

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

Form C-101  
Revised March 17, 1999

Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

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**

|                                                                                                                                                |  |                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------|--|------------------------------------------------|
| <sup>1</sup> Operator Name and Address<br><b>Nadel and Gussman Permian, L. L. C.<br/>601 N. Marienfeld, Suite 508<br/>Midland, Texas 79701</b> |  | <sup>2</sup> OGRID Number<br><b>155615</b>     |
| <sup>3</sup> Property Code                                                                                                                     |  | <sup>4</sup> Property Name<br><b>Brutus</b>    |
|                                                                                                                                                |  | <sup>5</sup> API Number<br><b>30-015-32853</b> |
|                                                                                                                                                |  | <sup>6</sup> Well No.<br><b>1</b>              |

**<sup>7</sup> Surface Location**

| UL or lot no. | Section   | Township    | Range       | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County      |
|---------------|-----------|-------------|-------------|---------|---------------|------------------|---------------|----------------|-------------|
| <b>M</b>      | <b>32</b> | <b>22-S</b> | <b>28-E</b> |         | <b>1241'</b>  | <b>South</b>     | <b>1264'</b>  | <b>West</b>    | <b>Eddy</b> |

**<sup>8</sup> Proposed 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      |
|---------------|-----------|-------------|------------|---------|---------------|------------------|---------------|----------------|-------------|
| <b>M</b>      | <b>32</b> | <b>22-S</b> | <b>28E</b> |         | <b>660</b>    | <b>South</b>     | <b>660</b>    | <b>West</b>    | <b>Eddy</b> |

|                                                                      |                               |
|----------------------------------------------------------------------|-------------------------------|
| <sup>9</sup> Proposed Pool 1<br><b>Loving Morrow (North) (80695)</b> | <sup>10</sup> Proposed Pool 2 |
|----------------------------------------------------------------------|-------------------------------|

|                                          |                                                    |                                             |                                              |                                                      |
|------------------------------------------|----------------------------------------------------|---------------------------------------------|----------------------------------------------|------------------------------------------------------|
| <sup>11</sup> Work Type Code<br><b>N</b> | <sup>12</sup> Well Type Code<br><b>G</b>           | <sup>13</sup> Cable/Rotary<br><b>Rotary</b> | <sup>14</sup> Lease Type Code<br><b>P</b>    | <sup>15</sup> Ground Level Elevation<br><b>3051'</b> |
| <sup>16</sup> Multiple<br><b>No</b>      | <sup>17</sup> Proposed Depth<br><b>12,600' TVD</b> | <sup>18</sup> Formation<br><b>Morrow</b>    | <sup>19</sup> Contractor<br><b>Patterson</b> | <sup>20</sup> Spud Date<br><b>7/15/03</b>            |

**<sup>21</sup> Proposed Casing and Cement Program**

| Hole Size      | Casing Size    | Casing weight/foot | Setting Depth      | Sacks of Cement | Estimated TOC           |
|----------------|----------------|--------------------|--------------------|-----------------|-------------------------|
| <b>17-1/2"</b> | <b>13-3/8"</b> | <b>42#</b>         | <b>400'</b>        | <b>345 sx</b>   | <b>Circ. to surface</b> |
| <b>12-1/4"</b> | <b>9-5/8"</b>  | <b>40#</b>         | <b>6000'</b>       | <b>1215 sx</b>  | <b>Circ. to surface</b> |
| <b>8-3/4"</b>  | <b>5-1/2"</b>  | <b>17#</b>         | <b>12,600' TVD</b> | <b>675 sx</b>   | <b>7000'</b>            |
|                |                |                    |                    |                 |                         |
|                |                |                    |                    |                 |                         |

