

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-101  
March 4, 2004

RECEIVED

MAY 31 2005

OCD-ARTESIA

Submit to appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

☐ AMENDED REPORT

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

<sup>1</sup> Operator Name and Address NADEL AND GUSSMAN PERMIAN, L.L.C. 601 N. MARIENFELD, SUITE 508 MIDLAND, TEXAS 79701		<sup>4</sup> OGRID Number 155615
<sup>3</sup> Property Code 34871	<sup>5</sup> Property Name Tornillo "18" State	<sup>6</sup> ADI Number 34137
		<sup>8</sup> Well No. 1

<sup>7</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Lot 4	18	21-S	24-E		660'	SOUTH	660'	WEST	EDDY

<sup>8</sup> 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

<sup>9</sup> Proposed Pool 1  
Cemetery (Morrow)

74640

<sup>10</sup> Proposed Pool 2

Drilling Pit Location and Other Information

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Lot 4	18	21-S	24-E		660'	SOUTH	660'	WEST	EDDY

Depth to ground water 50' to 100'	Distance from nearest fresh water well +/- 1000'	Distance from nearest surface water +/- 1000'
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<sup>11</sup> Work Type Code N	<sup>12</sup> Well Type Code G	<sup>13</sup> Cable/Rotary ROTARY	<sup>14</sup> Lease Type Code S	<sup>15</sup> Ground Level Elevation 3,798'
<sup>16</sup> Multiple NO	<sup>17</sup> Proposed Depth 9,900'	<sup>18</sup> Formation MORROW	<sup>19</sup> Contractor NABORS 142	<sup>20</sup> Spud Date +/- 06/15/05

<sup>21</sup> Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
26"	20"	48#	40'	100 SX	CIRC. TO SURFACE
12 1/4"	9 5/8"	40#	1,200'	1200 SX	CIRC. TO SURFACE
8-3/4"	5 1/2"	17#	9,900'	2500 SX	TOC @ 1,100'

22 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.  
NADEL AND GUSSMAN PERMIAN, LLC proposes to drill the Morrow and intermediate formations. Fresh water will be used to drill all ground water producing zones. 40' of conductor pipe will be set and cemented. A BOP will be installed on the 9 5/8" and tested daily. Cement to cover all oil, gas and water producing zones. NGP will notify NMOCD of spud and cementing times so the surface and intermediate casing strings could be witnessed. A mud gas separator will be installed and tested prior to drilling the Wolfcamp. No H<sub>2</sub>S is Expected, but a contingency letter is attached.

23 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 ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Signature:

*Josh Fernau*

Printed name: JOSH FERNAU

Title: STAFF ENGINEER

E-mail Address: joshf@naguss.com

Date: 05/27/05

Phone: (432) 682-4429

OIL CONSERVATION DIVISION

Approved by:

TIM W. GUM  
DISTRICT II SUPERVISOR

Title:

Approval Date:

Expiration Date:

Conditions of Approval:

Attached ☐

NOTIFY OCD OF SPUD & TIME  
TO WITNESS CEMENTING OF  
SURFACE CASING

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II  
611 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 Number	Pool Code	Pool Name
Property Code	Property Name TORNILLO "18" STATE	Well Number 1
OGRID No.	Operator Name NADEL AND GUSSMAN PERMIAN	Elevation 3798'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 4	18	21 S	24 E		660	SOUTH	660	WEST	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 323.57	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

	<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><u>Josh Fernau</u> Signature</p> <p><u>Josh Fernau</u> Printed Name</p> <p><u>Staff Engineer</u> Title</p> <p><u>05/27/05</u> Date</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><b>MARCH 24, 2005</b></p> <p>Date Surveyed</p> <p><u>W.O. No. 5286</u> Signature of Registered Professional Surveyor</p> <p>W.O. No. 5286</p> <p>Certificate No. Gap Jones 7977</p> <p>REGISTERED PROFESSIONAL LAND SURVEYOR BASIN SURVEYS</p>
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**District I**  
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1301 W. Grand Avenue, Artesia, NM 88210  
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**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Form C-144  
June 1, 2004

