Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

AUG 27 2009

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

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 page 2.*

1. Type of Well ☐ Oil Well ☐ Gas Well ☑ Other	5. Lease Serial No. NMNM886
	6. If Indian, Allottee or Tribe Name
	7. If Unit of CA/Agreement, Name and/or No. NMNM118967
	8. Well Name and No. MAJOR GANT #1
2. Name of Operator NADEL AND GUSSMAN PERMIAN LLC	9. API Well No. 30-015-35415
3a. Address 601 NORTH MARIENFELD, SUITE 508, MIDLAND TX 79701 3b. Phone No. *(include area code)* 432-682-4429	10. Field and Pool or Exploratory Area DRY
4. Location of Well *(Footage, Sec., T.,R.,M., or Survey Description)* 660' FSL 2160' FWL SEC 12 T21S, R21E	11. Country or Parish, State Eddy, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Subsequent Report	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☑ Plug and Abandon	☐ Temporarily Abandon	
☐ Final Abandonment Notice	☐ Convert to Injection	☐ Plug Back	☐ 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 recomplete 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 must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

1 Notify bl 24 hrs in advance of miru.
2 MIRU PU bleed well down, nd tree, nu bop, rel packer and toh. TIH OE and circ well w 10 ppg fluid, containing 20 lb gel per 1000 gals.
3. Spot a 350' cmt plg across Cisco perfs from 6224' to 5872' w\ 75 sxs. Tag plug
4. Spot a 25 sx plug across DV tool @ 5958'
5. Spot a 200' cmt plug from 4440' to 4240' to cover perfs at 4290-4390 w\ 50 sxs and tag
6. Spot a 175' cmpt plug from 3910' to 3734' to cover perfs @ 3784-3860 w\ 50 sxs and tag
7. Perf csg @ 1850 across the intmed shoe and pressure test. Spot a 100 plug 50' above and below intermed shot @ 1804' w\ 25 sxs. If able to pump into perfs spot a balanced plug 50' above and below the intermed shoe @ 1804' inside and outside the prod csg and tag.
8. Perf prod csg 50' below the surf shoe @ 410' and pressure test. If not able to pump in spot a 100' plug 50' above and below the surf shoe @ 362' and tag. If able to pump in circ cmt up the 5-1\2" x 9-5\8" annulus to surf.
9. If unable to pump in at the shoe per the prod csg @ 60' and pressure test.
9. Cut off well head and spot a 60' surf plug.
10. Erect a PA maker, clean location and move off.

SEE ATTACHED FOR CONDITIONS OF APPROVAL

8/27/09

RECLAMATION PROCEDURE ATTACHED

SEE ATTACHED FOR CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct. Name *(Printed/Typed)* Kem E. McCready	Title NM Operations Manager
Signature Kem E. McCready	Date 07/28/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
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.	Office	

APPROVED
AUG 25 2009
/s/ Dustin Winkler
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

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 any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

(Instructions on page 2)

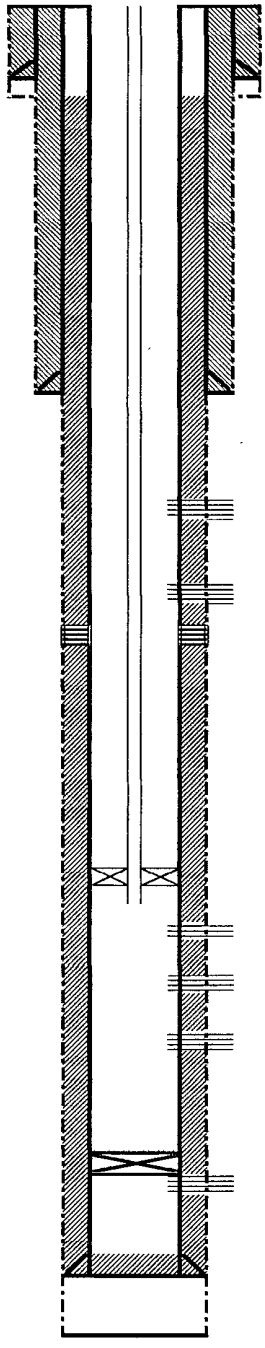
Major Gant #1

SHL '660' FSL, 2160' FWL — **UL N Sec 12, 21S, 21E ,Eddy County, NM**

API # 30 - 015 - 35415-0

Elev: 4447', KB: 20 AGL'