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 TVD of 12,600'. This well will be a directional well (see attached plan by Computalog). We plan to kick off @ 7,000' and build to 14 deg. In a SW direction, then reduce angle to zero degrees before we penetrate the Atoka. The rest of the well from Atoka to TD will be drilled straight vertically. The Morrow will be completed using thru tubing or tubing conveyed guns. A 5000 PSI tree will be nipped up prior to perforating.**

|                                                                                                                              |                                                   |                                                                       |  |
|------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------------------------------|--|
| <sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief. |                                                   | <b>OIL CONSERVATION DIVISION</b>                                      |  |
| Signature: <i>Gordon Barker</i>                                                                                              |                                                   | Approved by: <i>Signe W. Gunn</i>                                     |  |
| Printed name: <b>Gordon Barker</b>                                                                                           |                                                   | Title: <b>District Supervisor</b>                                     |  |
| Title: <b>Drilling Supervisor</b>                                                                                            |                                                   | Approval Date: <b>JUL 02 2003</b> Expiration Date: <b>JUL 02 2004</b> |  |
| Date: <b>6/20/03</b>                                                                                                         | Phone: <b>915-682-4429</b><br><b>915-238-1269</b> | Conditions of Approval:<br>Attached <input type="checkbox"/>          |  |

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State of New Mexico  
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, N M 87505

Form C-102

Revised March 17, 1999  
Submit to Appropriate District Office

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|               |                                                            |                          |
|---------------|------------------------------------------------------------|--------------------------|
| API Number    | Pool Code                                                  | Pool Name                |
| Property Code | Property Name<br><b>BRUTUS</b>                             | Well Number<br><b>1</b>  |
| OGRID No.     | Operation Name<br><b>NADEL &amp; GUSSMAN OIL PRODUCERS</b> | Elevation<br><b>3051</b> |

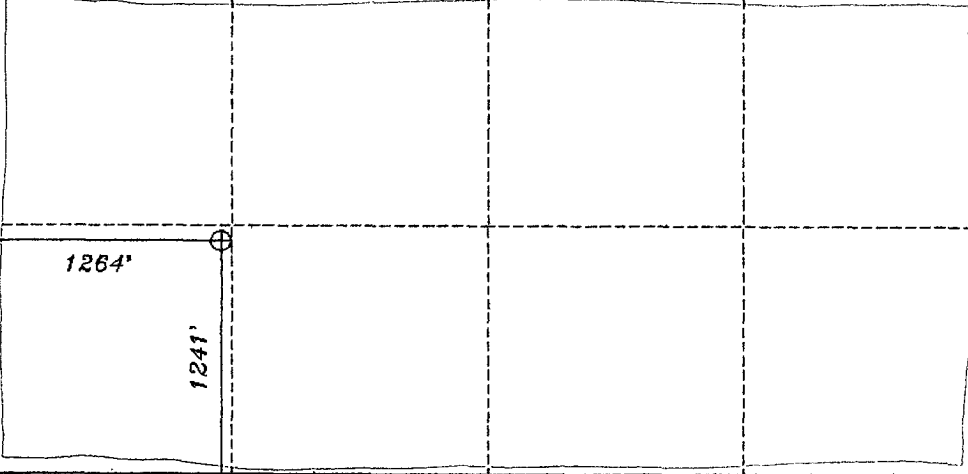
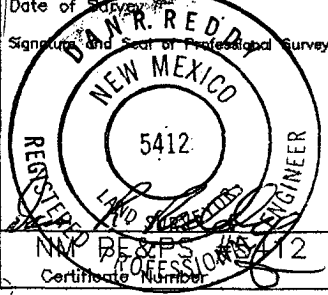
Surface Location

|               |           |             |             |          |               |                  |               |                |             |
|---------------|-----------|-------------|-------------|----------|---------------|------------------|---------------|----------------|-------------|
| UL or Lot No. | Section   | Township    | Range       | Lot Idn. | Feet from the | North/South line | Feet from the | East/West line | County      |
| <b>M</b>      | <b>32</b> | <b>22-S</b> | <b>28-E</b> |          | <b>1241</b>   | <b>SOUTH</b>     | <b>1264</b>   | <b>WEST</b>    | <b>EDDY</b> |

