

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-
May 27, 2

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit to appropriate District Of

☐ AMENDED REPC

FEB 12 2008

OCD-ARTESIA

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN,
PLUGBACK, OR ADD A ZONE

| | | |
|---|------------------------------------|--|
| ¹ Operator Name and Address NADEL AND GUSSMAN PERMIAN LLC 601 N. MARIENFELD, SUITE 508, MIDLAND, TEXAS 79701 | | ² OGRID Number 155615 |
| | | ³ API Number 30 - 15-33154 |
| ³ Property Code 33243 | ⁵ Property Name ZEUS | ⁶ Well No. 1 |
| ⁹ Proposed Pool 1 LOVING MORROW (NORTH) | | ¹⁰ Proposed Pool 2 |

⁷ Surface Location

| UL or lot no | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|--------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| E | 5 | 23S | 28E | | 1809 | NORTH | 805 | WEST | EDDY |

⁸ Proposed 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 |
|--------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | 5 | 23S | 28E | | 1980 | NORTH | 660 | WEST | EDDY |

Additional Well Information

| | | | | |
|--|--|--|------------------------------------|--|
| ¹¹ Work Type Code P | ¹² Well Type Code G | ¹³ Cable/Rotary | ¹⁴ Lease Type Code P | ¹⁵ Ground Level Elevation 3015 |
| ¹⁶ Multiple N | ¹⁷ Proposed Depth 12,665 | ¹⁸ Formation MORROW | ¹⁹ Contractor | ²⁰ Spud Date 01-15-2004 |
| Depth to Groundwater | | Distance from nearest fresh water well | | Distance from nearest surface water |
| Pit: Liner: Synthetic <input type="checkbox"/> _____ mils thick Clay <input type="checkbox"/> Pit Volume: _____ bbls Drilling Method: Closed-Loop System <input checked="" type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/> | | | | |

²¹ Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| 17 1/2" | 13-3/8" | 48# | 400' | 350 SXS | SURF |
| 12-3/4" | 9-5/8" | 40# | 5,968' | 260 SXS | CIRC |
| 7-7/8" | 5-1/2" | 20# | 12,675 | 1600 SXS | 5750' CBL |
| | | | | | |
| | | | | | |

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

No pits will be dug all fluids will be contained in a flowback tank for proper disposal.

A bop stack consisting of a double ram (pipe and blind) will be utilized.

Proposed Procedure

Squeeze off Atoka perms @ 11,320' - 11,328'

Perforate and test Morrow production @ 12,300-12,316'

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines ☐, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Signature:

Kem E. McCready
Printed name: Kem E. McCready

Title: NM Operations Manager

E-mail Address: kemm@naguss.com

Date: 2/06/08

Phone:

OIL CONSERVATION DIVISION

Approved by:

BRYAN G. ARRANT
DISTRICT II GEOLOGIST

Title:

Approval Date: FEB 18 2008

Expiration Date: FEB 18 2010

Conditions of Approval Attached ☐

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|---|--|---|--|---|--------------------------------|
| ¹ API Number 30-015-33154 | | ² Pool Code 80695 | | ³ Pool Name LOVING MORROW (NORTH) | |
| ⁴ Property Code 33243 | | ⁵ Property Name ZEUS | | | ⁶ Well Number 1 |
| ⁷ OGRID No. | | ⁸ Operator Name NADEL AND GUSSMAN PERMIAN LLC | | | ⁹ Elevation 3015 |

¹⁰ Surface Location

| | | | | | | | | | |
|--------------------|--------------|-----------------|--------------|---------|-----------------------|---------------------------|----------------------|------------------------|----------------|
| UL or lot no. E | Section 5 | Township 23S | Range 28E | Lot Idn | Feet from the 1809 | North/South line NORTH | Feet from the 805 | East/West line WEST | County EDDY |
|--------------------|--------------|-----------------|--------------|---------|-----------------------|---------------------------|----------------------|------------------------|----------------|

