

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Div-Dist. 2  
1301 W. Grand Avenue  
Artesia, NM 88210

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

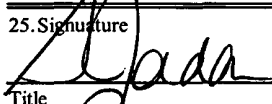
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM97859 NMNM 97855
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		6. If Indian, Allottee or Tribe Name
2. Name of Operator Nearburg Producing Company		7. Unit or CA Agreement Name and No.
3a. Address 3300 N A St., Bldg 2, Suite 120, Midland, TX 79705		8. Lease Name and Well No. McKittrick 24 Federal #1
3b. Phone No. (include area code) 432/686-8235		9. API Well No. 30-015-33648
4. Location of Well (Report location clearly and in accordance with any State requirements)* At surface 715 FSL and 1650 FEL, Sec 13-22S-24E Per SN dated 8/26/04		10. Field and Pool, or Exploratory
At proposed prod. zone 660 FNL and 990 FEL, Sec 24-22S-24E		11. Sec., T., R., M., or Blk. and Survey or Area Sec 13, 22S, 24E
14. Distance in miles and direction from nearest town or post office* 13-1/2 miles west of Carlsbad		12. County or Parish Eddy
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drg. unit line, if any) 715		13. State NM
16. No. of Acres in lease 640		17. Spacing Unit dedicated to this well 320
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. None		20. BLM/BIA Bond No. on file NM1307
19. Proposed Depth 8600'		21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3930
22. Approximate date work will start* 11/1/04		23. Estimated duration 30 days

24. Attachments CARLSBAD CONTROLLED WATER BASIN

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

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

25. Signature 	Name (Printed/Typed) Sarah Jordan	Date 6-28-07
Title Production Analyst		
Approved by (Signature) /s/ Joe G. Lara	Name (Printed/Typed) /s/ Joe G. Lara	Date 29 SEP 2004
Title FIELD MANAGER	Office CARLSBAD FIELD OFFICE	

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 1 YEAR

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)

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS  
AND SPECIAL STIPULATIONS  
ATTACHED

McKittrick Hills; Upper Penn.

## DISTRICT I

1625 N. FRENCH DR., ROOBS, NM 88240

## DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

## DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

## DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

## State of New Mexico

Energy, Minerals and Natural Resources Department

## OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name <b>McKITTRICK 24 FEDERAL</b>	Well Number <b>1</b>
OGRID No.	Operator Name <b>NEARBURG PRODUCING COMPANY</b>	Elevation <b>3925'</b>

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	13	22-S	24-E		800	SOUTH	1650	EAST	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
A	24	22-S	24-E		660	NORTH	990	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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>GEODETIC COORDINATES NAD 27 NME SURF. Y=504102.7 N X=464522.3 E</p> <p>LAT.=32°23'09.03" N LONG.=104°26'53.75" W</p> <p>SECTION 13 SECTION 24</p> <p>AZ=155°50' 1600.7'</p> <p>B.H. Y=502642.3 N X=465177.5 E</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature: <i>[Signature]</i> Printed Name: <i>JR Willis</i> Title: <i>Manager</i> Date: <i>8/24/07</i></p> <p><b>SURVEYOR CERTIFICATION</b></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>AUGUST 18, 2004</p> <p>Date Surveyed: <i>8/26/04</i> JR Signature &amp; Seal of Professional Surveyor: <i>[Signature]</i> Certificate No. <i>04.11/1082</i> 12641</p>
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District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-144  
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.  
For downstream facilities, submit to Santa Fe office.

**Pit or Below-Grade Tank Registration or Closure**

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: <u>Nearburg Producing Company</u> Telephone: <u>686-8235</u> e-mail address: <u>s.jordan@nearburg.com</u> Address: <u>3300 N A St., Bldg 2, Ste 120, Midland, TX 79705</u> Facility or well name: <u>McKittrick 24 Fed #1</u> API #: _____ U/L or Qtr/Qtr <u>0</u> Sec <u>13</u> T <u>22S</u> R <u>24E</u> County: <u>Eddy</u> Latitude _____ Longitude _____ NAD: 1927 <input checked="" type="checkbox"/> 1983 <input type="checkbox"/> Surface Owner Federal <input type="checkbox"/> State <input checked="" type="checkbox"/> Private <input type="checkbox"/> Indian <input type="checkbox"/>		
<b>Pit</b> Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlimited <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Volume _____ bbl	<b>Below-grade tank</b> Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet (20 points) 50 feet or more, but less than 100 feet (10 points) 100 feet or more (0 points) <b>X</b>	
Wellhead protection area. (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes (20 points) No (0 points) <b>X</b>	
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) 1000 feet or more (0 points) <b>X</b>	
<b>Ranking Score (Total Points)</b> <b>0</b>		

