

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

b. TYPE OF WELL

OIL WELL ☒

GAS WELL ☐

OTHER ☐

SINGLE ZONE ☒

MULTIPLE ZONE ☐

2. NAME OF OPERATOR

Nearburg Producing Company

3. ADDRESS AND TELEPHONE NO.

P. O. Box 823085, Dallas, TX 75382-3085 214/739-1778

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface 1,880' FNL and 660' FWL DIRECTIONAL

At proposed prod. zone

660' FNL and 660' FWL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

15 Air Miles Southwest of Artesia, New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 660

16. NO. OF ACRES IN LEASE

40

17. NO. OF ACRES ASSIGNED TO THIS WELL

160

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 1,320

19. PROPOSED DEPTH

8,200'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

3,462' GR

Roswell Controlled Water Basin

22. APPROX. DATE WORK WILL START*

09/25/95

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH
14-3/4"	9-5/8"	36#	1,100'
8-3/4"	7"	23#	5,000'
		26#	5000'-8200'

RECEIVED
OCT 03 1995

Propose to directionally drill the well to sufficient depth to evaluate the Canyon formation. After reaching TD, logs will be run and casing set if the evaluation is positive. Perforate, test and stimulate as necessary to establish production.

The surface location is 1,880' FNL and 660' FWL, Section 15, T19S, R25E, Eddy County, New Mexico. The well is directionally drilled because of surface location problems. The BLM required moving of the surface location out of the flood plain.

Please amend the NOS as necessary, per my conversation with Barry Hunt.

Approval Subject to
General Requirements and
Special Stipulations
Attached

Post ID-1
10-13-95
New Line + API

IN ABOVE SPACE DESCRIBE PROPOSED 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 Mgr of Drlg & Prod

DATE

8/28/95

(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:

APPROVED BY

/s/ TIMOTHY J. BURKE

TITLE

DATE

*See Instructions On Reverse Side

to the state and willfully to make to any department or agency of the

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

5. Lease Designation and Serial No.

NMNM-12833

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Osage Boyd Federal Com 15 #3

9. API Well No.

10. Field and Pool, or Exploratory Area

Dagger Draw; Upper Penn,

11. County or Parish, State North Penn,

Eddy County, New Mexico

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Nearburg Producing Company

3. Address and Telephone No.

P. O. Box 823085, Dallas, TX 75382-3085 214/739-1778

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

Surface location:

Unit E, 1,930' FNL and 660' FWL, Section 15, T19S, R25E

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

TYPE OF SUBMISSION

- ☐ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Surface location change
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Location change to position surface location on Osage Boyd Com #1 (Unit E, 1,980' FNL and 660' FWL, Section 15, T19S, R25E, Eddy County) existing pad so that no new surface disturbance occurs.

Per request on attached letter, the anticipated maximum bottomhole pressure is 2,200 psi.

Attached is original bottom hole location plat.

Archaeological Survey Report not required.

Private Surface Owner's Agreement or Statement concerning surface use attached.

New surface location plat.

RECEIVED

OCT 03 1995

BUREAU OF LAND MANAGEMENT
OIL CON. DIV.
DIST. 2
SEP 20 1995

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

Signed

Title Mgr of Drlg and Prod

Date 09/18/95

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

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.

*See Instruction on Reverse Side

District I
PO Box 1988, Hobbs, NM 88240-2588
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Bravo Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Received February 10, 1994
Instructions on back
Submit to Appropriate District Office
SEP 28 1995
Fee Lease - 4 Copies
Fee Lease - 3 Copies

OIL CON. DIV. AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAN DIST. 2

API Number 30-015-28679	Pool Code 15472	Pool Name DAGGER DRAW UPPER PENN NORTH
Property Code	Property Name OSAGE BOYD FEDERAL COM 15	Well Number 3
OGUID No. 15742	Operator Name NEARBURG PRODUCING COMPANY	Elevation 3464.

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	15	19S	25E		1930	NORTH	660	WEST	EDDY

¹¹ 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
D	15	19S	25E		660	NORTH	660	WEST	EDDY

Dedicated Acres 160	Joint or in-fill NO	Consolidation Code	Order No.
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NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>H. R. Willis</i> H. R. Willis Signature H. R. WILLIS Printed Name DRILLING SUPER. Title 9/28/95 Date</p>			
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plan was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>SEPTEMBER 20, 1995 Date of Survey Signature of Registered Professional Engineer NEW MEXICO REGISTERED PROFESSIONAL ENGINEER 5412 NM PE REG. NO. 5412</p>			

IF THIS IS AN AMENDED REPORT, CHECK THE BOX LABELED
"AMENDED REPORT" AT THE TOP OF THIS DOCUMENT.

Surveyors shall use the latest United States government survey or
dependent resurvey. Well locations will be in reference to the New
Mexico Principal Meridian. If the land is not surveyed contact the
appropriate OGD district office. Independent subdivision surveys will
not be acceptable.

1. The OGD assigned API number for this well
2. The pool code for this (proposed) completion
3. The pool name for this (proposed) completion
4. The property code for this (proposed) completion
5. The property name (well name) for this (proposed)
completion
6. The well number for this (proposed) completion
7. Operator's OGRID number
8. The operator's name
9. The ground level elevation of the well
10. The surveyed surface location of the well measured from
the section lines NOTE: If the United States government
survey designates a Lot Number for this location use that
number in the "L" or lot no. box. Otherwise use the OGD
unit letter.
11. Proposed bottom hole location. If this is a horizontal hole
indicate the location of the end of the hole.
12. The calculated acreage dedicated to this completion to the
nearest hundredth of an acre
13. Put a "Y" if more than one completion will be sharing this
same acreage or "N" if this is the only completion on this
acreage
14. If more than one lease or different ownership has been
dedicated to the well show the consolidation code from the
following table:
C Consolidation
U Unitization
F Forced pooling
O Other
P Consolidation pending
15. Write in the OGD order(s) approving a non-standard
location, non-standard spacing, or directional or horizontal
drilling

16. This grid represents a standard section. You may
superimpose a non-standard section over this grid. Outline
the dedicated acreage and the separate leases within that
dedicated acreage. Show the well surface location and
bottom hole location. If it is directionally drilled, with the
dimensions from the section lines in the cardinal directions.
(Note: A legal location is determined from the perpendicular
distance to the edge of the tract.) If this is a high angle or
horizontal hole show that portion of the well bore that is
open within this pool.
Show all lots, lot numbers, and their respective acreage.
If more than one lease has been dedicated to this
completion, outline each one and identify the ownership as
to both working interest and royalty.
The signature, printed name, and title of the person
authorized to make this report, and the date this document
was signed.
17. The registered surveyor certification. This section does
not have to be completed if this form has been previously
accepted by the OGD and is being filed for a change of pool
or dedicated acreage.