Bottom Hole Location If Different From Surface

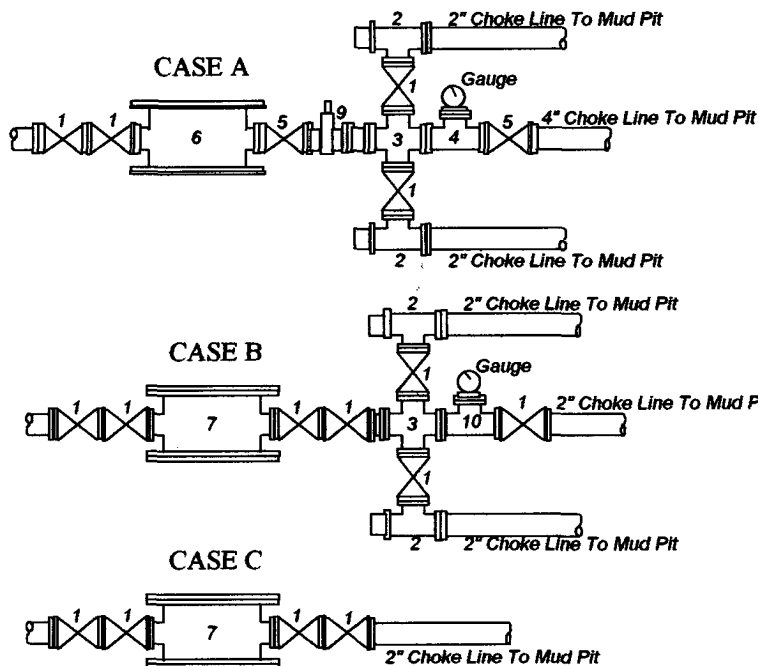
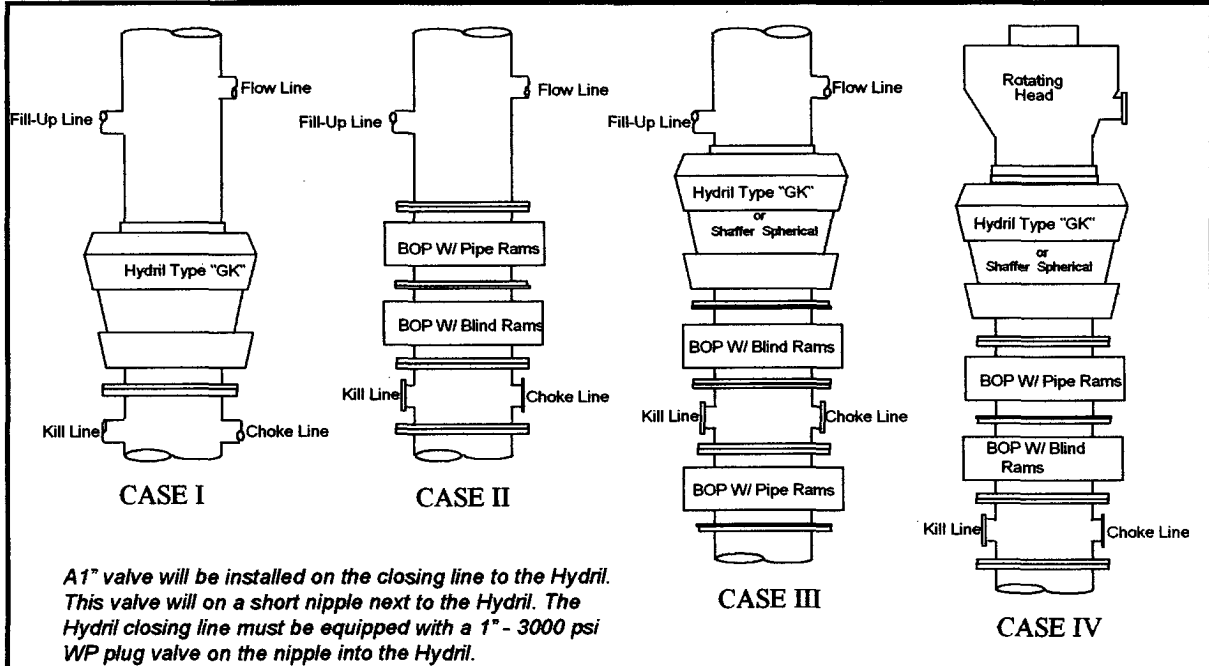
|                 |                 |                    |             |          |               |                  |               |                |             |
|-----------------|-----------------|--------------------|-------------|----------|---------------|------------------|---------------|----------------|-------------|
| UL or Lot No.   | Section         | Township           | Range       | Lot Idn. | Feet from the | North/South line | Feet from the | East/West line | County      |
| <b>M</b>        | <b>32</b>       | <b>22-S</b>        | <b>28-E</b> |          | <b>660</b>    | <b>S</b>         | <b>660</b>    | <b>W</b>       | <b>Eddy</b> |
| Dedicated Acres | Joint or Infill | Consolidation Code | Order No.   |          |               |                  |               |                |             |

