

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.
NM 91502

6. If Indian, Allottee or Tribe Name
N/A

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

NADEL AND GUSSMAN PERMIAN, L.L.C.

3a. Address

601 NORTH MARIENFELD, SUITE 508
MIDLAND, TX 79701

3b. Phone No. (include area code)

(432) 682-4429

7. If Unit of CA/Agreement, Name and/or No.
N/A

8. Well Name and No.

BULLSEYE FEDERAL #1

9. API Well No.

30-015-28919

10. Field and Pool or Exploratory Area

INDIAN LOAFER DRAW; UPPER PENN

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1880' FNL, 660' FEL, SEC. 28, T21S, R22E

11. County or Parish, State

EDDY CO., NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input checked="" type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

MIRU PULLING UNIT. RIH WITH TUBING TO PBTD +/- 9132'.

EXISTING MORROW PERFS ARE AT 9,007'-9,027'. WITH TUBING @ +/- 9132', SPOT 10 BBLS OF 10 PPG 36 VIS SALT MUD ACROSS MORROW PERFS.

SET CIBP @ 8957' AND CAP W/33' CMT.

PERFORATE CANYON FORM 7307'-7418' AND ACIDIZE WITH 5000 GAL

IF ECONOMIC, PRODUCE CANYON

APPROXIMATE START DATE - JUNE 1, 2014
APPROXIMATE DURATION - 7 TO 10 DAYS

BLM BOND # -- NM 2812

NM OIL CONSERVATION
ARTESIA DISTRICT

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Accepted for record
NMOC D 10/15/14

JUL 14 2014

RECEIVED

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

SARAH PRESLEY

Title REGULATORY ANALYST

Signature

Sarah Presley

Date 04/07/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Office

Conditions of approval, if any, are attached. Approval of this notice 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.

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)

Provide C102 to NMOC D

Current Completion

Elev: 4173'

KB: 4186'

Bullseye Federal No. 1

Current Completion

Richard West 3/14/14
API # 30-015-28919-00

1880' FNL & 660' FEL
Sec 26 T21S R22E
Eddy Co, NM

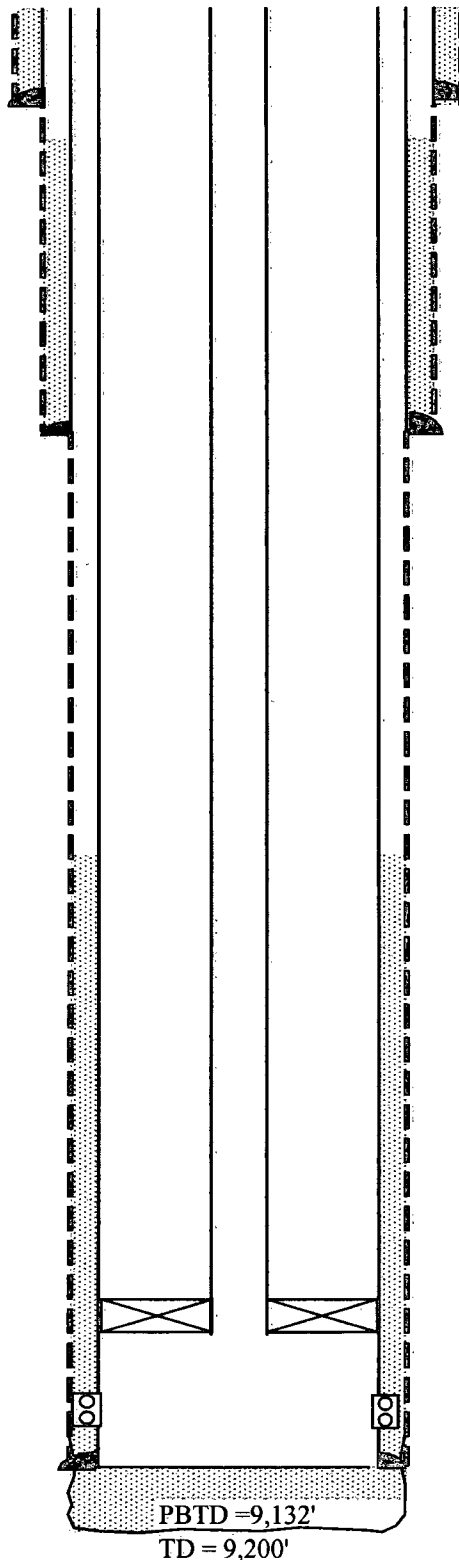
17-1/2" hole
13-3/8", 48# @ 450'
440 sx cmt circ 75 sx

TOC 580'(temp surv)

12-1/4" hole
9-5/8", 36#, J55 @ 1830'
600 sx cmt

TOC @ 6310"(CBL)

7-7/8" hole
5-1/2", 17# N80 @ 9,200'
700 sx pozmix Class "C"



2-7/8", 6.5#, N80, J55, tbg
Baker Lok set pkr @8966

Morrow Perfs 9,007'-9,027',
4 SPF, 80 holes

Proposed Completion

Elev: 4173'

