BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION
Nearburg EXHIBIT NO. 7
CASE NO. 9407

SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

OPERATORS NAME: NEARBURG PRODUCING COMPANY WELL NO. & NAME McKittrick Fed. Com. 11-I No. 1
LOCATION 2310 F S L & 960 F E L SEC. 11, T. 22 S., R. 24 E.
LEASE NO. NM-12828 - COUNTY Eddy

The special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CFR 3165.3 and 3165.4.

I. SPECIAL ENVIRONMENT REQUIREMENTS

( ) Lesser Prairie Chicken (Stips attached)
( ) San Simon Swale (Stips attached)
( ) Floodplain (Stips attached)
( ) Other _____

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(✓) The BLM will monitor construction of this drill site. Notify the Carlsbad Resource Area Office, BLM at least 2 working days prior to commencing construction at (505) 887-6544.

(✓) Roads and the drill pad for this well must be surfaced with 4 inches of compacted Caliche.

( ) All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____ inches in depth. Approximately _____ cubic yards of topsoil material will be stockpiled for reclamation.

( ) Other

[CARLSBAD CONTROLLED WATER BASIN]

III. DRILLING OPERATIONS REQUIREMENTS [AREA OF MAJOR CONCERN TO CARLSBAD]
[RE-ENTRY]

The Bureau of Land Management office is to be notified at (505) 887-6544, in sufficient time for a representative to witness: *-indicates csg. already in place

(✓) 1. ~~Spudding~~ (DRLG. OUT PLUGS) (✓) 2. Cement casing 16* inch 8 5/8* inch 4 1/2 inch

(✓) 3. BOP tests ( ) Other

IV. CASING

* (✓) 16" surface casing should be set (Already in place) and cement circulated to the surface. If cement does not circulate to the surface, this BLM office will be notified and a temperature survey or cement bond log will be run to verify the top of the cement. Remedial cementing will be done prior to drilling out of that string.

* (✓) Minimum required fill of cement behind the 8 5/8" intermediate casing is to (Already in Place).

(✓) Minimum required fill of cement behind the 4 1/2" production casing is to tie back past top of Wolfcamp @ ± 7250'

RECEIVED JUN 20 1988

IF A BLM CHNICIAN IS NOT AVAILABLE WH
CEMENTING, AN ACOUSTIC CEMENT BOND L
AND/OR A TEMPERATURE SURVEY LOG WILL BE RUN
AS APPROPRIATE.

V. PRESSURE CONTROL

(✓) Before drilling below the 8⅝" casing shoe, the blowout preventer assembly will consist of a minimum of:

(✓) One Annular Preventer (✓) Two RAM-Type Preventers (✓) Other Kelly Cock/Stabbing Valve

(✓) After ~~drilling~~ the 8⅝" csg. shoe plug ~~casing string~~, and before drilling into the Open Hole Formation, the blowout preventers and related control equipment shall be pressure-tested as described in General Requirements. Any equipment failing to test satisfactorily will be repaired or replaced.

(✓) The test will be conducted by an independent service company.
(✓) The results of the test will be reported to the appropriate BLM office.
(✓) The Bureau of Land Management office is to be notified in sufficient time for a representative to witness the test.

(✓) Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, will be installed and operating before drilling into the Wolfcamp Formation, and will be used until production casing is run and cemented. Monitoring equipment will consist of the following:

(✓) 1. A recording pit level indicator to determine pit volume gains and losses.
( ) 2. A mud-volume measuring device for accurately determining mud volume necessary to fill the hole on trips.
(✓) 3. A flow-sensor on the flow-line to warn of any abnormal mud returns from the well.

( ) A Hydrogen Sulfide Contingency Plan will be approved by this BLM office before drilling below the _____ Formation. A copy of the plan will be posed at the drilling site.

( ) Other

VI. WELL COMPLETION REQUIREMENTS

( ) A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

(✓) Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at a depth of 1/2 inch) with the following seed mixture, in pounds of Pure Live Side (PLS), per acre.

( ) A. Seed Mixture 1 (Loamy Site)
Lehmanns Lovegrass (Eragrostis lehmanniana) 1.0
Side Oats Grass (Bouteloua curtipendula) 5.0
Sand Dropseed (Sporobolus cryptandrus) 1.0

( ) B. Seed Mixture 2 (Sandy Sites)
San Dropseed (Sporobolus cryptandrus) 1.0
Sand Lovegrass (Eragrostis trichodes) 1.0
Plains Bristlegrass (Setaria magrostachya) 2.0

(✓) C. Seed Mixture 3 (Shallow Sites)
Sidecats Grama (Boute curtipendula) 1.0
Lehmann's Lovegrass (Eragrostis lemmanniana) 1.0
or Boar Lovegrass (E. chloromalas)

( ) D. Seed Mixture 4 ("Gyp" Sites)
Alkali Sacaton (Sporobolus airoides) 1.0
Four-Wing Saltbush (Atriplex canescens) 5.0

Seeding should be done either late in the fall (September 15 - November 15, before freeze up) or early as possible the following spring to take advantage of available ground moisture.

( ) Other

## RESERVE PIT CONSTRUCTION STANDRADS

The reserve pit will be constructed almost entirely in cut material (minimum depth ten (10) feet) and lined with 6 mill plastic.

The excavated material may be used for constuction of the pad and access road as needed.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner IS NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of pit contents.

The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

## Optional Pit Construction Standards

The reserve pit may be constructed in predominately fill material if:

1) Lined as specified above and

2) A borrow/caliche/gravel pit for road and pad surfacing is constructed immediately adjacent to the reserve pit and it is capable of containing all reserve pit contents.

Reclamation of the reserve pit will consist of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be recontoured, all trash removed, and reseeded as specified in this permit.

Lease
BLM ~~Serial~~ Number NM-12828
Company Reference Nearburg Producing Co.
McKittrick "11-E" Fed. Com #

STANDARD STIPULATIONS FOR PERMANENT RESOURCE ROADS IN THE ROSWELL DISTRICT, BLM

The holder/grantee/permittee shall hereafter be identified as the holder in these stipulations. The Authorized Officer is the person who approves the Application for Permit to Drill (APD) and/or Right-of-Way (ROW).

GENERAL REQUIREMENTS

The holder shall minimize disturbance to existing fences and other improvements on public domain surface. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times. The holder will make a documented good-faith effort to contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence.

Holder agrees to comply with the following stipulations:

1. ROAD WIDTH AND GRADE

The road will have a driving surface of 12 feet (all roads shall have a minimum driving surface of 12 feet, unless local conditions dictate a different width). The maximum grade is 10 percent unless the box below is checked. Maximum width of surface disturbance from construction will be 30 feet.

☐ Those segments of road where grade is in excess of 10% for more than 300 feet shall be designed by a professional engineer.

2. CROWNING AND DITCHING

Crowning with materials on site and ditching on one side of the road on the uphill side will be required. The road cross-section will conform to the cross section diagrams in figure 1. If conditions dictate, ditching may be required for both sides of the road; if local conditions permit, a flat-bladed road may be considered (if these conditions exist, check the appropriate box below). The crown shall have a grade of approximately 2% (ie., 1" crown on a 12' wide road).