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

|                                                                                      |                                                                                                                                                                                                                                                                      |  |
|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
|  | OPERATOR CERTIFICATION<br>I HEREBY CERTIFY THAT THE INFORMATION<br>HEREIN IS TRUE AND CORRECT TO THE<br>BEST OF MY KNOWLEDGE AND BELIEF.                                                                                                                             |  |
|                                                                                      | Signature <b>Gordon Barker</b>                                                                                                                                                                                                                                       |  |
|                                                                                      | Printed Name <b>GORDON BARKER</b>                                                                                                                                                                                                                                    |  |
|                                                                                      | Title <b>ENGINEER</b>                                                                                                                                                                                                                                                |  |
|                                                                                      | Date <b>6/24/03</b>                                                                                                                                                                                                                                                  |  |
|                                                                                      | SURVEYOR CERTIFICATION<br>I HEREBY CERTIFY THAT THE WELL LOCATION<br>SHOWN ON THIS PLAT WAS PLOTTED FROM<br>FIELD NOTES OF ACTUAL SURVEYS MADE BY<br>ME OR UNDER MY SUPERVISION, AND THAT<br>THE SAME IS TRUE AND CORRECT TO THE<br>BEST OF MY KNOWLEDGE AND BELIEF. |  |
|                                                                                      | JUNE 17, 2003                                                                                                                                                                                                                                                        |  |
|                                                                                      | Date of Survey                                                                                                                                                                                                                                                       |  |
|                                                                                      | Signature and Seal of Professional Surveyor                                                                                                                                                                                                                          |  |
|                                                                                      |                                                                                                                                                                                 |  |

Nadel and Gussman Permian  
Brutus #1

MINIMUM BLOWOUT PREVENTER REQUIREMENTS



| 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.