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

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: Nadel and Gussman Permian, LLC Telephone: 432-682-4429 e-mail address: joshf@naguss.com  
Address: 601 N. Marienfeld Suite 508 Midland, TX 79701  
Facility or well name: Tornillo "18" State #1 API #: \_\_\_\_\_ or Qtr/Qtr Lot 4 Sec 18 T 21S R 24E  
County: Eddy Latitude N32deg 28' 24.9" Longitude W104deg 32' 43.0" NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☐ State ☒ Private ☐ Indian ☐

<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"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Pit Volume <u>20,000</u> 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 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) ( 0 points)0
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) ( 0 points)0
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points)20 (10 points) ( 0 points)0
Ranking Score (Total Points)		20

**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: (check the onsite box if you are burying in place) 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.

Additional Comments:

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: 05/18/05

Printed Name/Title Josh Fernau Staff Engineer

Signature [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:

Printed Name/Title [Signature]

Signature [Signature]

MAY 23 2005  
Date: \_\_\_\_\_

As a condition of approval a detailed closure plan must be filed before closure may commence.

**NADEL AND GUSSMAN PERMIAN, L.L.C.**  
**601 N. Marienfeld, Suite 508**  
**Midland, TX 79701**  
**(432) 682-4429 (Office)**  
**(432) 682-4325 (Fax)**

05/27/05

Mr. Bryan Arrant  
District 2 Geologist  
New Mexico Oil and Gas Division  
1301 West Grand Avenue  
Artesia, NM 88210

**Re: Tornillo "18" State #1**  
**660' FSL & 660' FWL**  
**Lot 4, Sec. 18-T21S-R24E**  
**Eddy, NM**  
**Rule 118 H2S Exposure**

RECEIVED  
MAY 31 2005  
OCD-ARTESIA

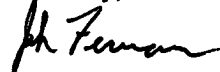
Dear Mr. Arrant,

Nadel and Gussman Permian have evaluated this well and we do not expect to encounter hydrogen sulfide. However, we will employ a third party monitoring system. We will begin monitoring prior to drilling out the intermediate casing and will continue monitoring the remainder of the well.

See: Hydrogen Sulfide Drilling Operations Plan

Please contact me if you have any additional questions.