**If this is a pit closure:** (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite ☐ offsite ☐ If offsite, name of facility \_\_\_\_\_ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface \_\_\_\_\_ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 6/25/04

Printed Name/Title: Sarah Jordan, Production Analyst

Signature:

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

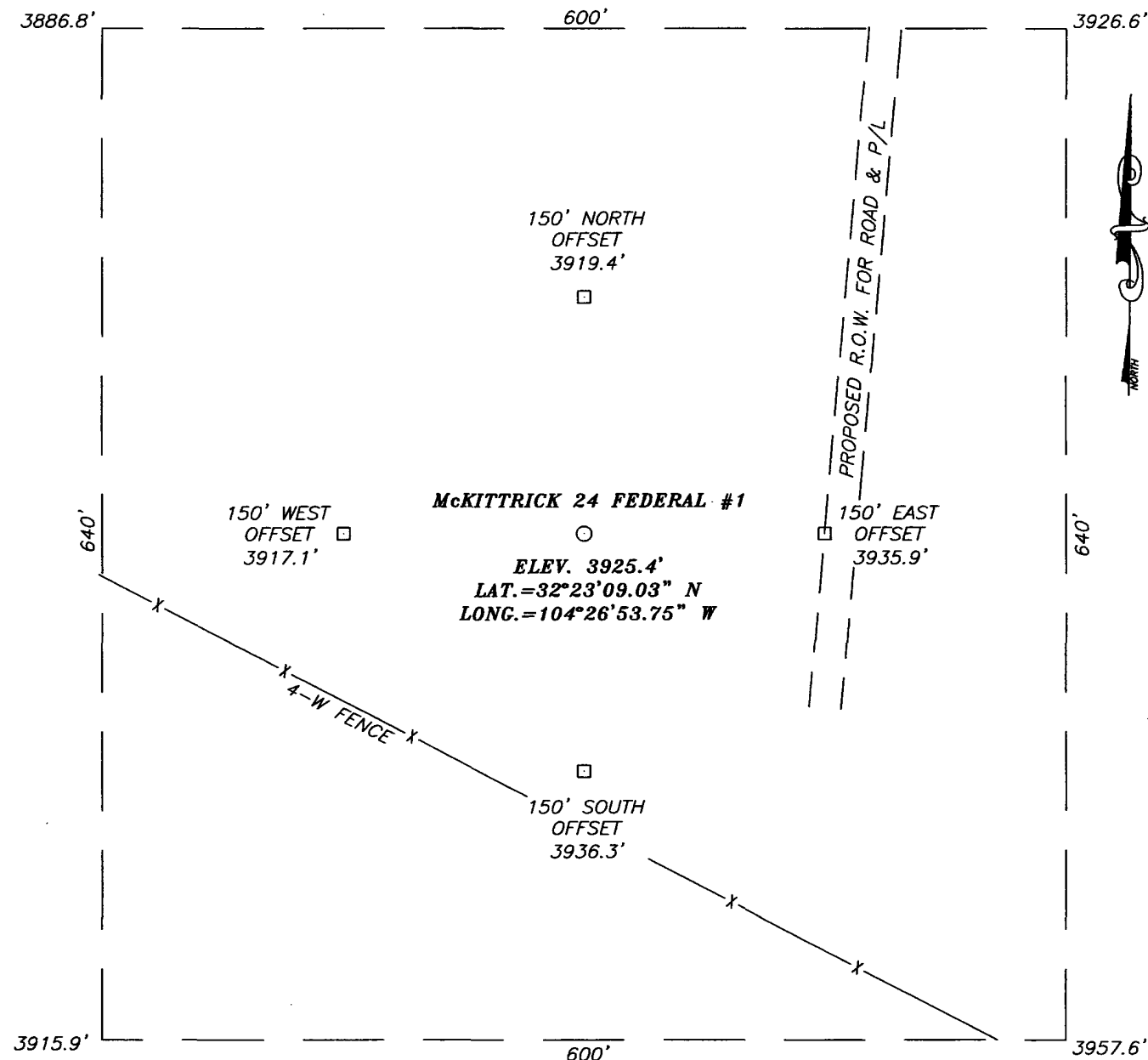
Approval:

