

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
1301 W. Grand Avenue
Artesia, NM 88210FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN			5. LEASE DESIGNATION AND SERIAL NO. NMNM53219	
1a. TYPE OF WORK DRILL <input type="checkbox"/> DEEPEN <input type="checkbox"/> RE-ENTRY			6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER SWD <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			7. UNIT AGREEMENT NAME	
2. NAME OF OPERATOR Nearburg Producing Company			8. FARM OR LEASE NAME, WELL NO. McKittrick 14 Federal SWD #1	
3. ADDRESS AND TELEPHONE NO. 3300 N A St., Bldg 2, Suite 120, Midland, TX 79705 432/686-8235			9. API WELL NO. 30-015-21010	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 2390 FNL and 830 FEL At proposed prod. zone			10. FIELD AND POOL OR WILDCAT McKittrick Hills; Devonian	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 14 miles west of Carlsbad			11. SEC. T., R., M., OR BLK. AND SURVEY OR AREA 14-22S-24E	
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT (Also to nearest drig. unit line, if any) 830'			12. COUNTY OR PARISH Eddy	
16. NO. OF ACRES IN LEASE 2235.37			13. STATE NM	
17. NO. OF ACRES ASSIGNED TO THIS WELL 40				
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1 mile			20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, or to.) 4025' GL			22. APPROX. DATE WORK WILL START 11/01/2003	

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
* 24"	20"		40'	In Place
	9-5/8"	32.5#	1632'	700 sxs circ to surface In Place
8-3/4"	7"	23 & 26#	12,600'	2000 sxs circ to surface

Nearburg Producing Company plans to re-enter the 7-7/8" open-hole and open to 8-3/4", then deepen to 12,600'. 7" casing will be run and cemented back to surface. This will be a Salt Water Disposal Well.

* Existing well bore attached.
Proposed well bore attached.

CARLSBAD CONTROLLED WATER BASIN

Steps per Jim Amos - BLM.

1. No reserve pit, use steel tanks.
2. Haul off all cutting and drig fluid.
3. No production facility on location.
4. Visible location equipment includes injection tree and flowline only.
5. All above ground production equipment to be flat non-reflective juniper green.
6. No new disturbances, only use original well pad.
7. All csg strings to be cemented to surface.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

IN ABOVE SPACE DESCRIBE PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED [Signature] TITLE Drilling Manager DATE 9/16/03
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

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:

APPROVED BY Joe G. Lara ACTING FIELD MANAGER DATE 28 OCT 2003

*See Instructions On Reverse Side

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.

APPROVAL FOR 1 YEAR

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator Southern Union Production Company		Lease McKittrick		Well No. 1
Unit Letter H	Section 14	Township 22 South	Range 24 East	County Eddy
Actual Footage Location of Well: 2390 feet from the North line and 830 feet from the East line				
Ground Level Elev: 4025'	Producing Formation Morrow	Pool Undesignated	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

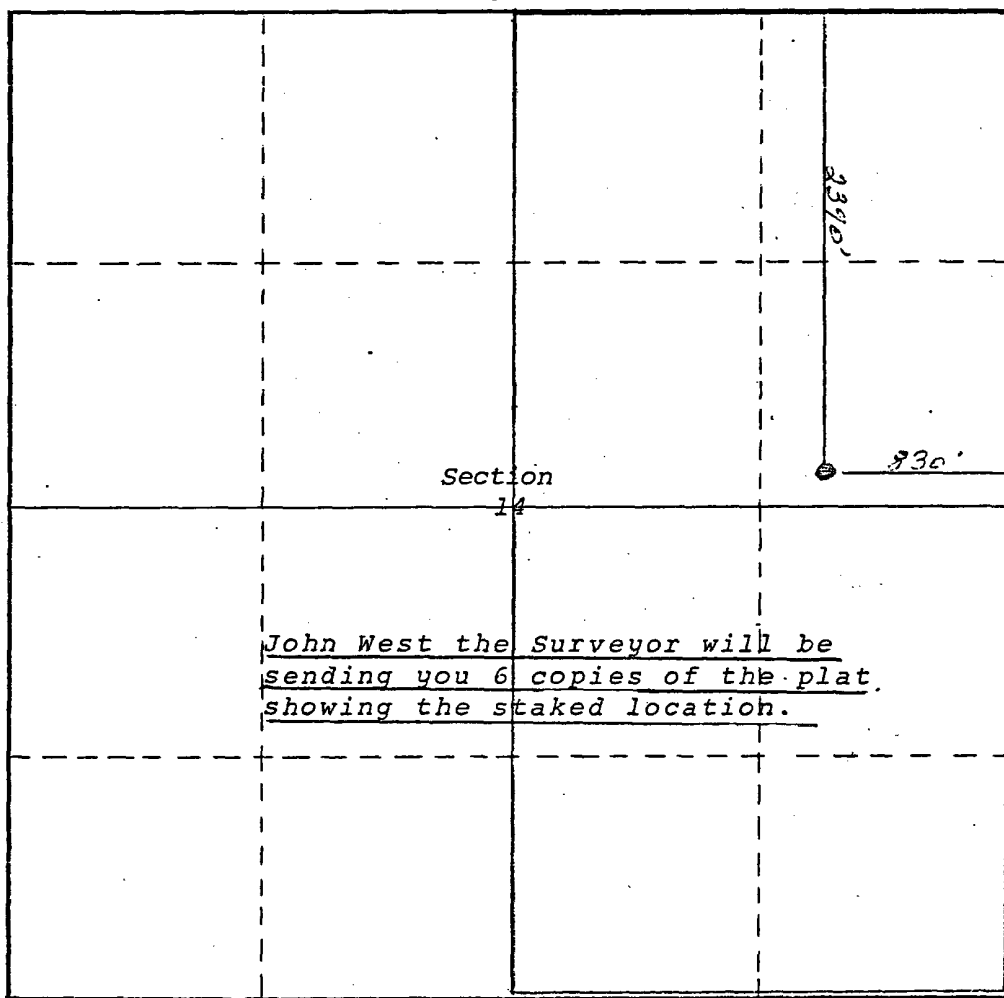
☐ Yes ☒ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

Range 24 East

Township 22 South



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Neil W. Weldon
Name **Neil W. Weldon**

Position
Mgr., Drlg & Prod.