Sincerely,



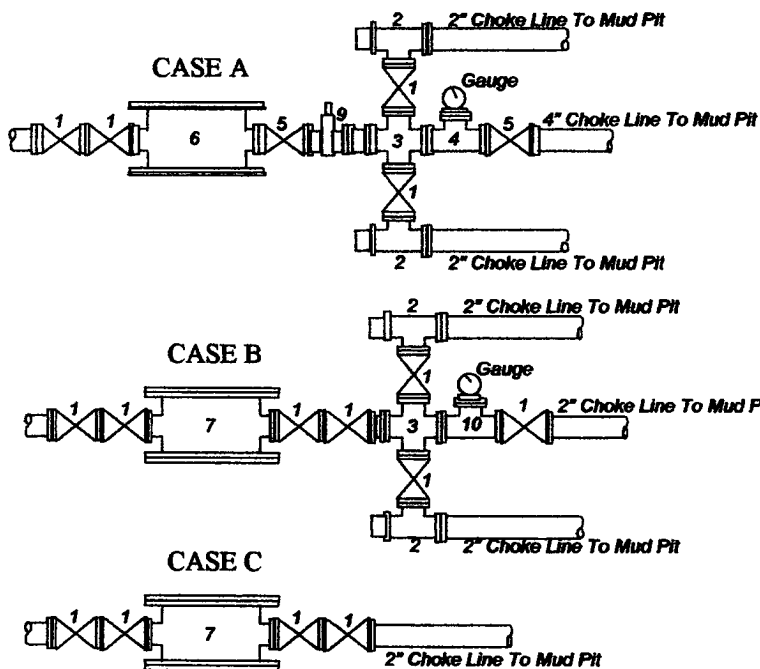
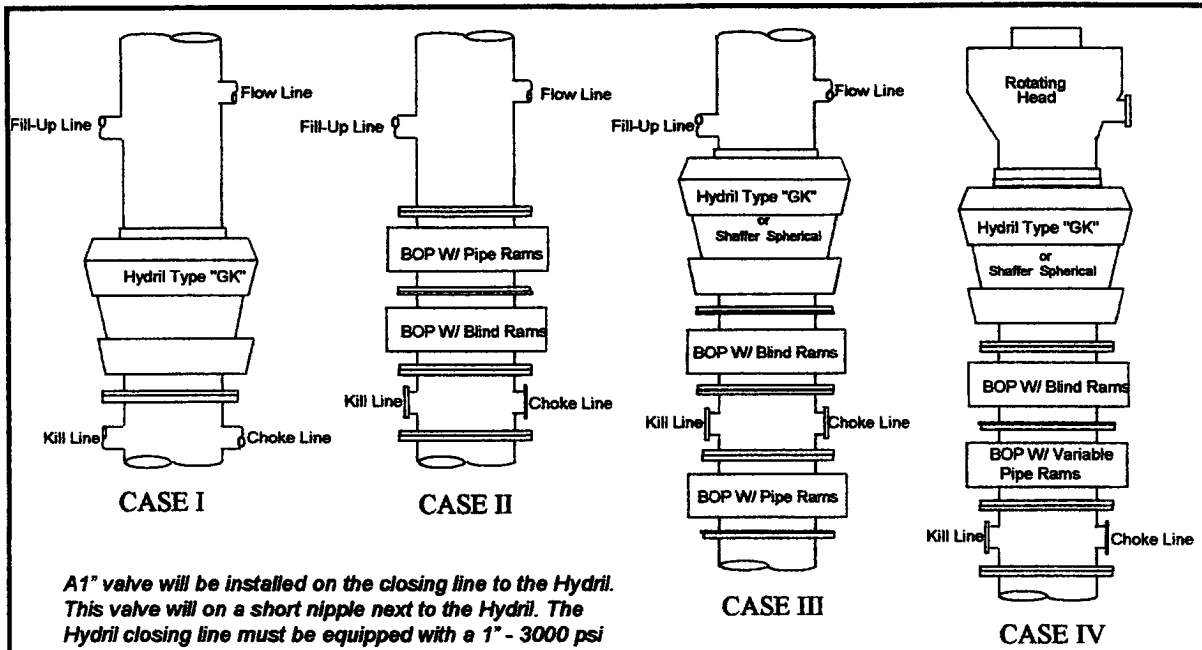
Josh Fernau  
Staff Engineer

## **Hydrogen Sulfide Drilling Operations Plan**

1. Company and Contract personnel admitted on location should be trained by a qualified H<sub>2</sub>S safety instructor to the following:
  - A. Characteristics of H<sub>2</sub>S.
  - B. Physical Effects and Hazards.
  - C. Proper Use of Safety Equipment and Life Support Systems.
  - D. Principle and Operation of H<sub>2</sub>S Detectors, Warning System and Briefing.
  - E. Evacuation Procedure, Routes and First Aid.
  - F. Proper Use of 30 minute Pressure Demand Air Pack.
2. H<sub>2</sub>S Detection and Alarm Systems
  - A. H<sub>2</sub>S Detectors and Audio Alarm System to be Located at Bell Nipple, End of Blooie Line (mud pit) and on Derrick floor or doghouse.
3. Windsock and/or Wind Streamers
  - A. Windsock at Mud Pit Area Should be High Enough to be Visible.
  - B. Windsock at Briefing Area Should be High Enough to be Visible.
  - C. There Should be a Windsock at Entrance to Location.
4. Condition Flags and Signs
  - A. Warning Sign on Access Road to Location.
  - B. Flags to be Displayed on Sign at Entrance to Location.
    1. Green Flag, Normal Safe Condition.
    2. Yellow Flag, Indicates Potential Pressure and Danger.
    3. Red Flag, Danger H<sub>2</sub>S Present in Dangerous Concentration  
Only Emergency Personnel Admitted to Location.
5. Well Control Equipment
  - A. See Attached Diagram.
6. Communication
  - A. While Working Under Masks Chalkboards Will be Used for Communication.
  - B. Hand Signals will be Used Where Chalk Board is Inappropriate.
  - C. Two Way Radio or Cell Phone will be Used to Communicate off Location in Case of Available at Most Drilling Foreman's Trailer or Living Quarters.
7. Drillstem Testing
  - A. Exhausts will be Watered.
  - B. Flare Line will be Equipped with an Electric Igniter or a propane pilot light in case gas reaches the surface.
  - C. If Location is near any Dwelling a Closed DST will be Performed.
8. Drilling Contractor Supervisor will be Required to be Familiar with the Effects H<sub>2</sub>S has on tubular goods and other mechanical equipment.
9. If H<sub>2</sub>S Encountered, Mud system will be Altered if Necessary to Maintain Control of Formation. A Mud Gas Separator will be Brought into Service Along with H<sub>2</sub>S Scavengers if Necessary.