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

15. Write in the OGD order(s) approving a non-standard
location, non-standard spacing, or directional or horizontal
drilling

District I
PO Box 1988, Hobbs, NM 88240-2988
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Bravo Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-28679		Pool Code 15472		Pool Name DAGGER DRAW; Upper Penn. NORTH	
Property Code		Property Name OSAGE BOYD FEDERAL COM 15			Well Number 3
OGRID No. 15742		Operator Name NEARBURG PRODUCING COMPANY			Elevation 3464.

10 Surface Location

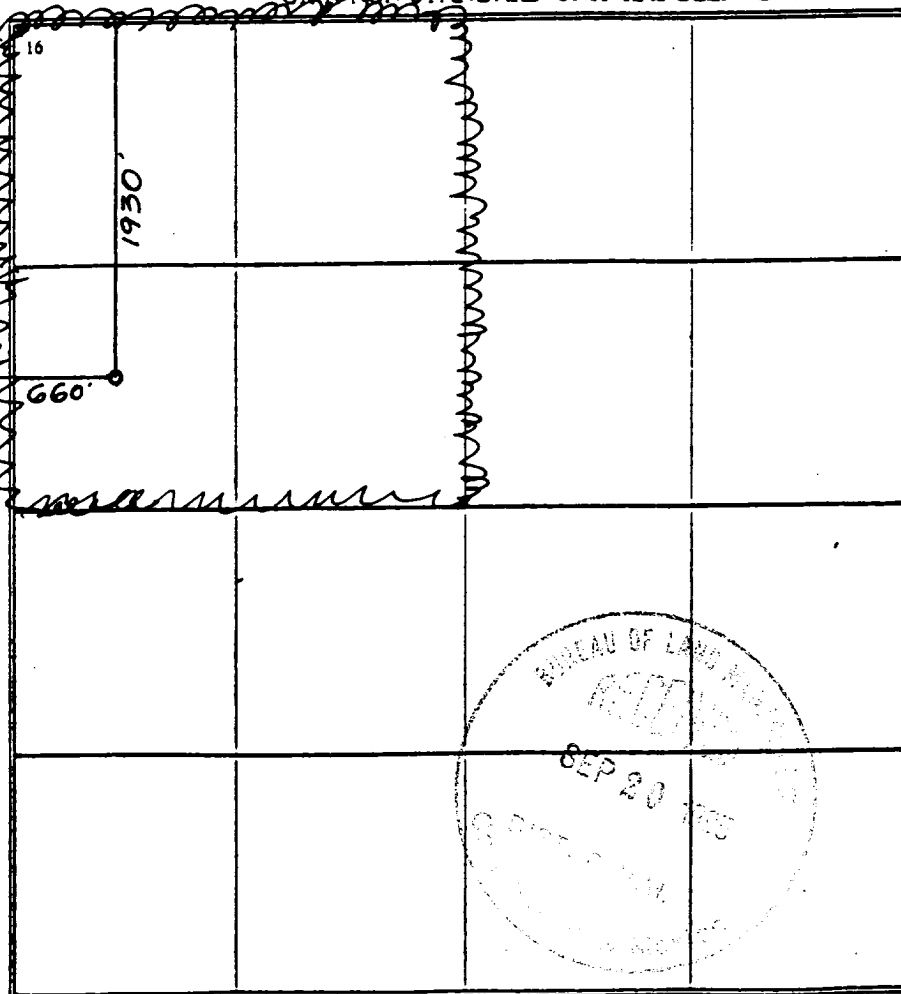
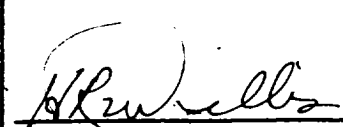
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	15	19S	25E		1930	NORTH	660	WEST	EDDY

11 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

12 Dedicated Acres 160	13 Joint or Infill N	14 Consolidation Code	15 Order No.
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NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and correct to the best of my knowledge and belief.</p> <p> Signature H. R. Willis Printed Name Drilling Supt. Title 9/20/95 Date</p>
	<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>SEPTEMBER 20, 1995 Date of Survey DR. R. REDDY Signature of Registered Professional Surveyor NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 5412 NH PLAT NO. 5412</p>

District I
PO Box 1980, Hobbs, NM 88240-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
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1000 Rio Bravo Rd., Aztec, NM 87410
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 APT Number		2 Pool Code		3 Pool Name	
		15472		Dagger Draw; Upper Penn, North	
4 Property Code		5 Property Name			6 Well Number
		OSAGE BOYD FEDERAL COM 15			3
7 OGRID No.		8 Operator Name			9 Elevation
15742		NEARBURG PRODUCING COMPANY			3462.

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	15	19S	25E		1,930	North	660	West	EDDY

11 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
D	15	19S	25E		660	North	660	West	Eddy

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
160	N		

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

16 660'		17 OPERATOR CERTIFICATION	
		I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
		Signature <u>H. R. Willis</u> Printed Name Drilling Supt. Title 08/03/95 Date	
		18 SURVEYOR CERTIFICATION	
		I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.	
		Date of Survey <u>JULY 28, 1995</u> Signature and Seal of Professional Surveyor: <u>DAN R. REDDY</u> REGISTERED LAND SURVEYOR NEW MEXICO 5412 NM PE&S No. 5412	

Nearburg Producing Company

Exploration and Production
3300 North "A" Street
Building 2, Suite 120
Midland, Texas 79705
915/686-8235
Fax 915/686-7806

AMENDED TO SHOW CORRECT WELL NAME

September 19, 1995

September 18, 1995

Mr. Shannon Shaw
Bureau of Land Management
P. O. Box 1778
Carlsbad, New Mexico 88221-1778

VIA FAX 505/885-9264

Re: Osage Boyd Fed. Com. 15 #3 Well;
Eddy County, New Mexico
Osage N.W. Prospect

Dear Shannon:

Please allow this letter to serve as evidence that Nearburg Producing Company has settled surface damages with the surface owner in connection with the captioned well.