☐ Ditching will be required on both sides of the roadway as shown on the attached map or as staked in the field.

☑ Flatblading is authorized on segment(s) delineated on the attached map.

3. DRAINAGE

Drainage control shall be ensured over the entire road through the use of borrow ditches, outsloping, insloping, natural rolling topography, turn-out (lead-off) ditches, culverts, and/or drainage dips.

A. All turnout ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval for turnout ditches shall be determined according to the following table, but may be amended depending upon existing soil types and centerline road slope (in %):

SPACING INTERVAL FOR TURNOUT DITCHES

| Percent slope | Spacing interval |
|---|---|
| 0 - 4% | 150' - 350' |
| 4 - 6% | 125' - 250' |
| 6 - 8% | 100' - 200' |
| 8 - 10% | 75' - 150' |

TYPICAL TURNOUT DITCH

1' MINIMUM DEPTH

NATURAL GROUND SURFACE

BERM

For this road the spacing interval for turnout ditches shall be:

[ ] At locations staked in the field.

[ ] At locations delineated on the attached map.

[X] At every 200 feet.

B. Culvert pipes shall be used for cross drains where drainage dips or low water crossings are not feasible. The minimum culvert diameter must be 18 inches. Any culvert pipe installed shall be of sufficient diameter to pass the anticipated flow of water. Culvert location and required diameter are shown on the attached map. (Further details can be obtained from the Roswell District office or the appropriate Resource Area office.)

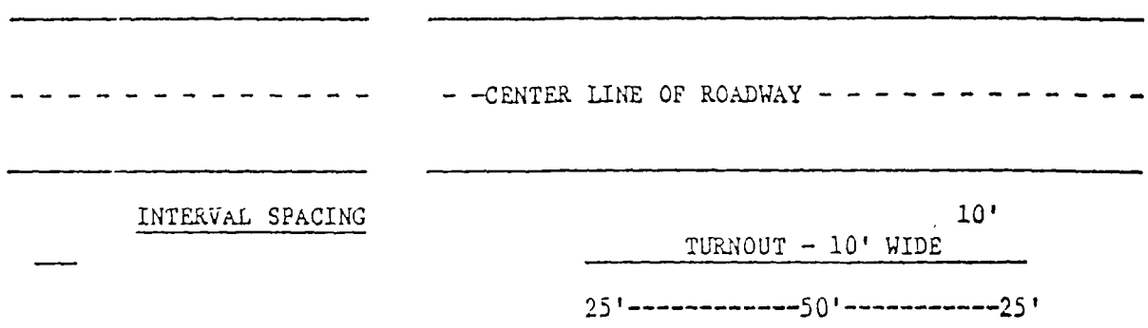
C. On road slopes exceeding 2%, drainage dips shall drain water into an adjacent turnout ditch. Drainage dip location and spacing shall be determined by the formula:

$$\text{spacing interval} = \frac{400'}{\text{road slope in \%}} + 100'$$

Ex. 4% slope: spacing interval $= \frac{400}{4} + 100 = 200$ feet

4. TURNOUTS

Unless otherwise approved by the Authorized Officer, vehicle turnouts will be required. Turnouts will be located at 2000-foot intervals, or the turnouts will be intervisible, whichever is less. Turnouts will conform to the following diagram.




5. SURFACING

Surfacing of the road or those portions identified on the attached map may, at the direction of the authorized officer, be required if necessary to maintain traffic within the right-of-way with caliche, gravel or other surfacing material which shall be approved by the authorized officer. When surfacing is required, surfacing material will be compacted to a minimum thickness of 4 inches with Caliche material. The width of surfacing shall be no less than the driving surface. Prior to using any mineral materials from an existing or proposed Federal source, authorization must be obtained from the Authorized Officer.

6. CATTLEGUARDS

Where used, all cattleguard grids and foundation designs and construction shall meet the American Association of State Highway and Transportation Officials (AASHTO) Load Rating H-20, although AASHTO U-80 rated grids shall be required where heavy loads, (exceeding H-20 loading,) are anticipated. (See BLM standard drawings for cattleguards). Cattleguard grid length shall not be less than 8 feet and width of not less than 14 feet. A wire gate (16-foot minimum width) will be provided on one side of the cattleguard unless requested otherwise by the surface user.

7. MAINTENANCE

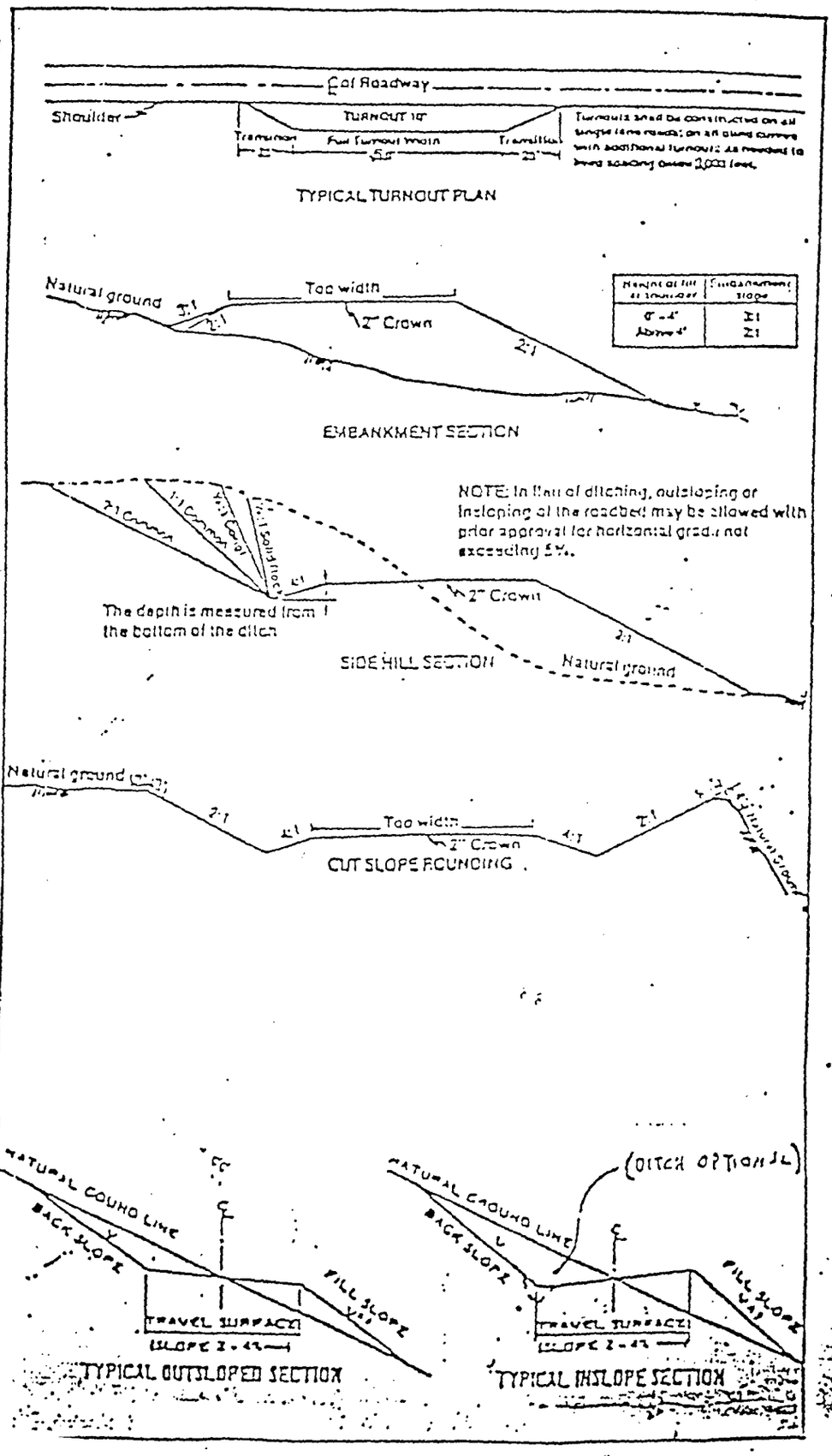
The holder shall maintain the road in a safe, usable condition. A maintenance program shall include, but not be limited to blading, ditching, culvert installation, culvert cleaning, drainage installation, cattleguard maintenance, and surfacing.