**Precision Drilling**

## **COMPUTALOG**

**DRILLING SERVICES, INC.**

9802 West I-20  
Midland, TX 79706

**Operator: Nadel & Gussman Permian LLC**  
**Address: 601 N. Marienfeld, Suite 508**  
**Midland, Texas 79701**

**Well: Brutus #1**  
**Location: Eddy County, NM**

**Prepared For: Mr. Joel Martin**

**Date: 6/19/03**  
**Proposal #: re061903**  
**Prepared By: Rick Eaton**

**CDS Contacts:**

**Operations - John Hawkes**  
**Sales - Rick Eaton**

**Office**

**432.561.5500**  
**432.561.5500**

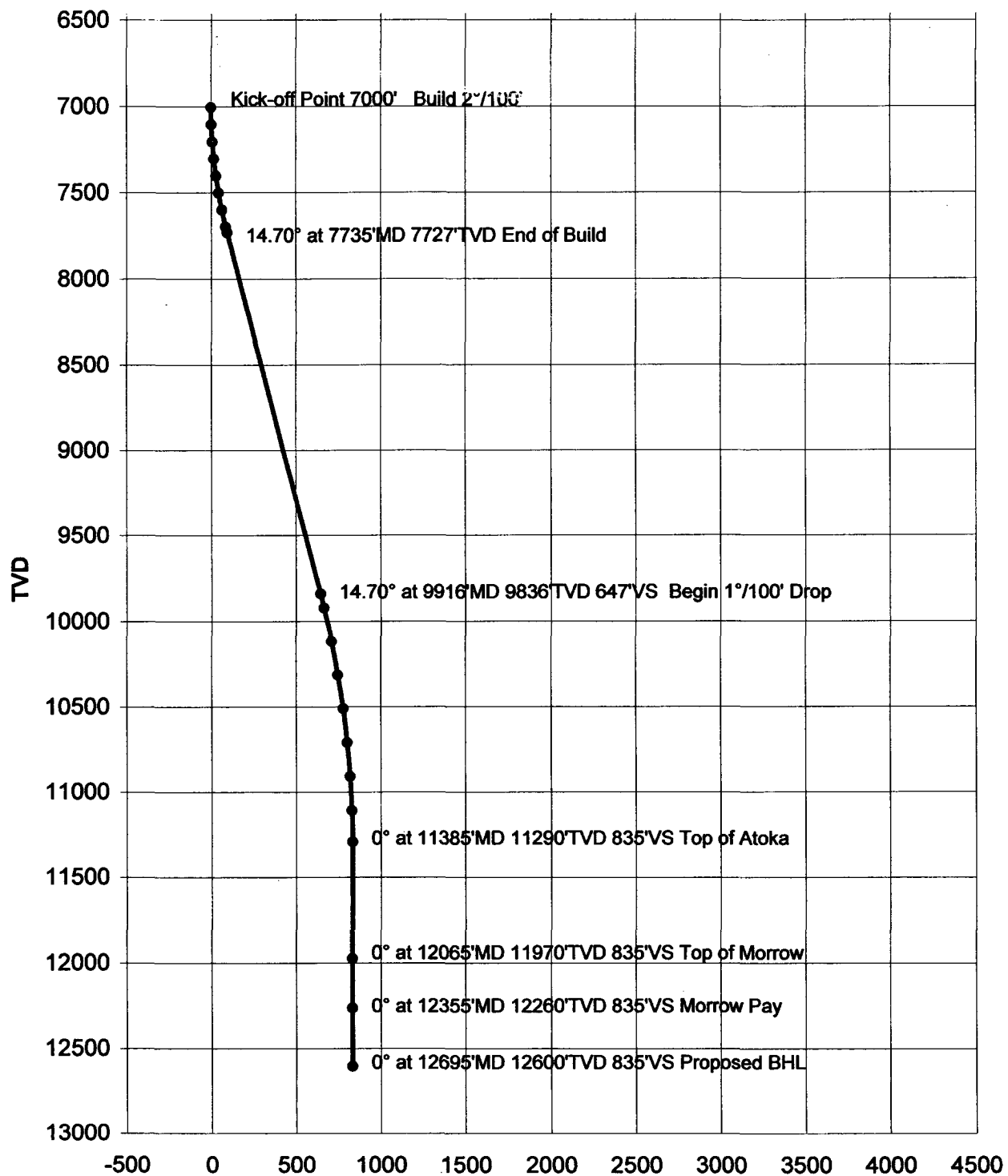
**Cell**

**432.638.9036**  
**432.559.2458**

**Fax:**

**432.561.5525**  
**432.561.5525**

**VERTICAL SECTION**



STATE: NM

KB ELEVATION:

COUNTY: Eddy

FILE #:

