					\$2. <sup>2</sup> : : : : : : : : : : : : : : : : : : :	à.		N 1
Form 3160-3	•		2000		SUBMIT IN T		FORM APPE	
(July 1992)	UNITED DEPARTMENT O				(Other instr reverse		OMB NO. 100 Expires: Februar	
							5. LEASE DESIGNATION AN	· •
	BUREAU OF LAN						6. IF INDIAN, ALLOTTEE OF	
APPLIC	ATION FOR PER	MIT TO DR	ILL O	R DEEI	PEN		0. IF INDIAN, ALLOTTEE OF	
		DEEPEN					7. UNIT AGREEMENT NAM	a //
					MULT		8. FARM OR LEASE NAME	
2. NAME OF OPERATOR	D		CCC4E				ICA "31" Fede	
3. ADDRESS AND TELEPHON		OGRID # 1	100010				30-015-3	1587
	₌ <sup>NO.</sup> Suite 508, Midland, Texa	c 70701					10. FIELD AND POOL, OR V	
	t location clearly and in accordance		ments.*)	<u> </u>			Avalon Mon	ow
At surface 1800' FSL	., 840' FWL, Unit Lette	er L	,				11. SEC., T., R., M., OR BLE AND SURVEY OR AREA	ζ.
At proposed prod. zone same		202 ,					31 - T20S - F	27E
14. DISTANCE IN MILES AND	DIRECTION FROM NEAREST TO	WN OR POST OFFICE	•				12. COUNTY OR PARISH	13. STATE
3 miles south of Ma	alaga, NM						Eddy	New Mexico
15. DISTANCE FROM PROPO LOCATION TO NEAREST PROPERTY OR LEASE LIN	e.ft 8	340'	16. NO.	OF ACRES IN 320	LEASE	17. NO. OF TO THIS	ACRES ASSIGNED WELL 320	
(Also to nearest drig. unit line 18. DISTANCE FROM PROPO	e, if any)		19. PRO	POSED DEPT	4	20. ROTARY	OR CABLE TOOLS	
TO NEAREST WELL, DRILL OR APPLIED FOR, ON THIS	ING, COMPLETED,	na		10,800	I		rotary	
21. ELEVATIONS (Show wheth							22. APPROX. DATE WOR	WILL START*
3237' GL							12/15/00	
23.		PROPOSED CA	SING ANE			DCON	ROLLED WAT	ER DAORE
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER F	00T	SETTIN	G DEPTH		QUANTITY OF CEMEN	
17-1/2"	13-3/8", H-40	48#		4	00'		500 sx, circula	EGS
12-1/4"	9-5/8, J-55	40#	_	2	000'		750 sx, circulated is	
7-7/8"	5-1/2", N-80 *	17#, 20#	ŧ	10	,800'		1000 sx, TOC @ 7	000' **

The operator proposes to drill to a depth sufficient to test the Morrow formation. If productive, 5-1/2" casing will be set at TD and cemened to approximately 7,000'. If non-commercial, the well will be plugged in accordance with federal regulations. A 5000# tree will be nippled up prior to perforating.

\* If necessary, will run 7" liner above Atoka.

\*\* May use more cement to cover the Delaware sands if prospective and may set DV tool above Strawn interval

Attachments: Surface use and operating plans BOP and choke schematics lease, road and topographical maps H2S drilling operations plan wellsite and rig layouts certified location plat

APPROVED BY

IN ABOVE SPACE DESCRIBE PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive and the proposal deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any 24

SIGNED MARTH Robert M. Slaughton	TITLE Operations Engineer	DATE 11-14-00
(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 eq CONDITIONS OF APPROVAL, IF ANY:	uitable title to those rights in the subject lease which would entitle t	the applicant to conduct operations thereon.
The second second second		\$f.

TITLE

\*See Instructions On Reverse Side

DATE

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.