Company
Southern Union Production Co

Date
October 16, 1973

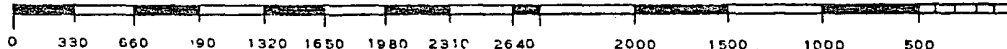
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

October 18, 1973

Date Surveyed

Registered Professional Engineer,
and/or Land Surveyor

Certificate No.



EXISTING

20" conductor @ 26' with 4 yards of Red-Mix. Cement to surface???

9-5/8" 32.5# casing @ 1632' with 700 sacks. Cement to surface (calculated).

Hole Size = 7-7/8" →

← Proposed cement plug from surface to 20'

Note: The proposed cement plugs shown here were taken from a State Sundry Notice. There is no record in the OCD files (Oil-Law) of the actual P&A procedure being done as proposed in the Sundry Notice. Well was P&A'd on 12/18/73 by Southern Union Production Company after testing (DSTs) the Morrow, Atoka, and Bone Springs.

← Proposed cement plug at 1600' - 1700'

← Proposed cement plug at 3300' - 3400'

← Proposed cement plug at 4800' - 4900'

← Proposed cement plug at 6600' - 6700'

← Proposed cement plug at 9500' - 9600'

← PBTD: ?

TD: 10860'

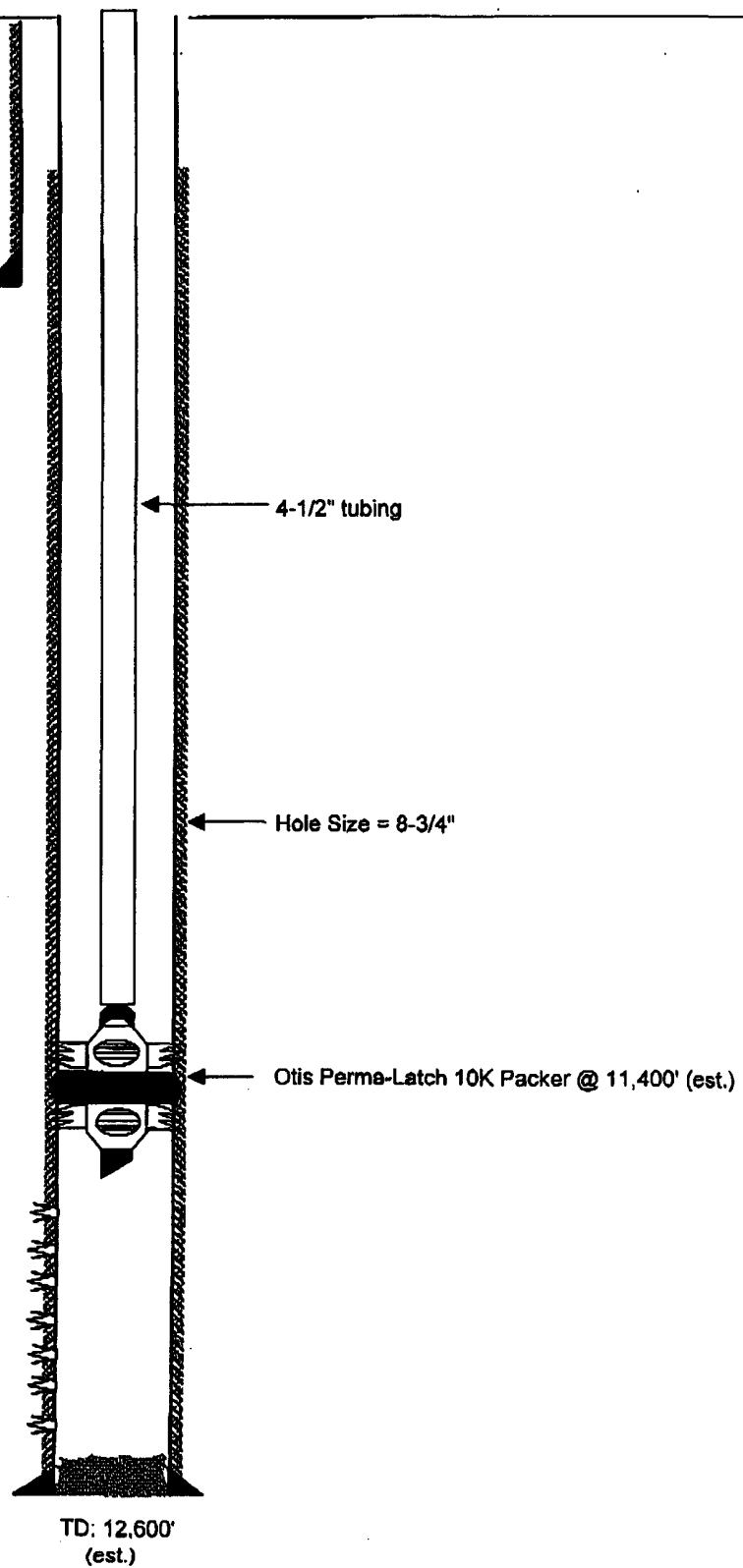
PROPOSED

20" conductor @ 26' with 4 yard of Redi-Mix. Cement to surface???