Date: JUL 07 2004

Printed Name/Title: Field Rep ID

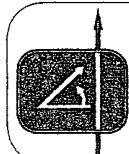
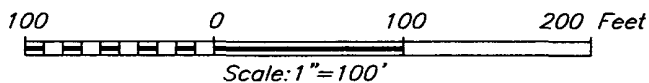
Signature:

**SECTION 13, TOWNSHIP 22 SOUTH, RANGE 24 EAST, N.M.P.M.,**  
**EDDY COUNTY, NEW MEXICO**



**DIRECTIONS TO LOCATION**

FROM THE INTERSECTION OF U.S. HWY. #285 AND EDDY CO. RD. #406 (WATERHOLE RD.) GO WEST ON CO. RD. #406 FOR APPROX. 2.0 MILES. TURN LEFT AND GO SW APPROX. 8.5 MILES TO THE NEARBURG U.S. FEDERAL #1Y WELL PAD. TURN LEFT ON TRAIL ROAD THAT IS ON THE NORTHSIDE OF THIS WELL PAD AND GO 0.2 MILES SE TO A FORK IN THE ROAD. STAY TO THE LEFT AND FOLLOW TRAIL ROAD APPROX. 0.5 MILES TO PROPOSED R.O.W. FOR A ROAD AND A P/L. TURN RIGHT AND GO APPROX. 0.5 MILES TO PROPOSED LOCATION.



**PROVIDING SURVEYING SERVICES  
 SINCE 1946**  
**JOHN WEST SURVEYING COMPANY**  
 412 N. DAL PASO  
 HOBBS, N.M. 88240  
 (505) 393-3117

**NEARBURG PRODUCING COMPANY**

McKITTRICK 24 FEDERAL #1 WELL  
 LOCATED 800 FEET FROM THE SOUTH LINE  
 AND 1650 FEET FROM THE EAST LINE OF SECTION 13,  
 TOWNSHIP 22 SOUTH, RANGE 24 EAST, N.M.P.M.,  
 EDDY COUNTY, NEW MEXICO.

Survey Date: 08/18/04	Sheet 1 of 1 Sheets
W.O. Number: 04.11.1082	Dr By: J. RIVERO Rev 1:N/A
Date: 08/23/04	Disk: CD#10 04111082 Scale: 1"=100'

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code <b>33685</b>	Pool Name <b>Indian Basin, Upper Penn. Ass.</b>
Property Code	Property Name <b>McKITTRICK 24 FEDERAL</b>	Well Number <b>1</b>
OGRID No. <b>015742</b>	Operator Name <b>NEARBURG PRODUCING CO.</b>	Elevation <b>3930'</b>

Surface Location

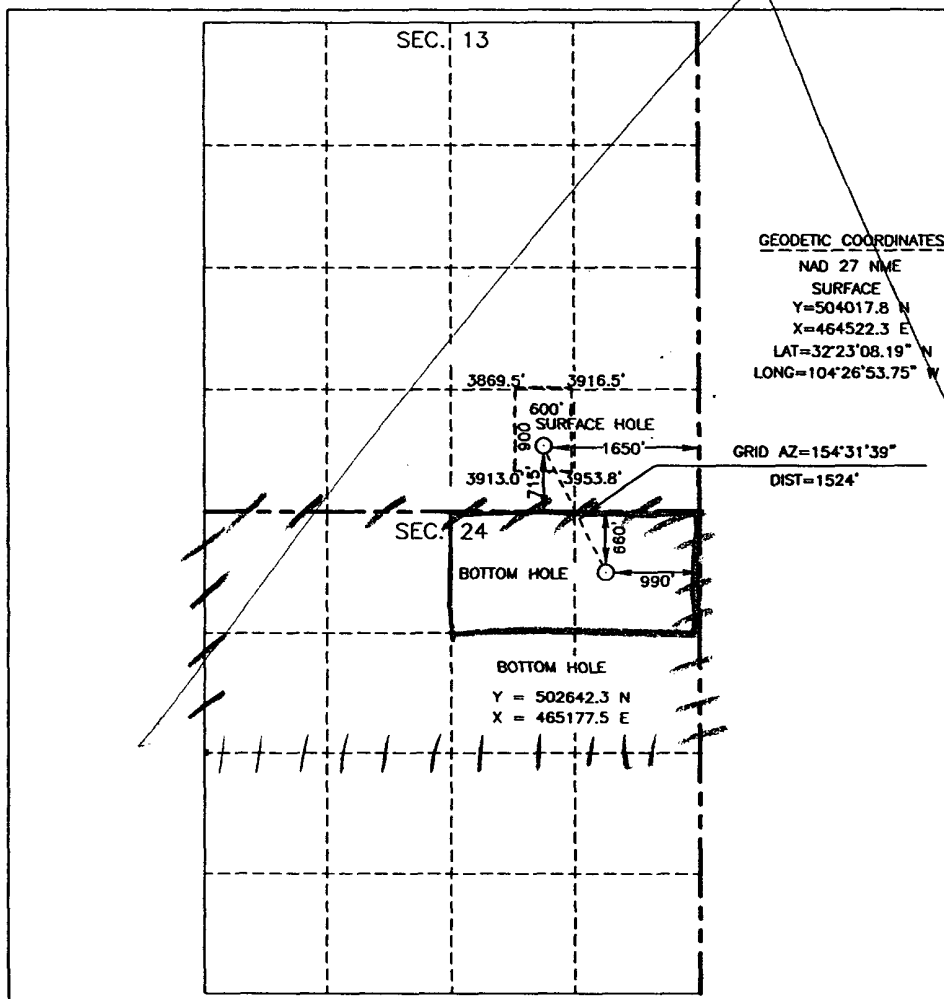
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	13	22-S	24-E		715	SOUTH	1650	EAST	EDDY

