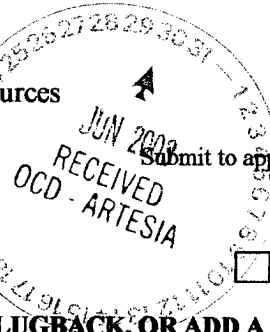


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505



Form C-101
Revised March 17, 1999

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

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

¹ Operator Name and Address Nadel and Gussman Permian, L. L. C. 601 N. Marienfeld, Suite 508 Midland, Texas 79701		² OGRID Number 155615
³ Property Code	⁵ Property Name Jumpstart	³ API Number 30-015-32877
		⁶ Well No. 1

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
D	36	17-S	26-E		660'	North	660'	West	Eddy

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	N	ty
⁹ Proposed Pool 1 Undesignated - Morrow							Cement to cover all oil, gas and water bearing zones.

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary Rotary	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 3291'
¹⁶ Multiple No	¹⁷ Proposed Depth 9,500'	¹⁸ Formation Morrow	¹⁹ Contractor Patterson	²⁰ Spud Date 7/20/03

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"	42#	400'	345 sx	Circ. to surface
11"	8-5/8"	40#	1300 - 1450'	450 sx	Circ. to surface
7-7/8"	5-1/2"	17#	9500'	520 sx	3000'

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.

Drill and complete a well in the Morrow with a projected TD of 9,500'. The Morrow will be completed using thru tubing perforating. A 5000 PSI tree will be nipped up prior to perforating.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Gordon Barker</i> Printed name: Gordon Barker Title: Drilling Supervisor Date: 6/20/03 Phone: 915-682-4429 915-238-1269		OIL CONSERVATION DIVISION Approved by: <i>Jim W. Guss</i> Title: <i>District Supervisor</i> Approval Date: JUL 17 2003 Expiration Date: JUL 17 2004 Conditions of Approval: <input type="checkbox"/> Attached <input type="checkbox"/>
---	--	--

**NOTIFY OCD SPUD & TIME
TO WITNESS 8 5/8" CASING**

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV

P.O. BOX 2088, SANTA FE, N.M. 87504-2088

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name JUMPSTART	Well Number 1
OGRD No.	Operator Name NADEL & GUSSMAN PERMIAN, LLC	Elevation 3291'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	36	17-S	26E		660'	NORTH	660'	WEST	EDDY

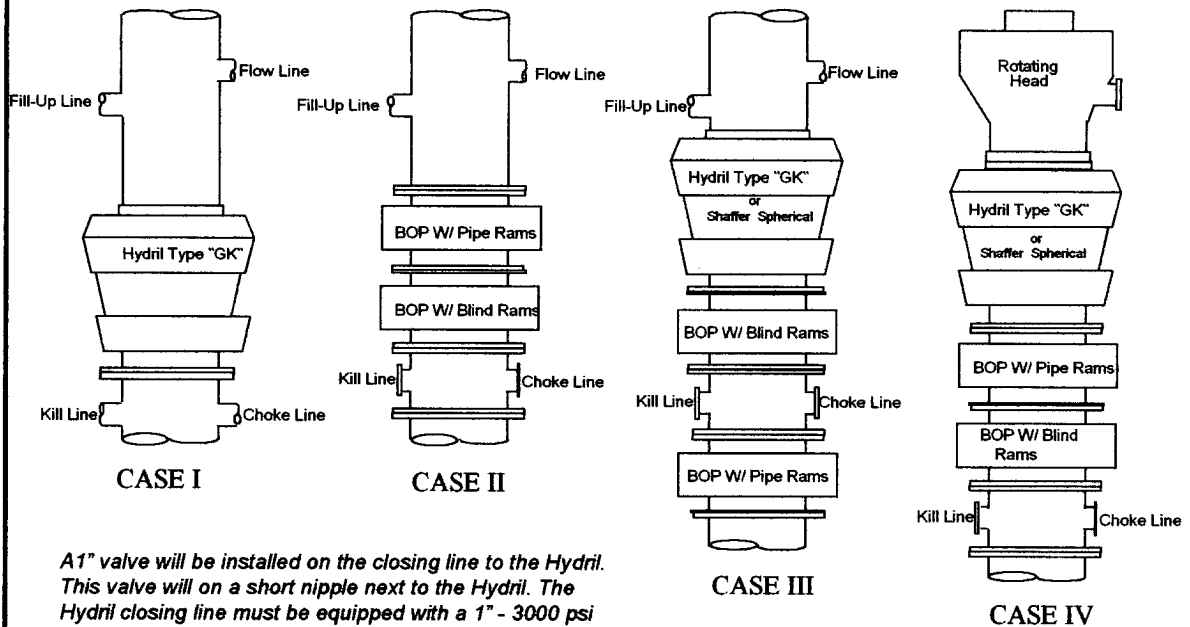
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