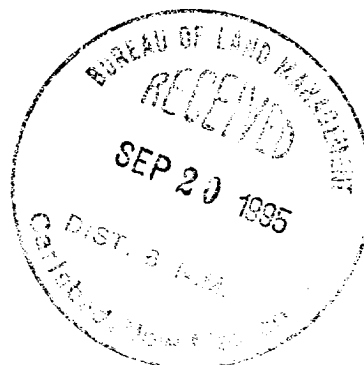
If you require any additional information, please so advise.

Yours very truly,

Bob Shelton
kg

Bob Shelton
Consulting Landman

BS:kg



STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Nearburg Producing Company
P. O Box 823085
Dallas, Texas 75382-3085

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No.:	NM12833
Legal Description:	NW1/4, Section 15, T19S, R25E, Eddy County, NM
Formation:	Cisco / Canyon
Bond Coverage:	\$25,000 Statewide Bond
BLM Bond File No.:	57 84 00

Authorized Signature: E. Scott Kimbrough

Title: Manager of Drilling & Production

Date: 9/28/95

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
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State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-101
Revised February 10, 1994
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☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address. Nearburg Producing Company P. O. Box 823085 Dallas, TX 75382-3085		OGRID Number 15742
		API Number 30 - 0
Property Code	Property Name Osage Boyd Federal Com 15	Well No. #3

7 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	15	19S	25E		1,880	North	660	West	Eddy

8 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
D	15	19S	25E		660	North	660	West	Eddy

Proposed Pool 1 Dagger Draw; Upper Penn, North	Proposed Pool 2
---	-----------------

Work Type Code N	Well Type Code O	Cable Rotary Rotary	Lease Type Code F	Ground Level Elevation 3,463'
Multiple N	Proposed Depth 8,200'	Formation Cisco/Canyon	Contractor Peterson	Spud Date 09/25/95

21 Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
14-3/4"	9-5/8"	36#	1,100'	775	Circ
8-3/4"	7"	23#	5,000'	950	Tie-back
		26#	5000-8200		

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.

Propose to directionally drill the well to sufficient depth to evaluate the Cisco/Canyon formation. After reaching TD, logs will be run and casing set if the evaluation is positive. Perforate, test and stimulate as necessary to establish production.

The surface location is 1,880' FNL and 660' FWL, Section 15, Township 19S, Range 25E, Eddy County, New Mexico. The well is directionally drilled because of surface location problems. The BLM required moving of the surface location out of the flood plain.

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name:

H. R. Willis

Title:

Drilling Supt.

Date:

08/29/95

Phone:

505/397-4186

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐

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

NEARBURG PRODUCING COMPANY

OSAGE BOYD FED COM 15 # 3

SHL: 1,660' FNL & 660' FWL, SECTION 15-T19S-R25E

BHL: 660' FNL & 660' FWL, SECTION 15-T19S-R25E

EDDY COUNTY, NEW MEXICO

LOCATED:

15 Air miles Southwest of Artesia, New Mexico

OIL & GAS LEASE:

NMNM - 12833

RECORD LESSEE:

Nearburg Producing Company

BOND COVERAGE:

\$25,000 statewide bond of Nearburg Producing Company.

ACRES IN LEASE:

40

GRAZING LEASE:

Jerome Hugh Jones
10611 Railroad Court
Fairfax, Va 22030

Myra Jones Partridge
6727 East 32nd Place
Tulsa, Oklahoma 74145

POOL:

Dagger Draw, North - Upper Pennsylvanian

EXHIBITS:

- A. Area Road Map
- B. Drilling Rig Layout
- C. Vicinity Oil & Gas Map
- D. Topographic & Location Verification Map
- E. Well Location & Acreage Dedication Plat

This well will be drilled to a depth of approximately 8,200'.

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.

2. ACCESS ROADS:

A. Length and Width:

Existing lease road from Rockin 'R' Red Road. No new access needed.

B. Surface Material:

Existing.

C. Maximum Grade:

Less than two percent.

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 AND/OR PROPOSED FACILITIES:

Necessary production facilities for this well will be located on the well pad.

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 tests will be stored in test tanks.
- D. Trash will be contained in a trash trailer and removed from well site.
- E. All trash and debris will be removed from the well site 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, and trash pit, and the location of major rig components.

9. PLANS FOR RESTORATION OF THE SURFACE:

- A. After 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 as aesthetically pleasing condition as possible.
- B. After abandonment, all equipment, trash, and junk will be removed and the site will be clean.

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:

Top soil at the well site is sandy soil.

C. Flora and Faunal:

The location is in an area sparsely covered with mesquite and range grasses.

10. OTHER INFORMATION: (CONTINUED)

D. Ponds and Streams:

There are no rivers, lakes, ponds, or streams in the area.

E. Residences and Other Structures:

There is not a residence within a mile of the proposed well site.

F. Archaeological, Historical, and Cultural Sites:

The sites observed in area will be fenced off from the well site.

G. Land Use:

Grazing.

H. Surface Ownership:

Lincoln Valley Land Company
Box 1417
Los Lunas, New Mexico 87301

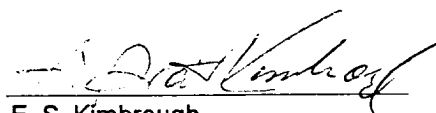
11. OPERATOR'S REPRESENTATIVE:

H. R. Willis
419 W. Cain
Hobbs, New Mexico 88240
Office: (505) 397-4186
Home: (505) 392-8735

12. CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill 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 approve.

5/28/95
Date


E. S. Kimbrough
Manager of Drilling and Production

SUPPLEMENTAL DRILLING DATA

**NEARBURG PRODUCING COMPANY
OSAGE BOYD FED COM 15 # 3
SHL: 1,880' FNL & 660' FWL, SECTION 15-T19S-R25E
BHL: 660' FNL & 660' FWL, SECTION 15-T19S-R25E
EDDY COUNTY, NEW MEXICO**

1. SURFACE FORMATION:

Dockum Group of Triassic Age.