8. PUBLIC ACCESS

Public access along this road will not be restricted by the holder without specific written approval being granted by the Authorized Officer. Gates or cattleguards on public lands will not be locked or closed to public use unless closure is specifically determined to be necessary and is authorized in writing by the Authorized Officer.

9. SPECIAL STIPULATIONS: None.

FIGURE 1 CROSS-SECTIONS AND PLANS FOR TYPICAL ROAD SECTIONS. REPRESENTATIVE OF BLM RESOURCE , AND HIGHER CLASS, ROADS.
Travel way, top width, driving surface and travel surface are synonomous



Form 3160-3
(November 1983)
(formerly 9-331C)

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

# APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

5. LEASE DESIGNATION AND SERIAL NO.: NM 12828

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: —

1a. TYPE OF WORK: DRILL ☐ Re-entry DEEPEN ☒ PLUG BACK ☐

7. UNIT AGREEMENT NAME: —

b. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ OTHER — SINGLE ZONE ☐ MULTIPLE ZONE ☐

8. FARM OR LEASE NAME: McKittrick Fed. Com.11-I

2. NAME OF OPERATOR: Nearburg Producing Company

9. WELL NO.: 1

3. ADDRESS OF OPERATOR: P.O. Box 31405, Dallas, Texas 75231-0405

10. FIELD AND POOL, OR WILDCAT: Und. Morrow

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 2310' FSL & 960' FEL Sec. 11
At proposed prod. zone: Same

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: Sec. 11, T-22-S, R-24-E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: 13-1/2 Miles West of Carlsbad

12. COUNTY OR PARISH: Eddy | 13. STATE: New Mexico

| 15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) | 16. NO. OF ACRES IN LEASE | 17. NO. OF ACRES ASSIGNED TO THIS WELL |
|---|---|---|
| 960' | 1200 | 320 |
| **18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.** | **19. PROPOSED DEPTH** | **20. ROTARY OR CABLE TOOLS** |
| | 10600'(OTD 8132') | Rotary |

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 4016 GR.

22. APPROX. DATE WORK WILL START*: July 5, 1988

23. PROPOSED CASING AND CEMENTING PROGRAM

| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
|---|---|---|---|---|
| 20" | 16" * | 65# | 30' | 2 yd. of Ready-Mix |
| 12-1/4" | 8-5/8" * | 24# | 1797' | 200 sx. Thick-set Plus 700 sx. |
| 7-7/8" | 4-1/2" | 11.60# | 10,600' | 500 sx. |

* This casing set and cemented when well was originally drilled. No casing was pulled when well was plugged.

RECEIVED

Plan to drill out all plugs shown on P&A Report, drill 7-7/8" hole to 10,600'. Run electric logs, if logs indicate Morrow to be productive, run 4-1/2" casing and test Morrow formation. Well was originally drilled by Flag-Redfern Oil Co. Plugged and Abandoned 9-15-78.

See Attachment for: Supplemental drilling data
B.O.P. sketch
Surface use and operation plan
Original P. & A. Report.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, 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 T. R. McDonald TITLE Engineering Manager DATE 5-1-88

(This space for Federal or State office use)

PERMIT NO. — APPROVAL DATE —

APPROVED BY Roy Fin TITLE AREA MANAGER CARLSBAD RESOURCE AREA DATE 6-15-88

CONDITIONS OF APPROVAL, IF ANY:

*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.

# OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088
SANTA FE, NEW MEXICO 37501

Form C-102
Revised 10-1-78

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

| Operator | Lease | Well No. |
|---|---|---|
| NEARBURG PRODUCING COMPANY | McKITTRICK FED. COM 11-I | 1 |

| Unit Letter | Section | Township | Range | County |
|---|---|---|---|---|
| I | 11 | 22 South | 24 East | Eddy |

Actual Footage Location of Well:
2310 feet from the South line and 960 feet from the East line

| Ground Level Elev. | Producing Formation | Pool | Dedicated Acreage: |
|---|---|---|---|
| 4016 | Morrow | Und. Morrow | 320 Acres |

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

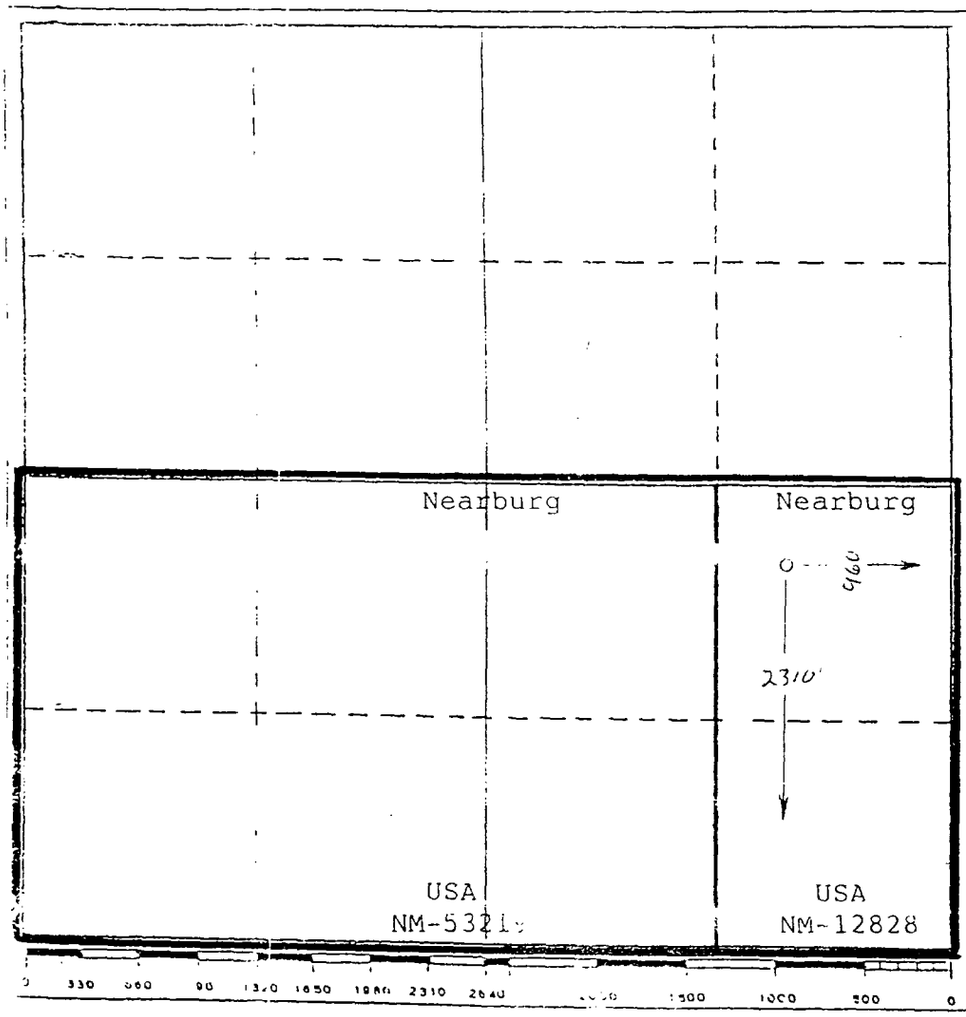
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

