

30-015-39022

**SURFACE USE AND OPERATIONS PLAN FOR
DRILLING, COMPLETION, AND PRODUCING**

**NEARBURG PRODUCING COMPANY
HUBER FEDERAL #4H
330' FNL & 1880' FEL, SEC. 3, T-20S, R-25E
EDDY COUNTY, NM**

LOCATION

5 miles SW of Lakewood

OIL & GAS LEASE

NMNM14758

RECORD LESSEE

Robert L. Lindgren

BOND COVERAGE

\$25,000 statewide bond of Nearburg Producing Company

ACRES IN LEASE

1,442.36 acres

GRAZING LEASE

Ronald Houghtaling
P O Box 1611
Artesia, NM 88210

POOL

Cemetary; Yeso

EXHIBITS

- A. Area Road Map
 - B. Drilling Rig Layout
 - C. Vicinity Oil & Gas Map
 - D. Location Verification Map
 - E. Well Location & Acreage Dedication Map
- This well to be drilled to 7480'

1. EXISTING ROADS

- A. Exhibit A is a portion of a section map showing the location of the proposed well as staked.
- B. Exhibit C is a plat showing existing roads in the vicinity of the proposed well site.

Page 2 – Drilling, Completion & Producing Plan

2. ACCESS ROADS

- A. Length & Width
The access road will be built and is shown on Exhibit D
- B. Surface Material
Existing
- C. Maximum Grade
Less than 5%
- D. Turnouts
None necessary
- E. Drainage Design
Existing
- F. Culverts
None necessary
- G. Gates and Cattle Guards
None needed

3. LOCATION OF EXISTING WELLS

Existing wells in the immediate area are shown on Exhibit C

4. LOCATION OF EXISTING/PROPOSED FACILITIES

This well will use the production facilities located on the lease at the Huber #3H well site.

5. LOCATION AND TYPE OF WATER SUPPLY

It is not contemplated that a water well will be drilled. Water necessary for drilling will be purchased and hauled to the site over existing roads shown on Exhibit D.

6. METHODS OF HANDLING WASTE DISPOSAL

- A. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
- B. Water produced during tests will be disposed of in the drilling pits.
- C. Oil produced during testing will be stored in test tanks
- D. Trash will be contained in a trash trailer and removed from wellsite.
- E. All trash and debris will be removed from the wellsite within 30 days after finishing drilling and/or completion operations.

7. ANCILLARY FACILITIES

None required

8. WELL SITE LAYOUT

Exhibit B shows the relative location and dimensions of the well pad, mud pits, reserve pit, & trash pit, and the location of major rig components.

Page 3 – Drilling, Completion, & Producing Plan

9. PLANS FOR RESTORATION OF THE SURFACE

- A. Upon completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. The well site will be cleaned of all trash and junk to leave the site in an aesthetically pleasing condition as possible.
- B. Upon abandonment, all equipment, trash, and junk will be removed & the site will be cleaned.

10. OTHER INFORMATION

- A. Topography
The land surface at the well site is rolling native grass with a regional slope being to the east.
- B. Soil
Topsoil at the well site is sandy soil.
- C. Flora & Fauna
The location is in an area sparsely covered with mesquite and range grasses.
- D. Ponds & Streams
No known rivers, lakes, springs, or streams in the area
- E. Residences and Other Structures
No known residences within a mile of the proposed well location.
- F. Archaeological, Historical, and Cultural Sites
None observed in this area
- G. Land Use
Grazing
- H. Surface Ownership
BLM (USA)

11. Operations Representative

Matt Lee
Artesia, NM
575-746-0932 (office)
575-365-6662 (mobile)

12. CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drills site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Nearburg Producing Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

3/5/11
Date

Matt Lee by JK
Matt Lee, Drilling Manager

12. CERTIFICATION

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drills site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Nearburg Producing Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

3-22-11
Date

Matt Lee *bu*
Matt Lee, Drilling Manager

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Operator Copy

FORM 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

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Nearburg Producing Company

3a. Address

3300 N A St., Bldg 2, Ste 120, Midland, TX 79705

3b. Phone No. (include area code)

432/818-2950

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

SHL: 330 FSL and 1880 FEL, Sec 3, 20S, 25E

BHL: 330 FSL and 1880 FEL, Sec.3, 20S, 25E

5. Lease Serial No.

NM14758

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Huber Federal

#4H

9. API Well No.

10. Field and Pool, or Exploratory Area

Cemetery; Yeso

11. County or Parish, State

Eddy

NM

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

TYPE OF SUBMISSION

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

TYPE OF ACTION

☐ Acidize

☐ Deepen

☐ Production (Start/Resume)

☐ Water Shut-Off

☐ Alter Casing

☐ Fracture Treat

☐ Reclamation

☐ Well Integrity

☐ Casing Repair

☒ New Construction

☐ Recomplete

☐ Other Powerline

☐ Change Plans

☐ Plug and Abandon

☐ Temporarily Abandon

☐ 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 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 final site is ready for final inspection.)

Nearburg Producing Company respectfully requests approval to construct a powerline on lease from the Huber Federal #4H well to the existing powerline. Please see attached survey. The Archeology Report has been filed with the BLM by Danny Boone. If you have any questions, please contact Tim Green at 432/818-2940.