9-5/8" 32.5# casing @ 1632' with 700 sacks. Cement to surface (calculated).

Devonian Perfs: 11,500'-12,300 (est.)

7" casing @ 12,600' (est.) with 1850 sacks. Cement to be circulated to surface.



STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Nearburg Producing Company
3300 North "A" Street, Building 2, Suite 120
Midland, Texas 77905

The undersigned accepts all applicable terms, conditions, stipulations and restrictions covering operations conducted on the leased land or portion thereof, as described below:

Lease No: NMNM53219

Legal Description of Land: H, Sec 14-22S-24E
2390 FNL & 830 FEL
Eddy County, New Mexico

Formation(s) (if applicable): Devonian

Bond Coverage: \$25,000 statewide bond of Nearburg Producing Company

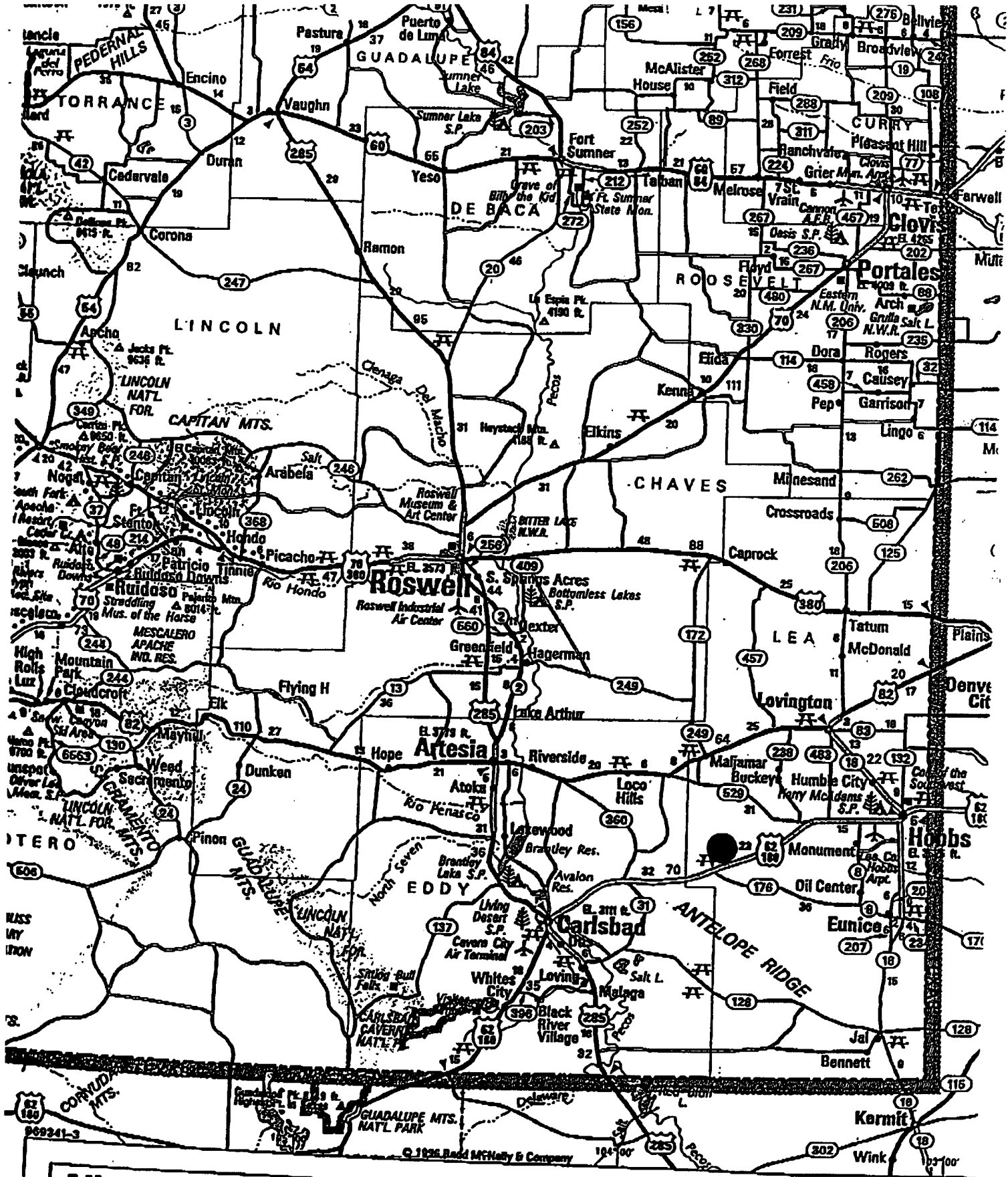
BLM Bond File No: NM1307

Date

9/15/03

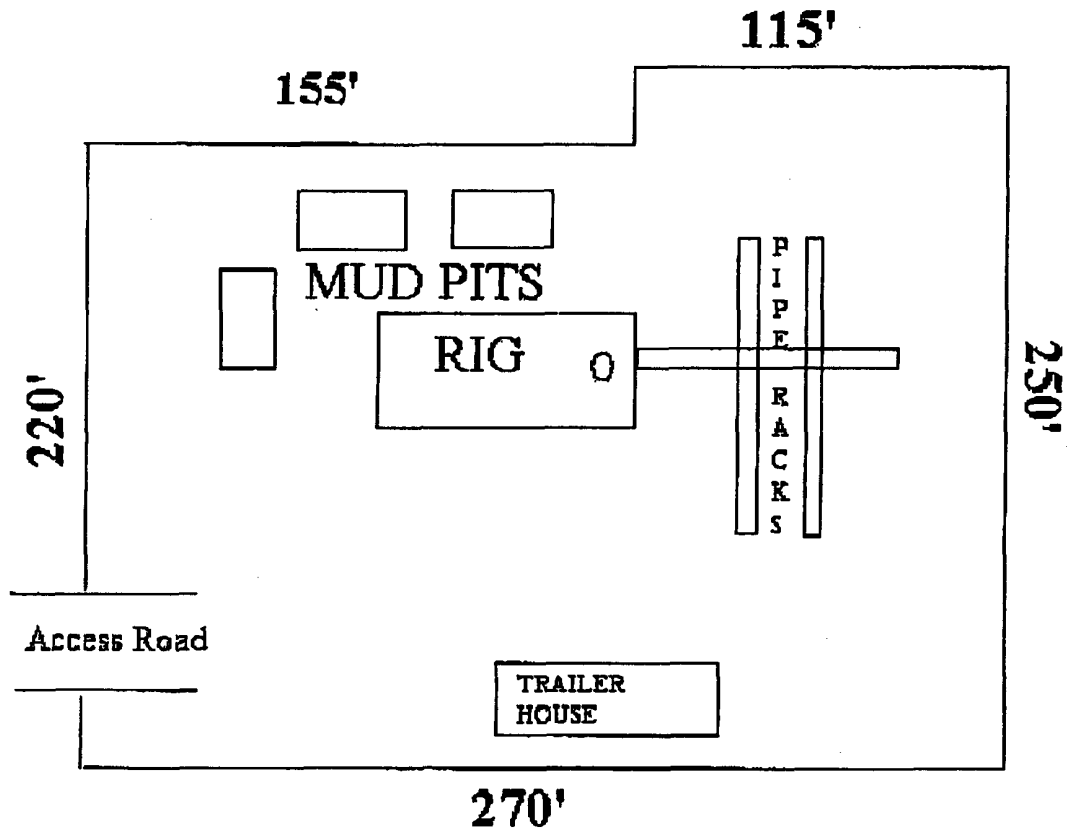
H. R. Willis

Drilling Manager





N



ATTACHMENT TO FORM 3160-3
MCKITTRICK 14 FEDERAL SWD #1
SECTION 14, T22S, R24E
EDDY COUNTY, NEW MEXICO

DRILLING PROGRAM

1. GEOLOGIC NAME OF SURFACE FORMATION

Quaternary

2. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS

T/Dev 11,484'

3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL, OR GAS

None - Existing well TD'd in Morrow.

4. CASING AND CEMENTING PROGRAM

	<u>Casing Size</u>	<u>From</u>	<u>To</u>	<u>Weight</u>	<u>Grade</u>	<u>Joint</u>
<i>In-Place</i> {	20"	0'	40'			
	9-5/8"	0'	1,632'	32.5#		
	7"	0'	12,600'	23 & 26#		

Equivalent or adequate grades and weights of casing may be substituted at time casing is run, depending on availability.

7-7/8" open hole will be re-entered and opened to 8-3/4" hole and the well will be deepened to 12,600'. 7" csg will be cemented to surface with approximately 1850 sxs Class "H" cement.

5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL

The BOP stack will consist of a 5,000 psi working pressure, dual ram type preventer and annular.

A BOP sketch is attached.

6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM

The production section from 1,632' to 12,600' will be 9.2 – 9.6 ppg cut Brine system with mud weight sufficient to control formation pressures.