# Nadel and Gussman Permian

## MINIMUM BLOWOUT PREVENTER REQUIREMENTS



BOP SIZE	BOP CASE	WORKING PRESSURE	CHOKE CASE
11"	IV	5,000*	A

**\*Rotating head required**

Bradenhead : \_\_\_\_\_

Mfr. : \_\_\_\_\_

Size: \_\_\_\_\_ Type: \_\_\_\_\_

### Legend

1. 2" flanged all steel valve must be either Cameron "F", Halliburton Low Torque or Shaffer Flo-Seal.
2. 2" flanged adjustable chokes, min. 1" full opening & equipped with hard trim.
3. 4" x 2" flanged steel cross.
4. 4" flanged steel tee.
5. 4" flanged all steel valve (Type as in no. 1).
6. Drilling Spool with 2" x 4" flanged outlet.
7. Drilling Spool with 2" x 2" flanged outlet.
8. 2" x 2" flanged steel cross.
9. 4" pressure operated gate valve.
10. 2" flanged steel tee.

### Notes

Choke manifold may be located in any convenient position. Use all steel fittings throughout. Make 90° turns with bull plugged tees only. No field welding will be permitted on any of the components of the choke manifold and related equipment upstream of the chokes. The choke spool and all lines and fittings must be at least equivalent to the test pressure of the preventers required. Independent closing control unit with clearly marked controls to be located on derrick floor near driller's position.

(10-31-96) WTXBOPS.PPT

Tornillo "18" State #1  
 Lot 4 Sec 18 T21S R24E  
 660' FSL & 660' FWL

### Hole Size and Mud Program

26" Hole 0 – 40'  
 12 ¼" Hole 40'- 1,200'  
 8 ¾" Hole 1,200' – 9,900'

Depth Feet	Mud Wt PPG	Viscosity	Yield Point	Fluid Loss, cc	Water Salinity	Mud Type
0 – 40'	8.4	28 – 32	0 – 2	NC	Fresh Water	Gel, Gel Ex, Lime Paper
40' – 1,200'	8.4	28 – 30	0 -2	NC	Fresh Water	Poly Plus Paper Sweeps
1,200' - 9,900'	8.4 – 9.2	28 – 30	7 - 15	NC	Cut Brine	Poly Plus Drill Paper Lime LCM All Zan – Pac All Shale Hib

SECTION 18, TOWNSHIP 21 SOUTH, RANGE 24 EAST, N.M.P.M.,  
EDDY COUNTY, NEW MEXICO.