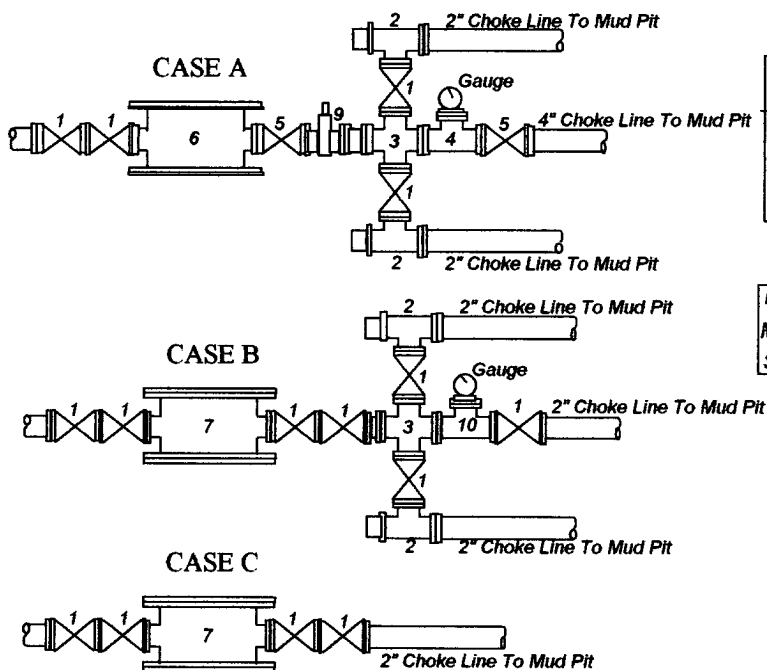
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>GEODETIC COORDINATES</p> <p>NAD 27 NMEZ</p> <p>Y=653647.8</p> <p>X=497613.7</p> <p>LAT. 32°47'49.08"N</p> <p>LONG. 104°20'27.96"W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Gordon Barker</i></p> <p>Signature</p> <p>GORDON BARKER</p> <p>Printed Name</p> <p>Engineer</p> <p>Title</p> <p>6/20/03</p> <p>Date</p>
	<p>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>FEBRUARY 24, 2003</p> <p>Date Surveyed</p> <p>AWB</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>Ronald J. Edson</i></p> <p>5/05/03</p> <p>03.17.0245</p>	<p>Certificate No. RONALD J. EDSON 3239</p> <p>GARY EDSON 12641</p>

Nadel and Gussman Permian
Jumpstart #1
MINIMUM BLOWOUT PREVENTER REQUIREMENTS



A1" valve will be installed on the closing line to the Hydril. This valve will on a short nipple next to the Hydril. The Hydril closing line must be equipped with a 1" - 3000 psi WP plug valve on the nipple into the Hydril.