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?

[X] Yes [ ] No If answer is "yes," type of consolidation Common working interest. If productive, S½ will be formally communitized.

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 Division.




CERTIFICATION

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

Name: James A. Knauf

Position: Agent

Company: NEARBURG PRODUCING CO.

Date: May 27, 1988

*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.*

SEE ORIGINAL SURVEY
(Copy Attached)

Date Surveyed: May 2, 1978

Registered Land Surveyor: Joseph W. Luchini

Certificate No. 754

NEW MEXICO OIL CONSERVATION COMMISSION

# WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
*Supersedes C-128*
Effective 1-1-65

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

| Operator | Lease | Well No. |
|---|---|---|
| FLAG-REDFERN OIL CO. | McCELLAN-FEDERAL COM. | 1 |

| Unit Letter | Section | Township | Range | County |
|---|---|---|---|---|
| | 11 | 22-S | 24-E | EDDY |

Actual Footage Location of Well:
0 feet from the EAST line and 2310 feet from the SOUTH line

| Ground Level Elev. | Producing Formation | Pool | Dedicated Acreage: |
|---|---|---|---|
| 3916 | Cisco | McKittrick Hills Penn. | 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).

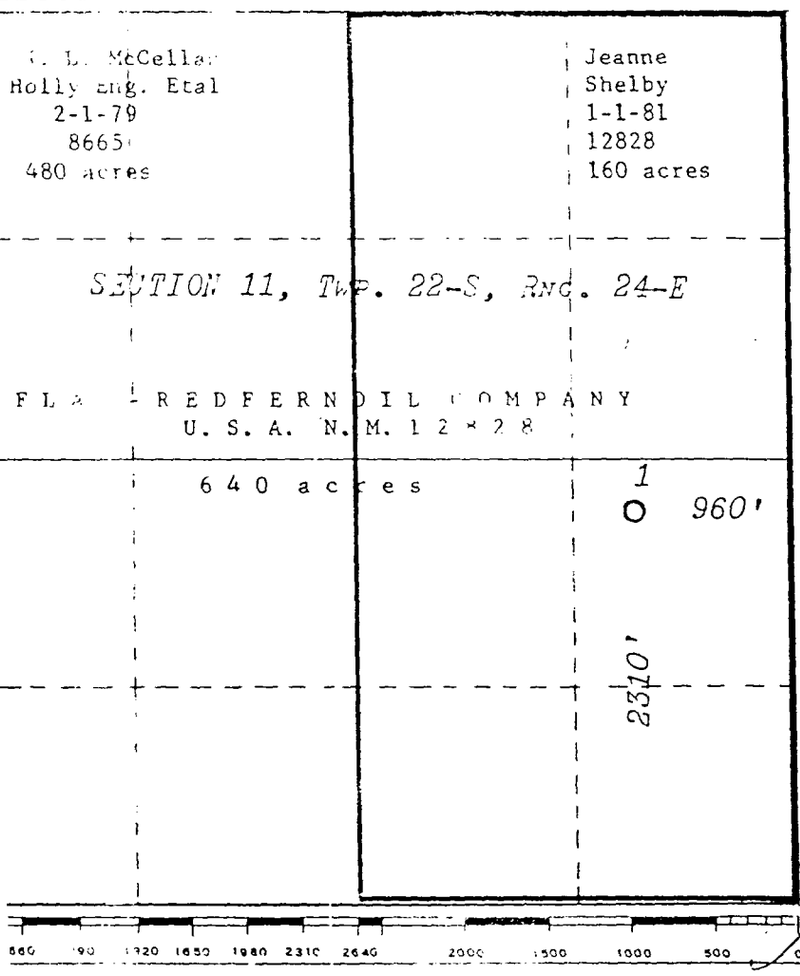
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

[X] Yes [ ] No If answer is "yes," type of consolidation Communitization

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.

RECEIVED
MAY 5 1978
U.S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO




## CERTIFICATION

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

Name: Steve Rossler

Position: Petroleum Engineer

Company: Flag-Redfern Oil Company

Date: May 4, 1978

*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.*

Date Surveyed: MAY 2, 1978

Registered Professional Engineer and/or Land Surveyor:

Certificate No. 754

SUPPLEMENTAL DRILLING DATA

NEARBURG PRODUCING COMPANY

WELL NO. 1 McKITTRICK FED. COM. 11-I

1. SURFACE FORMATION: Yates Formation of Permian Age.

2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

Deleware Mtn Group.....2,520'
Bone Springs.....6,020'
Wolfcamp.....7,280'
Cisco Canyon.....7,890'

3. ANTICIPATED POSSIBLE HYDROCARBON BEARING ZONES:

Morrow

4. CASING AND CEMENTING PROGRAM:

| | SETTING DEPTH | | | | |
|---|---|---|---|---|---|
| CASING SIZE | FROM | TO | WEIGHT | GRADE | JOINT |
| 16" | 0' | 20' | Conductor | J-55 | ST&C |
| 10-3/4" | 0' | 1,797' | 24# | J-55 | ST&C |
| 4-1/2" | 0' | 10,600' | 11.6# | J & N | LT&C |

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

16" casing was cemented when well was originally drilled with 2 yds redi-mix.

8-5/8" casing was cemented when well was originally drilled with 900 sxs cement.

4-1/2" production casing will be cemented with approximately 500 sacks of Class "H" 50/50 POZ.

5. PRESSURE CONTROL EQUIPMENT:

The BOP stack, while cleaning out and drilling to new TD, will consist of a 3000 psi working pressure, dual ram type preventer.

A BOP sketch is attached.

6. CIRCULATING MEDIUM:

Surface to 10,600 feet:

We plan to clean out to 8132' with new mud and drill to a new TD of 10,600' with new drilling mud.