7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT

None required.

8. LOGGING, TESTING, AND CORING PROGRAM

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

9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES & POTENTIAL HAZARDS

None anticipated.

BHP expected to be 5,400 psi.

10. ANTICIPATED STARTING DATE:

Is planned that operations will commence on November 1, 2003 with drilling and completion operation lasting about 45 day.

SURFACE USE AND OPERATIONS PLAN FOR
DRILLING, COMPLETION, AND PRODUCING

NEARBURG PRODUCING COMPANY
MCKITTRICK 14 FEDERAL SWD #1
SECTION 14-T22S-R24E
EDDY COUNTY, NEW MEXICO

LOCATED

14 miles West of Carlsbad, NM

OIL & GAS LEASE

NMNM53219

RECORD LESSEE

Rosemary McGill

BOND COVERAGE

\$25,000 statewide bond of Nearburg Producing Company

ACRES IN LEASE

2235.37

GRAZING LEASE

Gregory Ranch
C/o Larry Gregory
617 Queen Hwy
Carlsbad, NM 88220

POOL

McKittrick Hills; Devonian

EXHIBITS

- A. Area Road Map
- B. Drilling Rig Layout
- C. Vicinity Oil & Gas Map
- D. Topographic & Location Verification Map
- E. Well Location & Acreage Dedication Map

This well will be drilled to a depth of approximately 12,600'.

1. EXISTING ROADS

A. Exhibit A is a portion of a section map showing the location of the proposed well as staked.

B. Exhibit C is a plat showing existing roads in the vicinity of the proposed well site.

2. ACCESS ROADS

A. Length and Width

The access road is existing and will be rebuilt and is shown on Exhibit D.

B. Surface Material

Existing.

C. Maximum Grade

Less than five percent

D. Turnouts

None necessary.

E. Drainage Design

Existing.

F. Culverts

None necessary.

G. Gates and Cattle Guards

None needed.

3. LOCATION OF EXISTING WELLS

Existing wells in the immediate area are shown in Exhibit C.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES

No production facilities for this well will be located on the well pad.

5. LOCATION AND TYPE OF WATER SUPPLY

It is not contemplated that a water well will be drilled. Water necessary for drilling will be purchased and hauled to the site over existing roads shown on Exhibit D.