AZ TO TARGET = 224.03

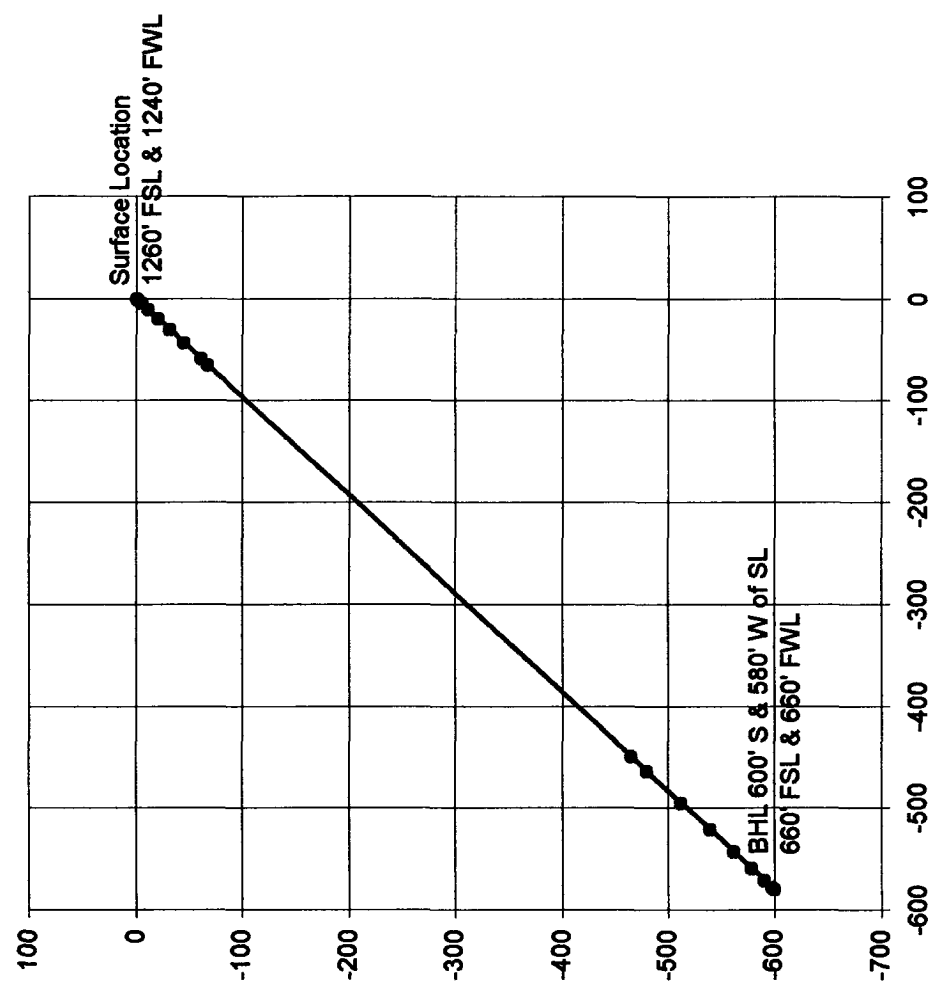
GR. ELEVATION:

# COMPUTALOG

Nadel & Gussman Permian LLC  
Brutus #1



## HORIZONTAL PROJECTION



|         |           |              |               |                |                       |
|---------|-----------|--------------|---------------|----------------|-----------------------|
| FILE #: | STATE: NM | COUNTY: Eddy | KB ELEVATION: | GR. ELEVATION: | AZ TO TARGET = 224.03 |
|---------|-----------|--------------|---------------|----------------|-----------------------|

## Computalog Drilling Services

Client : Nadel & Gussman Permian LLC  
Well Name : Brutus #1  
Location : Eddy County, NM