DISTRICT I 1825 N. French Dr., Hobbs. NM 88240 DISTRICT II 811 South First, Artesia, NM 88210

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV 2040 South Pacheco, Santa Fe, NM 87505 State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102 Revised March 17, 1999

Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

## OIL CONSERVATION DIVISION

2040 South Pacheco

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

API N	lumber			Pool Code		Ava	lon Morrow	Pool Name		
Property Co	ode		1		Prop ICA FE	erty Nam DERAL			Well Nu 1	ımber
OGRID No.				,	Opera	ator Nam	e		Elevai	
155615			NAD	DEL AND			PERMIAN, L.L.	С.	323	7'
				_	Surfa	ce Loca				
UL or lot No.	Section	Township	Range	Lot Idn	Feet fro		North/South line	Feet from the	East/West line	County
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			Bottom	Hole Lo			rent From Sur			
UL or lot No.	Section	Township	Range	Lot Idn	Feet fro	om the	North/South line	Feet from the	East/West line	County
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Dedicated Acres 320	Joint o		onsolidation (	Lode U	rder No.					
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NO ALLO	WABLE W	OR A	NON-STAN	DARD U	NIT HAS	BEEN	APPROVED BY	THE DIVISION		
					<u></u>		<u></u>	OPERATO	OR CERTIFICAT	TION
	l					l I		I hereb	ry certify the the in	formation
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	i							J.h.I.h.		
	l							Signature		
	· — — +							 Robert M	<u>cNaughton</u>	
	l							Printed Nam		
						İ		<u>Uperatio</u> Title	<u>ns Engineer</u>	
	I					1		1-14	-00	
	I							Date		
						 		SURVEY	OR CERTIFICA	TION
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#### NADEL AND GUSSMAN PERMIAN, L.L.C. 601 N. Marienfeld, Suite 508 Midland, TX 79701 Office: (915) 682-4429 Fax: (915) 682-4325

November 14, 2000

Bureau of Land Management Lands & Minerals 2909 W. Second St. Roswell, New Mexico 88201

Ms. Linda Askwig,

Nadel and Gussman Permian, as operator, requests permission to drill the ICA "31" Federal No.

1. Barry Hunt has inspected and verbally approved the location at 1800' FSL, 840' FWL, Sec 31,

T-20-S, R-27-E in Eddy County, NM. The following items are attached:

- 1. 13 Point Surface Use and Operation Plan,
- 2. 13 Point Drilling Plan,
- 3. Lease Responsibility Statement,
- 4. BOP and Choke Diagrams,
- 5. Lease and Topographical Maps,
- 6. Archeological Survey and
- 7. Location Photographs.

There are no archeological or environmental problems at this site. If you have any questions, contact Robert McNaughton at 915-682-4429.