OK & Fast 5-2-11

include with APD

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Terri Stathem

Title

Regulatory/Production Analyst

Date

3-25-11

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

FIELD MANAGER

Date

5/9/2011

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

CARLSBAD FIELD OFFICE

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes 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.

Operator Copy

Form 3160-5
(April 2004)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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

5. Lease Serial No.

NM14758

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Huber Federal
#4H

9. API Well No.

10. Field and Pool, or Exploratory Area
Cemetery; Yeso

11. County or Parish, State

Eddy NM

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Nearburg Producing Company

3a. Address

3300 N A St., Bldg 2, Ste 120, Midland, TX 79705

3b. Phone No. (include area code)

432/818-2950

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

SHL: 330 FSL and 1880 FEL, Sec 3, 20S, 25E

BHL: 330 FSL and 1880 FEL, Sec.3, 20S, 25E

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

TYPE OF SUBMISSION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice

TYPE OF ACTION

☐ Acidize☐ Alter Casing☐ Casing Repair☐ Change Plans☐ Convert to Injection☐ Deepen☐ Fracture Treat☒ New Construction☐ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☐ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☐ Other pad

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 final site is ready for final inspection.)

Nearburg Producing Company respectfully requests approval to build/construct the pad/location for the above well prior to the APD being approved.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Construction of location prior to APD
being approved could require
reclamation of location in the event
that the APD is not approved.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Terri Stathem

Title

Regulatory/Production Analyst

Date 5/4/11

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

SEPS

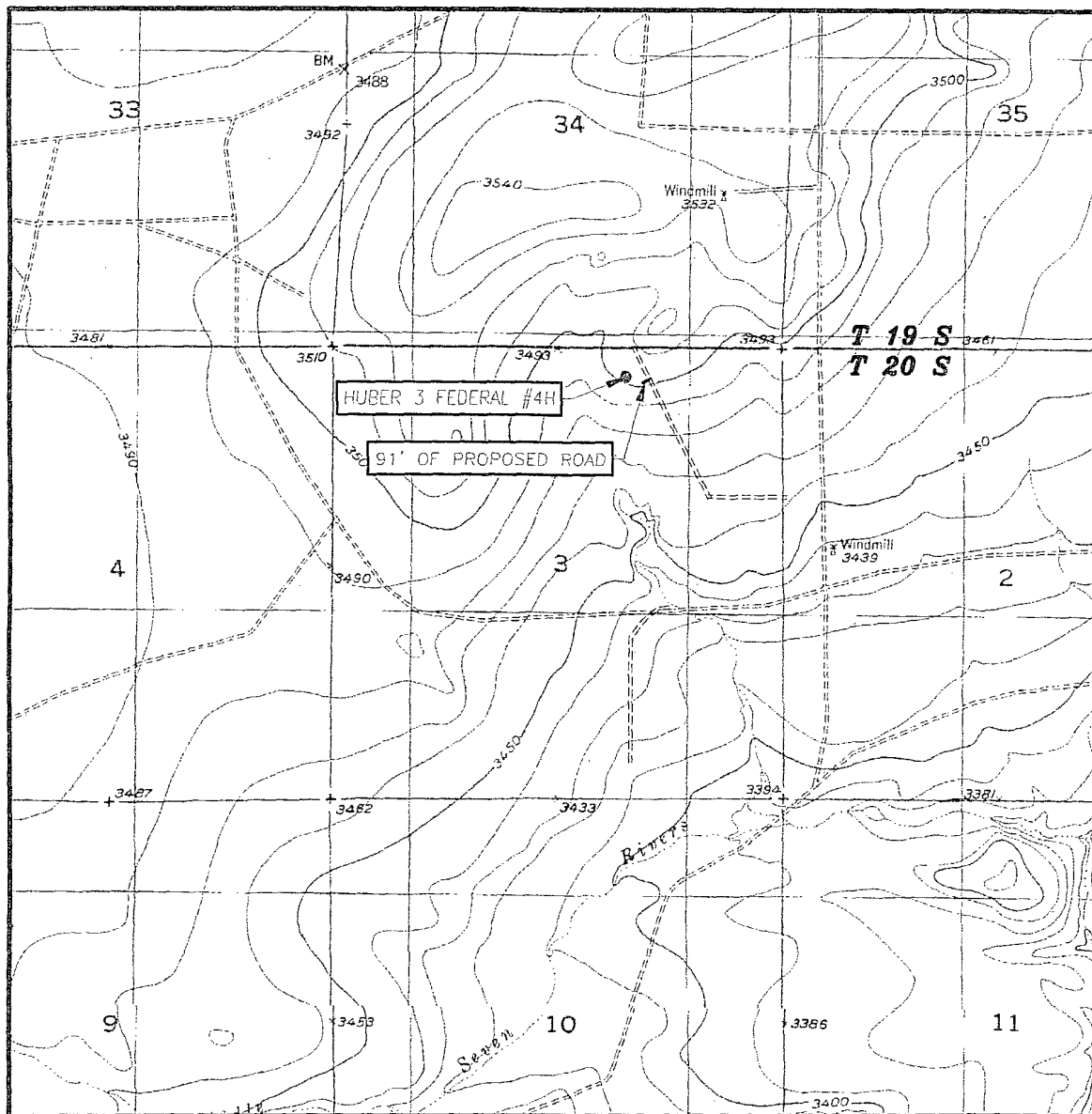
Date

5-5-11

Conditions of approval, if any, are attached. Approval of this notice does not warrant or

