

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(505) 393-6161 Fax:(505) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720

District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
June 16, 2008
Permit 134388

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

| | | |
|---|--------------------------------------|-------------------------------|
| 1. Operator Name and Address NADEL AND GUSSMAN PERMIAN, LLC 601 N MARIENFELD MIDLAND, TX 79701 | | 2. OGRID Number 155615 |
| | | 3. API Number 30-015-39250 |
| 4. Property Code 34762 | 5. Property Name CARRINGTON STATE | 6. Well No. 007 |

7. Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| K | 12 | 17S | 28E | K | 1650 | S | 2310 | W | EDDY |

8. Pool Information

| | |
|-----------------------|-------|
| EMPIRE; GLORIETA-YESO | 96210 |
|-----------------------|-------|

Additional Well Information

| | | | | |
|--------------------------|----------------------------|--|-------------------------|------------------------------------|
| 9. Work Type New Well | 10. Well Type OIL | 11. Cable/Rotary | 12. Lease Type State | 13. Ground Level Elevation 3687 |
| 14. Multiple N | 15. Proposed Depth 5500 | 16. Formation Blinberry | 17. Contractor | 18. Spud Date 8/25/2011 |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

19. Proposed Casing and Cement Program

| Type | Hole Size | Casing Type | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 12.25 | 9.625 | 36 | 300 | 200 | 0 |
| Prod | 7.875 | 5.5 | 17 | 5500 | 1200 | 0 |

Casing/Cement Program: Additional Comments

| |
|--|
| plan to circulate cement to surface on both production and surface casing, will 1" surface casing to surface if necessary. |
|--|

Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|---------|------------------|---------------|--------------|
| Annular | 3000 | 1500 | |
| Pipe | 3000 | 3000 | |
| Blind | 3000 | 3000 | |

| | | |
|--|----------------------------------|---------------------------------|
| I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> . | OIL CONSERVATION DIVISION | |
| | Approved By: Randy Dade | |
| | Title: District Supervisor | |
| | Approved Date: 7/29/2011 | Expiration Date: 7/29/2013 |
| | | |
| Printed Name: Electronically filed by Scott Germann | | |
| Title: General Manager | | |
| Email Address: scottg@naguss.com | | |
| Date: 7/13/2011 | Phone: 432-682-4429 | Conditions of Approval Attached |

DISTRICT I
1656 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

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

DISTRICT IV
1280 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 15, 2009

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

| | | |
|---------------|--|--------------------|
| API Number | Pool Code | Pool Name |
| Property Code | Property Name CARRINGTON STATE | Well Number 7 |
| OGRID No. | Operator Name NADEL & GUSSMAN PERMIAN | Elevation 3687' |

Surface Location

| | | | | | | | | | |
|--------------------|---------------|------------------|---------------|---------|-----------------------|---------------------------|-----------------------|------------------------|----------------|
| UL or lot No. K | Section 12 | Township 17 S | Range 28 E | Lot Idn | Feet from the 1650 | North/South line SOUTH | Feet from the 2310 | East/West line WEST | County EDDY |
|--------------------|---------------|------------------|---------------|---------|-----------------------|---------------------------|-----------------------|------------------------|----------------|

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 |
| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. | | | | | | |

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

| | | |
|--|---|--|
| | <p>SURFACE LOCATION Lat - N 32°50'51.66" Long - W 104°07'51.86" NMSPC- N 672179.350 E 803452.511 (NAD-83)</p> | <p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>[Signature]</i> 7/13/11 Signature Date JASON GOSS Printed Name</p> |
| | <p>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>Date Surveyed JUNE 29, 2011 Signature & Seal Professional Surveyor W.M. No. 24830</p> | |
| | <p>Certificate No. Gary L. Jones 7977 24830</p> | |

Permit Comments

Operator: NADEL AND GUSSMAN PERMIAN, LLC , 155615

Well: CARRINGTON STATE #007

API: 30-015-39250

| Created By | Comment | Comment Date |
|------------|--|--------------|
| NEGERMANN | Carrington State #1, located in the same unit letter is completed as a gas well in the Morrow. | 7/13/2011 |
| Artesia | Land S/S | 7/14/2011 |

Permit Conditions of Approval

Operator: NADEL AND GUSSMAN PERMIAN, LLC , 155615

Well: CARRINGTON STATE #007

API: 30-015-39250

| OCD Reviewer | Condition |
|-----------------|--|
| Artesia | Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string |