ABHAN

Robert McNaughton Operations Engineer

## 13 Point Land Use Plan

- Existing Roads A small scale map is attached (Exhibit #1) which shows the location of this well in relation to Carlsbad, New Mexico and Capitan Reef Road (NM 30), which is the nearest paved road. A larger scale topographical map is (Exhibit #2) shows the location of the well in relationship to the Pecos River and the existing lease roads.
- 2. <u>Planned Access Roads</u> We propose a 1756' caliche road from the location to the existing lease road, which is shown on **Exhibit #3**. The lease is not fenced and a cattle guard or gate will not be needed.
- 3. Location of Existing Wells This is the first well on a new lease. The nearest offset producer is a gas well approximately ½ mile to the East. Several new wells have been staked in the vicinity of this well.
- 4. Location of Tank Batteries, Production Facilities & Lines -
  - We anticipate gas production from the Morrow and Strawn, with minimal produced oil or water. We will build a battery with two 210 Bbl steel tanks, one for oil and one for water. We will also have a Stack-Pack separator on location.
  - All produced fluids will be hauled off lease by road. There are no plans for oil pipelines, LACT units or SWD lines.
  - A gas flowline is proposed (Exhibit #4, #5) parallel to the new lease road. It will run to the nearest gas tie-in south of our location.
  - We do not anticipate a need for electrical service on the lease at this time.
- 5. <u>Location & Type- of Water Supply</u> Fresh and salt water will be trucked from Carlsbad by a thirdparty contractor.
- 6. <u>Source of Construction Material</u> Primary source of caliche will be the reserve pit area of the new drilling location. There are several alternate caliche sources in this area.
- 7. <u>Methods of Handling Waste Disposal</u> Enclosed drill site plat (Exhibit #5) indicates location of drilling pits, reserve pit & trash trailer. After sufficient time has elapsed to allow drilling fluids to dry, all pits will be closed and leveled. All trash and debris will be removed from the location.
- 6. <u>Ancillary Facilities</u> There are no camps or airstrips planned.
- 7. Well Site Layout The well site (see NMOCD C-102 Form) has been staked and is also indicated on the enclosed maps (Exhibits #1, #2 & #3). The drilling site is mainly caliche rock and some soil, covered by sparse native vegetation (see location photos). The drilling pad will be covered with 6"

caliche with measurements as per attached drawing. The drilling pad will blend in with the terrain since the topography is generally flat.

Cross section - Before and After is shown below:



- 8. Plans for Restoration of Surface Commercial Well:
  - <u>Reshaped Topography</u> Rubbish will be hauled off upon completion of drilling operations. All future rubbish will be removed by the subcontractor generating same.
  - Caliche Pad Caliche drilling pad will remain intact until well is abandoned.
  - <u>Road</u> The road will remain intact as long as there is production on the lease.
  - Timetable This well is expected to produce for several years.
  - <u>Plans for Restoration of Surface Plugged and Abandoned Well</u>:
     Surface will be restored in accordance with all regulations in effect at the time of abandonment.

#### 9. Other Information -

- Topography flat with a gentle drainage slope to the South-East.
- Soil Characteristics compacted calcium and gypsum grains.
- Flora sparse grass and weeds
- Fauna rabbits, mice, rats, birds and snakes
- Other Surface Use Activities leased grazing land.
- Surface Ownership US Government
- Water <u>Wells</u> a windmill is located 3000' to the West of the location.
- <u>Lakes, Streams, Ponds</u> Brantley Lake lies about 5 miles North of the location and the Pecos River is 1 mile to the South and South-East. Preferential surface drainage is to the North and East. In the event of a spill, it is unlikely that any produced fluid will reach the river. However, a firewall will be built around the battery and, if necessary, a separate SPCC plan will be prepared under Federal guidelines: 40 CFR Sections 109, 110, 113 and 114 and Section 311 of the Clean Water Act.

- <u>Dwellings</u> There are houses and recreational facilities located at Brantley lake which is approximately five miles to the North.
- <u>Archaeological Sites</u> none based on the survey run by Southern New Mexico Archeological Services, Inc. over the proposed location and proposed road, the Cultural Resource Use Permit Holder suggests clearance for this drilling operation.
- <u>Historical Sites</u> none
- Cultural Sites none
- 10. Operator's Representative -

Gordon Barker - -----Mobile Phone - (915) 664-6328

Robert McNaughton	Office Phone Home Phone	(915) 682-4429 (915) 694-2553
Ernie Little	Office Phone Home Phone	(915) 682-4429 (505) 392-4907

#### 12. Other facets: none

13. <u>Certification</u> - I hereby certify that I, or persons under my direct supervision, have inspected the proposed drilling site and access route; that I am familiar with the condition which presently exists; 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 B&H Construction Company or their contractors and sub-contractors in conformity with this plan