6. METHODS OF HANDLING WASTE DISPOSAL

- A. Drilling fluids will be ~~allowed to evaporate in the drilling pits until the pits are dry.~~ *hauled off and disposed of.*
- B. Water produced during tests will be disposed ~~of in the drilling pits.~~ *and hauled off.*
- C. Oil produced during tests will be stored in test tanks.
- D. Trash will be contained in a trash trailer and removed from well site.
- E. All trash and debris will be removed from the well site within 30 days after finishing drilling and/or completion operations.

7. ANCILLARY FACILITIES

None required.

8. WELL SITE LAYOUT

Exhibit B shows the relative location and dimensions of the well pad, mud pits, no reserve pit, and trash pit, and the location of major rig components.

9. PLANS FOR RESTORATION OF THE SURFACE

- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. The well site will be cleaned of all trash and junk to leave the site in an as aesthetically pleasing condition as possible.
- B. After abandonment, all equipment, trash, and junk will be removed and the site will be clean.

10. OTHER INFORMATION

A. Topography

The land surface at the well site is rolling native grass with a regional slope being to the east.

B. Soil

Topsoil at the well site is sandy soil.

C. Flora and Fauna

The location is in an area sparsely covered with mesquite and range grasses.

D. Ponds and Streams

There are no rivers, lakes, ponds, or streams in the area.

E. Residences and Other Structures

There are no residences within a mile of the proposed well site.

F. Archaeological, Historical, and Cultural Sites

Arch survey attached.

G. Land Use

Grazing

H. Surface Ownership

Bureau of Land Management

11. OPERATOR'S REPRESENTATIVE

H. R. Willis
3300 North "A" Street, Bldg 2, Suite 120
Midland, Texas 79705
Office: (432) 686-8235
Home: (432) 697-2484

12. 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.

