

UNITED STATES
DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. <u>25953</u>	
b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR <u>Nadel and Gussman Permian L.L.C. 159615</u>		7. UNIT AGREEMENT NAME <u>26599</u>	
3. ADDRESS AND TELEPHONE NO. <u>601 N. Marienfeld Suite 508, Midland, Texas 79701</u>		8. FARM OR LEASE NAME, WELL NO. <u>Kyle "34" Federal #1</u>	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface <u>660' FNL, 860' FEL, Unit Letter A</u> At proposed prod. zone <u>same</u>		9. API WELL NO. <u>30-015-31311</u>	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* <u>3 miles south of Malaga, NM</u>		10. FIELD AND POOL, OR WILDCAT <u>Salt Draw Atoka</u>	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT (Also to nearest drilg. unit line, if any) <u>660'</u>		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA <u>Sec 34, T24S, R28E</u>	
16. NO. OF ACRES IN LEASE <u>320</u>		12. COUNTY OR PARISH <u>Eddy</u>	
17. NO. OF ACRES ASSIGNED TO THIS WELL <u>320</u>		13. STATE <u>New Mexico</u>	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.		20. ROTARY OR CABLE TOOLS <u>rotary</u>	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) <u>3001' GL</u>		22. APPROX. DATE WORK WILL START* <u>07/15/00</u>	

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	13-3/8", H-40	48#	500'	500sx, circulated
12-1/4"	9-5/8", K-55	40#	4,000'	1550 sx, circulated
7-7/8"	5-1/2", N-80 *	17#, 20#	12,200'	800 sx, TOC @ 8000' **

1. MIRU Rotary Rig. Drill 17-1/2" hole to 500'. Set 13-3/8" casing at 500', cement with 500 sx and circulate to surface.
2. Install BOPs and choke manifold.
3. Drill 12-1/4" hole to 4000'. Set 9-5/8" cement at 4000', cement with 1550 sx and circulate to surface.
4. Drill 7-7/8" hole to 12,200'. Run DSTs in Wolfcamp, Atoka and/or Morrow. Run open hole log suite.
5. Set 5-1/2" casing at 12,200' and cement with 800 sx. TOC will be determined based on shows and log information.
6. Estimated TOC is approximately 8000'. If necessary, will run 7" liner above Atoka. We may set a DV tool above the Strawn interval or possibly across the Delaware sands if prospective.
7. A GR/ CBL log will be run and selected zones will be perforated through tubing. A 5000# tree will be nipped up prior to perforating.
8. Perforated zones will be stimulated with energized acid.
9. A battery will be built to store produced oil and water on lease. A gas line will be laid to the nearest tie-in point SSW of the location.

BOP and choke schematics are attached.

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS

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 Robert McNaughton TITLE Operations Engineer DATE 06/06/00

(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:

(ORIG. SGD.) JOHN S. SIMITZ *John*

Assistant Field Manager,
Lands And Minerals

APPROVED BY _____ TITLE _____ DATE AUG 21 2000

*See Instructions On Reverse Side

APPROVED FOR 1 YEAR

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.