BOP SIZE	BOP CASE	WORKING PRESSURE	CHOKE CASE
11"	III	5000	B

***Rotating head required**

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

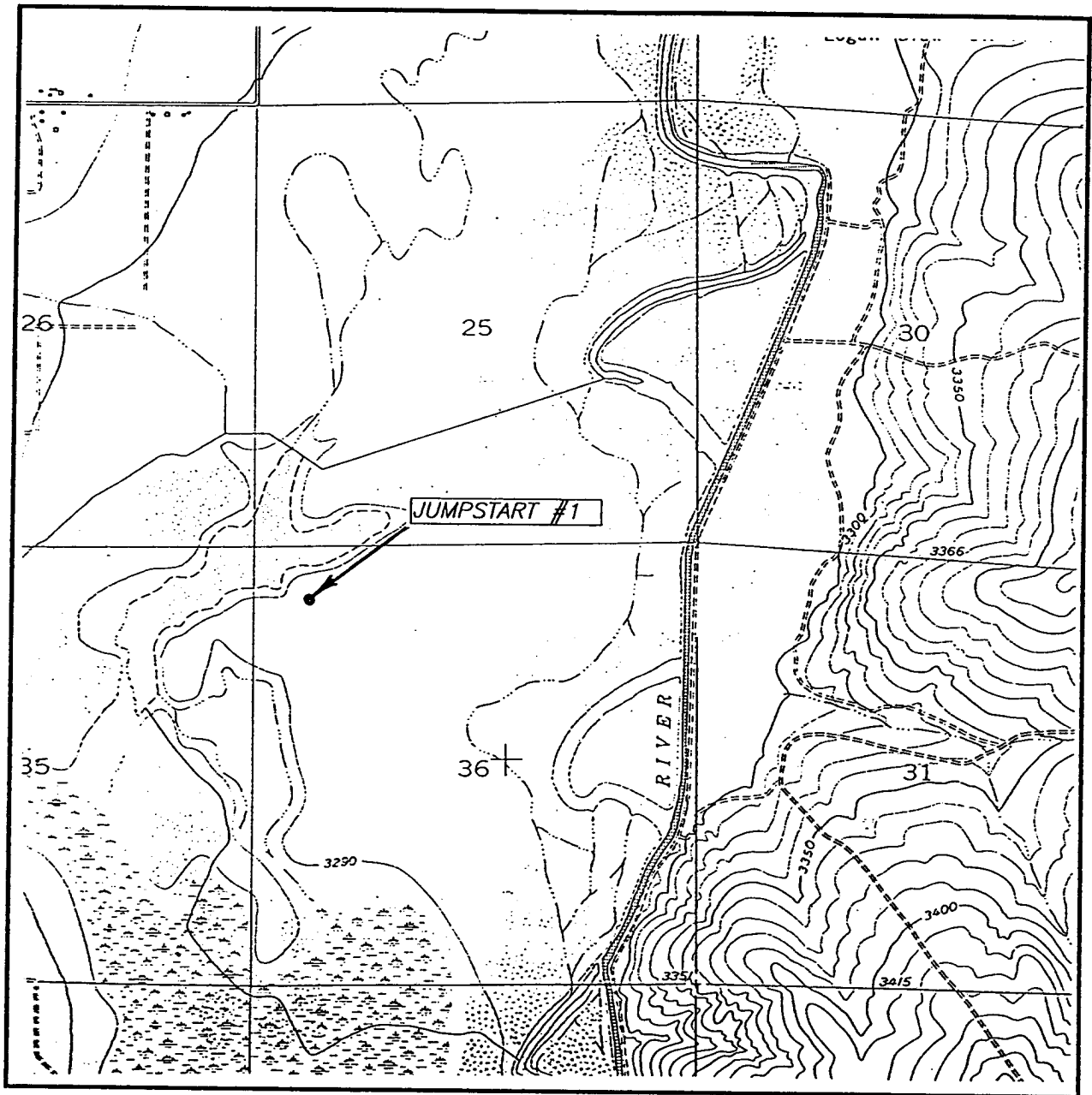
Legend

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

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'
SPRING LAKE, N.M.

