2-7/8", SN, 1 jt 2-7/8" open ended laying down.
- 6) Set CIBP @ 7600' as per attached PROPOSED wellbore diagram.
- 7) Cap CIBP w/35'cmt. Perform MIT test as per OCD requirements.
- 8) Clean location and notify OCD of new wellbore status.

This wellbore has been SI since October 1999 and has produced marginal amounts of gas since that time.

This well had numerous mud-log shows from San Andres/Glorieta and Wolfcamp. Recent success in the shallower San Andres/Glorieta zones opens these reservoirs up to exploitation.

The Wolfcamp, Bone Springs, and Yeso will be evaluated and tested shortly.

(a) A proposal for further operations shall be submitted by the operator on Form 3160-5 for approval by the authorized officer prior to commencing operations to redrill, deepen, perform casing repairs, plug-back, alter casing, perform nonroutine fracturing jobs, recompleteness in a different interval, perform water shut off, commingling production between intervals and/or conversion to injection. If there is additional surface disturbance, the proposal shall include a surface use plan of operations. A subsequent report on these operations also will be filed on Form 3160-5. The authorized officer may prescribe that each proposal contain all or a portion of the information set forth in §3162.3-1 of this title.

(b) Unless additional surface disturbance is involved and if the operations conform to the standard of prudent operating practice, prior approval is not required for routine fracturing or acidizing jobs, or recompleteness in the same interval; however, a subsequent report on these operations must be filed on Form 3160-5.

(c) No prior approval or a subsequent report is required for well cleanout work, routine well maintenance, or bottom hole pressure surveys.

[47 FR 47765, Oct. 27, 1982. Redesignated and amended at 48 FR 36583-36586, Aug. 12, 1983, further amended at 52 FR 5391, Feb. 20, 1987; 53 FR 17363, May 16, 1988; 53 FR 22847, June 17, 1988]

### §3162.3-3 Other lease operations.

Prior to commencing any operation on the leasehold which will result in additional surface disturbance, other than those authorized under §3162.3-1 or §3162.3-2 of this title, the operator shall submit a proposal on Form 3160-5 to the authorized officer for approval. The proposal shall include a surface use plan of operations.

[47 FR 47765, Oct. 27, 1982. Redesignated and amended at 48 FR 36583-36586, Aug. 12, 1983, and amended at 52 FR 5391, Feb. 20, 1987; 53 FR 17363, May 16, 1988; 53 FR 22847, June 17, 1988]

### §3162.3-4 Well abandonment.

(a) The operator shall promptly plug and abandon, in accordance with a plan first approved in writing or prescribed

completed or recompleteness well in which oil or gas is not encountered in paying quantities or which, after being completed as a producing well, is demonstrated to the satisfaction of the authorized officer to be no longer capable of producing oil or gas in paying quantities, unless the authorized officer shall approve the use of the well as a service well for injection to recover additional oil or gas or for subsurface disposal of produced water. In the case of a newly drilled or recompleteness well, the approval to abandon may be written or oral with written confirmation.

(b) Completion of a well as plugged and abandoned may also include conditioning the well as water supply source for lease operations or for use by the surface owner or appropriate Government Agency, when authorized by the authorized officer. All costs over and above the normal plugging and abandonment expense will be paid by the party accepting the water well.

(c) No well may be temporarily abandoned for more than 30 days without the prior approval of the authorized officer. The authorized officer may authorize a delay in the permanent abandonment of a well for a period of 12 months. When justified by the operator, the authorized officer may authorize additional delays, no one of which may exceed an additional 12 months. Upon the removal of drilling or producing equipment from the site of a well which is to be permanently abandoned, the surface of the lands disturbed in connection with the conduct of operations shall be reclaimed in accordance with a plan first approved or prescribed by the authorized officer.

[47 FR 47765, Oct. 27, 1982. Redesignated and amended at 48 FR 36583-36586, Aug. 12, 1983, further amended at 53 FR 17363, May 16, 1988; 53 FR 22847, June 17, 1988]

### §3162.4 Records and reports.

#### §3162.4-1 Well records and reports.

(a) The operator shall keep accurate and complete records with respect to all lease operations including, but not limited to, production facilities and equipment, drilling, producing,

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# ENERGY BILL

## TA well Interest

(2) gas production from marginal properties....

(c) REDUCED ROYALTY RATE. [see legislation]

(d) TERMINATION OF REDUCED ROYALTY RATE. [see legislation]

(e) REGULATIONS PRESCRIBING DIFFERENT RELIEF.

(1) Discretionary regulations; (2) Mandatory regulations

### Section 349. Orphaned, Abandoned, or Idled Wells on Federal Land.

(a) [timeframe] The Secretary, in cooperation with the Secretary of Agriculture, shall establish a program not later than 1 year after the date of enactment of this Act, to remediate, reclaim and close orphaned, abandoned, or idled oil and gas wells located on land administered by the land management agencies within the Departments of the Interior and Agriculture.

(b) The program under subsection (a) shall

(1) include a means of ranking well sites for priority in remediation, reclamation, and closure based on public health and safety, potential environmental harm, and other land use priorities;

(2) provide for identification and recovery of the costs for persons or other entities currently providing a bond or other financial assurance;

(3) provide for recovery from those identified under paragraph (2)

(c) In carrying out the program, the Secretary shall work cooperatively with the Secretary of Agriculture and the States and consult with the Secretary of Energy and the Interstate Oil and Gas Compact Commission.

(d) PLAN [timeframe] Not later than 1 year after the date of enactment of this Act, the Secretary, in cooperation with the Secretary of Agriculture shall submit to Congress a plan for carrying out the program.

(e) A well is idled if the well has been non-operational for at least 7 years and there is no anticipated beneficial use for the well.

### (f) FEDERAL REIMBURSEMENT FOR ORPHANED WELL RECLAMATION PILOT PROGRAM.

(1) The Secretary shall carry out a pilot program under which, issuing a new oil and gas lease on federally owned land on which 1 or more orphaned wells are located, the Secretary may

(A) require, other than as a condition of the lease, that the lessee remediate, reclaim, and close in accordance with standards established by the Secretary, all orphaned wells on the land leased; and

(B) shall develop a program to reimburse a lessee, through a royalty credit against the Federal share of royalties owed or other means, for the reasonable actual costs of remediation, reclaiming, and closing the orphaned wells pursuant to that requirement.

(2) The Secretary (A) may authorize any lessee to reclaim in accordance with the Secretary's standards and orphaned well on unleased federally owned land; or an orphaned well located on an existing lease on federally owned land for the reclamation of which the lessee is not responsible.

(b) shall develop a program to provide reimbursement of 100 percent of the reasonable actual