Office

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'
SEVEN RIVERS, NM

SEC. 3 TWP. 20-S RGE. 25-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

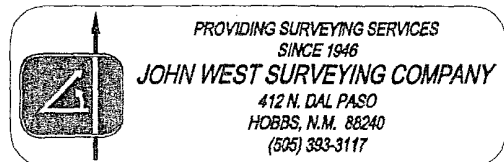
DESCRIPTION 330' FNL & 1880' FEL

ELEVATION 3491'

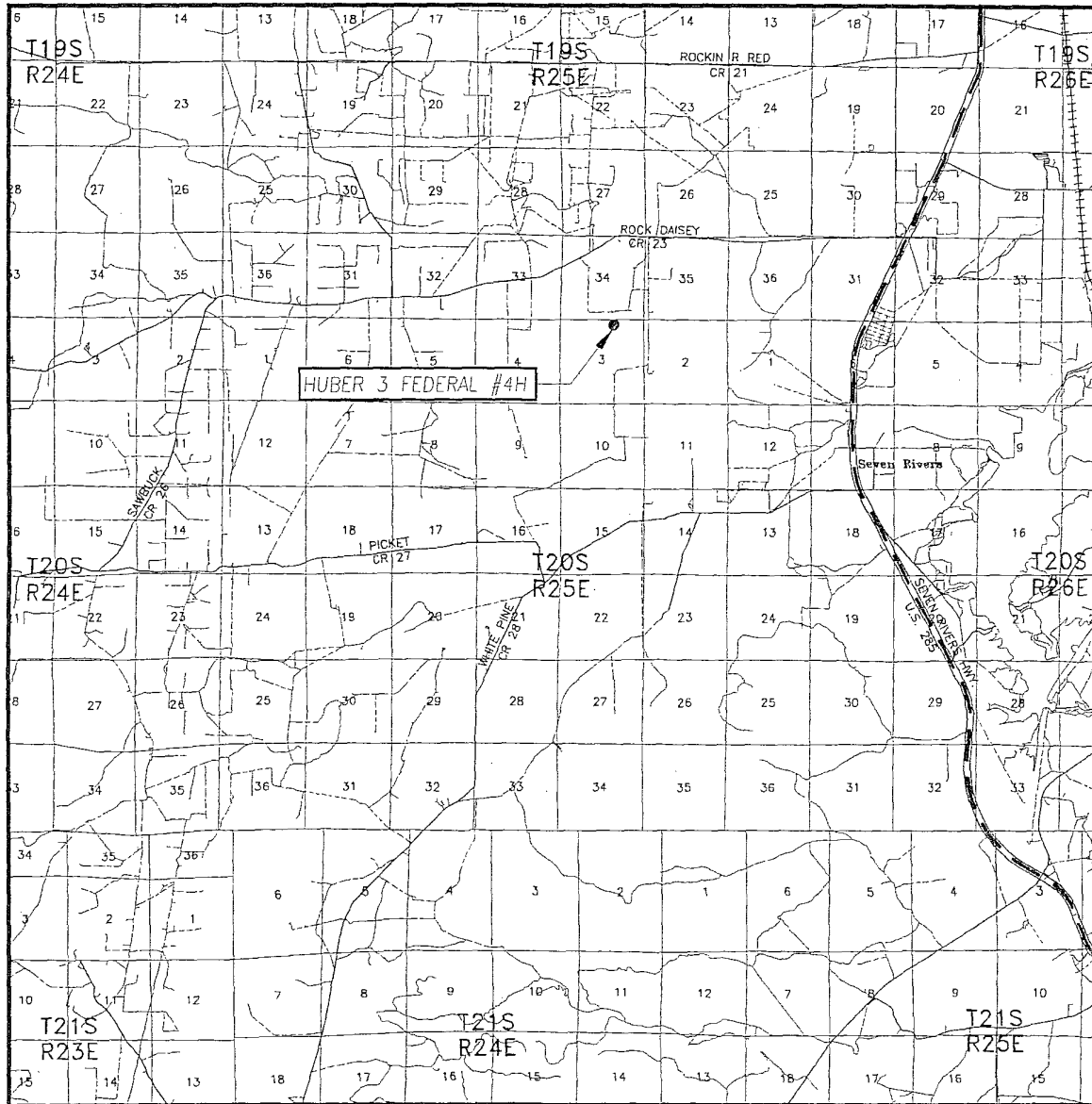
NEARBURG
OPERATOR PRODUCING COMPANY

LEASE HUBER 3 FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
SEVEN RIVERS, NM

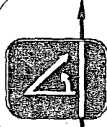


VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 3 TWP. 20-S RGE. 25-E
 SURVEY N.M.P.M.
 COUNTY EDDY STATE NEW MEXICO
 DESCRIPTION 330' FNL & 1880' FEL
 ELEVATION 3491'
 OPERATOR NEARBURG PRODUCING COMPANY
 LEASE HUBER 3 FEDERAL