¹¹ Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|--------------------|--------------|-----------------|--------------|---------|-----------------------|---------------------------|----------------------|------------------------|----------------|
| UL or lot no. E | Section 5 | Township 23S | Range 28E | Lot Idn | Feet from the 1980 | North/South line NORTH | Feet from the 660 | East/West line WEST | County EDDY |
|--------------------|--------------|-----------------|--------------|---------|-----------------------|---------------------------|----------------------|------------------------|----------------|

| | | | |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|
| ¹² Dedicated Acres 320 | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|

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.

| | | | | |
|-------------------|---|--|--|--|
| ¹⁶ | ¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <i>Kem E McCreedy</i> Date: <i>2/8/2006</i> Printed Name: <i>KEME MCCREEDY</i> <i>Refer to original plat</i> | | | |
| | ¹⁸ 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. REFER TO THE ORIGINAL PLAT Date of Survey Signature and Seal of Professional Surveyor | | | |
| | Certificate Number | | | |
| | | | | |

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|-----------------|--|--|--|-------------|---------------------|
| 1 APT Number | | 2 Pool Code | | 3 Pool Name | |
| 4 Property Code | | 5 Property Name ZEUS | | | 6 Well Number 1 |
| 7 OGRID No. | | 8 Operator Name NADEL GUSSMAN PERMIAN, L.L.C. | | | 9 Elevation 3015 |

10 Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| E | 5 | 23-S | 28-E | | 1809 | NORTH | 805 | WEST | EDDY |

11 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| E | 5 | 23-S | 28-E | | 1980 | NORTH | 660 | WEST | EDDY |

| | | | |
|---------------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acres 320 | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
|---------------------------|--------------------|-----------------------|--------------|

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

| | | | | |
|--|--|--|--|--|
| | <p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Joel Martin</i> Signature Joel Martin Printed Name Engineering Manager Title 12/23/03 Date</p> | | | |
| | | | <p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p>December 3, 2003 Date of Survey Signature and Seal of Professional Surveyor: <i>Joel Martin</i> 5109 Certificate Number</p> | |
| | | | <p>RECEIVED DEC 26 2003 OCD-ARTESIA</p> | |

NADEL AND GUSSMAN PERMIAN, L.L.C.

601 N. Marienfeld, Suite #508

Midland, Texas 79701

(432) 682-4429

Fax (432) 682-4325

February 6, 2008

Mr. Gerry Guye

District 2

New Mexico Oil and gas Division

1301 West Grand

Artesia, NM 88210

RE: Zeus #1

1809' FNL 805' FWL

UL E Sec. 5 T23S R 28E

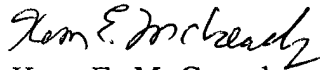
Rule 118 H2S Exposure

Dear Mr. Guye,

Nadel and Gussman Permian has evaluated this well and we do not expect to encounter hydrogen sulfide in excess of 100 ppm.

Please contact me if you have any additional questions.