Robert McNaughton Operations Engineer

## **<u>13 Point Drilling Plan:</u>**

- 1. Location: 1800' FSL, 840' FWL, Sec 31, T-20-S, R-27-E, Eddy County, New Mexico (Form C-102)
- 2. Elevation: 3237' GL, 3255' KB
- 3. Geological Name of Surface Formation: Quaternary Rock
- 4. Type of Drilling Tools to be utilized; Rotary Tools
- 5. Proposed Drilling Depth: 10,800'

#### 6. Tops of Important Geological Markers:

Delaware	2,000'	Pennsylvanian	8,620'	Morrow	10,120'
Bone Springs	3,460'	Strawn	9,360'	Morrow clastics	10,260'
3 <sup>rd</sup> Bone Springs	7,500'	Atoka	9,700'	Lower Morrow	10,470'

#### 7. Estimated Depth of Anticipated Water, Oil or Gas:

Oil and water	- Delaware	2,000'
Gas	- Strawn	9,360'
Gas	- Morrow	10,260'

#### 8. Casing Program:

٠	13 <sup>5</sup> / <sub>8</sub> "	48#	H-40	@ 400'	500 sx, circulated to surface
٠	9 <sup>5/</sup> 8"	40#	K-55 or J 55	<i>a</i> 2000'	750 sx, circulated to surface
•	$5^{1}/_{2}$ "	17#, 20#	N 80	@ 10,800'	1000 sx, TOC @ ~7000' **

The surface and intermediate casing strings will be cemented to the surface. **\*\*** The TOC behind the production casing will be determined after running open hole logs.

#### 9. Specifications for Pressure Control Equipment: (see figures No. 6, No. 7 & No. 8)

This rig will have a series 900 BOP with 5  $\frac{1}{2}$ " pipe rams and blind rams, kill line, choke manifold, Koomey hydraulic controls, and accumulator with remote controls. When nippling up, will test BOP and choke to 1000 psi, will operate BOP once a day or as directed by the company representative.

#### 10. Mud Program:

Spud and drill with fresh water to a depth of approx. 400'. Drill out from under surface casing with fresh water. Slowly add 10# brine water and drill to the intermediate casing point at 2000'. Drill out cement and drill to 8000' with fresh water while maintaining a Ph of 10. Drill from 8,000' to TD with cut brine at approximately 9.2 PPG. Use starch for filtrate control and mix pre-hydrated freshwater gel slurry to clean and condition hole prior to running electric logs.

#### 11. Testing, Logging & Coring Program:

- a. Testing: We expect to run DSTs in the Strawn and Morrow.
- b. Coring: no coring is planned.
- c. Logging: open hole logs will be run prior to running production casing. The standard suite will be a Dual Lateral/ ML and GR/Density/Neutron combination.
- d. Depending on the sand quality, a FMI and/or formation tester may be run.
- e. Open hole logs will not be run through the intermediate hole section; GR neutron to surface.

#### 12. Potential Hazards:

None significant. Lost circulation may occur, but H<sub>2</sub>S should not be present.

#### 13. Anticipated starting date & duration:

Plans are to begin drilling operations about January 1, 2000; approximately 38 days will be required to drill the well and 8 days will be needed for the completion.



ICA FEDERAL #1 Located at 1800' FSL and 840' FWL Section 31, Township 20 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

		P.O. Box 1786	W.O. Number:	0611AA - KJG #122		
1		1120 N. West County Rd. Hobbs, New Mexico 88241	Survey Date:	11-01-2000	NADEL AND GUSSMAN	
	<b>Surveys</b>	(505) 393-7316 - Office	Scole: 1" = 2	MILES	PERMIAN, L.L.C.	



ICA FEDERAL #1 Located at 1800' FSL and 840' FWL Section 31, Township 20 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

	P.O. Box 1786	W.O. Number: 0611AA - KJG #122	
DAsin	1120 N. West County Rd. Hobbs, New Mexico 88241	Survey Date: 11-01-2000	NADEL AND GUSSMAN
Surveys	(505) 393-7316 - Office (505) 392-3074 - Fax	Scale: 1" = 2000'	PERMIAN, L.L.C.