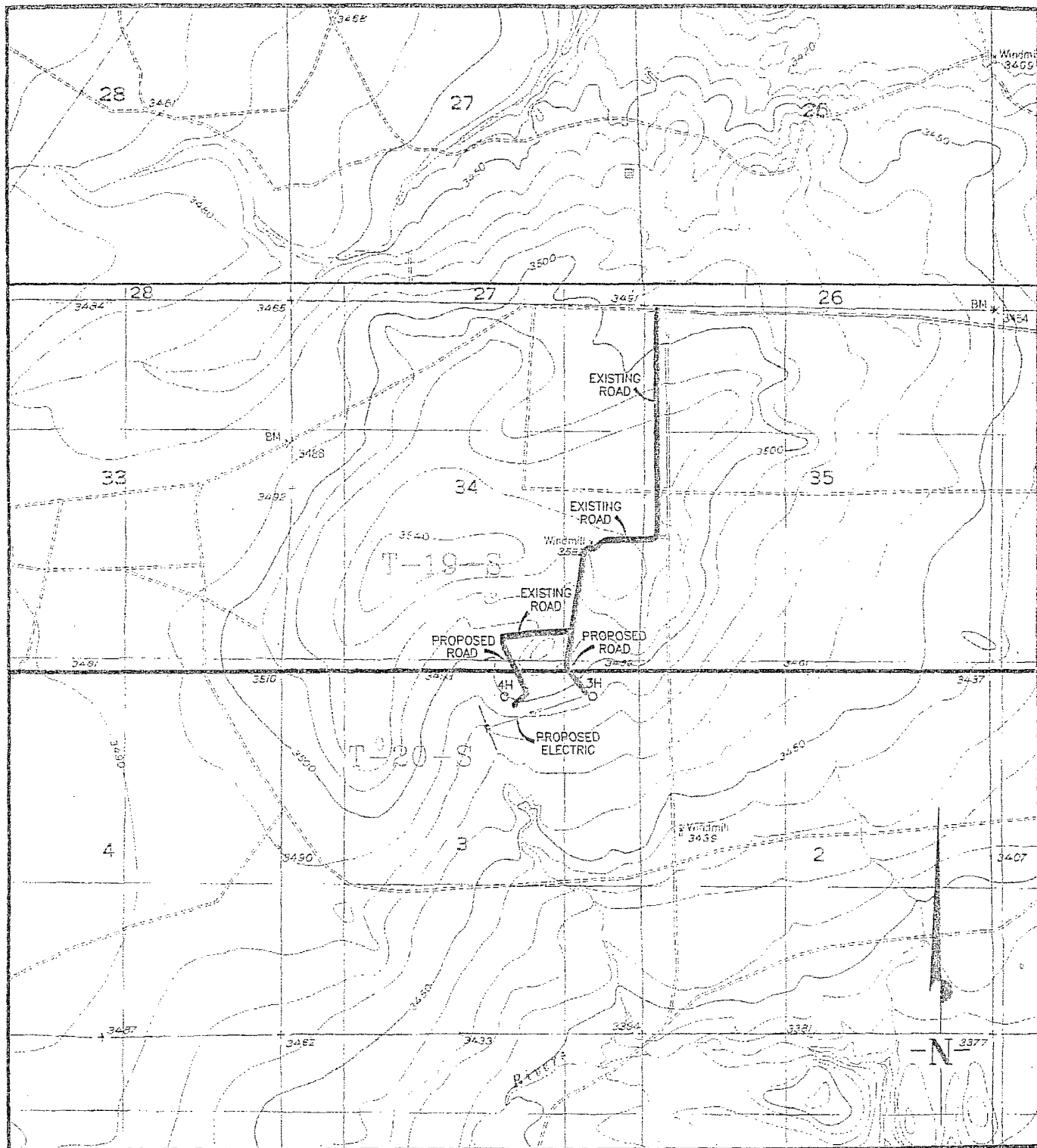


PROVIDING SURVEYING SERVICES
 SINCE 1948
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

John F. Asst

TOPOGRAPHIC

SURVEYING • MAPPING • GIS • GPS



NEARBURG PRODUCING CO.