KB: 4186'

Bullseye Federal No. 1

Proposed Completion

Richard West 3/28/14

API # 30-015-28919-00

1880' FNL & 660' FEL

Sec 26 T21S R22E

Eddy Co, NM

17-1/2" hole
13-3/8", 48# @ 450'
440 sx cmt circ 75 sx

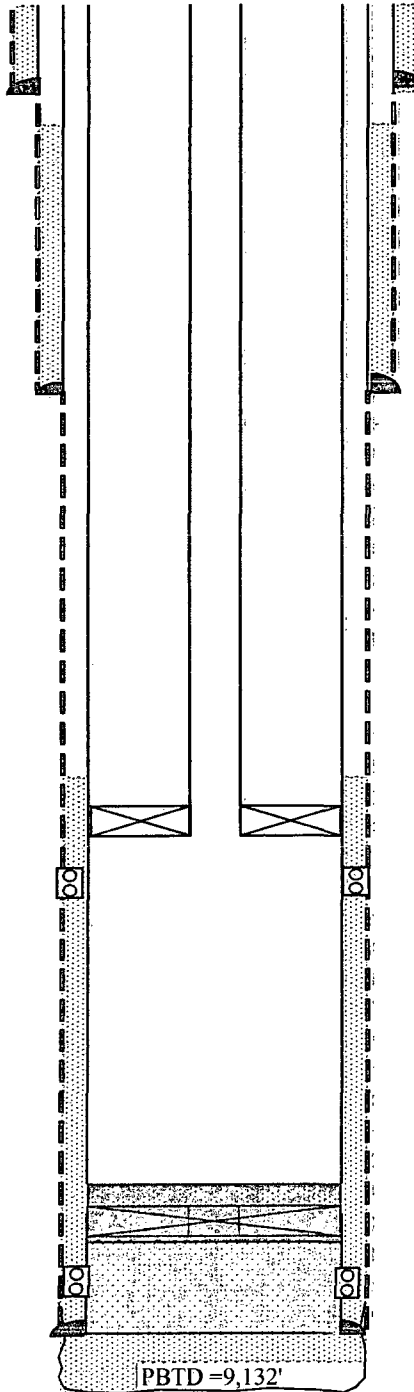
TOC 580'(temp surv)

12-1/4" hole
9-5/8", 36#, J55 @ 1830'
600 sx cmt

TOC @ 6310"(CBL)

2-7/8" x (5-1/2", 17#)w/on/off tl&SN
double grip 10k diff Pkr @ 7220'
1 joint tubing w/ wireline reentry
guide below packer

7-7/8" hole
5-1/2", 17# N80 @ 9,200'
700 sx pozmix Class "C"



2-7/8" tbg @ 7250'

Canyon Lime Perfs at 7307' - 7418' ✓
102 total perforations

35' cmt
CIBP @ 8957'

Morrow Perfs 9,007'-9,027',
4 SPF, 80 holes

Bullseye Federal
30-015-28919
Nadel and Gussman Permian, L.L.C.
July 09, 2014
Conditions of Approval

Work to be completed by October 09, 2014.

Notify BLM at 575-361-2822 a minimum of 24 hours prior to commencing work.

- 1. Operator shall set CIBP at 8,957' with a minimum of 25sx Class H cement on top. Tag at a minimum of 8,760' required.**
- 2. Must conduct a casing integrity test before perforating and fracturing. Submit results to BLM. The CIT is to be performed on the production casing to max treating pressure. Notify BLM if test fails.**

Note: If operator is fracturing down tubing. The casing shall be tested per Onshore Order 2.III.B.1.h

- 3. Before casing or a liner is added or replaced, prior BLM approval of the design is required. Use notice of intent Form 3160-5.**
- 4. Surface disturbance beyond the originally approved pad must have prior approval.**
- 5. Closed loop system required.**
- 6. All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.**
- 7. Operator to have H2S monitoring equipment on location.**
- 8. A minimum of a 3000 (3M) BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (3M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.**

9. **Subsequent sundry required detailing work done and completion report for the new formation. Operator to include well bore schematic of current well condition when work is complete.**
10. **See attached for general requirements.**

JAM 070914

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

General Requirements for Plug Backs

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within ninety (90) days from this approval.

If you are unable to plug back the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged back. Failure to do so will result in enforcement action.

2. **Notification:** Contact the appropriate BLM office at least 24 hours prior to the commencing of any plug back operations. For wells in Eddy County, call 575-361-2822.

3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of brine water. Minimum nine (9) pounds per gallon.

5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.

In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement.

Before pumping cement on top of CIBP, tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary.

Unless otherwise specified in the approved procedure, the cement plug shall consist of either **Neat Class "C"**, for up to 7,500 feet of depth or **Neat Class "H"**, for deeper than 7,500 feet plugs.

6. **Subsequent Plug back Reporting:** Within 30 days after plug back work is completed, file one original and three copies of the Subsequent Report, Form 3160-5 to BLM. The report should give in detail the manner in which the plug back work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date work was completed.**

7. **Trash:** All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.