2. ESTIMATED TOPS OF GEOLOGIC MARKERS:

Glorieta	2,348'	TD	8,200'
3rd Bone Spring	5,843'		
Wolfcamp Carbonate	5,991'		
Base Shale Marker	7,614'		
Cisco/Canyon	7,615'		
Top Dolomite	7,635'		

3. ANTICIPATED POSSIBLE HYDROCARBON BEARING ZONES:

Wolfcamp
Cisco/Canyon

4. CASING AND CEMENTING PROGRAM:

<u>Casing Size</u>	<u>Setting Depth</u>		<u>Weight</u>	<u>Grade</u>	<u>Joint</u>
	<u>From</u>	<u>To</u>			
9-5/8"	0	1,100'	36#	J-55	ST&C
7"	0	5,000'	23# & 26#	K-55	LT&C
	5,000'	8,200'			

Equivalent or adequate grades and weights of casing may be substituted at time casing is run, depending on availability.

We plan to drill a 14-3/4" hole to equal 1,100'.

9-5/8" casing will be cemented with 775 sx or volume necessary to tie back to surface.

7" production casing will be cemented with approximately 950 sx of Class "H" 50/50 POZ.

5. PRESSURE CONTROL EQUIPMENT:

The BOP stack will consist of a 3,000 psi working pressure, dual ram type preventer and annular.

A BOP sketch is attached.

6. CIRCULATING MEDIUM:

Surface to 8,200':

Spud and drill to 1,100' with fresh water mud, weight 8.9 to 9.1 ppg, viscosity 28 to 30. Below 1,100', add brine to bring chlorides up to at least 60,000 ppm.

7. AUXILIARY EQUIPMENT:

None required.

8. TESTING, LOGGING AND CORING PROGRAM:

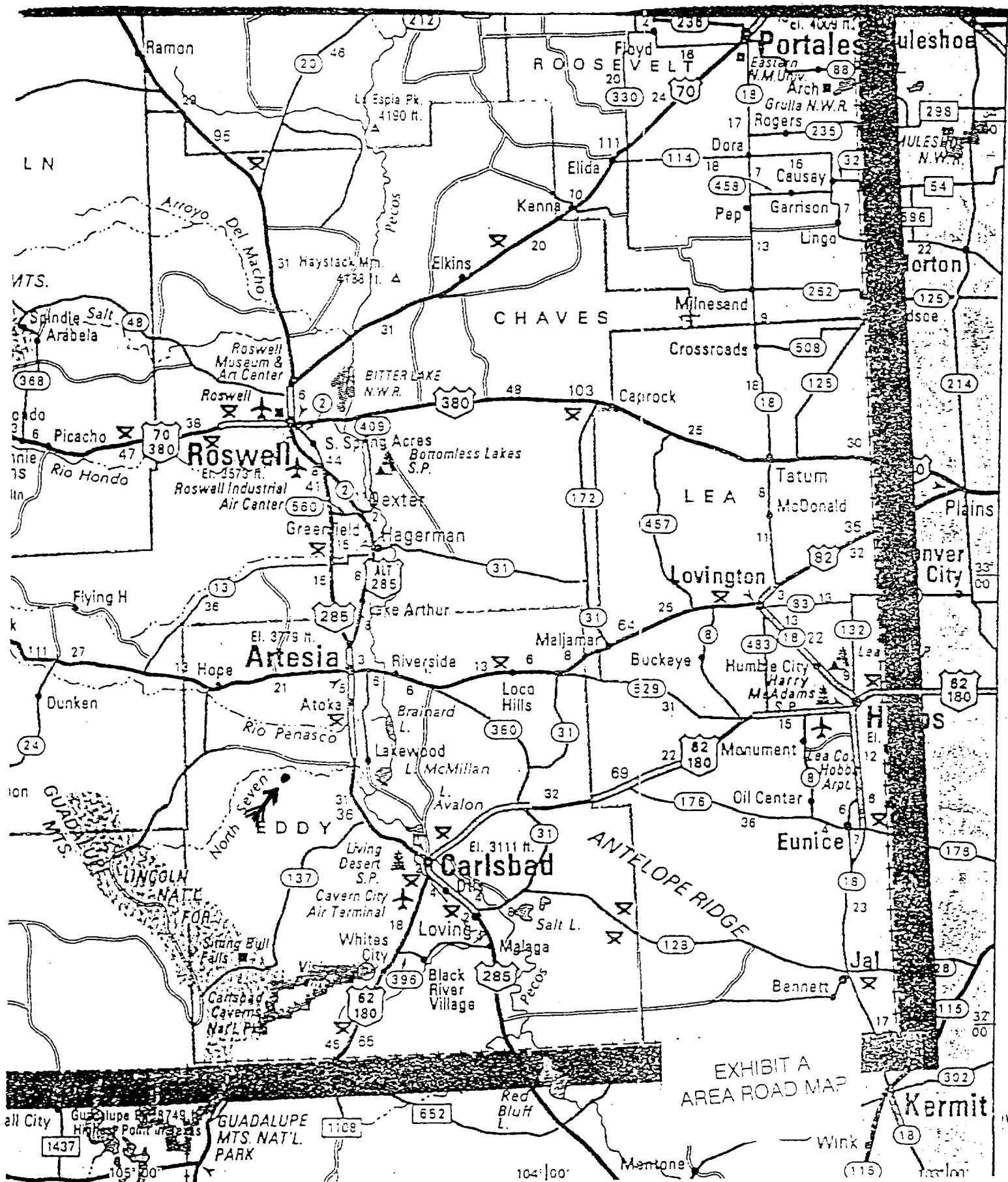
Electric logging is planned, drill stem tests, cores and sidewall cores possible.

