

SUNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT~~OCD-HOBBS~~*Artesia*NOV 06 2007
OCD-ARTESIAFORM APPROVED
OMB No 1004-0137
Expires March 31, 2007**SUNDRY NOTICES AND REPORTS ON WELLS***Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.***SUBMIT IN TRIPLICATE- Other instructions on reverse side.**

1 Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5 Lease Serial No NMNM 98795
2 Name of Operator Nadel and Gussman Permian, LLC		6 If Indian, Allottee or Tribe Name
3a Address 601 N. Marienfeld, Midland, Texas 79701	3b Phone No (include area code) 432-682-4429	7 If Unit or CA/Agreement, Name and/or No
4 Location of Well (Footage, Sec, T, R, M, or Survey Description) 1,980' FSL & 660' FEL, UL I, Section 26, T20S, R23E		8 Well Name and No Callahan Federal #1 <i>Y</i>
		9 API Well No 30-015-34739 <i>35099</i>
		10 Field and Pool, or Exploratory Area Wildcat B Morrow
		11 County or Parish, State <i>Eddy</i> Eddy County, New Mexico

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

- 13 Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

SEE ATTACHED CURRENT & PROPOSED WELLBORE DIAGRAMS

1. Notify Carlsbad BLM prior to MI & minimum 4 hrs prior to plugs
2. Set steel pit, NU BOP, POOH w/ production tubing & packer *← 20 COA*
3. Set CIBP @ 6,002'. Circulate hole w/ mud, pump 25 sx C cmt @ 6,002' *← 31 COA*
4. Pump 25 sx C cmt @ 3,500' *COA*
5. Cut & pull 5-1/2" csg from ~2,080'
6. Pump 100 sx C cmt 2,080 - 1,930' WOC & TAG *COA*
7. 40 sx C cmt 1,400 - 1,300' *COA*
8. 40 sx C cmt 800 - 700' WOC & TAG
9. 15 sx C cmt 30' to surface *COA*
10. Cut off wellhead & anchors, install dry hole marker.

**Accepted for record
NMOCD****SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

14 I hereby certify that the foregoing is true and correct Name (Printed/Typed) James F. Newman, P.E.		Title Engineer, Triple N Services, Inc. 432-687-1994	
Signature <i>[Signature]</i>		Date 10/25/2007	
THIS SPACE FOR FEDERAL OR STATE OFFICE USE			
Approved by Conditions of approval, if any, are attached. Approval of this notice 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.		<div style="border: 1px solid black; padding: 5px;"> APPROVED Date OCT 30 2007 <i>[Signature]</i> WESLEY W. INGRAM REGIONAL ENGINEER </div>	
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.			

(Instructions on page 2)

CURRENT WELLBORE SKETCH Nadel and Gussman Permian

Date June 12, 2007

RKB @ _____
DF @ _____
GL @ 4,093'

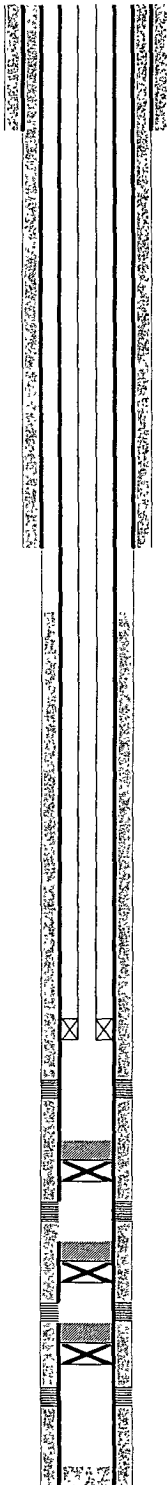
Lease & Well No
Legal Description

Callahan Federal #1-Y

1,980' FSL & 660' FEL, Sec 26, T20S, R23E

County
Field
Date Spudded
API Number
Status

Eddy State New Mexico
Wildcat B Morrow
Rig Released
30-015-34739
Current



17-1/2" Hole

13-3/8" 54.5# @ 750' cmt'd w/ 1240 sx, circ 110 sx

12-1/2" Hole

9-5/8" 36# J-55 @ 2,030' cmt'd w/ 1246 sx, circ 402 sx

7-7/8" Hole

TOC @ 2,300 by CBL

2-3/8" tubing & packer @ 5,982'

