



IN REPLY REFER TO:

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

New Mexico State Office

P.O. Box 27115

Santa Fe, New Mexico 87502-0115

www.blm.gov/nm



NM 78273
3160 (P0220)

Your Reference:

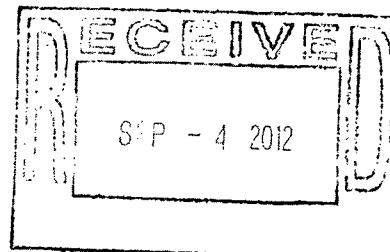
NM 78273

Laguna 23 Federal Com #1H

SHL 330'/S. & 1980'/W., sec. 23, T. 20 S., R. 34 E.

BHL 330'/N. & 1980'/W., sec. 23, T. 20 S., R. 34 E.

Lea County, New Mexico



August 24, 2012

CERTIFIED--RETURN RECEIPT REQUESTED

7009 1410 0000 2182 8683

Nearburg Producing Company
3300 N. A Street Bldg 2 Ste 120
Midland, TX 79705

Gentlemen:

We have approved your application at the well location requested. A copy of the approved application with stipulations is enclosed. Please contact our Carlsbad Field Office at (575) 234-5972, should you have any questions or if we can be of any additional help.

Sincerely,

Jesse J. Juen

Acting State Director

1 Enclosure

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. 1

Submitted by:

NEARBURG EXPLORATION COMPANY, LLC

Hearing Date: January 24, 2013

COPY

OPERATOR'S COPY

Form 3160-3
(April 2004)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SECRETARY'S POWER

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No.
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. Laguna 23 Federal Com #1H
2. Name of Operator Nearburg Producing Company OGRID: 15742		9. API Well No. 30-025-40742
3a. Address 3300 N. A Street, Bldg. 2 Suite 120 Midland, TX 79705	3b. Phone No. (include area code) 432-686-8235	10. Field and Pool, or Exploratory Lea; Bone Spring, South (37580)
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 330' FSL and 1980' FWL, Unit N - Penetration Pt: 580' FSL & 1980' FWL At proposed prod. zone 330' FNL and 1980' FWL, Unit C		11. Sec., T. R. M. or Blk and Survey or Area 23, T28S, R34E
14. Distance in miles and direction from nearest town or post office* approximately 3.5 miles NW from intersection of Hwy 176 and Marathon Road		12. County or Parish Lea
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any)	16. No. of acres in lease 280 (all lease penetrated)	17. Spacing Unit dedicated to this well 160 acres
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth TVD 11050'; MD 15424'	20. BLM/BIA Bond No. on file NMB000153
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3682.9' GL	22. Approximate date work will start* 06/15/2012	23. Estimated duration 45 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- | | |
|---|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature <i>Vicki Johnston</i>	Name (Printed/Typed) Vicki Johnston	Date 03/10/2012
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Title Gray Surface Specialties, Agent for Nearburg Producing Company

Approved by (Signature) <i>Jose J. Juarez</i>	Name (Printed/Typed) Jose J. Juarez	Date 3/24/12
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Title STATE DIRECTOR	Office NM STATE OFFICE
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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, are attached.

APPROVAL FOR TWO YEARS

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

*(Instructions on page 2)

Capitan Controlled Water Basin

Approval Subject to General Requirements
& Special Stipulations AttachedSEE ATTACHED FOR
CONDITIONS OF APPROVAL

COPY

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Nearburg Producing Company OGRID #15742
3300 North A Street, Building 2, Suite 120
Midland, TX 79705

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

Lease No: NMLC #0066126

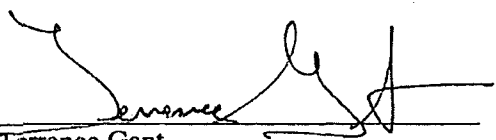
Well Name: Laguna 23 Federal Com #1H

Legal Description of Land: SL: 330' FSL & 1980' FWL, Unit N
BHL: 330' FNL & 1980' FWL, Unit C
Sec 23, T20S, R34E
Lea County, New Mexico

Formation(s) (if applicable): Lea: Bone Spring, South (37580)

Bond Coverage: Statewide

BLM Bond File No: NMB000153


Terrence Gant
Midland Manager
Nearburg Producing Company


Date

Office Phone: (432) 818-2901
Cell Phone: (432) 528-1121
E-mail: tgant@nearburg.com

COPY

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

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

DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Operator Copy

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

□ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 37580	Pool Name Lea; Bone Spring, South
Property Code	Property Name LAGUNA 23 FEDERAL COM	Well Number 1H
OGRID No. 15742	Operator Name NEARBURG PRODUCING COMPANY	Elevation 3683'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	23	20-S	34-E		330	SOUTH	1980	WEST	LEA

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
C	23	20-S	34-E		330	NORTH	1980	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
100			

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>CORNER COORDINATES TABLE</p> <p>Ⓐ - Y=570457.8 N, X=746035.8 E Ⓑ - Y=570464.6 N, X=747362.4 E Ⓒ - Y=565177.2 N, X=746076.1 E Ⓓ - Y=565185.4 N, X=747399.2 E</p> <p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=565511.2 N X=746730.1 E LAT.=32.552148° N LONG.=103.532591° W</p> <p>BOTTOM HOLE LOCATION Y=570131.2 N X=746691.8 E</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information 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 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> 12/29/12 Signature Date</p> <p>Terrence Gant Printed Name</p> <p>t.gant@nearburg.com E-mail Address</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>DECEMBER 7, 2011</p> <p>Date of Survey</p> <p><i>[Signature]</i> Signature & Seal of Professional Surveyor</p> <p><i>[Signature]</i> 12/21/2011 Certificate Number Gary G. Eidson 12641 Ronald J. Eidson 3239</p> <p>AF NYSW W.O.: 11.11.2542</p>
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