7. AUXILLARY EQUIPMENT:

None required.

8. TESTING, LOGGING, AND CORING PROGRAM:

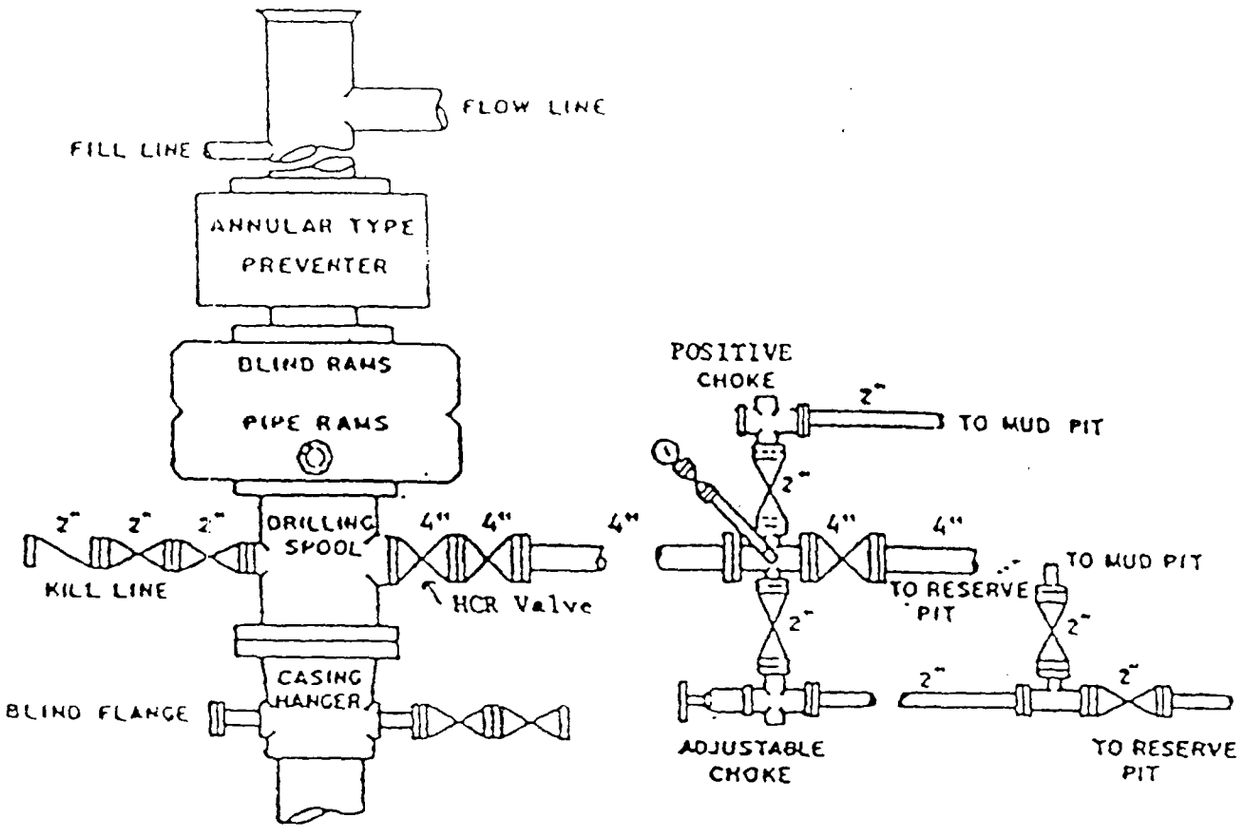
Electric logging is planned.

9. ABNORMAL PRESSURES, TEMPERATURES, OR HYDROGEN SULFIDE GAS:

None anticipated.

10. ANTICIPATED STARING DATE:

It is planned that operations will commence on or before July 5, 1988, with drilling and completion operations lasting about 15 days.




## BOP STACK

RAM TYPE PREVENTERS
5000 PSI WORKING PRESSURE

ANNULAR TYPE PREVENTER
3000 PSI WORKING PRESSURE

DEPTH INTERVAL

BELOW 8-5/8" CASING SEAT

NEARBURG PRODUCING COMPANY

BOP ARRANGEMENT

McKittrick Fed. Com. 11-I No. 1

NMOCC

Copy to SF

Form 9-331
(May 1963)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN TRIPLICATE (Other instructions on reverse side)

Form Approved.
Budget Bureau No. 42-R1424.

# SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL ☐ GAS WELL ☐ OTHER Dry Hole

RECEIVED
NOV 22 1978
O. C. C.
ARTESIA, OFFICE

2. NAME OF OPERATOR
Flag-Redfern Oil Company ✓

3. ADDRESS OF OPERATOR
P. O. Box 23 Midland, Texas 79702

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.)
At surface
960' FEL & 2310' FSL

5. LEASE DESIGNATION AND SERIAL NO.
USA NM-12828

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
---

7. UNIT AGREEMENT NAME
---

8. FARM OR LEASE NAME
McClellan Fed. Com

9. WELL NO.
1

10. FIELD AND POOL, OR WILDCAT
Und McKittrick Hills Upper Pe

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
Sec. 11, T-22-S, R-24-E

12. COUNTY OR PARISH
Eddy

13. STATE
N.M.

14. PERMIT NO.
---

15. ELEVATIONS (Show whether DF, RT, GR, etc.)
4016' G.L.

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

| NOTICE OF INTENTION TO: | | | | SUBSEQUENT REPORT OF: | | | |
|---|---|---|---|---|---|---|---|
| TEST WATER SHUT-OFF | ☐ | PULL OR ALTER CASING | ☐ | WATER SHUT-OFF | ☐ | REPAIRING WELL | ☐ |
| FRACTURE TREAT | ☐ | MULTIPLE COMPLETE | ☐ | FRACTURE TREATMENT | ☐ | ALTERING CASING | ☐ |
| SHOOT OR ACIDIZE | ☐ | ABANDON* | X | SHOOTING OR ACIDIZING | ☐ | ABANDONMENT* | ☐ |
| REPAIR WELL | ☐ | CHANGE PLANS | ☐ | (Other) | | | |
| (Other) | | | | (NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.) | | | |

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Flag-Redfern Oil Company desires to plug and abandon this well because no productive zones were found. Below is our proposed plugging procedure to be done with the drilling rig still over the hole.

1. Run 4" Drill Pipe in mud-laden hole to 8000'.
2. Spot 150' cement plug from 8000' - 7850' using 50 sx of Class "H" cement.
3. Pull Drill Pipe up to 6500' and spot a 150' cement plug from 6500' - 6350' using 50 sx of Class "H" cement.
4. Pull Drill Pipe up to 5000', and spot a 100' cement plug from 5000' - 4900' using 35 sx of Class "H" cement.
5. Pull Drill Pipe up to 3100' and spot a 100' cement plug from 3100' - 3000' with 35 sx of Class "H" cement.
6. Pull Drill Pipe up to 1850' and spot a 100' cement plug from 1850' - 1750' using 35 sx of Class "H" cement.
7. Pull Drill Pipe up to 20' and circulate cement to the surface using 10 sx of Class "H" cement.
8. Pull Drill Pipe out of hole, Rig down and move off Drilling Rig.
9. Clean location as per instructions from the Bureau of Land Management.