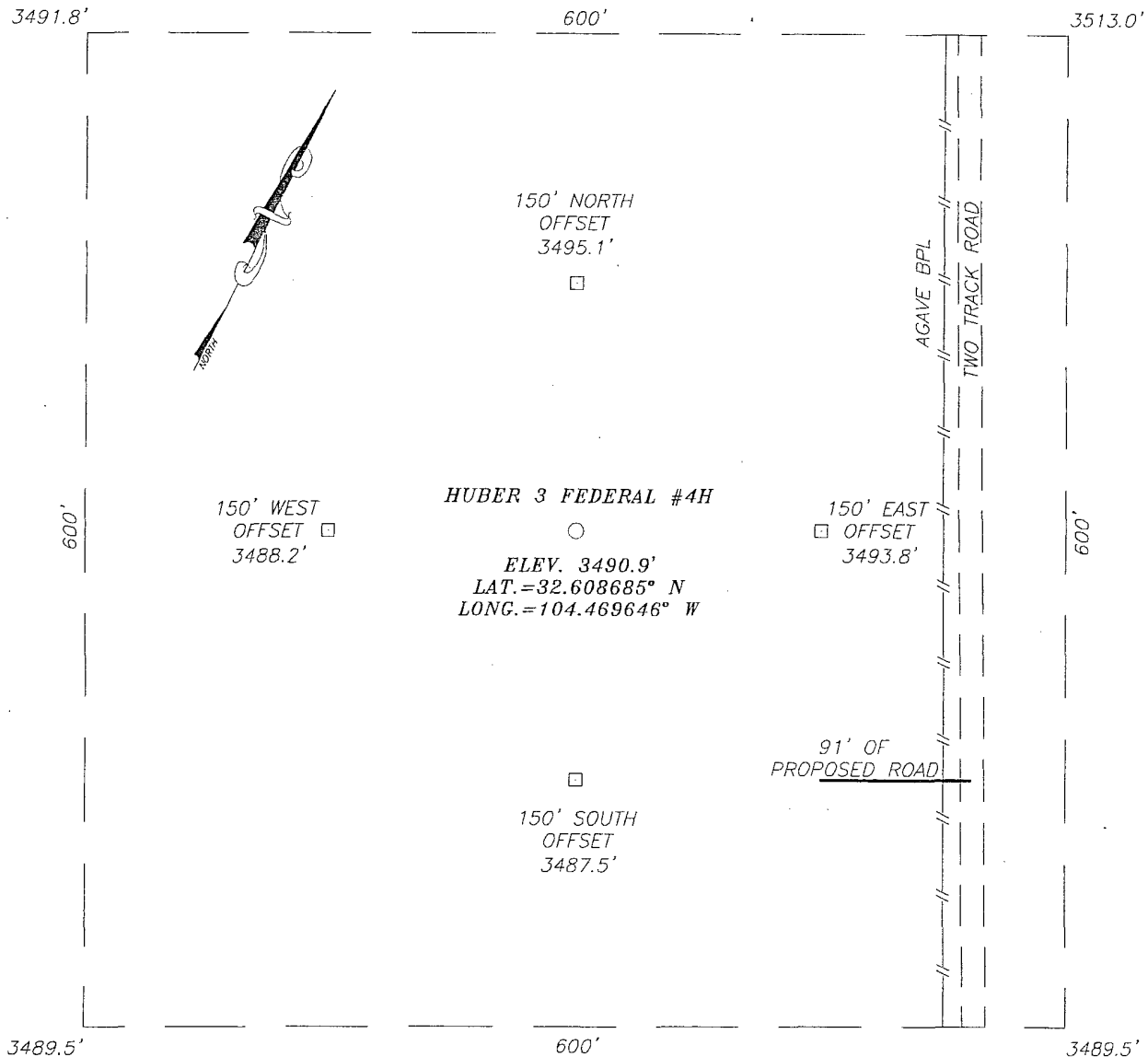
SCALE: 1" = 2000'
0' 1000' 2000'

EXISTING ROAD
HUBER #3H & #4H
SECTION 3, T-20-S, R-25-E, NMPM
EDDY COUNTY, NEW MEXICO

USGS 7 1/2" TOPOGRAPHIC MAP:
AZOTEA, NEW MEXICO
SCALE: 1" = 2000'

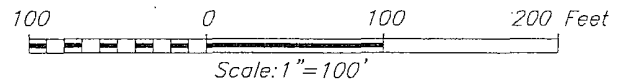
2903 N. Big Spring
Midland, Texas 79705
(432) 692-1000

SECTION 3, TOWNSHIP 20 SOUTH, RANGE 25 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

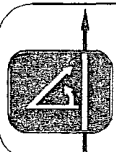
FROM THE INTERSECTION OF HIGHWAY 285 AND COUNTY ROAD 23 (ROCK DAISY ROAD), GO WEST ON CO. RD. #23 APPROX. 2.9 MILES. TURN SOUTH AND FOLLOW LEASE ROAD APPROX. 0.6 MILES. TURN LEFT AND GO WEST APPROX. 0.1 MILE. TURN LEFT AND GO SOUTH APPROX. 0.2 MILES. TURN RIGHT AND GO WEST APPROX. 0.1 MILE TO AN EXISTING WELL AND AN EXISTING TWO TRACK ROAD. FOLLOW TWO TRACK ROAD SOUTHEAST 0.2 MILES TO A PROPOSED ROAD SURVEY. FOLLOW ROAD SURVEY 91 FEET WEST TO THIS LOCATION.