SEC. 36 TWP. 17-S RGE. 26-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660' FNL & 660' FWL

ELEVATION 3291'

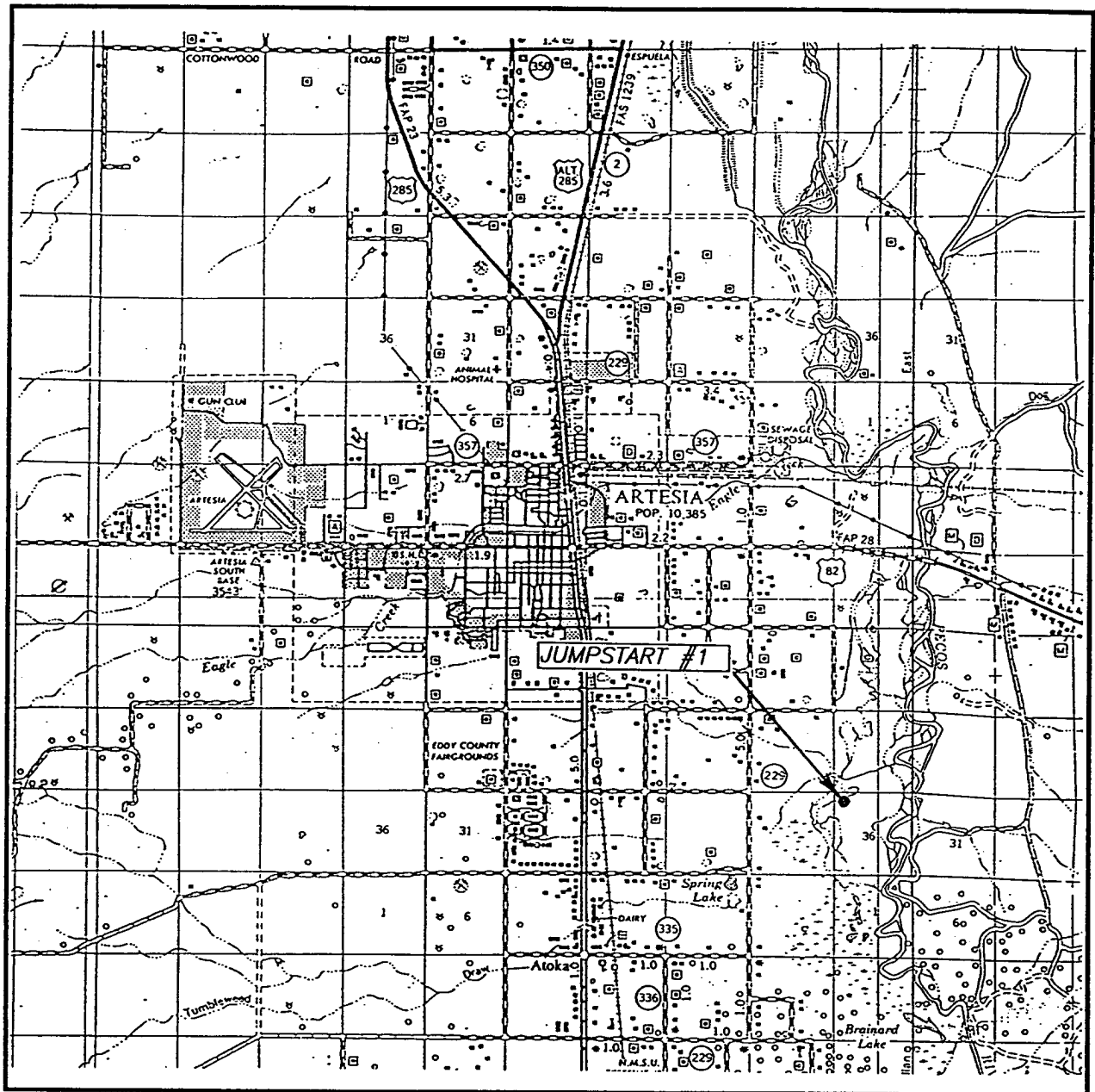
OPERATOR NADEL & GUSSMAN PERMIAN, LLC

LEASE JUMPSTART

U.S.G.S. TOPOGRAPHIC MAP
SPRING LAKE, N.M.

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

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 36 TWP. 17-S RGE. 26-E

SURVEY N.M.P.M.