18. I hereby certify that the foregoing is true and correct

SIGNED [signature] TITLE Petroleum Engineer DATE 9-26-78

(This space for Federal or State office use)

APPROVED BY [signature] TITLE ACTING DISTRICT ENGINEER DATE NOV 21 1978
CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side

SURFACE USE AND OPERATIONS PLAN

FOR

RE-ENTERING, RE-COMPLETING AND PRODUCING

NEARBURG PRODUCING COMPANY
WELL #1 McKITTRICK FED. COM. 11-I
2310' FSL & 960' FEL SEC. 11-22S-24E
EDDY COUNTY, NEW MEXICO

| | |
|---|---|
| LOCATED: | 13½ air miles west of Carlsbad, New Mexico. |
| OIL & GAS LEASE: | NM-12828 was issued 1-1-71 and is HBP. |
| RECORD LESSEE: | Jeanne Fields Shelby. |
| BOND COVERAGE: | $25,000 statewide bond of Nearburg Producing Co. |
| ACRES IN LEASE: | 1200 |
| SURFACE OWNERSHIP: | U. S. Government with a grazing permit issued to Larry, Wayne, and Scott Gregory, P. O. Box 2308, Carlsbad, NM 88220. Phone 505-887-2837. |
| POOL: | Undesignated Morrow (320-acre spacing) |
| EXHIBITS: | A. Area Road Map<br>B. Drilling Rig Layout<br>C. Oil & Gas Map<br>D. Topographic Map |

This well was drilled to a depth of 8132' by Flag-Redfern Oil Company as Well #1 McClellan Federal Com. during the period 8-2-78 to 9-10-78 and was plugged and abandoned.

The old well pad and access road are moderately intact and will need to be upgraded in places. The mud pits will need to be re-opened. No additional surface will be disturbed by the proposed re-entry operations.

1. EXISTING ROADS:

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

B. Exhibit "D" is a topo map showing existing roads in the vicinity of the proposed well site.

2. EXISTING ACCESS ROAD:

A. Length and Width:
The existing access road is approximately 12 feet wide and about 3300 feet long, and is shown on Exhibit "D".

B. Surfacing Material:
Existing

C. Maximum Grade:
Less than three per cent.

D. Turnouts:
None necessary.

E. Drainage Design:
Existing

F. Culverts:
None necessary.

G. Gates and Cattle Guards:
None necessary. No fences involved.

3. LOCATION OF EXISTING WELLS:

A. Existing wells in the immediate are are shown on Exhibit "C".

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES:

A. Necessary production facilities for this well will be located on the well pad.

5. LOCATION AND TYPE OF WATER SUPPLY:

A. It is not contemplated that a water well will be drilled. Water necessary for drilling operations will be purchased and trucked to the well site over existing roads.

6. METHODS OF HANDLING WASTE DISPOSAL:

A. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.

B. Water produced during tests will be disposed of in the drilling pits

C. Oil produced during tests will be stored in test tanks.

D. Trash, waste paper, garbage and junk will be buried in a separate trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind. Location of the trash pit is shown on Exhibit "B".

E. All trash and debris will be buried or removed from the well site within 30 days after finishing drilling and/or completion operations.

7. ANCILLARY FACILITIES:

A. None required.

8. WELL SITE LAYOUT:

A. Exhibit "B" shows the relative location and dimensions of the well pad, mud pits, reserve pit, and trash pit, and the location of major rig components.

B. The well pad and original dry hole marker are existing.

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 well site will be cleaned.

10. OTHER INFORMATION:

A. Topography:
The land surface at the well site is hilly. Regionally, drainage is to the east and southeast.

B. Soil:
Top soil at the well site is a loam thin rock.

C. Flora and Fauna:
The vegetative cover is sparse and includes yucca, catclaw, sumac, juniper, weeds and range grasses. Wildlife in the area is that typical of semi-arid desert land, and includes coyotes, rabbits, rodents, reptiles, dove and quail.

D. Ponds and Streams:
There are no rivers, lakes, ponds, or streams in the area.

E. Residences and Other Structures:
There are no occupied dwellings or other structures within a mile of the proposed well site.

F. Archaeological, Historical, and Cultural Sites:
None observed in the area.

G. Land Use:
Gas production, grazing, and wildlife habitat.

H. Surface Ownership:
U. S. Government with a grazing permit issued to Larry, Wayne, and Scott Gregory, P. O. Box 2308, Carlsbad, NM 88220. Phone 505-887-2837.

11. OPERATOR'S REPRESENTATIVE:

Dave Abbott
119 South Coleman Lot #2
Hobbs, New Mexico 88240
Phone: (505) 392-1198

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 sub-contractors in conformity with this plan and the terms and conditions under which it is approved.