Date

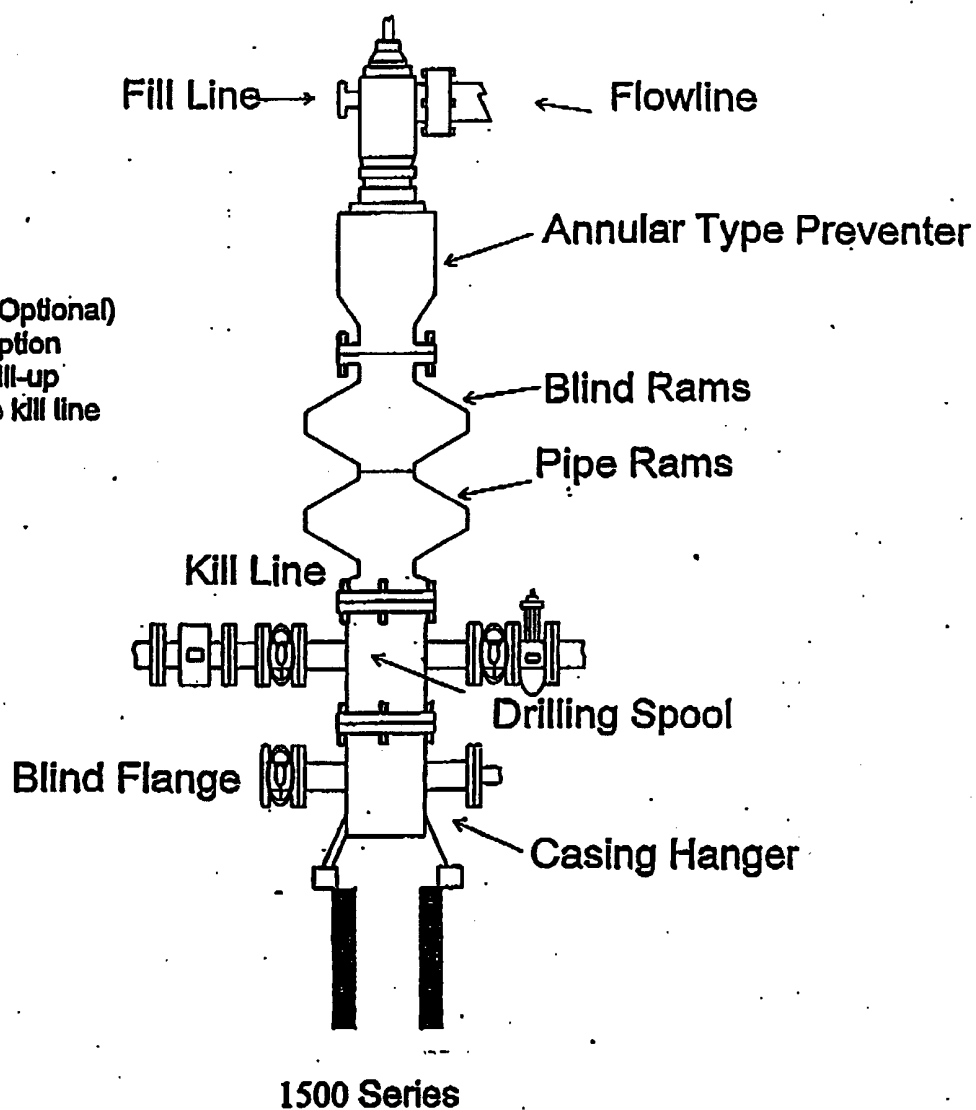
9/16/03

H. R. Willis

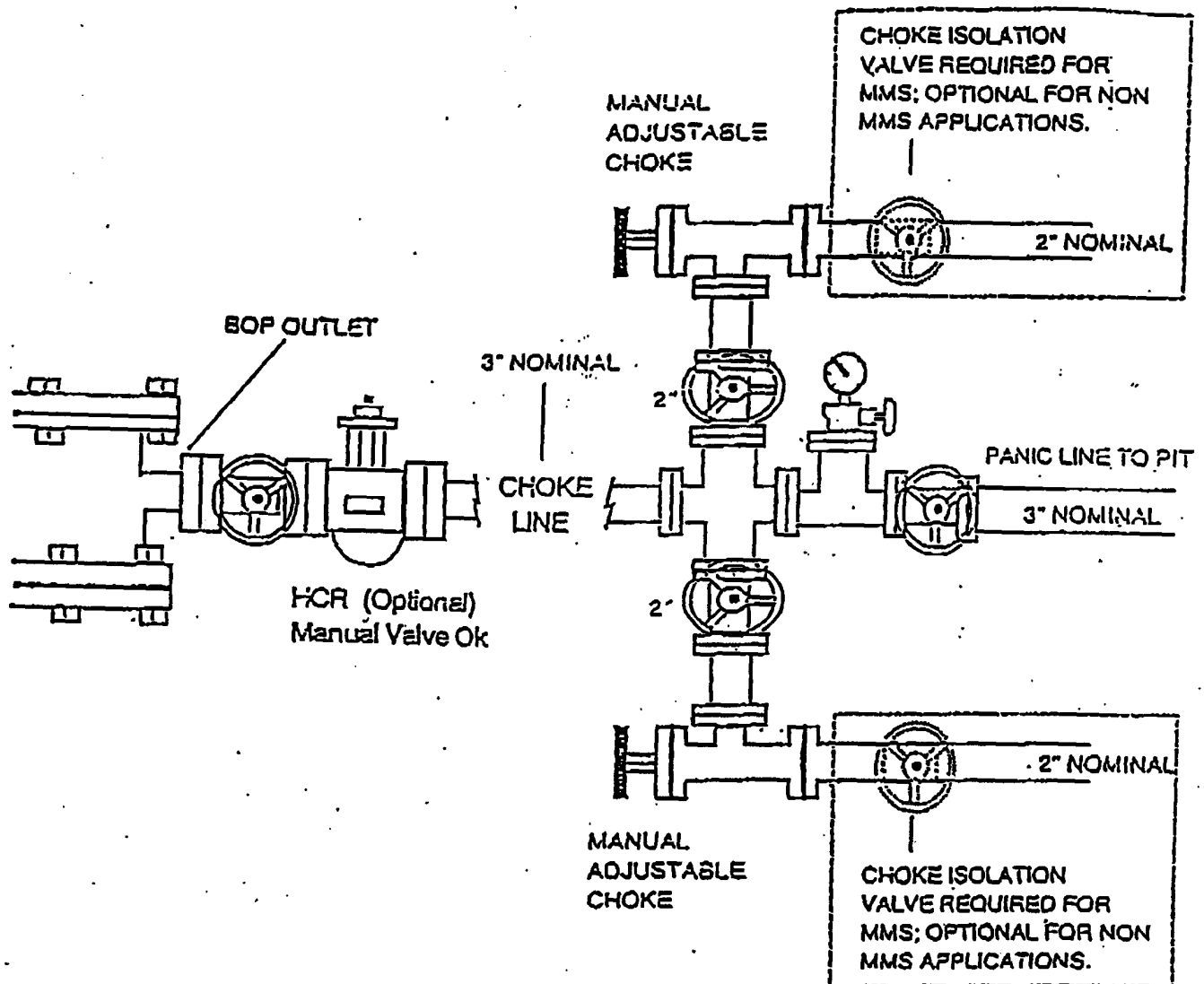
Drilling Manager

BOPE SCHEMATIC

Rotating Head (Optional)
Drilling Nipple option
must include a fill-up
line. Do not use kill line
for fill up.



NEARBURG PRODUCING COMPANY
CHOKE MANIFOLD
5M SERVICE



**HYDROGEN SULFIDE DRILLING OPERATIONS PLANS
NEARBURG PRODUCING COMPANY
McKITTRICK 14 FEDERAL SWD #1**

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 tubulars 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. There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in 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.

HYDROGEN SULFIDE DRILLING OPERATIONS PLANS
PAGE 2

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 feet 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 with flares as needed.

B. Protective Equipment for Essential Personnel:

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 location 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 a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used when appropriate. See example attached.

HYDROGEN SULFIDE DRILLING OPERATIONS PLANS
PAGE 3

E. Mud Program

1. The Mud Program has been designed to minimize the volume of H₂S circulated to the surface. Proper mud weights, safe drilling practices and the use of H₂S scavengers will minimize hazards when penetrating H₂S bearing zones.
2. A mud-gas separator will be utilized as needed.

F. Metallurgy

All drill strings, casing, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and line and valves shall be suitable for H₂S service.

G. Communication

1. Cellular telephone communications in company vehicles and mud logging trailer.
2. Land line (telephone) communications at area office.

H. Well Testing

Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity, which are necessary to safely and adequately conduct the test. The drill stem testing in an H₂S environment will be conducted during the daylight hours.