SECTION 31, TOWNSHIP 20 SOUTH, RANGE 27 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.





NADEL AND GUSSMAN PERMIAN, L.L.C. ICA "31" Federal No. 1 1800' FSL, 840' FWL, Sec 31, T-20-S, R-27-E Eddy County, NM



N A C

CHOKE MANIFOLD 2M AND 3M SERVICE CHOKE ISOLATION VALVE REQUIRED FOR MMS; OFTIONAL FOR NON MANUAL MMS APPLICATIONS. ADJUSTABLE CHOKE . 2" NOMINAL BOP OUTLET 3" NOMINAL 2\* PANIC LINE TO PIT СНОКЕ LINE 3" NOMINAL Π m HCR (Optional) 2• Ш iT Manual Valve Ok 2" NOMINAL N. 11 **HYDRAULIC** ADJUSTABLE CHOKE ISOLATION CHOKE VALVE REQUIRED FOR

DRILLING OPERATIONS

## NADEL AND GUSSMAN PERMIAN, L.L.C.

ICA "31" Federal No. 1

1800' FSL, 840' FWL, Sec 31, T-20-S, R-27-E

## ICA 31 Federal #1: Figure # 6

MMS: OPTIONAL FOR NON MMS APPLICATIONS.

## DRILLING OPERATIONS CLASS -1: NORMAL PRESSURE < 10PPG OPTION - 2: MMS STANDARD; SINGLE SZE DRILL STRING





#### UNITED STATES DEPARTMENT OF THE INTERIOR Bureau of Land Management Roswell Field Office 2909 West Second Street Roswell, New Mexico 88201-1287

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### Statement Accepting Responsibility for Operations

Operator Name:Nadel and Gussman Permian L.L.C.Address:601 N. Marienfeld Suite 508City, State:Midland, TexasZip Code:79707

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

Lease Name: ICA 31 Federal

Lease Number: NM -0400512A

Legal Description of Land: S/2 of Section 31, T-20-S, R-27-E, NMPM, Eddy County, New Mexico.

Formations: All uncommitted mineral interests from the surface to the base of the Morrow.

Bond Coverage: Statewide

BLM Bond File Number: NM2427

Authorized Signature:

Name: Robert McNaughton Title: Operations Engineer Date: October 26, 2000



ICA 31 Federal #1 location: Above - Looking North from marker on county road across pasture to the proposed location. Below - looking North across the location to the SE corner stake.



SOUTHERN NEW MEXICO ARCHAEOLOGICAL SERVICES, INC. P.O. Box I Bent, New Mexico 88314 Office (505) 67I-4797

November 7, 2000

Nadel and Gussman Permian, L.L.C. Mr. Gordon Barker 601 N. Marienfeld, Suite 508 Midland, Texas 79701

Dear Mr. Barker;

Enclosed is our cultural resource report for the following Nadel and Gussman Permian L.L.C. proposed project:

A Class III Cultural Resources Inventory The Proposed ICA Federal Number 1 Well Location and Access Road Section 31, T.20S., R.27E Eddy County, New Mexico

A records check was completed at the Bureau of Land Management, Roswell District, Carlsbad Resources Area Office, and the State of New Mexico Archaeological Records Management Section. The record check of T. 20S., R.27E., Section 31 and within one mile revealed no previously recorded sites. During the current inventory, no cultural resources were encountered.

Archaeological clearance is recommended for the proposed ICA Federal Number 1 well location and access road, with no stipulations.

If you have any questions regarding the report, please give me a call. Thank you.