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
A	24	22-S	24-E		660	NORTH	990	EAST	EDDY

Dedicated Acres <b>320</b>	Joint or Infill	Consolidation Code	Order No.
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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



OPERATOR CERTIFICATION

I hereby certify the the information  
contained herein is true and complete to the  
best of my knowledge and belief.

*S. Jordan*  
Signature  
**Sarah Jordan**  
Printed Name  
**Prod. Analyst**  
Title  
**6.25.04**  
Date

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.

JUNE 21, 2004

Date Surveyed **JR**  
Signature & Seal of  
Professional Surveyor

*Gary Eidsen*  
Signature  
**04.11.0711**  
Date

Certificate No. **GARY EIDSON** 12641

ATTACHMENT TO FORM 3160-3  
MCKITTRICK 24 FEDERAL #1  
SHL: 715 FSL AND 1650 FEL, SEC 13, 22S, 24E  
BHL: 660 FNL AND 990 FEL, SEC 24, 22S, 24E  
EDDY COUNTY, NEW MEXICO

**DRILLING PROGRAM**

1. GEOLOGIC NAME OF SURFACE FORMATION

Permian Artesia Group

2. ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS

Delaware	1350 TVD
Bone Spring	2920 TVD
Wolfcamp Shale	7475 TVD
Cisco	7895 TVD

3. ESTIMATED DEPTHS OF ANTICIPATED FRESH WATER, OIL, OR GAS

Cisco/ Canyon      7895 TVD

4. CASING AND CEMENTING PROGRAM

	<u>Casing Size</u>	<u>From</u>	<u>To</u>	<u>Weight</u>	<u>Grade</u>	<u>Joint</u>	
WITNESS	9-5/8"	0' - 1,500'	1500'	36#	J55	STC	WITNESS
	7"	0' - 8,600'		23 & 26#	K55, N80	LTC & BTC	

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 1500'. 9-5/8" casing will be cemented with 700 sxs Class "C" or volume necessary to bring cement back to surface.

8-3/4" hole will be drilled to 8,600' and 7" production casing will be cemented with approximately 1000 sxs of Class "H" cement circulated to surface.

**5. MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL**

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

A BOP sketch is attached.

**6. TYPES AND CHARACTERISTICS OF THE PROPOSED MUD SYSTEM**

Spud and drill to 1,500' with fresh water mud for surface string. The production section from 1,600' to 8,600' will be 8.3 ppg Fresh Water system with mud weight sufficient to control formation pressures.

**7. AUXILIARY WELL CONTROL AND MONITORING EQUIPMENT**

None required.

**8. LOGGING, TESTING, AND CORING PROGRAM**

DLL/CNL/LDT/CAL/GR logging is planned. Drill stem tests, cores and sidewall cores are possible.

**9. ABNORMAL CONDITIONS, PRESSURES, TEMPERATURES & POTENTIAL HAZARDS**

None anticipated.