Upper Penn Perfs
6,052 -6064

5-1/2" CIBP @ 6,590'

DV tool @ 6,794
5-1/2" CIBP @ 7,300
Upper Pen Perfs
7320-7328 7338-7344

5-1/2" CIBP @ 8,800' w/ 35 sx cmt
perfs
8856 -8866
8890 -8906
6 spf 120 holes

5-1/2" 17/20# N-80 @ 9,250' cmt'd w/ 1235 sx
7-7/8 hole

PBTD 12,340'
TD 12,540'

Capacities

5-1/2" 17# csg	7 661 ft/ft3	0 1305 ft3/ft
9-5/8" 36# csg	2 304 ft/ft3	0 4340 ft3/ft
8-3/4" openhole	2 395 ft/ft3	0 4176 ft3/ft



**Accepted for record
NMOCD**

PROPOSED PLUGGED WELLBORE SKETCH Nadel and Gussman Permian

Date October 25, 2007

RKB @ _____
DF @ _____
GL @ 4,093'

Lease & Well No
Legal Description

Callahan Federal #1-Y

1,980' FSL & 660' FEL, Sec 26, T20S, R23E

County
Field
Date Spudded
API Number
Status

Eddy State New Mexico

Wildcat B Morrow

Rig Released

30-015-34739

Proposed Plugged

15 sx C cmt 30' to surface

13-3/8" 54 5# @ 750' w/ 1,240 sx, circ 110 sx

40 sx C cmt 800 - 700' TAG

40 sx C cmt 1,400 - 1,300'

12-1/2" Hole

9-5/8" 36# J-55 @ 2,030' cmt'd w/ 1,246 sx, circ 402 sx

100 sx C cmt 2,080 - TAG

Cut & Pull 5-1/2" csg @ 2,080'

TOC @ 2,300 by CBL

25 sx C cmt 3,500 - 3,400'

7-7/8" Hole

Circulate hole w/ mud, pump 25 sx C cmt 6,002 - 5,753'
Set CIBP @ 6,002'

5-1/2" CIBP @ 6,590'

6,052 - 6,064

DV tool @ 6,794

5-1/2" CIBP @ 7,300

Upper Pen Perfs

7320-7328 7338-7344

5-1/2" CIBP @ 8,800' w/ 35 sx cmt
perfs

8856 -8866

8890 -8906

6 spf 120 holes

5-1/2" 17/20# N-80 @ 9,250' cmt'd w/ 1235 sx
7-7/8 hole

PBTD 12,340'
TD 12,540'



PROPOSED PLUGGING PROCEDURE

- 1) Set CIBP @ 6,002', circulate plugging mud
- 2) 25 sx C cmt @ 6,002'
- 3) 25 sx C cmt @ 3,500'
- 4) Cut & Pull 5-1/2" csg from ~2,080'
- 5) 100 sx C cmt 2,080 - 1,930' TAG
- 6) 40 sx C cmt 1,400 - 1,300'
- 7) 40 sx C cmt 800 - 700' TAG
- 8) 15 sx C cmt 30' to surface

Capacities

5-1/2" 17# csg	7 661 ft/ft3	0 1305 ft3/ft
9-5/8" 36# csg	2 304 ft/ft3	0 4340 ft3/ft
8-3/4" openhole	2 395 ft/ft3	0 4176 ft3/ft



Accepted for record
NMOCD

**Callahan Federal 1-Y
Nadel and Gussman Permian, LLC
October 30, 2007
Plug and Abandonment
Conditions of Approval**

1. Ok
2. Ok
 - a. Tag CIBP set at 6590', pump 25 sacks on top of CIBP.
3. Ok – Top of Penn Group
 - a. Need plug at top of Wolfcamp. Pump 25 sacks from 5250-5000'.
4. Ok – Top of Abo. Pump 25 sacks from 4150-3900'.
5. Ok
6. Stub plug and shoe plug. Place 50' inside of stub. Tag 1930' or shallower.
7. This will be top of Glorieta plug and should be set from 1730-1630'.
8. Ok
9. Plug to be 60' in length, approximately 25 sacks.
10. Ok

WWI 103007

Accepted for record
NMOCD

**BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
505-234-5972**

**Permanent Abandonment of Federal Wells
Conditions of Approval**

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within ninety (90) days from the approval date of this Notice of Intent to Abandon.