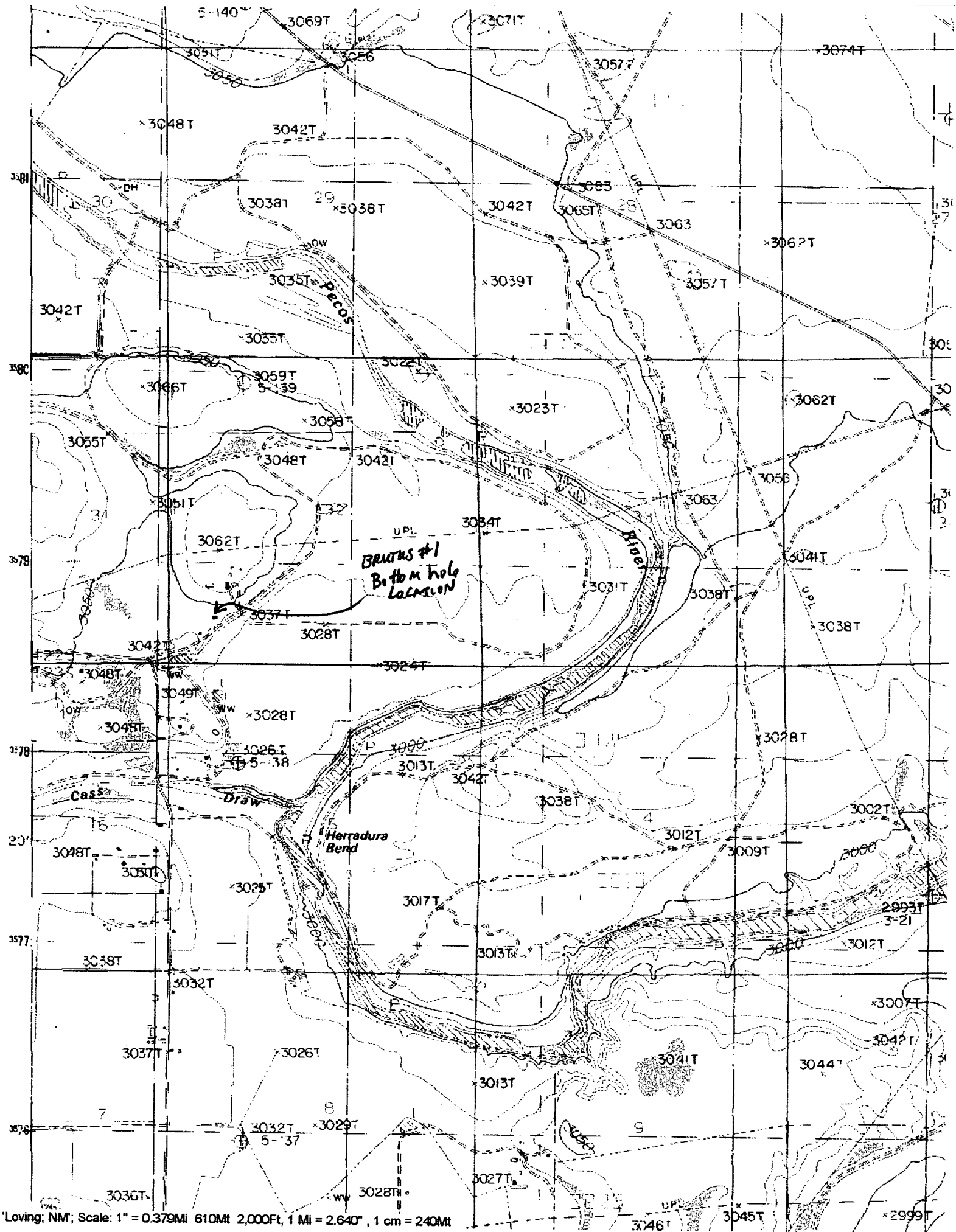
Page : 1 of 1  
Date : 6/19/03

## Preliminary Plan

**Vertical Section Azimuth 224.03°**

| MD                              | Inc   | Azi    | TVD      | +N/-S   | +E/-W   | V'Sect | D'Leg |
|---------------------------------|-------|--------|----------|---------|---------|--------|-------|
| ft                              | deg   | deg    | ft       | ft      | ft      | ft     | °/100 |
| Kick-off Point, Build 2.0°/100' |       |        |          |         |         |        |       |
| 7000.00                         | 0.00  | 0.00   | 7000.00  | 0.00    | 0.00    | 0.00   | 0.00  |
| 7100.00                         | 2.00  | 224.03 | 7099.98  | -1.25   | -1.21   | 1.75   | 2.00  |
| 7200.00                         | 4.00  | 224.03 | 7199.84  | -5.02   | -4.85   | 6.98   | 2.00  |
| 7300.00                         | 6.00  | 224.03 | 7299.45  | -11.28  | -10.91  | 15.69  | 2.00  |
| 7400.00                         | 8.00  | 224.03 | 7398.70  | -20.05  | -19.38  | 27.88  | 2.00  |
| 7500.00                         | 10.00 | 224.03 | 7497.47  | -31.29  | -30.25  | 43.52  | 2.00  |
| 7600.00                         | 12.00 | 224.03 | 7595.62  | -45.01  | -43.51  | 62.60  | 2.00  |
| 7700.00                         | 14.00 | 224.03 | 7693.06  | -61.18  | -59.14  | 85.10  | 2.00  |
| End of Build                    |       |        |          |         |         |        |       |
| 7734.85                         | 14.70 | 224.03 | 7726.82  | -67.39  | -65.15  | 93.73  | 2.00  |
| Begin 1.0°/100' Drop            |       |        |          |         |         |        |       |
| 9915.75                         | 14.70 | 224.03 | 9836.36  | -465.22 | -449.71 | 647.04 | 0.00  |
| 10000.00                        | 13.85 | 224.03 | 9918.01  | -480.15 | -464.15 | 667.82 | 1.00  |
| 10200.00                        | 11.85 | 224.03 | 10112.99 | -512.14 | -495.07 | 712.31 | 1.00  |
| 10400.00                        | 9.85  | 224.03 | 10309.40 | -539.22 | -521.25 | 749.97 | 1.00  |
| 10600.00                        | 7.85  | 224.03 | 10507.00 | -561.35 | -542.64 | 780.76 | 1.00  |