NEARBURG PRODUCING COMPANY

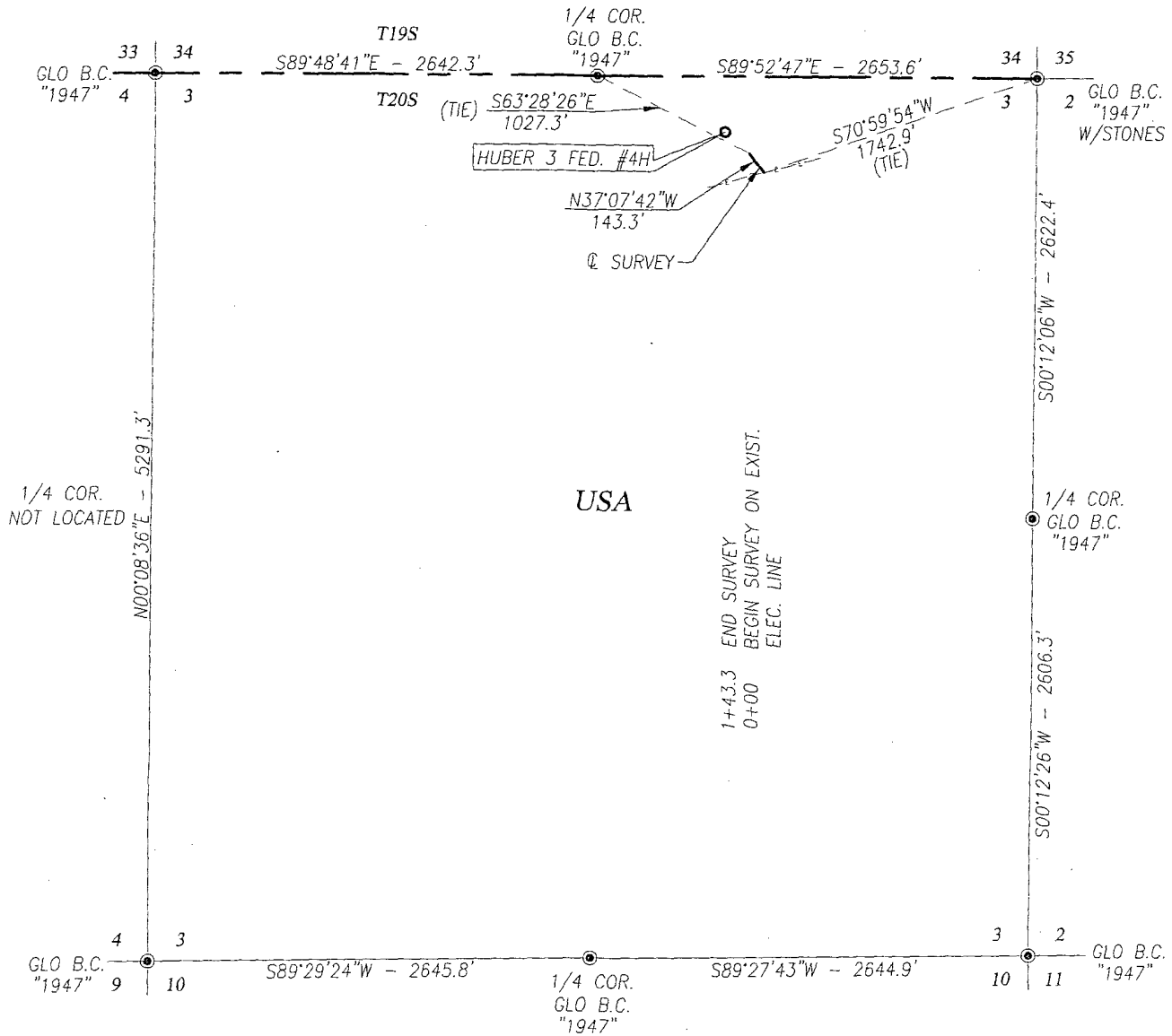
HUBER 3 FEDERAL #4H WELL
 LOCATED 330 FEET FROM THE NORTH LINE
 AND 1880 FEET FROM THE EAST LINE OF SECTION 3,
 TOWNSHIP 20 SOUTH, RANGE 25 EAST, N.M.P.M.,
 EDDY COUNTY, NEW MEXICO.

Survey Date: 3/1/11	Sheet 1 of 1 Sheets
W.O. Number: 11.11.0186	Dr By: LA
Date: 3/7/11	11110186
	Scale: 1"=100'



PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 393-3117

NEW MEXICO

DESCRIPTION

A STRIP OF LAND 50.0 FEET WIDE AND 143.3 FEET OR 0.027 MILES IN LENGTH CROSSING USA LAND IN SECTION 3, TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM, EDDY COUNTY, NEW MEXICO AND BEING 25.0 FEET LEFT AND 25.0 FEET RIGHT OF THE ABOVE PLATTED CENTERLINE SURVEY.