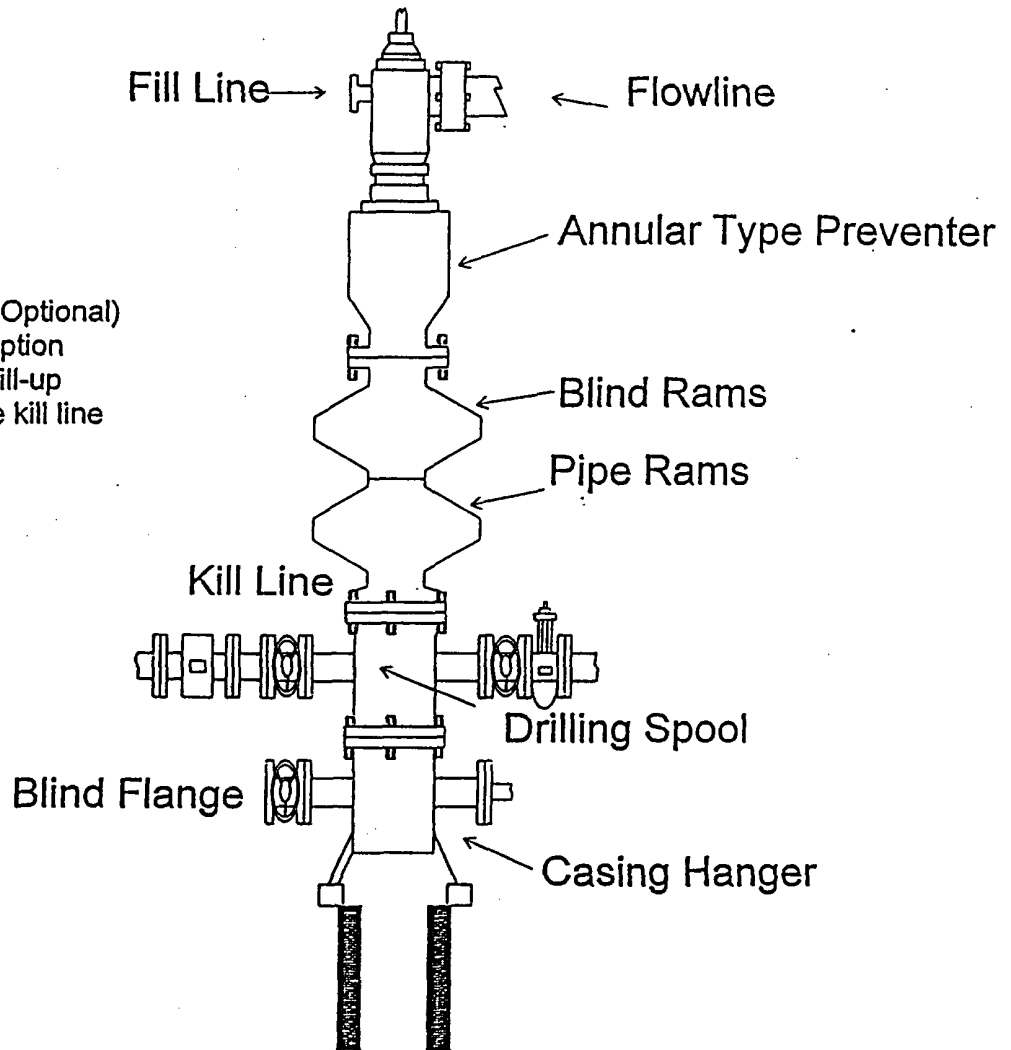
BHP expected to be 1,100 psi.

**10. ANTICIPATED STARTING DATE:**

Is planned that operations will commence on November 1, 2004 with drilling and completion operation lasting about 30 days.

# BOPE SCHEMATIC NEARBURG PRODUCING COMPANY

Rotating Head (Optional)  
Drilling Nipple option  
must include a fill-up  
line. Do not use kill line  
for fill up.