150' NORTH  
OFF SET  
3799.2'  
□

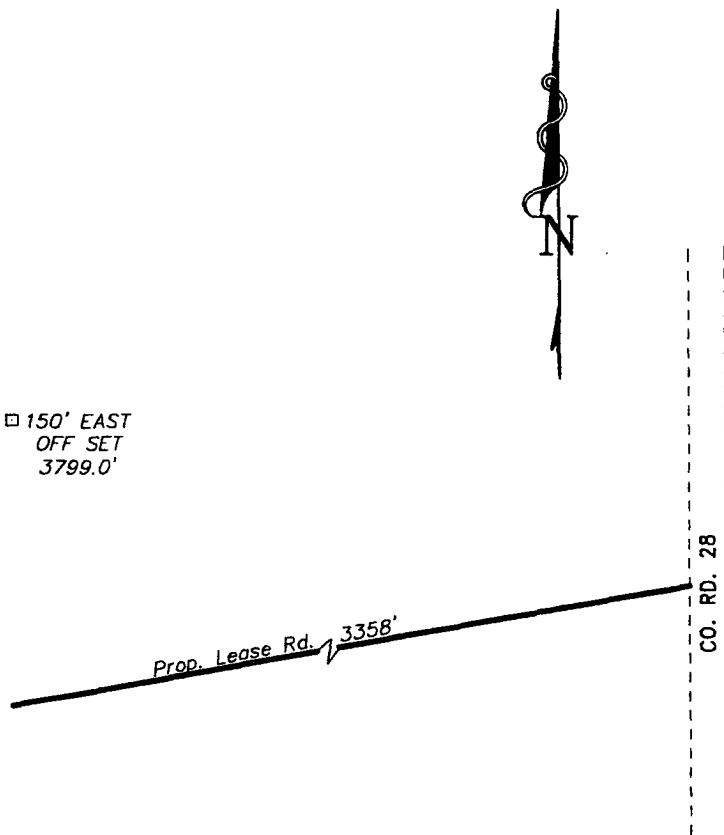
NADEL & GUSSMAN PERMIAN  
TORNILLO "18" STATE #1  
ELEV. - 3798'

150' WEST □  
OFF SET  
3797.9'

⊙  
LAT. N32°28'24.9"  
LONG. W104°32'43.0"

□ 150' EAST  
OFF SET  
3799.0'

150' SOUTH  
OFF SET  
3797.5'  
□



100 0 100 200 FEET  
SCALE: 1" = 100'

Directions to Location:

FROM THE JUNCTION OF US HWY 285 AND STATE  
ROAD 137, GO SOUTHWESTERLY 8.6 MILES TO CO.  
RD. 401; THENCE WESTERLY FOR 2.2 MILES TO CO.  
RD. 28; THENCE NORTH ON CO. RD. 28 FOR 0.7  
MILE TO PROPOSED LEASE ROAD.