May 12, 1988
Date

T.R. MacDonald
Engineering Manager

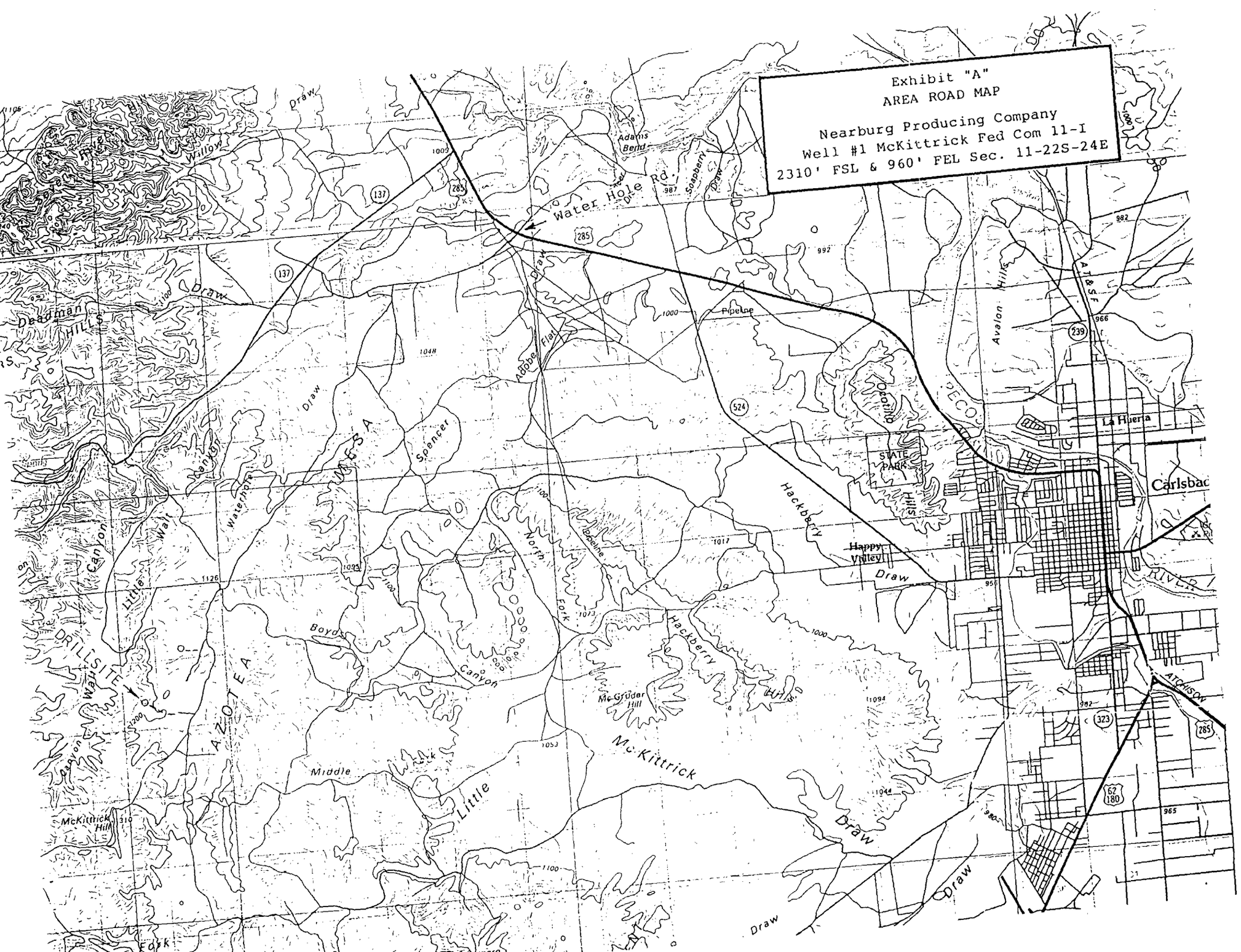


Exhibit "A"
AREA ROAD MAP
Nearburg Producing Company
Well #1 McKittrick Fed Com 11-I
2310' FSL & 960' FEL Sec. 11-22S-24E
Water Hole Rd.
Deadman Hills
Mesa
Azotea
Pipeline
Avalon Hills
Hackberry Hills
Hackberry Draw
Happy Valley
Draw
Canyon
Spencer
Boyd
Middle
Little
McKittrick
McKittrick Hill
McGruder Hill
Adobe Flat
Adams Bend
Soapberry
Willow
Pecos River
La Huerta
Carlsbad
Atchison
State Park
Drillsite
137
285
524
239
323
62
180