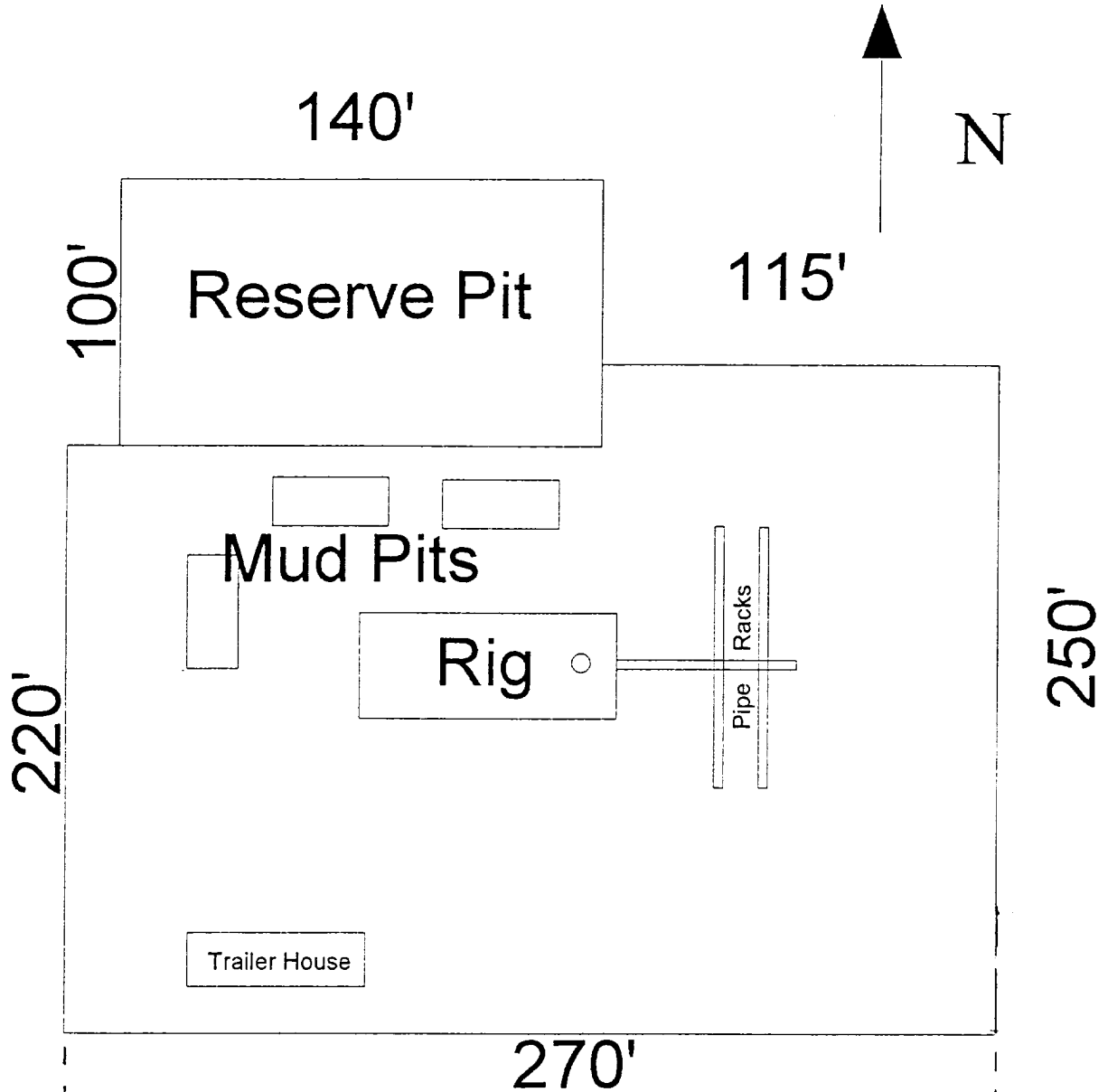
9. ABNORMAL PRESSURES, TEMPERATURES OR HYDROGEN SULFIDE GAS:

None anticipated.

10. ANTICIPATED STARTING DATE:

It is planned that operations will commence on September 4, 1995, with drilling and completion operations lasting about 30 days.