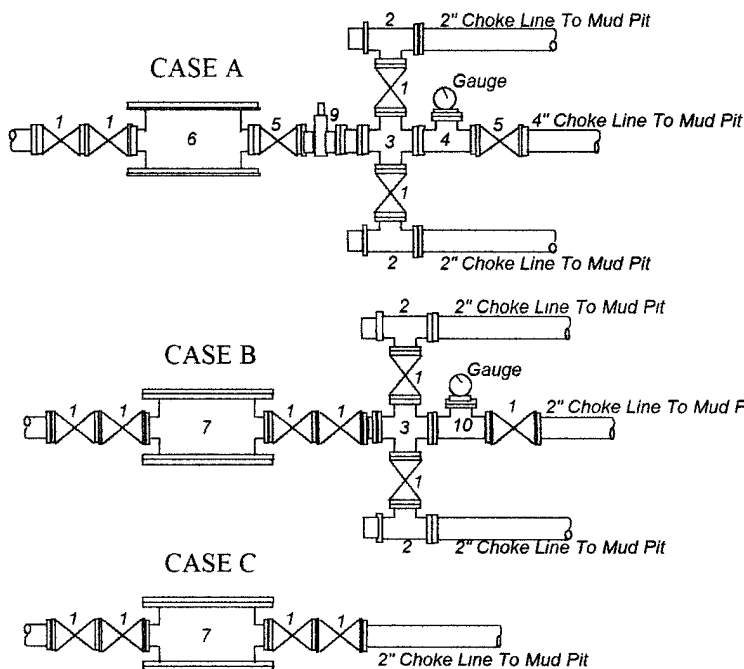
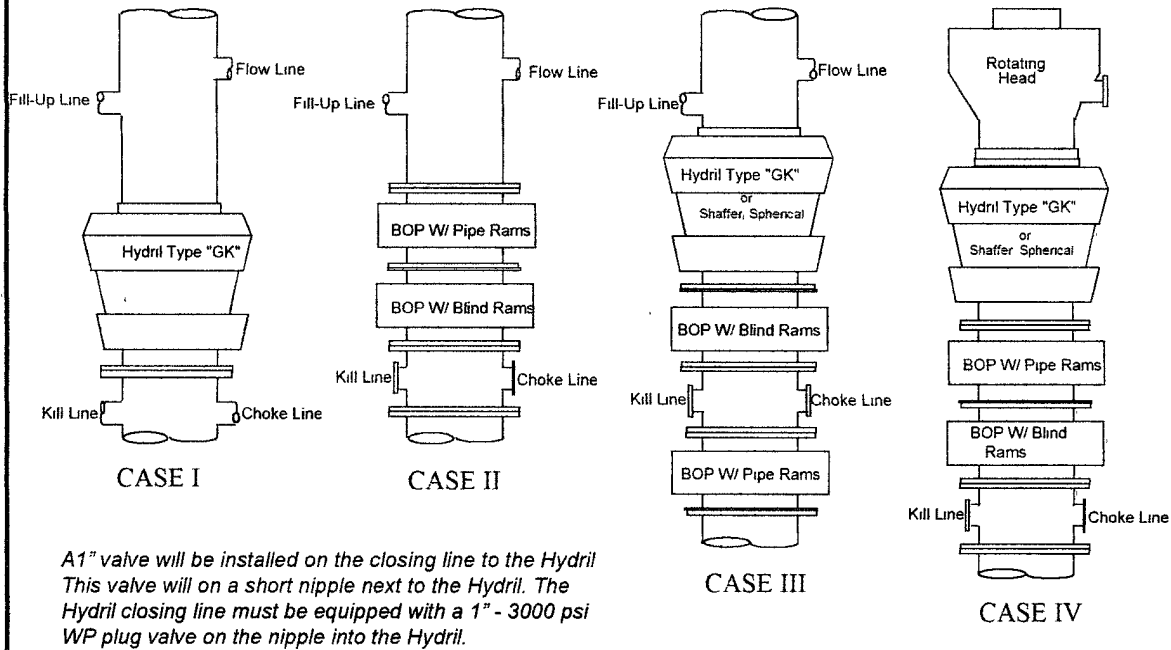
Sincerely,



Kem E. McCreedy

Operations Engineer

**Nadel and Gussman Permian
Zeus #1 Recomplete
MINIMUM BLOWOUT PREVENTER REQUIREMENTS**



| BOP SIZE | BOP CASE | WORKING PRESSURE | CHOKE CASE |
|----------|----------|------------------|------------|
| 7-1/16" | II | 5000 | B |

***Rotating head required**

Bradenhead : _____
Mfr: _____
Size: _____ Type: _____

Legend

- 1 2" flanged all steel valve must be either Cameron "F", Halliburton Low Torque or Shaffer Flo-Seal.
- 2 2" flanged adjustable chokes, min 1" full opening & equipped with hard trim.
- 3 4" x 2" flanged steel cross.
- 4 4" flanged steel tee.
- 5 4" flanged all steel valve (Type as in no. 1)
- 6 Drilling Spool with 2" x 4" flanged outlet.
- 7 Drilling Spool with 2" x 2" flanged outlet
- 8 2" x 2" flanged steel cross.
- 9 4" pressure operated gate valve.
- 10 2" flanged steel tee.

Notes

Choke manifold may be located in any convenient position. Use all steel fittings throughout. Make 90° turns with bull plugged tees only. No field welding will be permitted on any of the components of the choke manifold and related equipment upstream of the chokes. The choke spool and all lines and fittings must be at least equivalent to the test pressure of the preventers required. Independent closing control unit with clearly marked controls to be located on derrick floor near driller's position.