**BASIN SURVEYS** P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 5236 Drawn By: K. GOAD

Date: 03-28-2005 Disk: KJG #9 - 5236A.DWG

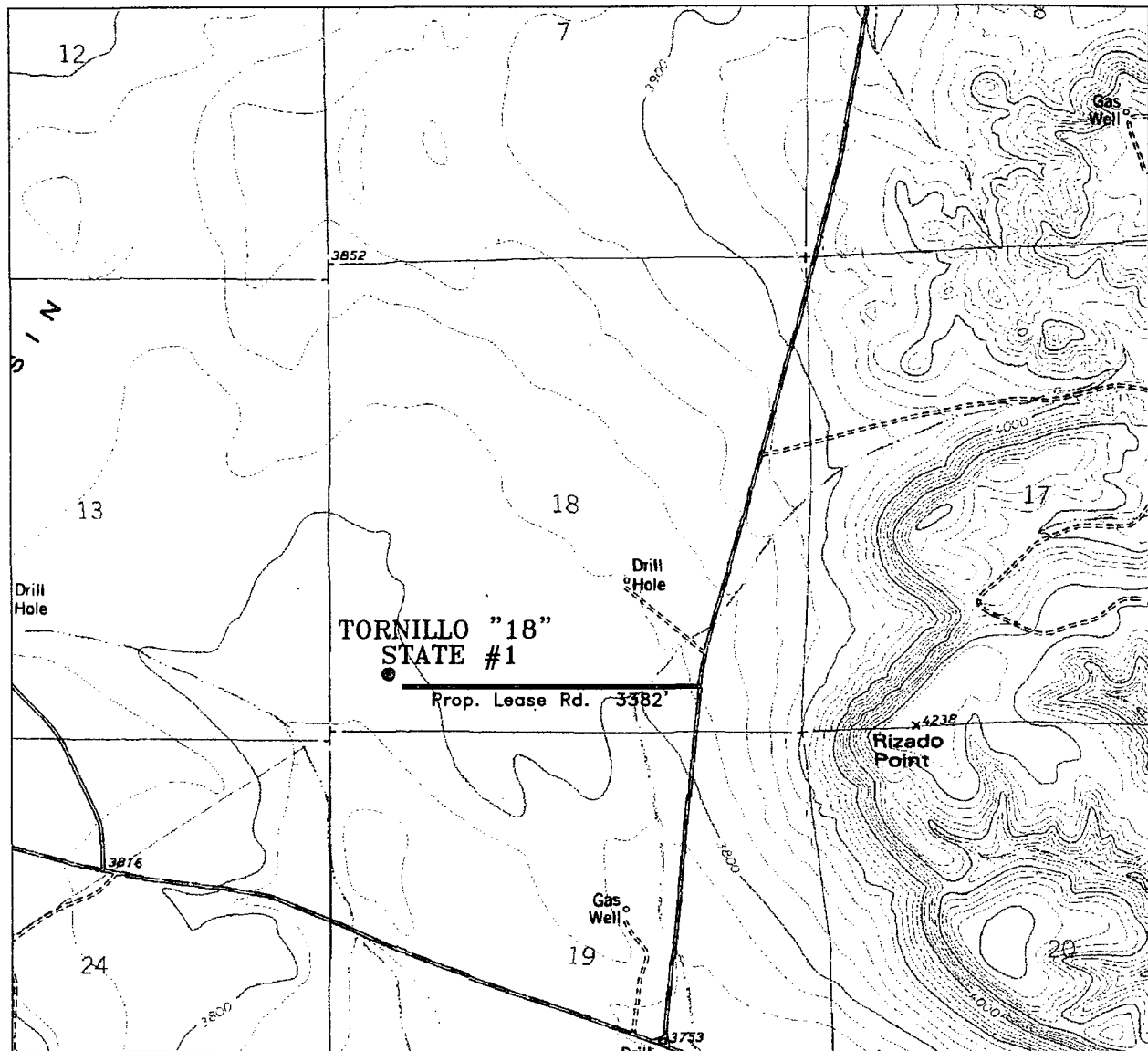
**NADEL AND GUSSMAN PERMIAN**

REF: TORNILLO "18" STATE No. 1 / Well Pad Topo

TORNILLO "18" STATE No. 1 LOCATED 660' FROM  
THE SOUTH LINE AND 660' FROM THE WEST LINE OF  
SECTION 18, TOWNSHIP 21 SOUTH, RANGE 24 EAST,  
N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 03-24-2005 Sheet 1 of 1 Sheets





## TORNILLO "18" STATE #1

Located at 660' PSL and 660' FWL.

Section 18, Township 21 South, Range 24 East,  
N.M.P.M., Eddy County, New Mexico.

**Basin**  
**surveys**

focused on excellence  
in the oilfield

P.O. Box 1788  
1120 N. West County Rd.  
Hobbs, New Mexico 88241  
(805) 393-7316 - Office  
(805) 392-3074 - Fax  
basinsurveys.com