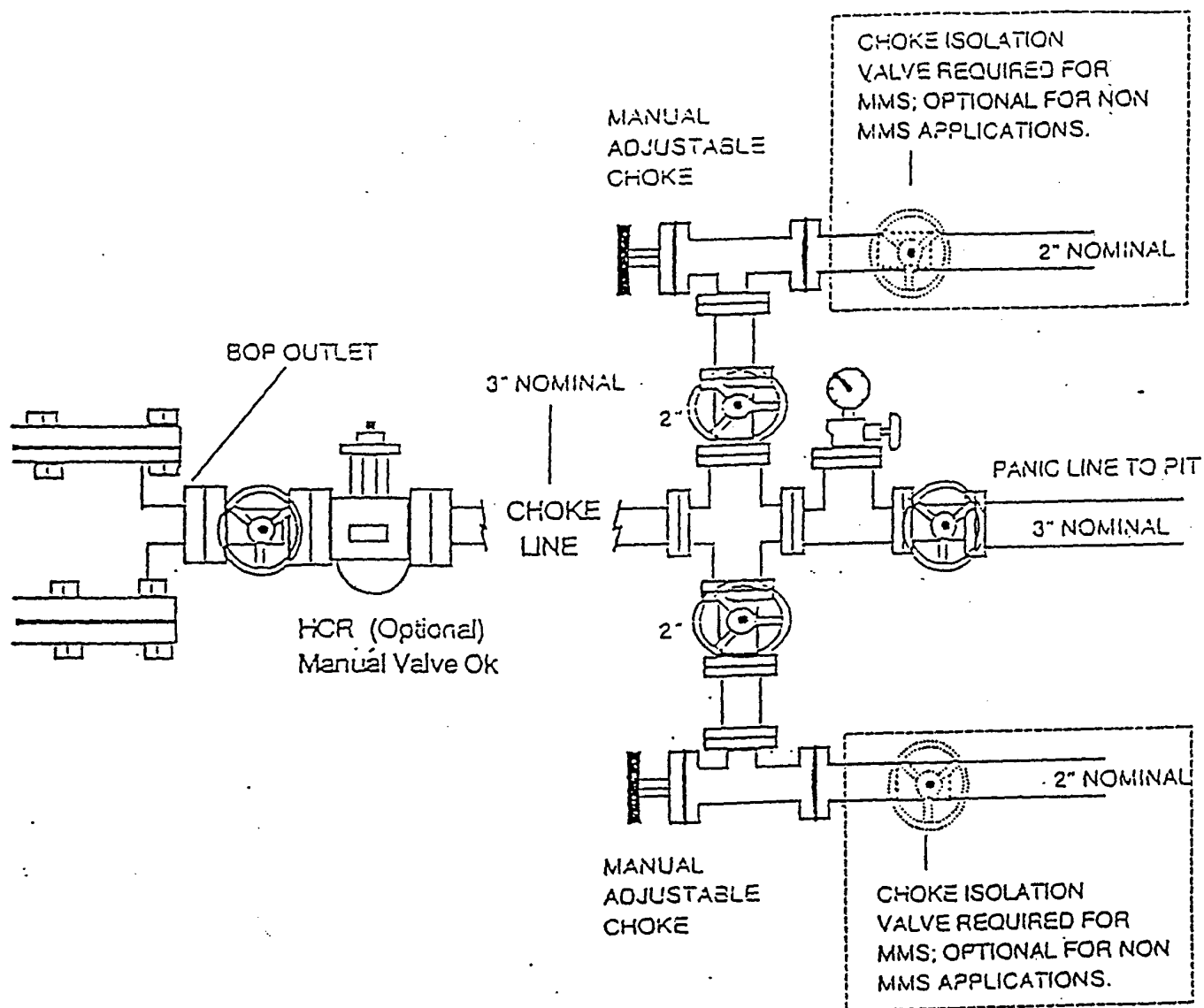


900 Series

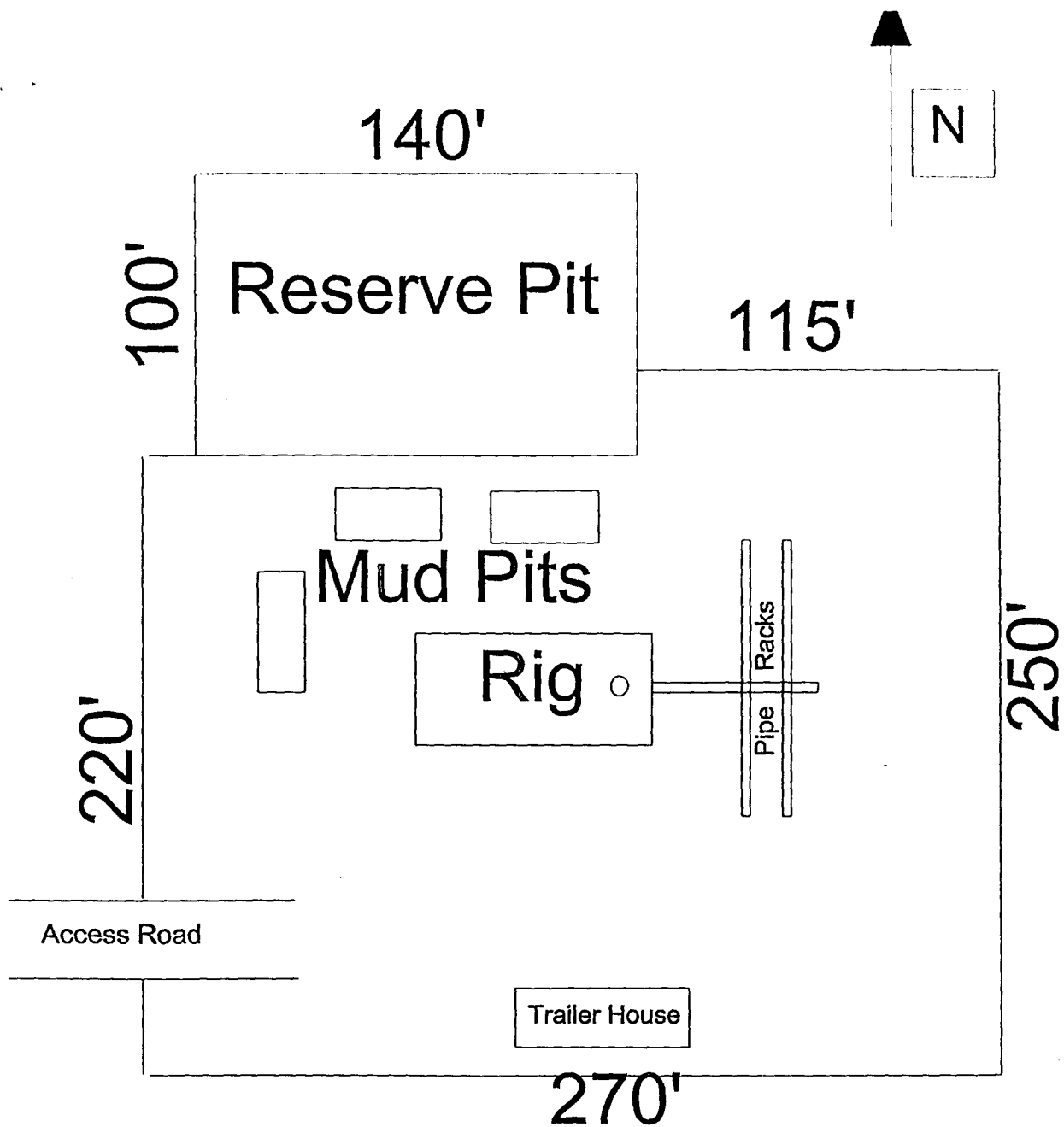
U.S. 13 FEDERAL #1-Y  
1,977' FNL & 998' FWL  
Eddy County, New Mexico