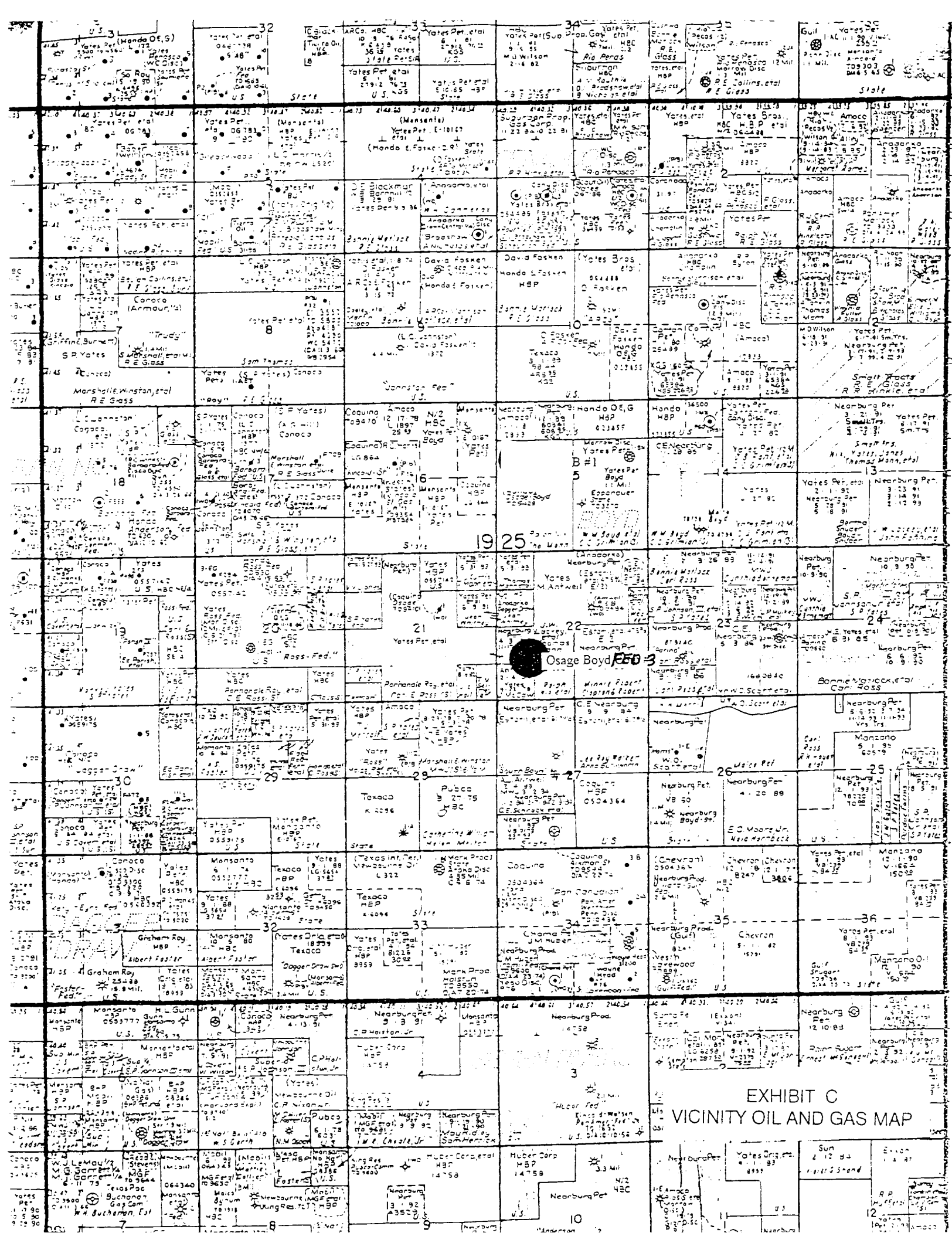




EXISTING LOCATION

EXHIBIT B
DRILLING RIG LAYOUT
NEARBURG PRODUCING COMPANY
OSAGE BOYD FEDERAL COM 15 #3
SCALE 1" = 50'

EXISTING ROAD



Topographic map showing contour lines and section numbers (3, 5, 8, 9, 10, 11, 14, 15, 16, 17). The map includes a grid and labels for 'OSAGE BOYD FEDERAL COM 15 #3' and 'OSAGE-BOYD COM #1'. The map also shows a 'Draw' and a 'Stallion Well'.

