

Submit To Appropriate District Office State Lease - 6 copies Fee Lease - 5 copies District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505	State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505	Form C-105 Revised June 10, 2003 WELL API NO. 30-015-33741 5. Indicate Type of Lease STATE ☐ FEE ☒ State Oil & Gas Lease No.
WELL COMPLETION OR RECOMPLETION REPORT AND LOG		
1a. Type of Well: OIL WELL ☐ GAS WELL ☒ DRY ☐ OTHER _____ b. Type of Completion: NEW ☒ WORK ☐ DEEPEN ☐ PLUG ☐ DIFF. WELL OVER BACK RESVR. ☐ OTHER _____		7. Lease Name or Unit Agreement Name Kurgan
2. Name of Operator Nadel and Gussman Permian, L.L.C.		8. Well No. 1
3. Address of Operator 601 N. Marienfeld, Suite 508, Midland, TX 79707		9. Pool name or Wildcat Burton Flat; Morrow
4. Well Location Unit Letter A : 660' Feet From The North Line and 660' Feet From The East Line Section 16 Township 21S Range 27E NMPM County Eddy		
10. Date Spudded 2/22/05	11. Date T.D. Reached 3/27/05	12. Date Compl. (Ready to Prod.) 6/10/05
13. Elevations (DF& RKB, RT, GR, etc.) 3279' KB		14. Elev. Casinghead
15. Total Depth 11,800'	16. Plug Back T.D. 11,525'	17. If Multiple Compl. How Many Zones?
18. Intervals Drilled By 100%		19. Producing Interval(s) of this completion - Top, Bottom, Name 11,364'-11,388' Morrow
20. Was Directional Survey Made NO		21. Type Electric and Other Logs Run CNDL, DLL
23. CASING RECORD (Report all strings set in well)		
CASING SIZE	WEIGHT LB./FT.	DEPTH SET
13 3/8"	48#, H-40	442'
9 5/8"	40#, N80	2980'
5 1/2"	17#, P110 LTC	0 - 11,800'
24. LINER RECORD		
SIZE	TOP	BOTTOM
2 7/8"	11,330'	11,480'
25. TUBING RECORD		
SIZE	DEPTH SET	PACKER SET
2 7/8"	11,330'	11,480'
26. Perforation record (interval, size, and number) 11,548' - 11,558' 60 holes below cibp 11,586' - 11,596' 60 holes below cibp 11,364' - 11,370' 36 holes 11,376' - 11,388' 60 holes		
27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED 11,548' - 11,596' 1000 gals 7 1/2 hcl, 590 mcfn2, 105 tons CO2 36 mlbs interprop, 17 mgals 3% kcl 11,364' - 11,388' none		
28. PRODUCTION		
Date First Production 6/11/05	Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing	
Well Status (Prod. or Shut-in) Producing		
Date of Test 6/12/05	Hours Tested 24	Choke Size 26/64
Flow Tubing Press. 850	Casing Pressure 0	Calculated 24-Hour Rate
Oil - Bbl 0		Gas - MCF 739
Water - Bbl. 0		Gas - Oil Ratio
29. Disposition of Gas (Sold, used for fuel, vented, etc.) Sold		
30. List Attachments Wellbore Schematic, Deviation Report, Set of Logs		
31. I hereby certify that the information shown on both sides of this form as true and complete to the best of my knowledge and belief Signature K. G. McCready Printed Name: Kem McCready Title: Operations Engineer Date: 6/27/05		
E-mail Address: kemm@naguss.com		

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico			Northwestern New Mexico	
T. Anhy	T. Canyon	9424'	T. Ojo Alamo	T. Penn. "B"
T. Salt	T. Strawn	10,222'	T. Kirtland-Fruitland	T. Penn. "C"
B. Salt	T. Atoka L.	10,545'	T. Pictured Cliffs	T. Penn. "D"
T. Yates	T. Morrow	11,025'	T. Cliff House	T. Leadville
T. 7 Rivers	M. Morrow	11,242'	T. Menefee	T. Madison
T. Queen	L. Morrow	11,486'	T. Point Lookout	T. Elbert
T. Grayburg	T. Montoya		T. Mancos	T. McCracken
T. San Andres	T. Simpson		T. Gallup	T. Ignacio Otzte
T. Glorieta	T. McKee		Base Greenhorn	T. Granite
T. Paddock	T. Ellenburger		T. Dakota	T.
T. Blinebry	T. Gr. Wash		T. Morrison	T.
T. Tubb	T. Delaware Sand	2865'	T. Todilto	T.
T. Drinkard	T. Bone Springs	5198'	T. Entrada	T.
T. Abo	T. Cherry Canyon	3663'	T. Wingate	T.
T. Wolfcamp 8855'	T. Brushy Canyon	4278'	T. Chinle	T.
T. Penn	T. Morrow CL.		T. Permian	T.
T. Cisco (Bough C)	T. L. Morrow		T. Penn "A"	T.