CHOKE MANIFOLD  
2M AND 3M SERVICE



U.S. 13 Federal #1-Y  
1,977' FNL & 998' FWL  
Eddy County, New Mexico



DRILLING RIG LAYOUT  
NEARBURG PRODUCING COMPANY

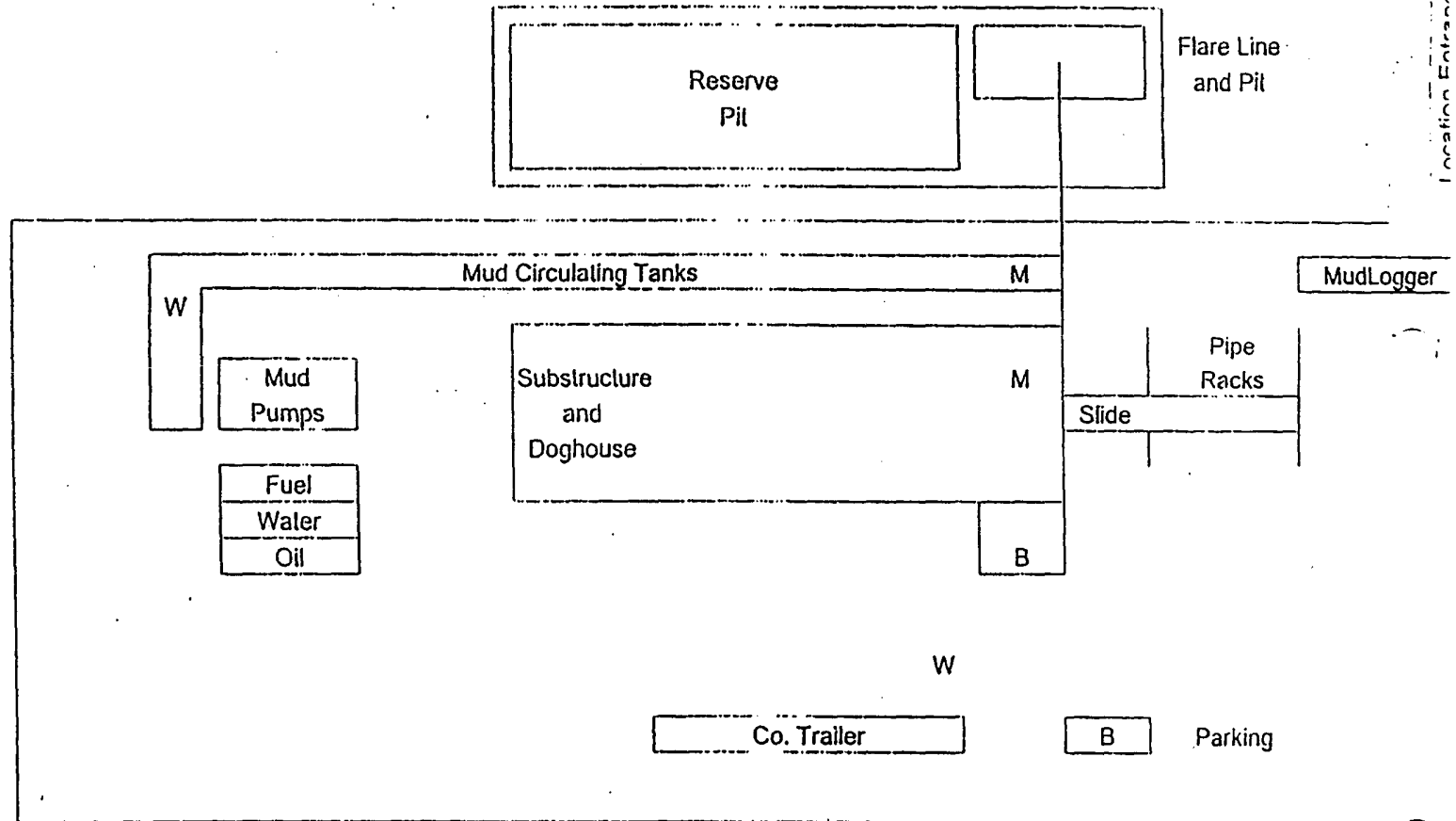
# WARNING

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*  
1-432-686-8235

Nearburg Producing Company  
Hydrogen Sulfide Drilling Operations Location Plan



M - H<sub>2</sub>S Monitors with alarms at bell nipple and shale shaker

W - Wind Direction Indicators

B - Safe Briefing areas with caution signs and protective breathing equipment.  
Minimum 150' from wellhead.

Prevailing Wind Directions: Summer - South/Southwest  
Winter - North/Northwest

**HYDROGEN SULFIDE DRILLING OPERATIONS PLANS  
NEARBURG PRODUCING COMPANY  
MCKITTRICK 24 FEDERAL #1**

**1. 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 (H<sub>2</sub>S).
  - 2. The proper use and maintenance of personal protective equipment and life support systems.
  - 3. The proper use of H<sub>2</sub>S 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 H<sub>2</sub>S 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 H<sub>2</sub>S Drilling Operations Plan.
- C. There will be an initial training session just prior to encountering a known or probable H<sub>2</sub>S zone (within 3 days or 500 feet) and weekly H<sub>2</sub>S and well control drills for all personnel in each crew. The initial training session shall include a review of the site specific H<sub>2</sub>S 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.

# **HYDROGEN SULFIDE DRILLING OPERATIONS PLANS**

## **PAGE 2**

### **2. 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 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.

## **HYDROGEN SULFIDE DRILLING OPERATIONS PLANS**

### **PAGE 3**

#### **E. Mud Program**

1. The Mud Program has been designed to minimize the volume of H<sub>2</sub>S circulated to the surface. Proper mud weights, safe drilling practices and the use of H<sub>2</sub>S scavengers will minimize hazards when penetrating H<sub>2</sub>S 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 line and valves shall be suitable for H<sub>2</sub>S 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 in an H<sub>2</sub>S environment will be conducted during the daylight hours.