

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTSUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> DEEPEN			5. LEASE DESIGNATION AND SERIAL NO. NM - 0558580
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME
2. NAME OF OPERATOR Nadel and Gussman Permian L.L.C. 155615			7. UNIT AGREEMENT NAME 19732
3. ADDRESS AND TELEPHONE NO. 601 N. Marienfeld Suite 508, Midland, Texas 79701			8. FARM OR LEASE NAME, WELL NO. Atalaya Federal #3
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1175' FSL, 430' FWL, Unit Letter M At proposed prod. zone same			9. API WELL NO. 30-015-31063
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 3 miles Southeast from Loco Hills, NM			10. FIELD AND POOL, OR WILDCAT Grayburg Jackson
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drg, unit line, if any)	430'	16. NO. OF ACRES IN LEASE 240	17. NO. OF ACRES ASSIGNED TO THIS WELL 40
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	837'	19. PROPOSED DEPTH 4000'	20. ROTARY OR CABLE TOOLS rotary
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3598'			22. APPROX. DATE WORK WILL START* 03/15/00

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8", J-55	32#	400'	500 sx "C", circulated to surface
7-7/8"	5-1/2", J-55	15.5#	4000'	800 sx, TOC @ ~ 3000'

1. MIRU rotary. Drill 12-1/4" hole to 400' w/ FW mud.
2. Set 400' of 8-5/8" casing. cement w/ 380 sx and circulate to surface.
3. Install 10" series 900, 3000# WP double ram BOP. Test BOP to 1000 psi.
4. Drill 7-7/8" hole to 4000' TD +/- w/ 10# brine.
5. Possibly run 1 or 2 DSTs. Log open hole with GR/D/N and DLL/ML w/ caliper.
6. Set 4000' of 5-1/2" casing at 4000' and cement with 800 sx class "C".
7. Cement top will be adjusted depending on waterflows and depth of prospective intervals.
8. Perf, acidize and frac selected San Andres, Grayburg, Queen and/or 7R pay zones.
9. Equip well with artificial lift equipment. Place well on production.
10. All production will be sent to existing Atalaya battery.

NSL-

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED

IN ABOVE SPACE DESCRIBE PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

TITLE R. McNaughton -Operations Engineer

DATE

2-21-00

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval 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.
CONDITIONS OF APPROVAL, IF ANY:Assistant Field Manager,
Lands And Minerals

APPROVED BY

/S/LARRY D. BRAY

TITLE

DATE

MAR 27 2000

*See Instructions On Reverse Side

APPROVED FOR 1 YEAR

Title 18 U.S.C. Section 1001, 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.

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RECEIVED
FEB 23 1900
BLM
ROSWELL, NM