COUNTY EDDY

DESCRIPTION 660' FNL & 660' FWL

ELEVATION 3291'

OPERATOR NADEL & GUSSMAN PERMIAN, LLC

LEASE JUMPSTART

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

Nadel and Gussman Permian, L.L.C.
601 N. Marienfeld, Suite 508
Midland, TX 79701
432/682-4429 (Office) 432/682-4325 (Fax)

July 17, 2003

Mr. Bryan Arrant
District 2 Geologist
New Mexico Oil and Gas Division
1301 West Grand
Artesia, NM 88210

Re: Jump Start #1
660' FNL, 660' FWL
Unit Letter D, Sec. 36-17s-26e
Eddy, NM
Rule 118 H2S Exposure

Dear Mr. Arrant,

Nadel and Gussman Permian have evaluated this well and we do not expect to encounter hydrogen sulfide. However, we will employ a third part monitoring system. We will begin monitoring prior to drilling out the intermediate casing and will continue through monitoring through the remainder of the well.

Please contact me if you have any additional questions.

Sincerely,



Scott Germain
General Manager



Newpark Drilling Fluids, LLC



DRILLING FLUIDS PROGRAM

PREPARED FOR:

Jump Start No.1

***Section 36, T-17-S, R-26-E
Eddy County, New Mexico***

SUBMITTED TO:

Mr. Joel Martin

***Nadel & Gussman Permian, LLC
601 N Marienfeld
Suite 508
Midland, Texas 79701***

PREPARED BY:

Ken Anthony

**Newpark Drilling Fluids, LLC**

July 3, 2003

Mr. Joel Martin
Nadel & Gussman Permian, LLC
601 N. Marienfed
Suite 508
Midland, Texas 79701

Dear Mr. McCready:

Enclosed are our drilling fluids recommendations for your Jump Start No. 1 in section 36, T-17-S, R-26-E, Eddy County, New Mexico. They are derived from information from your office, offset well data, and our knowledge of the area.

Estimated mud cost is \$ 20,965.22 based on 16 total days with ideal conditions.

Material	\$ 27,517.64
Discount	-6,138.00
Drayage	1,225.26
Tax	<u>1,325.67</u>
Total	\$ 20,965.22

For questions or comments call (800) 592-4627 or (432) 697-8661. Both are 24-hour numbers.

Sincerely,

Ken Anthony

**Newpark Drilling Fluids, LLC**

Jump Start No.1
Section 36, T-17-S, R-26-E
Eddy County, New Mexico

**Anticipated Formation Tops**

San Andres	1,210'
Glorietta	2,690'
Tubb	4,370'
Abo	4,670'
Wolfcamp	5,730'
Strawn	8,200'
Atoka	8,635'
Morrow	8,900'
Barnett	9,180'
Chester	9,195'
Mississippian	9,280'

**Newpark Drilling Fluids, LLC**

Jump Start No.1
Section 36, T-17-S, R-26-B
Eddy County, New Mexico

**Mud Program Summary**

<u>Depth</u>	<u>Hole Size</u>	<u>Mud Wt.</u>	<u>Viscosity</u>	<u>Fluid Loss</u>	<u>pH</u>
0' - 400'	17-1/2"	8.6-8.7	34-36	N/C	N/C
400' - 1,450'	12-1/4"	8.4-8.5	28-29	N/C	9-10
1,450' - 8,200'	7-7/8"	8.4-9.0	28-29	N/C	9-10
8,200' - 9,500'	7-7/8"	8.8-9.0	30-36	15-8	9-10

Potential Problems**Surface Interval 0 - 400'**

- Moderate/severe lost circulation.
- Poorly consolidated formations, may require higher than normal viscosity.

Intermediate Interval 400' - 1,450'

- Moderate/severe seepage in San Andres.

Open Hole Interval 1,450' - 8,200'

- Moderate/severe seepage in Glorieta and Abo.
- Sloughing shale in the in the Abo.
- Abnormal pressure in the Wolfcamp.

Open Hole Interval 8,200' - 9,500'

- Moderate/severe seepage.
- Abnormal pressure possible in Atoka and Morrow.