WARNING

**YOU ARE ENTERING A H2S AREA
AUTHORIZED PERSONNEL ONLY**

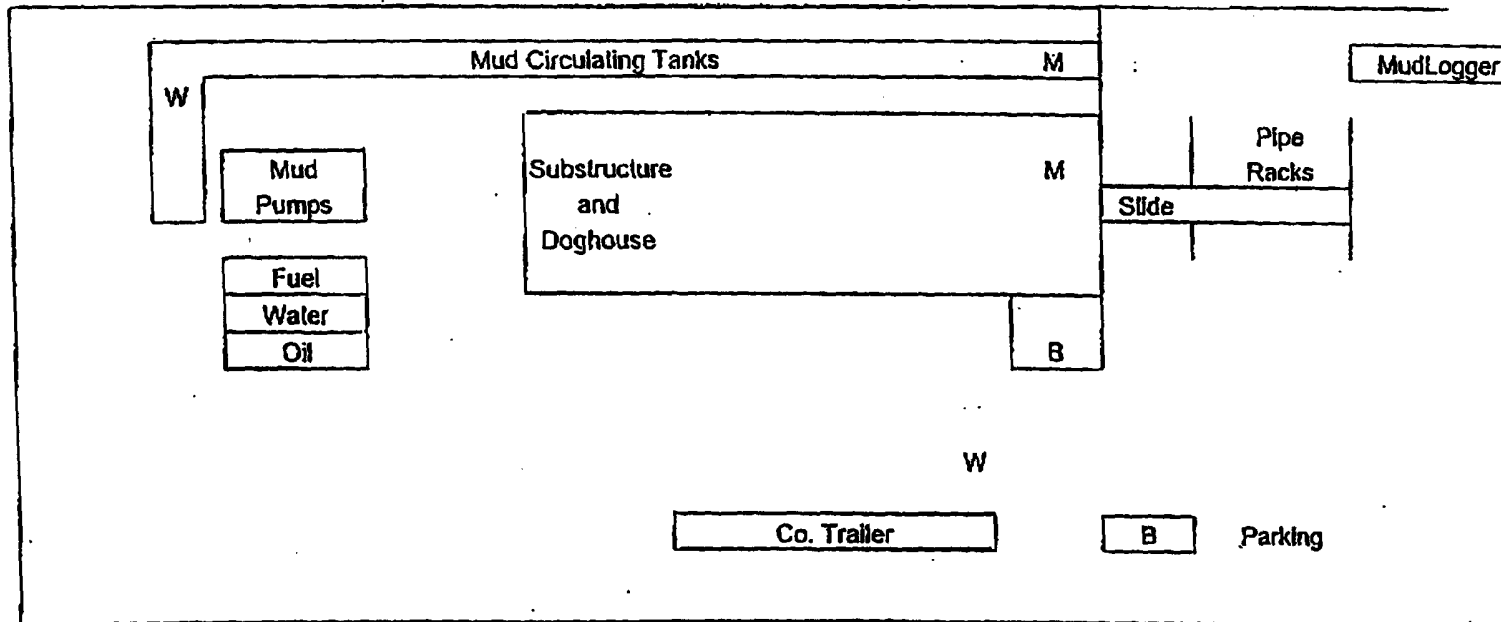
1. BEARDS OR CONTACT LENSES NOT ALLOWED
2. HARD HATS REQUIRED
3. SMOKING IN DESIGNATED AREAS ONLY
4. BE WIND CONSCIOUS AT ALL TIMES
5. CHECK WITH NEARBURG SUPERINTENDENT AT MAIN OFFICE

NEARBURG PRODUCING COMPANY

(432) 686-8235

NEARBURG PRODUCING COMPANY HYDROGEN SULFIDE DRILLING OPERATIONS LOCATION PLAN

Location Plan



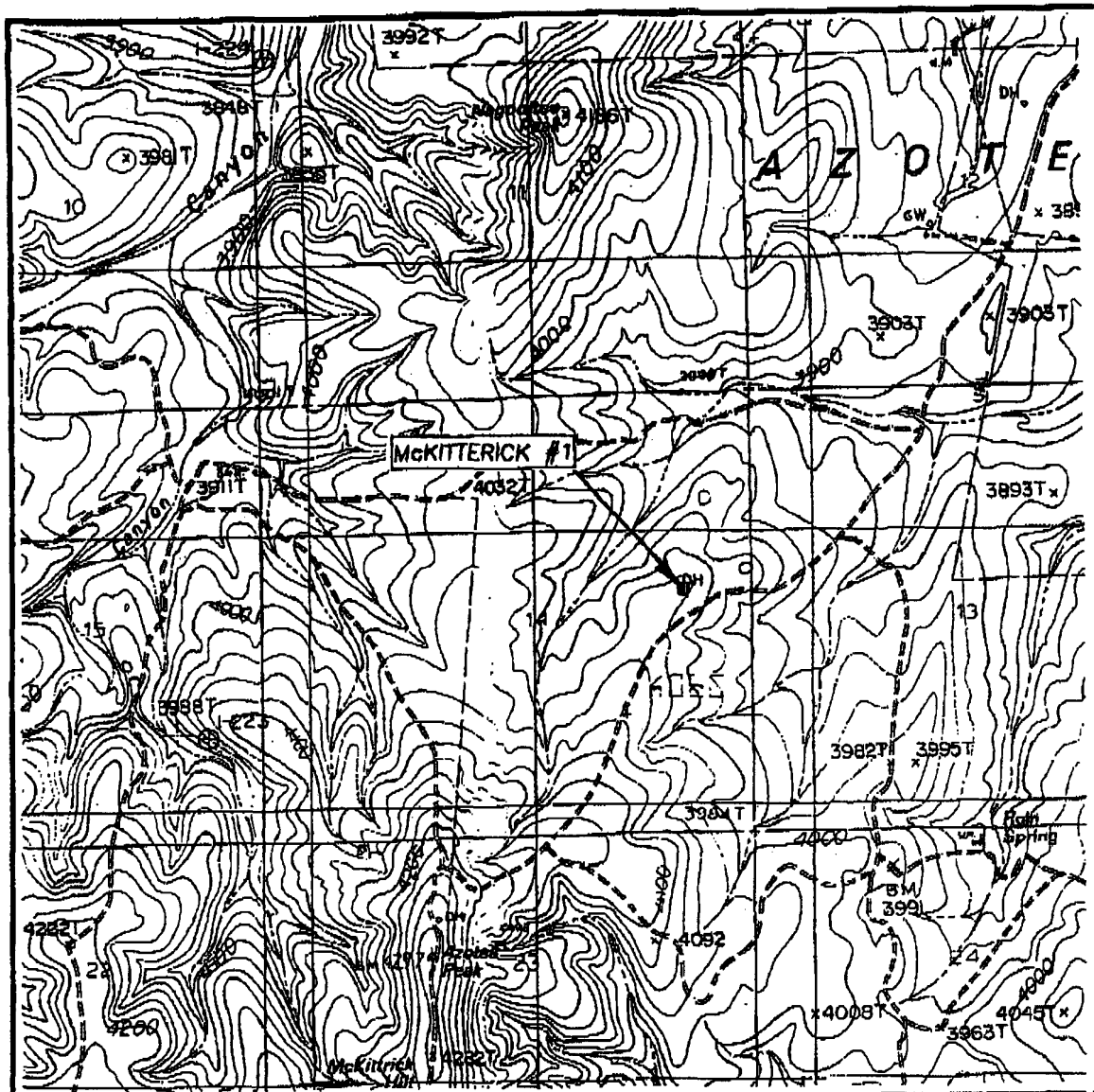
M - H2S Monitors with alarms at bell nipple and shale shaker