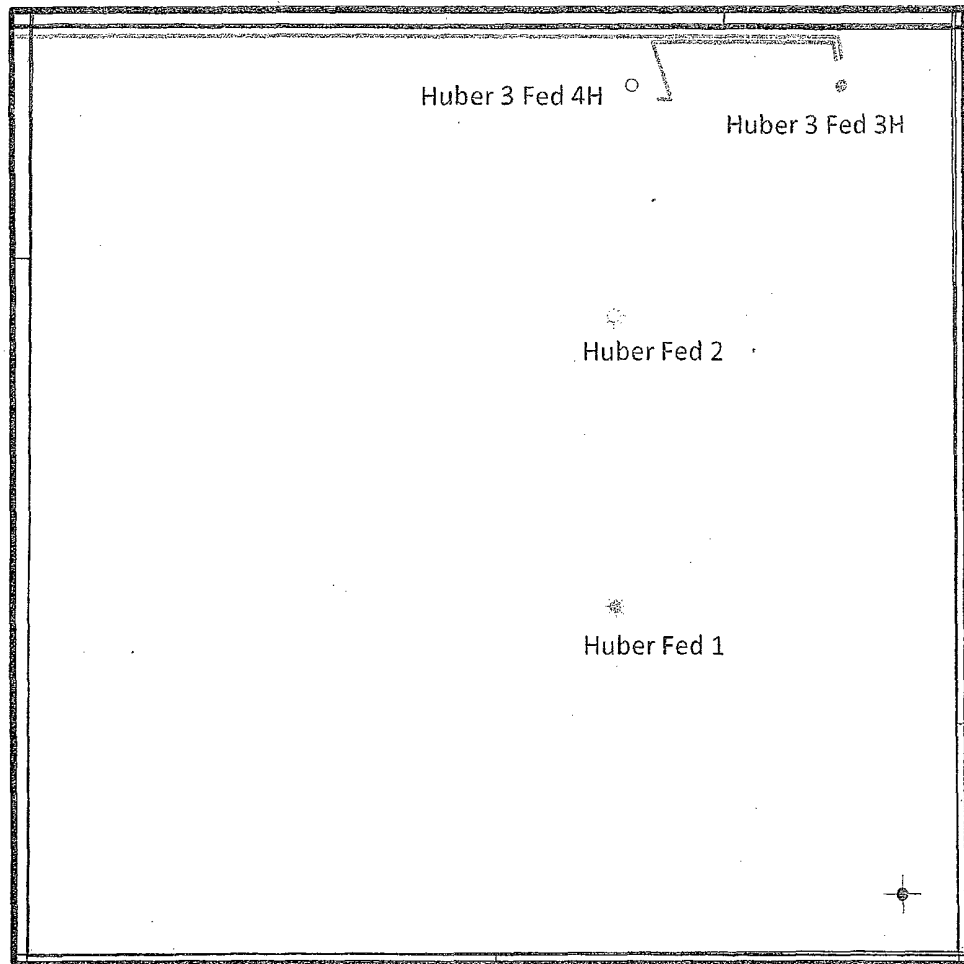
NOTE

BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983. DISTANCES ARE SURFACE VALUES.