If you are unable to plug the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged. Failure to do so will result in enforcement action.

2. Notification: Contact the appropriate BLM office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, call 505-627-0272; Eddy County, call 505-361-2822; Lea County, call 505-393-3612.

3. Blowout Preventers: A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. Mud Requirement: Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of water. Minimum nine (9) pounds per gallon.

5. Cement Requirement: Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. In lieu of a cement plug in a cased hole, a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient.

Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.

6. Dry Hole Marker: All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). The well bore shall then be capped with a 4-inch pipe, 10-feet in length, 4 feet above ground and embedded in cement. The following information shall be permanently inscribed on the dry hole marker: well name and number, name of the operator, lease serial number, surveyed location (quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer such as metes and bounds).

7. Subsequent Plugging Reporting: Within 30 days after plugging work is completed, file one original and five copies of the Subsequent Report of Abandonment, Form 3160-5 to BLM. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date well was plugged.**

8. Trash: All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

Following the submission and approval of the Subsequent Report of Abandonment, surface restoration conditions of approval will be developed and furnished to you.

**Accepted for record
NMOCD**



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 E. Greene St.
Carlsbad, NM 88220

Interim Reclamation Procedures for Permanently Abandoned Federal Wells

1. After Subsequent Report of Abandonment, Form 3160-5, is filed and approved by the BLM the surface protection specialist (SPS) will conduct a surface inspection of the abandonment. The SPS will establish the reclamation requirements the operator will need to complete. **DO NOT START RECLAMATION UNTIL THE SPS HAS INSPECTED THE LOCATION.**

2. The reclamation requirements will be given to an environmental protection specialist (EPS). The EPS will issue the operator a Notice of Written Order outlining the reclamation requirements. **DO NOT START RECLAMATION UNTIL A NOTICE OF WRITTEN ORDER FOR RECLAMATION HAS BEEN RECEIVED.** The EPS will be responsible for all further abandonment work and inspections.

3. **Notification: CONTACT THE EPS 3 DAYS PRIOR TO RECLAMATION WORK.** This notification gives the EPS an opportunity to discuss by phone or on location the reclamation requirements, any special concerns and the timeframes. It also allows the EPS an opportunity to witness various aspects of the reclamation work to determine if an adequate seedbed has been prepared and all reclamation requirements have been completed. **CONTACT THE EPS AT LEAST 3 DAYS PRIOR TO SEEDING.** This allows the EPS to witness the seeding operation to make sure the location is seeded properly and with the appropriate seed mixture. **DO NOT START RECLAMATION UNTIL THE EPS HAS BEEN NOTIFIED.**

4. After reclamation work has been completed, submit the **I & E copy of the Notice of Written Order** to the BLM. It will need to be signed by a company representative and dated. Also submit one original and five copies of the **Final Abandonment Notice, Form 3160-5.** The report should state that all reclamation work has been completed, and the location is ready for a final abandonment inspection.

5. The BLM will continue to monitor the location to ensure the location vegetates successfully, and salts from the reserve pit do not leach to the surface. The location will be monitored until such time as vegetation (20%) is established evenly across the location (including the reserve pit and access road). Once EPS determines that vegetation (20%) is evenly spread across the location, final abandonment will be authorized.

If there are any questions please feel free to contact any of the following:

Jim Amos
Supervisory Environmental Protection Specialist
(505) 234-5909

Barry Hunt
Surface Protection Specialist
(505) 234-5965

Todd Suter
Surface Protection Specialist
(505) 234-5987

Trishia Bad Bear
Natural Resource Specialist – Lea County
(505) 393-3612

Cody Layton
Natural Resource Specialist
(505) 234-5959

Paul Evans
Environmental Protection Specialist
(505) 234-5977

Terry Gregston
Environmental Protection Specialist
(505) 234-5958