

0123

N.M. Oil Cons. DIV-Dist. 2

1301 W. Grand Avenue

Artesia, NM 88210

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator

Nadel and Gussman Permian, L.L.C.

3a. Address
601 N. Marienfeld, TX 79701

3b. Phone No. (include area code)
(432) 682-4429

4. Location of Well (Report location clearly and in accordance with any State requirements. *)
At surface UL N Sec. 30 T20S R23E 660' FSL & 2,280' FWL
At proposed prod. zone UL N Sec. 30 T20S R23E 660' FSL & 1,980' FWL

14. Distance in miles and direction from nearest town or post office*
20 miles South of Hope, NM

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any) 660' FSL

16. No. of Acres in lease
1,279.36 acres

17. Spacing Unit dedicated to this well
320 (W/2)

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.
1,320'

19. Proposed Depth
9,300'

20. BLM/BIA Bond No. on file
NM 2812

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
GL4,390'

22. Approximate date work will start*
December 14, 2005

23. Estimated duration
30

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.
2. A Drilling Plan.
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).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature


Name (Printed Typed)
Josh Fernau

Date
11/01/05

Title

Staff Engineer

Approved by (Signature)

/s/ Joe G. Lara

Name (Printed Typed)

/s/ Joe G. Lara

Date

DEC 23 2005

Title
ACTING 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 reverse)

Witness Surface Casing

Roswell Controlled Water Basin

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED**

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

DISTRICT I
1000 N. French Dr., Hobbs, NM 88240

DISTRICT II
511 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Grande Rd., Artesia, NM 87410

DISTRICT IV
2043 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 JOSEY FEDERAL	Well Number 3
OGRIE No.	Operator Name NADEL AND GUSSMAN PERMIAN	Elevation 4390

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	30	20-S	23-E		660	SOUTH	2280	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
N	30	20-S	23-E		660	SOUTH	1980	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
3.20			

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

LOT 1	NM 93460	Exhibit #1
LOT 2		
LOT 3		
LOT 4	B.H. LAT. 32°32'19.6"N LONG. 104°43'57.3"W NMSPC = N 559968.294 (NAD 83) E 418303.470	4401.4 300' BH SL 4395.5 660' 4382.2 S.L. LAT. 32°32'19.6"N LONG. 104°43'53.8"W NMSPC = N 559968.294 (NAD 83) E 418603.470 4374.1

OPERATOR CERTIFICATION

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

Josh Fernau
Signature
Josh Fernau
Printed Name
Staff Engineer
Title
11/01/05
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.

AUGUST 02 2005
Date Surveyed
NEW MEXICO
Signature of Professional Surveyor
7977
W.O. No. 5685
Certificate No. Gary L. Jones 7977
BASIN SURVEYS

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

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 70701
Facility or well name: Josey Federal #3 API #: 30-015- U/L or Qtr/Qtr N Sec 30 T 20S R 23E
County: Eddy, NM Latitude N32 deg 32' 19.6" Longitude W104 deg 43' 53.8" NAD: 1927 ☐ 1983 ☒ Surface Owner: Federal ☒ State ☐ Private ☐ Indian ☐

Pit

Type: Drilling ☒ Production ☐ Disposal ☐

Workover ☐ Emergency ☐

Lined ☒ Unlined ☐

Liner type: Synthetic ☒ Thickness 12 mil Clay ☐

Pit Volume 20,000 bbl

Below-grade tank

Volume: bbl Type of fluid:

Construction material:

Double-walled, with leak detection? Yes ☐ If not, explain why not.

RECEIVED

DEC 16 2005

000-ARTESIA

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)X

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)X

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)X

Ranking Score (Total Points)

0

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: 11/01/05

Printed Name/Title Josh Fernau Staff Engineer

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:

Gerry Guye

Printed Name/Title

Compliance Officer

Signature 

Date: 12-20-05

UNITED STATES DEPARTMENT OF INTERIOR

Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-1287

Statement Accepting Responsibility for Operations

Operator Name: Nadel and Gussman Permian, L.L.C.
Address: 601 N. Marienfeld, Suite 508
City, State: Midland, Texas
Zip Code: 79701

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

Lease Name: Josey Federal #3

Lease Number: Federal Lease NM 93460

Legal Description of Land: (SHL) 660' FSL & 2,280' FWL, (BHL) 660' FSL & 1,980' FWL, Sec. 30, T20S-R23E, Eddy Co., NM

Lease Covers: All of section 19 & 30 20S-23E Eddy Co., NM

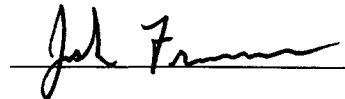
Formations: Morrow, Atoka, Strawn, and Wolfcamp

Bond Coverage: Statewide

BLM Bond File Number: NM2812 ALL Sec.30

Land is federally owned.