Sincerely,

Monata

Doralene Sanders Office Manager

## CULTURAL RESOURCE

# MANAGEMENT REPORT

Nadel and Gussman Permian, L.L.C. The Proposed ICA Federal Number 1 Well Location and Access Road Section 31, T.20S., R.27E Eddy County, New Mexico

> Written By: Doralene Sanders And Joe Ben Sanders Project Archaeologist Principal Investigator

Prepared For: Nadel and Gussman Permian, L.L.C. 601 Marienfeld, Suite 508 Midland, Texas 79701

Prepared By:

## SOUTHERN NEW MEXICO ARCHAEOLOGICAL SERVICES, Inc.

Post Office Box 1 Bent, New Mexico 88314-0001

> Date: November 7, 2000

Project # SNMAS 00-NM-427 NMCRIS # 72392

	TITLE PAGE/ABSTRACT NEGATIVE SITE REPORT ROSWELL DISTRICT	
	KOSWELL DISTRICT	·
BLM/ RDO 1/95	Page 1	
1. BLM Report No.	2. (Accepted) (Rejected)	3. NMCRIS No. 72392
4. Title of Report (Project The Proposed ICA		5. Project Date(s) October 29, 2000
Well Location and A Section 31, T.20S., R	Access Road	6. Report Date November 7, 2000
Eddy County, New M A Cultural Resource	Iexico	
7. Consultant Name & Add Direct Charge: Joe Ben Sand Name: Southern New Mexic		8. Permit No. 145-2920-00-G
Address: PO Box 1 Bent, Ne Author's Name: Doralene Sa Field Personnel Names: Don Phone No. (505) 671-4797	nders	<b>Consultant Report #</b> SNMAS-00NM-427
10. SPONSOR NAME AN Individual Responsible: Gord		11. FOR BLM USE
Name: Nadel and Gussman I		12. ACREAGE:
Address: 601 Marienfeld, Su Midland, Texas 79701		Total No. of acres Surveyed 7.1
Phone: (915) 682-4429		Per Surface Ownership:
	Bureau of Reclamation	Federal <u>7.1</u> State Private
<ul> <li>a. State: New Mexico</li> <li>c. BLM District: Roswell</li> <li>d. Nearest City or Town: C</li> <li>e. Location: T.20S., R.27E</li> </ul>	Field Office: Carlsbad arlsbad, New Mexico Sec. 31	
	SL and <u>840'</u> FWL 1/4 Access Road ¼'s: W1/2SW1/4S de Number(s):USGS Lake McMilla	

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	Page 2		
g. Area: Block: Impact: <u>200' X 200'</u> Surveyed: <u>400' X 400'</u> Linear: <u>50' X 1,500'</u> Surveyed: <u>100' X 1,500'</u>			
4. a. Records Search: Location: List by LA # All sites within .25 1	ARMS HPD. BLM Carlsbad miles of the project:	Date: October 27, 2000 Date: October 26, 2000 : None	-
R.27E at 1800 ft FSL and 840 ft F an area of 200 ft by 200 ft. The pr of 50 ft by 1500 ft. The proposed location and trends southwest/south c. Environmental Setting NR The project is located on a flat pl	WL. The impact are roposed access road access road begins of h/southeast 1500 ft t RCS soil designation: lain on the north sic tation in the project	vegetative community: etc.: le of small Playa. Soils are sand area consists of acacia, little lea	5 4 1
d. Field Methods: Transect In Crew Size: Time in Fie	t <b>ervals</b> : 8 zigzag t intervals c one	ransects across well pad and 50 ft over staked corridor.	

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A CONTRACTOR

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Page 3

### 16. Management Summary (Recommendations):

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During the cultural resource inventory, no cultural resources were encountered. Therefore, archaeological clearance is recommended for the Nadel and Gussman Permian L.L.C. proposed ICA Federal Number 1 well location and access road, with no stipulations

I certify the information provided above is correct and accurate and meets all appreciable BLM standards.

Responsible Archaeologist: Signature md

Joe Ben Sanders Date: <u>November 7, 2000</u> Principal Investigator

The above completes a negative report. If eligible of potentially eligible properties are involved, then the above will be the title page and abstract for a complete report



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