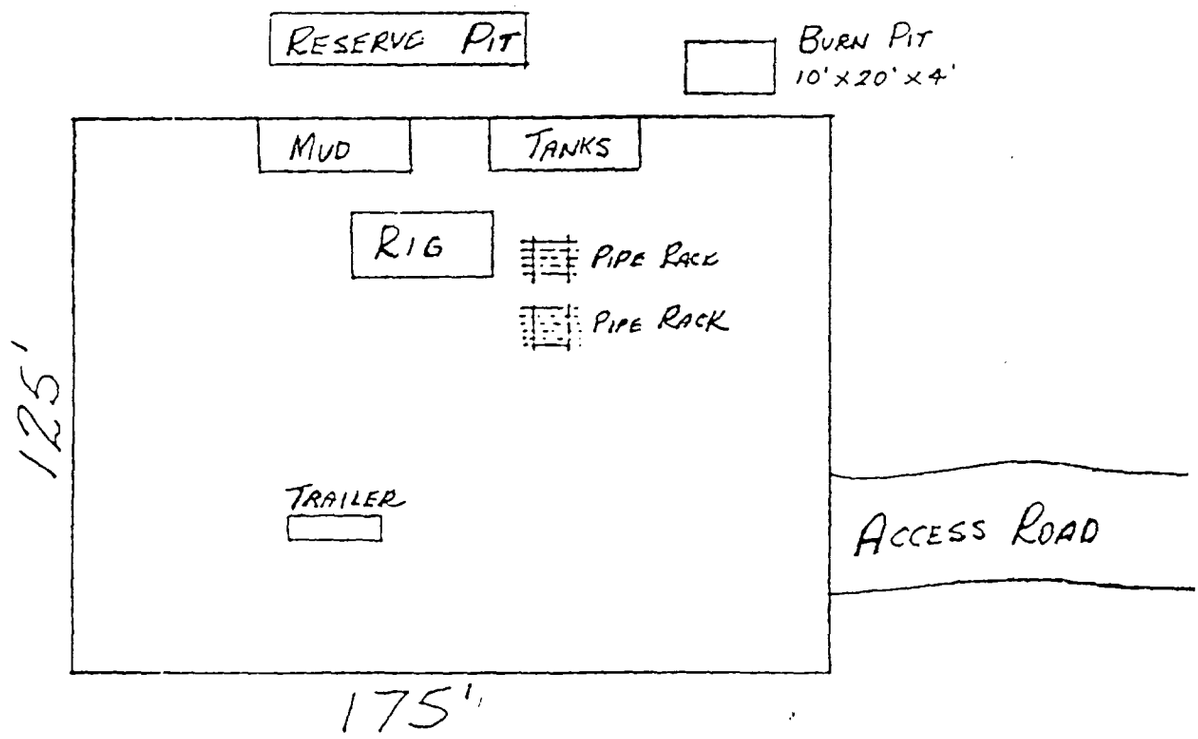
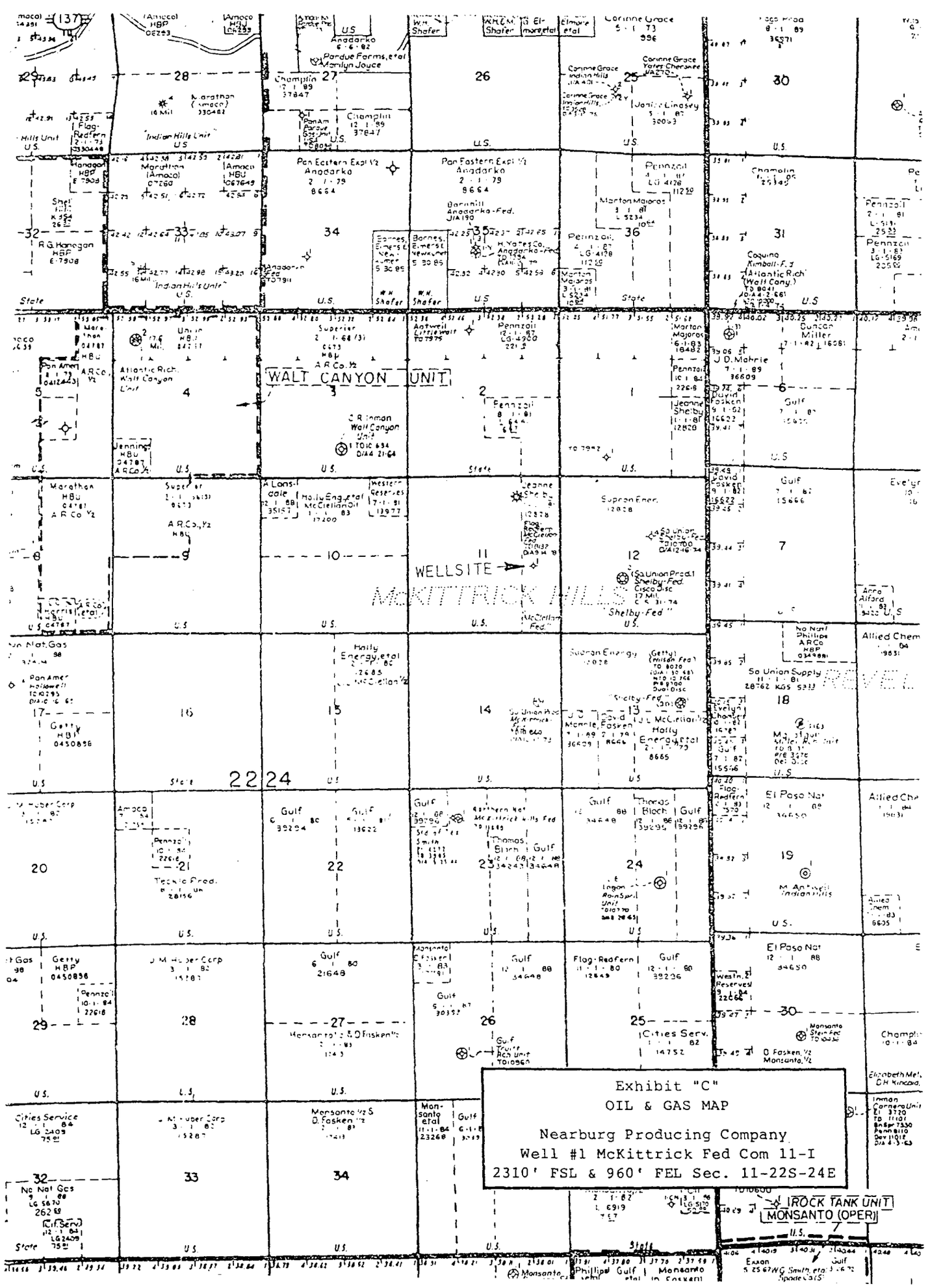
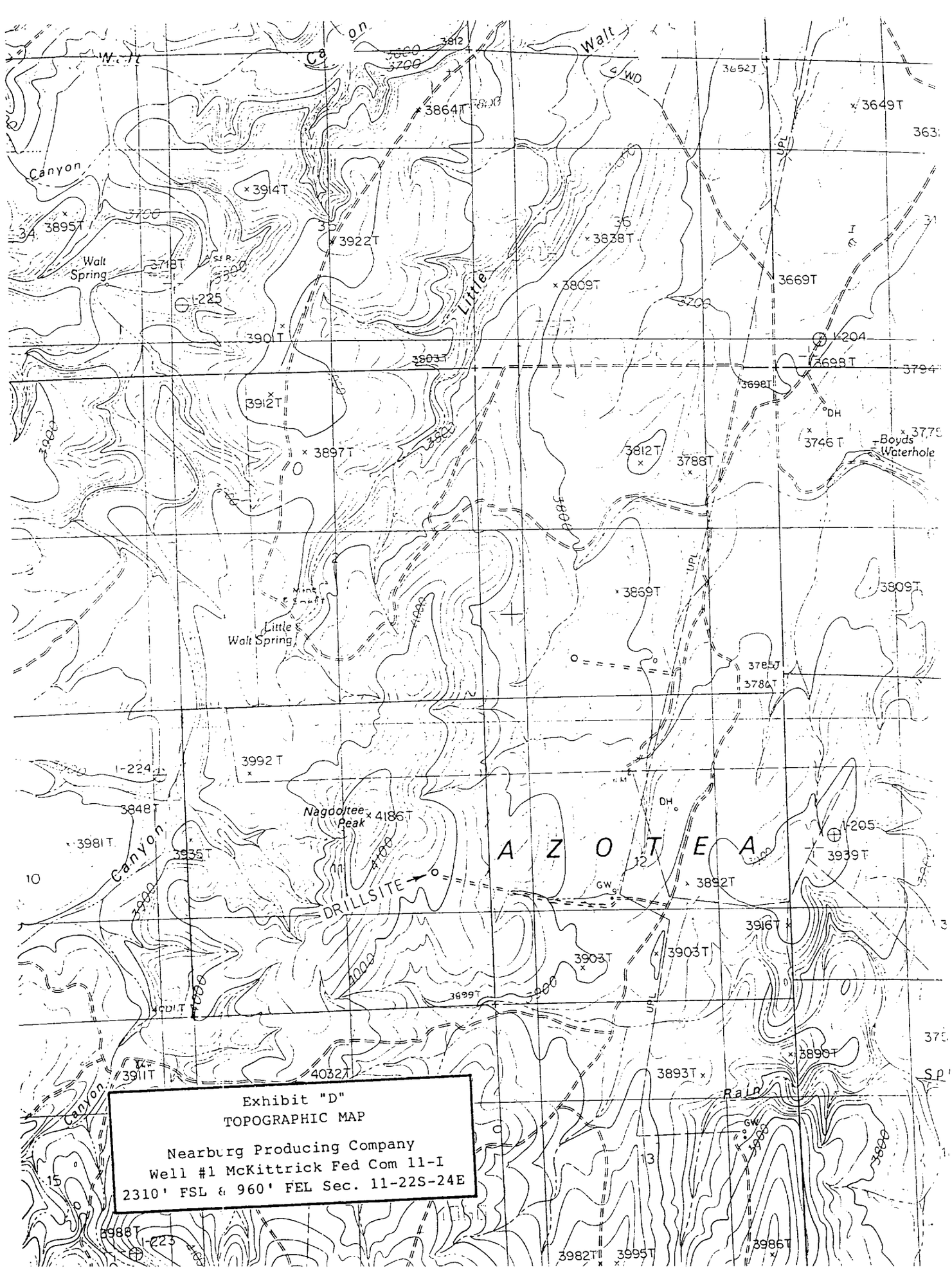



Exhibit "B"
DRILLING RIG LAYOUT

Nearburg Producing Company
Well #1 McKittrick Fed Com 11-I
2310' FSL & 960' FEL Sec. 11-22S-24E


WALT CANYON UNIT
WELLSITE
McKITTRICK HILLS
Exhibit "C"
OIL & GAS MAP
Nearburg Producing Company
Well #1 McKittrick Fed Com 11-I
2310' FSL & 960' FEL Sec. 11-22S-24E
ROCK TANK UNIT
MONSANTO (OPER)


Walt Canyon
Walt Canyon
Canyon
Canyon
Canyon
Walt Spring
Little Walt Spring
Little
Nagooltee Peak 4186T
Boyds Waterhole
DRILLSITE
AZOTEA
4WD
I-225
I-224
I-223
I-204
I-205
3812
3864T
3914T
3895T
3922T
3838T
3649T
3669T
3809T
3901T
3912T
3897T
3698T
3746T
3812T
3788T
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3848T
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3935T
4032T
3892T
3916T
3903T
3903T
3999T
3911T
3890T
3893T
3988T
3982T
3995T
3986T
3939T
Exhibit "D"
TOPOGRAPHIC MAP
Nearburg Producing Company
Well #1 McKittrick Fed Com 11-I
2310' FSL & 960' FEL Sec. 11-22S-24E