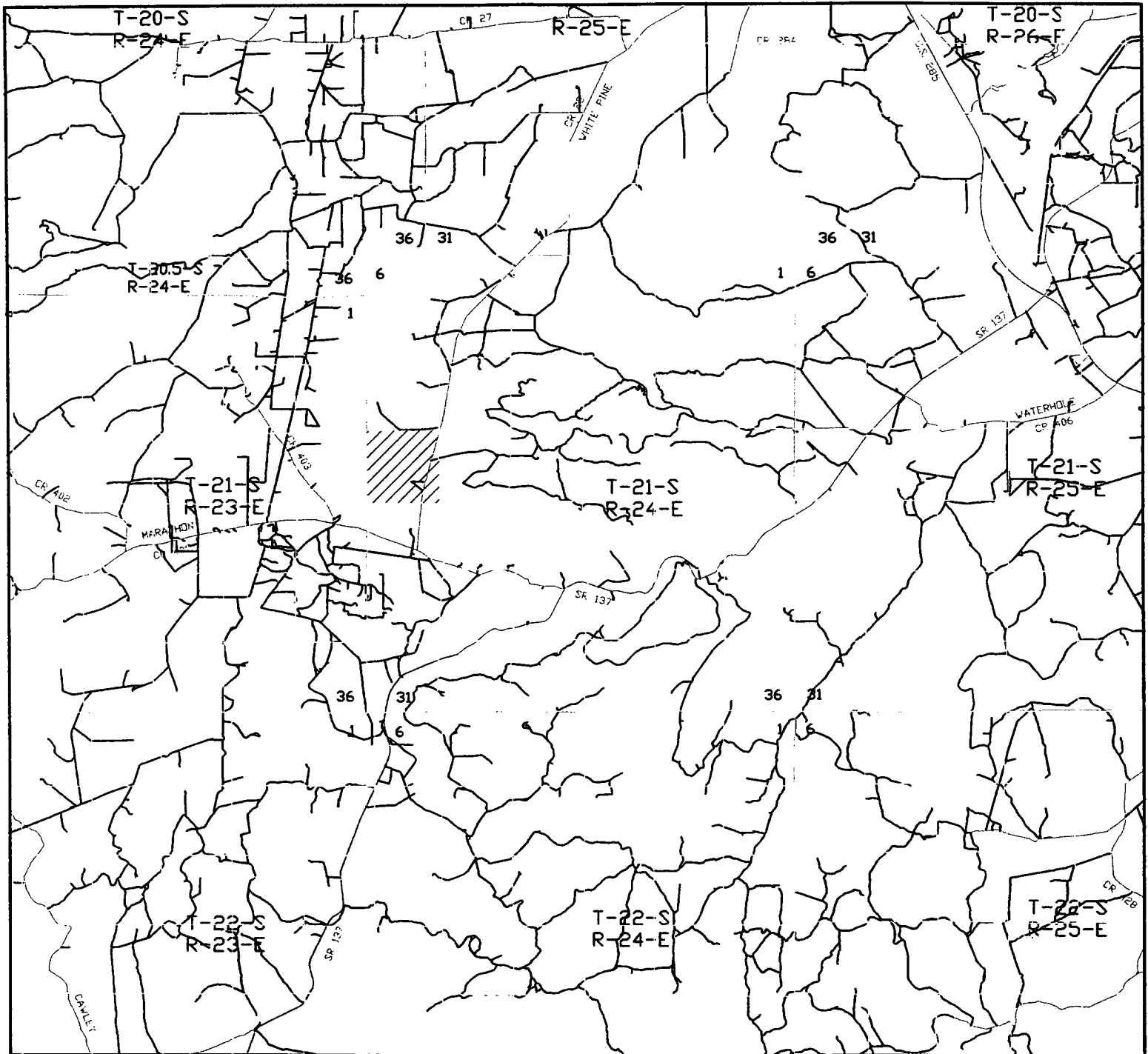
A.C. Nadelmann 5035AA - 105 A1

Survey Date 03-24-2005

Scale 1" = 2000'

Date 03-28-2005

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



**TORNILLO "18" STATE #1**  
 Located at 660' FSL and 660' FWL  
 Section 18, Township 21 South, Range 24 East,  
 N.M.P.M., Eddy County, New Mexico.