OSAGE-BOYD COM #1

High Ranch

CLASS - 1: NORMAL PRESSURE < 10 PPG

OPTION - 1: 3M STANDARD BOPE STACK

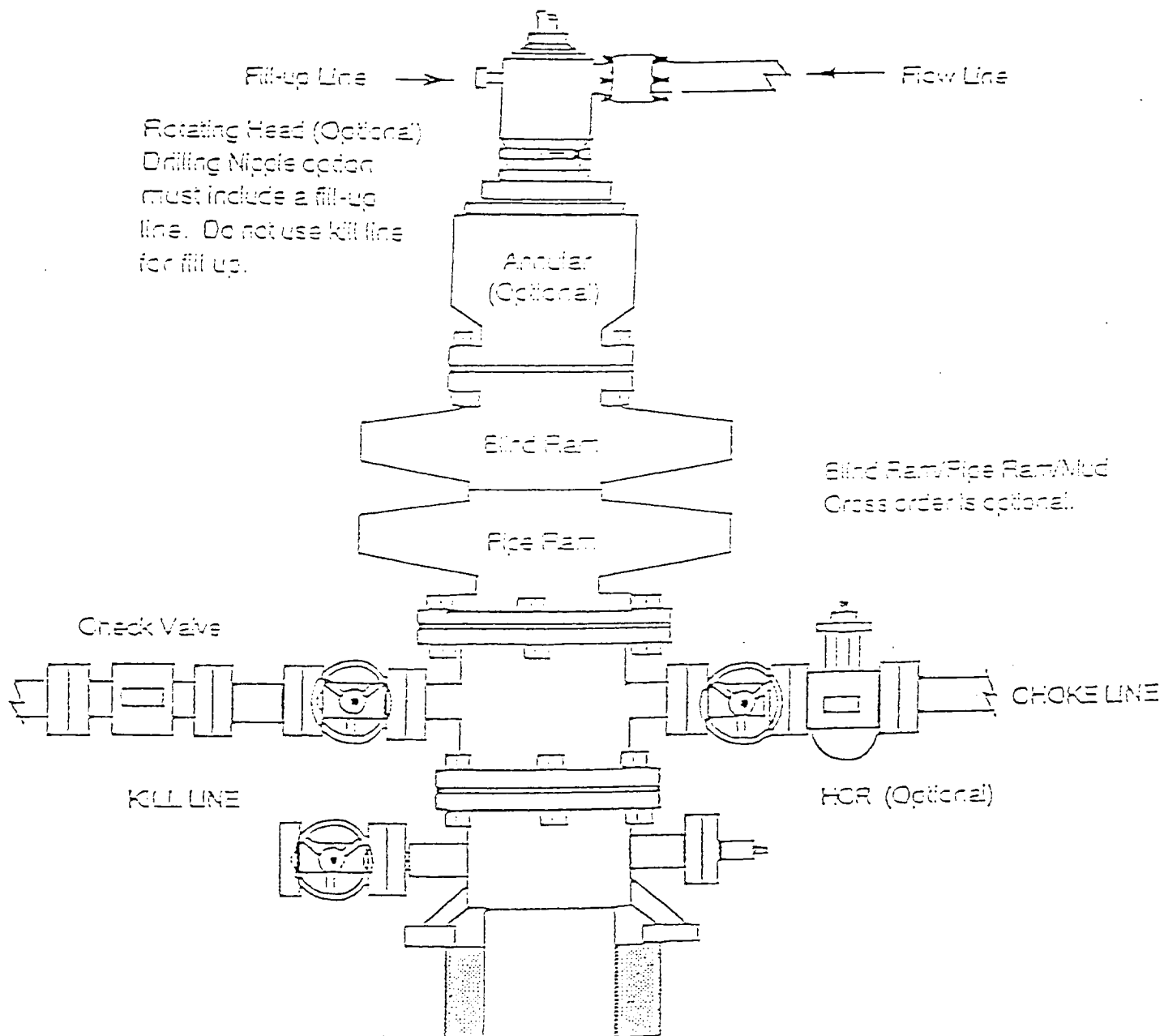
NEARBURG PRODUCING COMPANY

OSAGE BOYD FEDERAL COM 15 #3

BHL 660' FNL & 660' FWL, SEC 15, T-19-S, R-25-E

SHL 1880' FNL & 660' FWL, SEC 15, T-19-S, R-25-E

EDDY COUNTY, NEW MEXICO



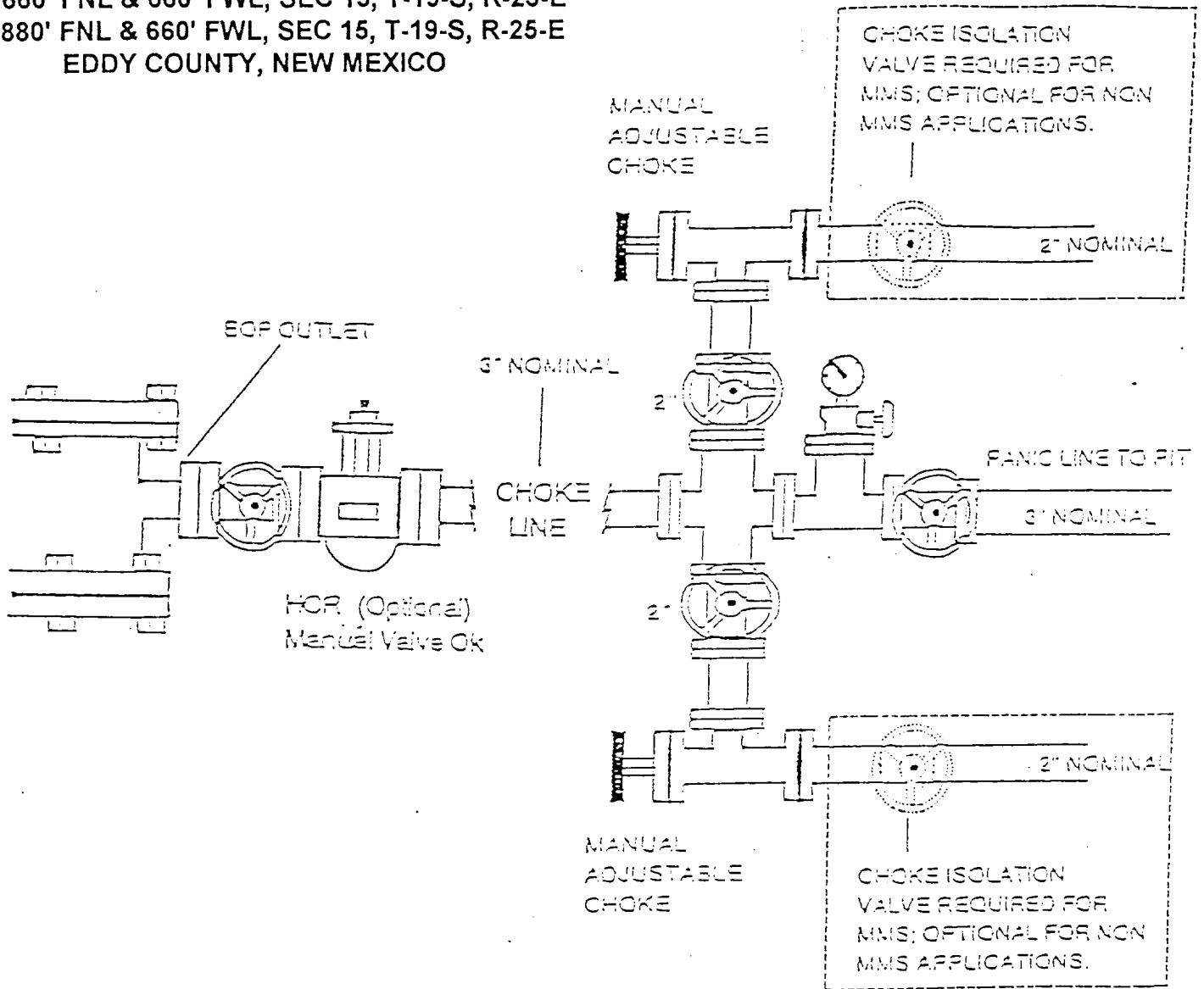
NEARBURG PRODUCING COMPANY

OSAGE BOYD FEDERAL COM 15 #3

BHL 660' FNL & 660' FWL, SEC 15, T-19-S, R-25-E

SHL 1880' FNL & 660' FWL, SEC 15, T-19-S, R-25-E

EDDY COUNTY, NEW MEXICO



NEARBURG PRODUCING COMPANY
OSAGE BOYD FED COM 15 #3
SHL: 1,880' FNL & 660' FWL, SECTION 15-T19S-R25E
BHL: 660' FNL & 660' FWL, SECTION 15-T19S-R25E
EDDY COUNTY, NEW MEXICO

I. HYDROGEN SULFIDE TRAINING

- A. All regularly assigned personnel, contracted or employed by Nearburg Producing Company, will receive training from a qualified instructor in the following areas prior to commencing drilling potential hydrogen sulfide bearing formations in this well:
1. The hazards and characteristics of hydrogen sulfide (H₂S).
 2. The proper use and maintenance of personal protective equipment and life support systems.
 3. The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures and prevailing winds.
 4. The proper techniques for first aid and rescue procedures.
- B. In addition, supervisory personnel will be trained in the following areas:
1. The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
 2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
 3. The contents and requirements of the H₂S Drilling Operations Plan.
- C. There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500 feet) and weekly H₂S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H₂S Drilling Operations Plan. This plan shall be available at the well site. All personnel will be required to carry documentation that they have received the proper training.

II. H₂S SAFETY EQUIPMENT AND SYSTEMS

Note: All H₂S safety equipment and systems will be installed, tested and operational when drilling reaches a depth of 500 feet above, or three days prior to penetrating the first zone containing or reasonably expected to contain H₂S.

A. Well Control Equipment:

1. Flare line with continuous pilot.
2. Choke manifold with a minimum of one remote choke.
3. Blind rams and pipe rams to accommodate all pipe sizes with properly sized closing unit.
4. Auxiliary equipment to include: annular preventer, mud-gas separator, rotating head and flare gun with flares as needed.