**Newpark Drilling Fluids, LLC**

Jump Start No.1
Section 36, T-17-S, R-26-E
Eddy County, New Mexico

**Surface Interval**

Interval: 0 - 400'
Hole Size: 17-1/2"
Casing Size: 13-3/8"
Total Days: 1
Mud Type: New Gel/Lime
Properties:
 Weight: 8.6 - 8.7 ppg
 Viscosity: 34 - 36 sec/1000cc
 Filtrate: N/C
 pH: N/C

Interval Discussion:

Spud with a conventional New Gel/Lime "spud mud". Use NewGel and native solids to maintain a sufficient viscosity to keep the hole clean. Compound pumps to provide adequate volume to produce required annular velocity to clean hole. Mix Paper as needed to control seepage loss. Run fresh water at flowline for dilution and volume.

At total depth of interval, mix in pre-mix pit, 200 barrels of fresh water, NewGel for a viscosity of 100 sec/1000cc, add 0.50 ppb of Super Sweep. Pump this pill prior to trip to run surface casing.

Materials Consumption & Cost:

30 sx	NewGel	\$ 702.00
5 sx	Lime	99.20
5 sx	Paper	<u>262.50</u>

Total	\$ 362.70
-------	-----------

**Newpark Drilling Fluids, LLC**

Jump Start No.1
Section 36, T-17-S, R-26-E
Eddy County, New Mexico

**Open Hole Interval**

Interval: 400' - 1,450'
Hole Size: 12-1/4"
Casing Size: ~~13-3/8"~~ 8 5/8"
Total Days: 3
Mud Type: Fresh Water
Properties:
 Weight: 8.6 - 8.8 ppg
 Viscosity: 28 - 29 sec/1000cc
 Filtrate: N/C
 pH: 9 - 10

Interval Discussion:

Drill out below Surface Casing with Fresh water. Circulate through a controlled portion of the reserve pit for maximum gravitational solids removal. Mix Paper to control seepage losses. Mix Lime to maintain pH at 9-10. Mix one gallon of New-55 at flowline to promote solids settling. Sweep hole with high viscosity NewGel pills to clean hole.

If severe losses are encountered, fill pre-mix pit with fresh water, mix NewGel for a 40-50 sec/1000cc viscosity, Maxi-Seal (15-20 ppb) and Mica (5-10 ppb). Pull 5 stands above the loss zone and pump the LCM pill at a reduced rate until returns are gained.

At total depth sweep the hole using 100-barrels of system fluid, NewGel for a 100 sec/1000cc viscosity and 0.50 pounds per barrel of Super Sweep.

Materials Consumption & Cost:

40 sx	NewGel	\$345.20
20 sx	Lime	165.20
1 sx	New-55	226.37
25 sx	Paper	<u>312.50</u>
Total		\$ 1,049.27



Newpark Drilling Fluids, LLC

Jump Start No.1
Section 36, T-17-S, R-26-E
Eddy County, New Mexico



Open Hole Interval

Interval: 8,200' - 9,500'
Hole Size: 7-7/8"
Casing Size: 5-1/2"
Total Days: 3
Mud Type: Brine-Polymer
Properties:
Weight: 8.8 - 9.0 ppg
Viscosity: 33 - 34 sec/1000cc
Filtrate: 15 - 8 cc/30min
pH: 9 - 10

Pac

Interval Discussion:

At 8,200' confine circulation to steel pits. Adjust and maintain pH with Caustic Soda. Treat the system with Newcide to prevent bacterial degradation of organic materials. Mix White Starch to control API filtrate at <15cc. At 8,400' (Morrow) reduce API filtrate to 8-10cc with Starch (white). Increase the viscosity with Dyna Zan for hole cleaning.

0.5 - .75 16/661

At total depth fill pre-mix pit with 80 barrels of system fluid. Mix Saltgel for a 80 sec/1000cc viscosity. Sweep with 40-barrels and set the additional 40-barrels on bottom for logging and casing operations.

*Newpark recommends installation of a Linear Motion shale shaker with 100-120 mesh screens for initial mud up. An attempt to screen down to a fine mesh should be ongoing during the course of the well.

Materials Consumption & Cost:

30 sx	Dynazan	\$11,290.56
100 sx	Starch (white)	2,473.00
18 sx	Caustic Soda	701.82
45 sx	Saltgel	395.55
5 cn	Newcide	<u>1,216.90</u>

Total \$15,952.07