**basin**  
**surveys**  
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P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (505) 393-7316 - Office  
 (505) 392-3074 - Fax  
 basin-surveys.com

W.O. Number: 5236AA - KJG #1

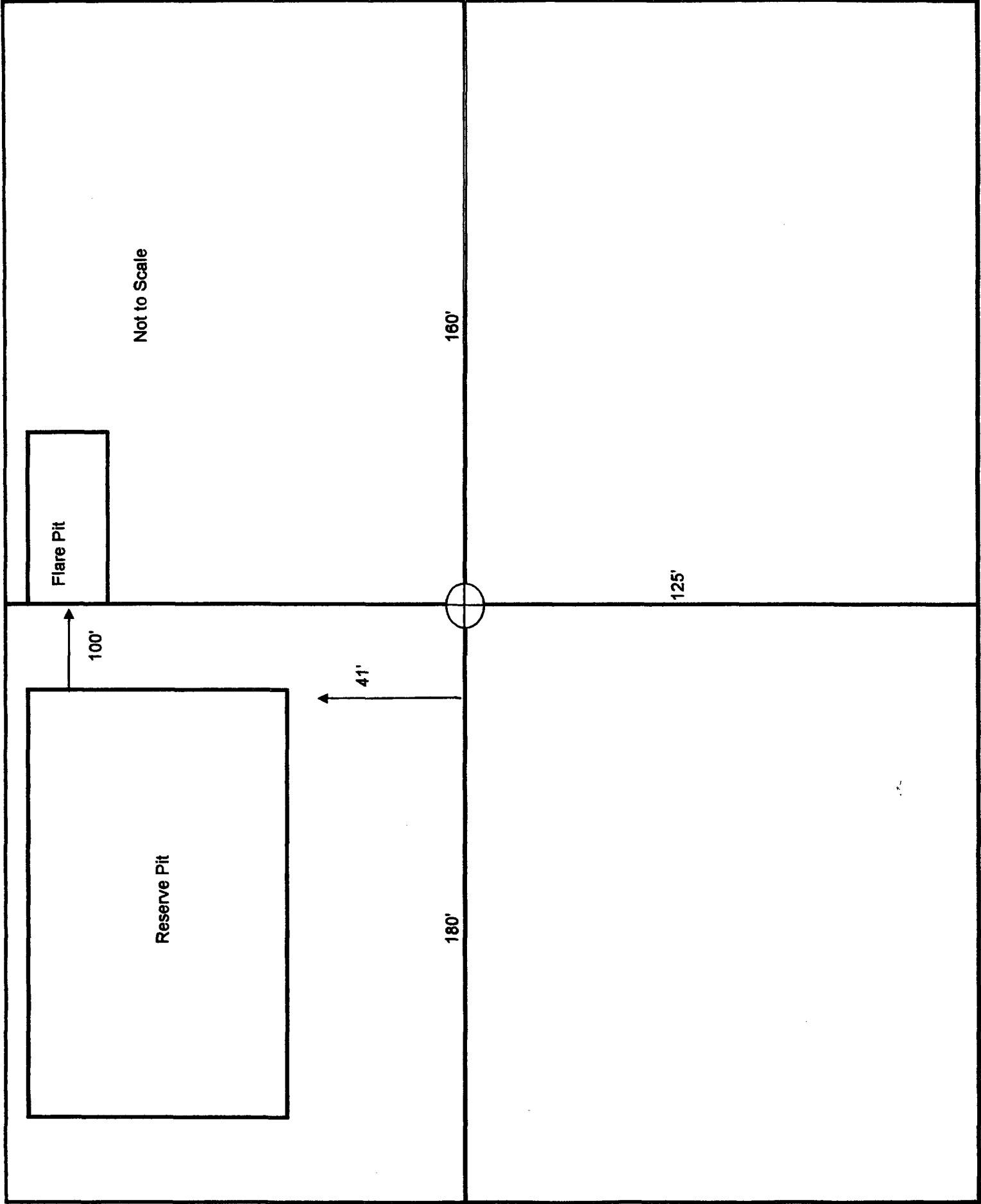
Survey Date: 03-24-2005

Scale: 1" = 2 MILES

Date: 03-28-2005

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





Not to Scale