| 10800.00                        | 5.85  | 224.03 | 10705.56 | -578.52 | -559.23 | 804.62 | 1.00  |
| 11000.00                        | 3.85  | 224.03 | 10904.84 | -590.68 | -570.99 | 821.55 | 1.00  |
| 11200.00                        | 1.85  | 224.03 | 11104.58 | -597.84 | -577.92 | 831.51 | 1.00  |
| End of Drop / Top of Atoka      |       |        |          |         |         |        |       |
| 11385.45                        | 0.00  | 0.00   | 11290.00 | -600.00 | -580.00 | 834.51 | 1.00  |
| Top of Morrow                   |       |        |          |         |         |        |       |
| 12065.45                        | 0.00  | 0.00   | 11970.00 | -600.00 | -580.00 | 834.51 | 0.00  |
| Morrow Pay                      |       |        |          |         |         |        |       |
| 12355.45                        | 0.00  | 0.00   | 12260.00 | -600.00 | -580.00 | 834.51 | 0.00  |
| Proposed BHL                    |       |        |          |         |         |        |       |
| 12695.45                        | 0.00  | 0.00   | 12600.00 | -600.00 | -580.00 | 834.51 | 0.00  |

**Bottom Hole Closure 834.51' - 224.03°**



"Loving, NM"; Scale: 1" = 0.379Mi 610Mt 2,000Ft, 1 Mi = 2.640", 1 cm = 240Mt

**NADEL AND GUSSMAN PERMIAN, L.L.C.**

601 N. Marienfeld, Suite #508

Midland, Texas 79701

(915) 682-4429

Fax (915) 682-4325

July 2, 2003

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

**RE: Brutus #1**  
**1241 FSL 1264 FWL**  
**UL M Sec. 32 T22S R 28E**  
**Rule 118 H2S Exposure**

Dear Mr. Arrant,

Nadel and Gussman Permian has evaluated this well and we do not expect to encounter hydrogen sulfide in excess of 100 ppm. We recently drilled the Julius #1 in section 6 T23S R28E an offset to the Brutus and did not encounter any hydrogen sulfide.

On the Julius #1 we employed a third party hydrogen sulfide monitoring system during drilling operations and we will use a similar system on the Brutus #1.

Please contact me if you have any additional questions.

Sincerely,

*Kem E. McCready*  
Kem E. McCready  
Operations Engineer