Current



13-3/8" 48# H-40 STC @ 362'
Cmt to surf; using 1"
17-1\2" hole @ 400'
total 540 sxs pumped

9-5/8", 36#, N-80 LTC @ 1804'
1714 sxs to surf 803 sxs via 1"

TOC above 3000' by CBL.
CALC 500'

DV TOOL @ 4956'

5-1/2", 17#, L-80 @ 8292'.
1st stage 1827 sxs
2nd stage 235 sxs

2-7\8" tbg

Pkr @ 5822'
EOT @ 5834'

	Holes
Perfs 3784' - 3787'	6
3790' - 3793'	6
3796' - 3810'	28
3814' - 3817'	6
3823' - 3844'	42
3848' - 3854'	12
3858' - 3860'	4
TOTAL	104

	Holes
Perfs 4290'-4302	24
4312' - 4316'	8
4332' - 4334	4
4340' - 4342	4
4384' - 4390'	12
TOTAL	52

Cisco Perfs	Holes
5922' - 5928'	12
5954' - 5960'	12
5982' - 5988'	12
6040' - 6044'	8
6048' - 6058'	20
6152' - 6156'	8
6164' - 6174'	20
TOTAL	92

CIBP @ 8060' cap w\ 35' cmt
Morrow
Perfs 8,071-8,084 6 spf 78 holes

PBTD @8,025' SLM
TD @ 8,568'

KEM

7/28/2009

OPERATOR NADEL & GUSSMAN
WELL/LEASE MAJOR GANT FED #1
COUNTY EDDY, NM

511-5062

MAY 11 2007

STATE OF NEW MEXICO
DEVIATION REPORT

232	1.50
400	1.50
596	1.75
849	1.75
1,102	2.25
1,354	1.75
1,608	1.00
1,777	1.25
1,995	0.75
2,317	1.00
2,536	0.50
2,819	1.00
3,073	0.50
3,328	1.00
3,548	0.50
3,803	1.00
4,055	1.00
4,306	1.00
4,560	1.00
4,782	1.00
5,068	1.00
5,290	1.00
5,567	1.00
5,825	1.25
6,050	0.50
6,306	0.50
6,560	0.50
6,655	2.00
6,751	2.50
6,909	2.00
7,069	2.00
7,228	3.00
7,355	2.50
7,514	1.50
7,735	1.50
7,893	1.00
8,084	1.50
8,243	1.50
8,433	0.50
8,568	3.50

BY: Steve Moore

STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me on May 9, 2007, by Steve Moore on behalf of Patterson-UTI Drilling Company LP, LLLP.

Joni D. Hodges

Notary Public for Midland County, Texas
My Commission Expires: ~~4/08/07~~ 4-11-11

JONI D. HODGES
Notary Public
STATE OF TEXAS
My Commission
Expires 04/11/2011

Nadel and Gussman Permian LLC
NMNM-118967: Major Gant #1
API: 30-015-35415
Eddy County, New Mexico

RE: Plugging and Abandonment Procedure, Conditions of Approval

1. OK
2. OK – Tag to verify CIBP is set at 8060' with 35' bailed on top. Tag at 8025' or shallower.

2a. Spot plug of a minimum of 180' or 25sx (whichever is greater) from 7870' up to 7690' or shallower. (Morrow)
OPTIONAL – Spot 35 sxs on top of CIBP up to 7770' or shallower.

3. OK (Cisco Perfs)
4. DV Tool is at a depth of 4956'. Plug must be a minimum 150'. 25 sx proposed should be adequate. Plug should be set at 5006' or deeper. WOC and tag at 4906' or shallower.
5. OK (Perfs)
6. OK (Perfs)

6a. Spot a plug of a minimum 140' or 25sc (whichever is greater) from 3644' or deeper, up to 3514' or shallower. (Wolfcamp – Abo Shale)
OPTIONAL – Combine Step 6 and 6a for one solid plug from 3910'-3514'.

7. Perf at 1854'. Try to squeeze. If able to establish an injection rate, pump adequate cement for a 110' plug in and out. If not, spot plug from 1904' (50' below perf) to 1754' (50' above csg shoe). WOC and tag at 1754' or shallower.