OIL OR GAS SANDS OR ZONES

No. 1, from.....to.....
 No. 2, from.....to.....
 No. 3, from.....to.....
 No. 4, from.....to.....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....to.....feet.....
 No. 2, from.....to.....feet.....
 No. 3, from.....to.....feet.....

LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness In Feet	Lithology	From	To	Thickness In Feet	Lithology
3000	5110	2110	LM, SD, SH				
5110	5280	170	DOL, SD, SH				
5280	6570	1290	LM, SH, Chert				
6570	7650	1080	LM, SD, SH				
7650	8740	1090	LM, SH				
8740	8840	100	LM, SD, SH				
8840	11800	2960	LM, SD, SH, Chert				

NADEL AND GUSSMAN PERMIAN

Kurgan State #1
660' FNL, 660' FEL Sec 16, 21S, 27E, Eddy County, NM
API # 30 - 015 - 33741-0

Elev: 3279', KB: 18' AGL

Current

13-3/8", 48#, H-40 @ 442'
 400 sx, cement circulated 101 sx
 17-1/2" hole

5-1/2" TOC @ NA

9-5/8", 40#, N-80 @ 2980'
 1024 sx, cement ; circ to surf

12-1/4" hole

DV TOOL @ 7,417'

5-1/2", 17#, P-110 LTC @ 0-11,800'
 1st stg 1510 sx;
 2nd stage 1500 sx
 Displace w\ FW
 7-7/8" hole

PBTD @ 11,525'
 TD @ 11,800'

Tubing Details
 2-7/8" tbg
 2.25 F On\Off tool
 Baker 10K Hornet pkr @ 11,327'
 2-7/8" 2' sub 11,329'
 API SN @ 11,330

Baker 10K Hornet pkr @ 11,327'

Morrow perms
 11,364 - 11,370 - 36 holes
 11,378 - 11,388' - 60 holes

CIBP @ 11,525
 11,548' - 11,558' - 60 holes
 11,586' - 11,596' - 60 holes

KURGAN STATE #1SEC 16, T21S, R27EEddy County, New MexicoEASE & WELL(Give Unit, Section, Township and Range)OPERATORNADEL & GUSSMAN PERMIAN, LLC 601 N. MARIENFELD, SUITE 508MIDLAND, TEXAS 79701DRILLING CONTRACTORNABORS DRILLING USA, LP

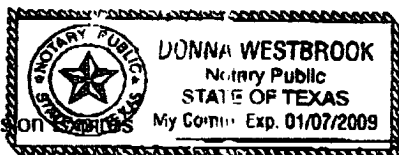
The Undersigned hereby certifies that he is an authorized representative of the drilling contractor who drilled the above-described well and that he has conducted deviation tests and obtained the following results:

<u>DEGREES @ DEPTH</u>	<u>DEGREES @ DEPTH</u>	<u>DEGREES @ DEPTH</u>	<u>DEGREES @ DEPTH</u>
3/4 198	1/2 4584	2 8156	2 11176
3/4 393	1 4838	2 1/2 8313	2 11423
2 886	1/2 5343	2 8438	3 11779
2 1070	1 5443	2 8531	
2 1/4 1286	1 1/2 5690	2 8625	
2 3/4 1446	1/2 5942	1 8719	
2 1/4 1556	1 6195	1 1/2 8877	
2 1/4 1683	1 6449	1 1/2 9067	
2 1871	1 6703	1 1/2 9317	
1 1/4 2062	1/2 6954	1 1/2 9688	
1 2536	1/2 7201	1 1/2 9935	
1/2 2948	1/2 7481	1 1/2 10167	
1/2 3484	1 1/2 7728	2 10420	
1 3984	3 7917	2 1/2 10672	
1/2 4373	2 8056	1 1/2 10923	

Drilling Contractor

Nabors Drilling USA, LP

By

Brent Sanders-District ManagerSubscribed and sworn to before me this 28th day of June, 2005Notary Public

My Commission Expires

01/07/2009

MIDLAND

County

TEXAS