LEGEND

⊙ DENOTES FOUND CORNER AS NOTED

Diagram of Huber 3 Fed 4H Flow Line To Huber 3 Fed 3H Battery



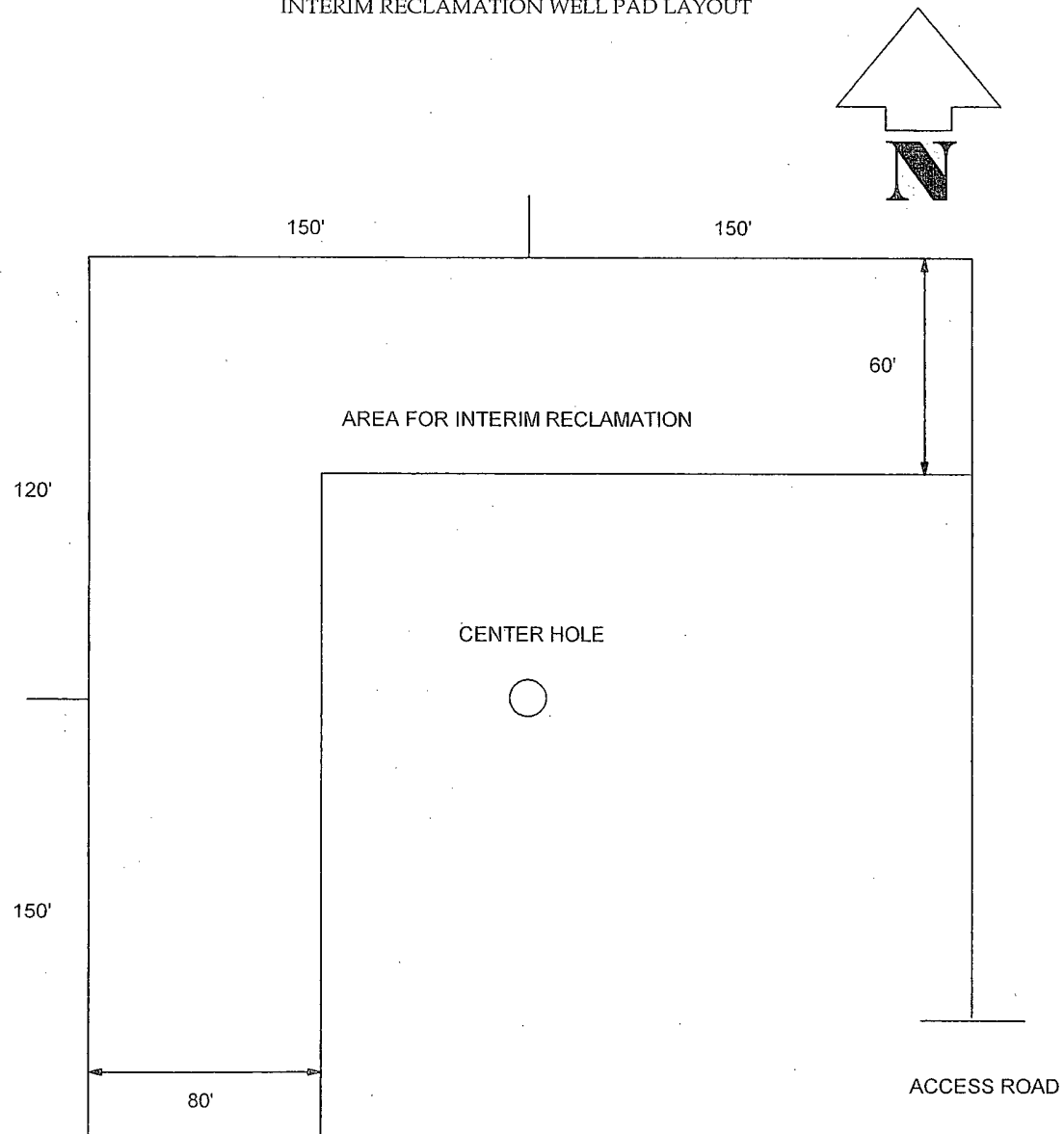
PETRA 4/1/2011 2:08:54 PM

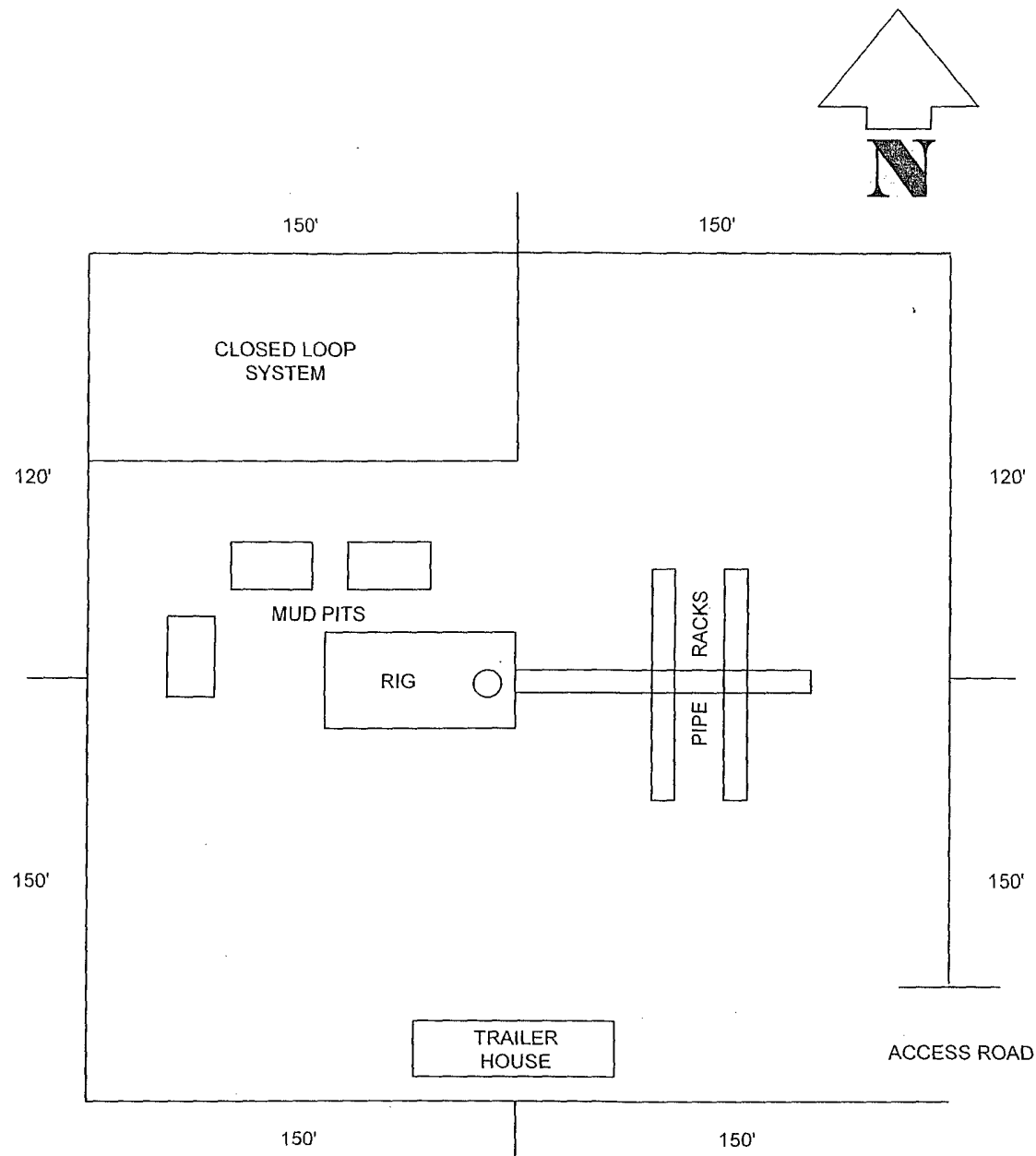
-  Huber 3 Fed 3H Existing SWD Line
 -  Huber 3 Fed 4H Flow Line to Battery
- Total Flow Line 1,580 Ft.

NEARBURG PRODUCING CO.

HUBER FEDERAL #4H

INTERIM RECLAMATION WELL PAD LAYOUT





HUBER FEDERAL #4H