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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 20'
AZOTEA, N.M.

SEC. 14 TWP. 22-S RGE. 24-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 2390' FNL & 830' FEL

ELEVATION 4025'

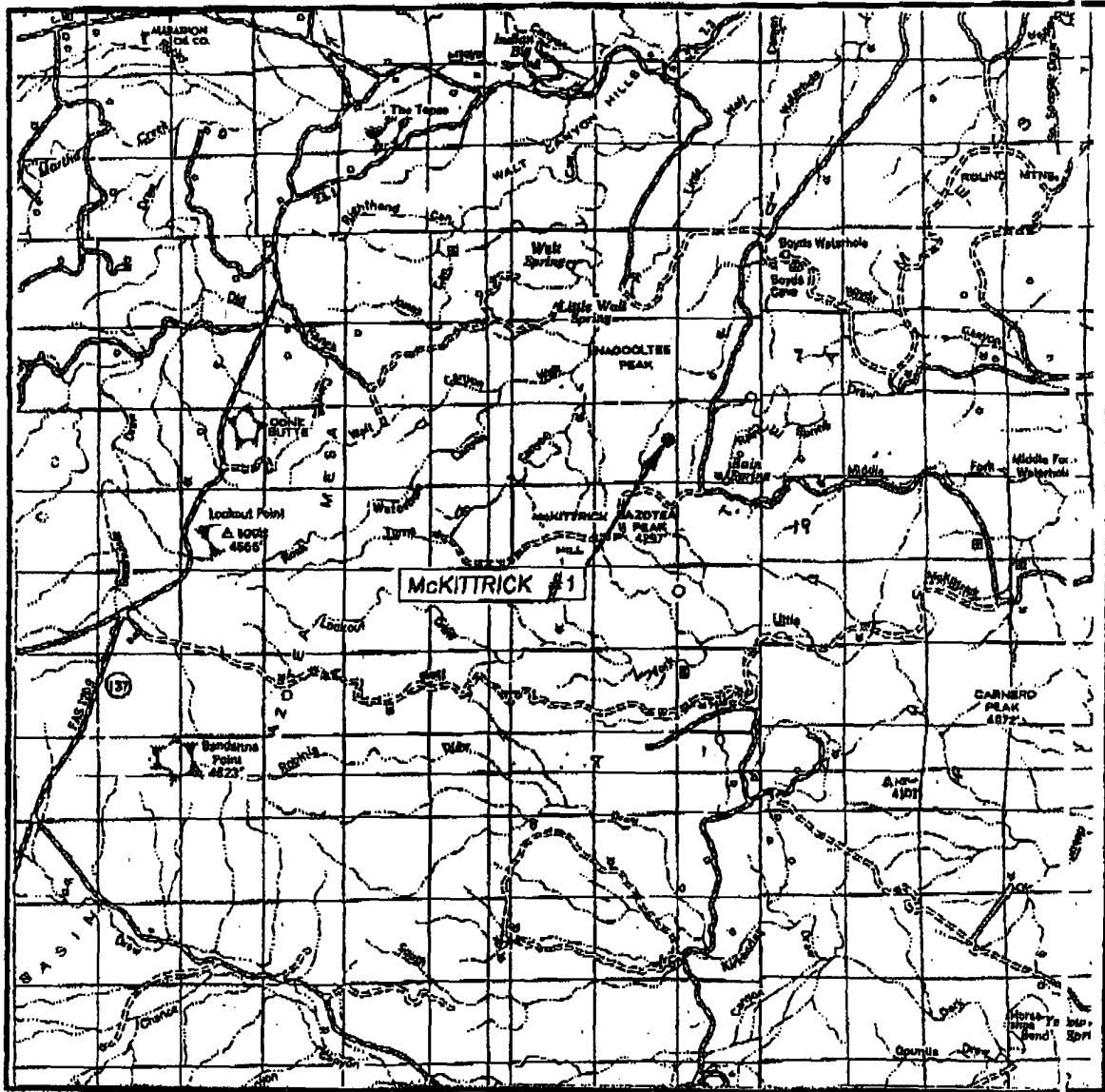
OPERATOR NEARBURG PRODUCING COMPANY

LEASE McKITTRICK

U.S.G.S. TOPOGRAPHIC MAP
AZOTEA, N.M.

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 14 TWP. 22-S RGE. 24-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 2390' FNL & 830' FEL

ELEVATION 4025'

OPERATOR NEARBURG PRODUCING COMPANY

LEASE McKITTRICK

JOHN WEST SURVEYING
HOBBS, NEW MEXICO
(505) 393-3117