7a. Spot a plug of a minimum 120' or 25sx (whichever is greater) from 1495' or deeper to 1395' or shallower. (Glorieta)

8. Perf at 412'. Try to squeeze. If able to establish an injection rate, pump adequate cement for a 100' plug in and out. If not, spot plug from 462' (50' below perf) to 312' (50' above csg shoe). If circulation is established, cement annulus to surface.
9. OK – If csg is perf, attempt to establish rate. If rate is established, circulate to surface and fill 5-1/2" csg, If not, set surface csg from 50' below perfs.
10. Cut off well head, and verify all annuli and the production csg are cemented to surface. If not, 1" until cement is visible.
11. OK
12. Submit subsequent report, with details.

See attached standard COA.

DHW 082509

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

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 60th 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 575-627-0272; Eddy County, call 575-361-2822; Lea County, call 575-393-3612.**

3. Blowout Preventers: A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. 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 **brine** 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 will be required. See attached reclamation procedure

JDW 072709

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 E Greene St
Carlsbad, New Mexico 88220-6292
www.blm.gov/nm

TAKE PRIDE IN AMERICA

In Reply Refer To: 1310

Interim Reclamation Procedures

Reclamation Objective: Oil and gas development is one of many uses of the public lands and resources. While development may have a short- or long-term effect on the land, successful reclamation can ensure the effect is not permanent. During the life of the development, all disturbed areas not needed for active support of production operations should undergo "interim" reclamation in order to minimize the environmental impacts of development on other resources and uses.

Interim reclamation consists of minimizing the footprint of disturbance by reclaiming all portions of the well site not needed for production operations. The portions of the cleared well site not needed for operational and safety purposes are recontoured to a final or intermediate contour that blends with the surrounding topography as much as possible. Sufficient level area remains for setup of a workover rig and to park equipment. Topsoil is respread over areas not needed for all-weather operations. Production facilities should be clustered to maximize the opportunity for interim reclamation. In order to inspect and operate the well or complete workover operations, it may be necessary to drive, park, and operate on restored, interim vegetation within the previously disturbed area. This is generally acceptable provided damage is repaired and reclaimed following use.

To reduce final reclamation costs; maintain healthy, biologically active topsoil; and to minimize habitat, visual, and forage loss during the life of the well, all salvaged topsoil should be spread over the area of interim reclamation, rather than stockpiled.

1. The Application for Permit to Drill or Reenter (APD, Form 3160-3), Surface Use Plan of Operations must include adequate measures for stabilization and reclamation of disturbed lands. Oil and Gas operators must plan for reclamation, both interim and final, up front in the APD process as per Onshore Oil and Gas Order No. 1.

2. For wells and/or access roads not having an approved plan, or an inadequate plan for surface reclamation (either interim or final reclamation), the operator must submit a proposal describing the procedures for reclamation. For interim reclamation, the appropriate time for submittal would be when filing the Well Completion or Recompletion Report and Log (Form 3160-4). Interim reclamation is to be completed within 6 months of well completion.

3. If you have an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with interim reclamation as per approved APD or Sundry Notice. If you have issues or concerns, contact a BLM specialist to assist you. It would be in your interest to have a BLM specialist look at the location and access road prior to the removal of reclamation equipment to ensure that it meets BLM objectives. Upon conclusion submit a Form 3160-5, Subsequent Report of Reclamation. This will prompt a specialist to inspect the location to verify work was completed as per approved plans.

4. The approved Subsequent Report of Reclamation will be your notice that the native soils, contour and seedbed have been reestablished. If the BLM objectives have not been met the operator will be notified and corrective actions may be required.

5. It is the responsibility of the operator to monitor these locations and/or access roads until such time as the operator feels that the BLM objective has been met.

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

Jim Amos
Supervisory Environmental Protection Specialist
575-234-5909, 575-361-2648 (Cell)

Terry Gregston
Environmental Protection Specialist
575-234-5958

Bobby Ballard
Environmental Protection Specialist
575-234-2230

Randy Rust
Environmental Protection Specialist
575-234-5943

Linda Denniston
Environmental Protection Specialist
575-234-5974

Jennifer Van Curen
Environmental Protection Specialist
575-234-5905

Justin Frye
Environmental Protection Specialist
575-234-5922

Cody Layton
Natural Resource Specialist
575-234-5959

Trishia Bad Bear
Natural Resource Specialist
575-393-3612

Todd Suter
Surface Protection Specialist
575-234-5987

Doug Hoag
Civil Engineering Technician
575-234-5979