B. Protective Equipment for Essential Personnel:

Mark II Surviveair 30-minute units located in the dog house and at briefing areas, as indicated on well site diagram.

C. H2S Detection and Monitoring Equipment:

1. Two portable H2S monitors positioned and location for best coverage and response. These units have warning lights and audible sirens when H2S levels of 20 ppm are reached.
2. One portable SO2 monitor positioned near flare line.

D. Visual Warning Systems:

1. Wind direction indicators as shown on well site diagram.
2. Caution/Danger signs shall be posted on roads providing direct access to location. Signs will be painted a high visibility yellow with black lettering of sufficient size to be readable at a reasonable distance from the immediate location. Bilingual signs will be used when appropriate. See example attached.

E. Mud Program:

1. The Mud Program has been designed to minimize the volume of H2S circulated to the surface. Proper mud weights, safe drilling practices and the use of H2S scavengers will minimize hazards when penetrating H2S bearing zones.
2. A mud-gas separator will be utilized as needed.

F. Metallurgy:

All drill strings, casing, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifold and lines, and valves shall be suitable for H2S service.

G. Communication:

1. Cellular telephone communications in company vehicles and mud logging trailer.

2. Land line (telephone) communications at area office.

H. Well Testing:

Drill stem testing will be performed with a minimum number of personnel in the immediate vicinity which are necessary to safely and adequately conduct the test. The drill stem testing is an H2S environment will be conducted during the daylight hours.

WARNING

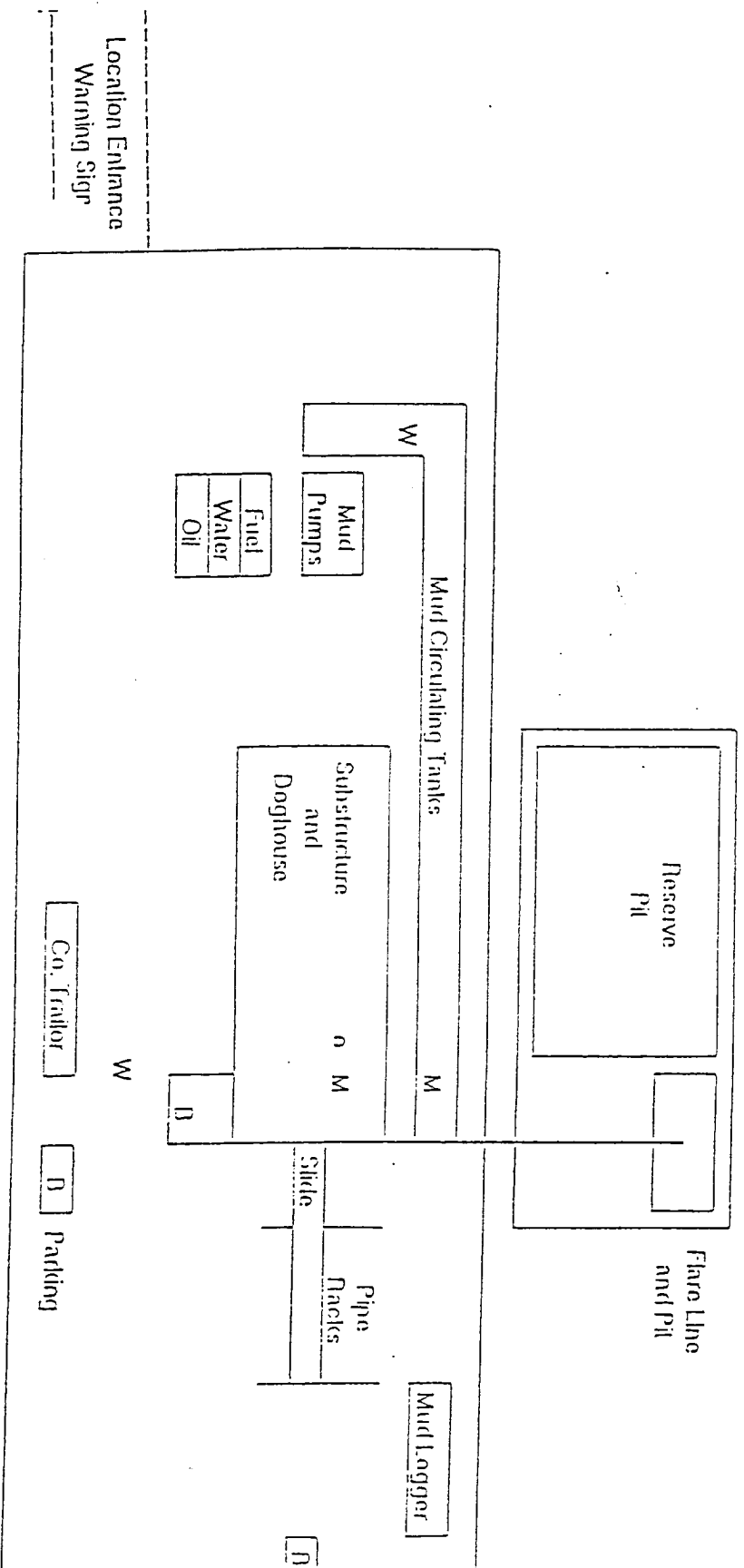
**YOU ARE ENTERING AN H S AREA
2
AUTHORIZED PERSONNEL ONLY**

1. *BEARDS OR CONTACT LENSES NOT ALLOWED.*
2. *HARD HATS REQUIRED.*
3. *SMOKING IN DESIGNATED AREAS ONLY.*
4. *BE WIND CONSCIOUS AT ALL TIMES.*
5. *CHECK WITH NPC SUPT AT MAIN OFFICE.*

Nearburg Producing Company

1 - 505 - 397 - 4186

Nearburg Producing Company Hydrogen Sulfide Drilling Operations Location Plan



M – H2S Monitors with alarms at bell nipple and shake shaker

W – Wind Direction Indicators

N – Safe Riefling areas with caution signs and protective breathing equipment.
Minimum 150' from wellhead.

Prevailing Wind Directions: Summer – South / Southwest
Winter – North / Northwest.