Authorized Signature: _____



Name: Josh Fernau

Title: Staff Engineer

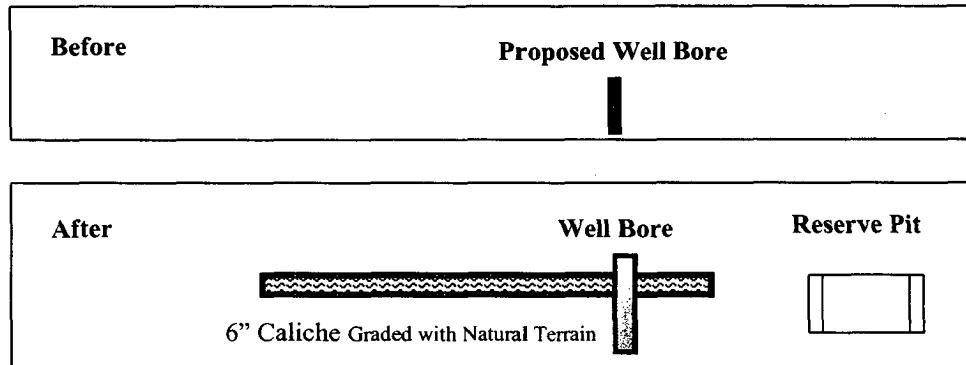
Date: 11/01/05

13 Point Land Use Plan

1. **Existing Roads** – This location is located in UL N Sec. 30 T20S R23E, SHL 660' FSL & 2,280' FWL and BHL 660' FSL & 1,980' FWL. A small scale vicinity map is attached (**Exhibit #4**) which shows the location of this well in relation to an aerial view of surrounding townships and ranges. A larger scale topographical map is (**Exhibit #5**) shows the location of the well. From the intersection of Highway 285 and County Rd 23 go west on County Rd 23 18.5 miles to the intersection of County Roads 23 and 12, go south on County Rd 12 for 3.1 miles to lease road intersection. Then east on lease road 0.5 miles, then south on lease road 1.4 miles to proposed road west.
2. **Planned Access Roads** – There is an existing access road from the location to the nearest exit leaving the lease, which is shown on (**Exhibit #3**). The lease is not fenced and a cattle guard or gate will not be needed.
3. **Location of Existing Wells** – The Josey Federal #1, operated by Nadel and Gussman Permian, LLC is located in Section 30, T20S-R23E, 780' FSL & 710' FEL.
4. **Location of Tank Batteries, Production Facilities & Lines** –
 - We anticipate gas production from the Morrow, Atoka and Strawn, with possible volumes of produced oil or water. We will build a battery with a minimum of two 210 Bbl steel tanks, one for oil and one for water.
 - Pipe lines will be used to transport the sales of natural gas using the permitted access road to location.
 - We will also have a Stack-Pack separator or line heater and separator on location. All produced fluids from the Morrow, Atoka or Strawn will be hauled off lease by road. There are no initial plans for oil pipelines, LACT units or SWD lines.
 - We do not anticipate a need for electrical service on the lease at this time.
5. **Location & Type- of Water Supply** - Fresh and salt water will be trucked from Carlsbad by a third-party contractor.
6. **Source of Construction Material** - Primary source of caliche will be the closed most economical existing pit used followed by the proper documentation and approval.
7. **Methods of Handling Waste Disposal** – A 12 mil lined reserve pit will be dug to handle drill cuttings and fluids. The pit will be lined in accordance with BLM specifications. After sufficient time has elapsed to allow drilling fluids to dry, all pits will be closed and leveled. All trash and debris will be removed from the location.

8. Ancillary Facilities – There are no camps or airstrips planned.
9. Well Site Layout – The well site (see **Exhibit #1 NMOCD C-102 Form**) has been staked and is also indicated on the enclosed maps (**Exhibits #1, #3, #4 & #5**). The drilling site is mainly caliche rock and some soil, covered by sparse native vegetation. The drilling pad will be graded and cut to the north and to the south and covered by 6" caliche and native rock from grade cut. The drilling pad will blend in with the terrain since the topography is generally flat.

Cross section – Before and After is shown below:



10. Plans for Restoration of Surface – Commercial Well:

- Reshaped Topography – Rubbish will be hauled off upon completion of drilling operations. All future rubbish will be removed by the subcontractor generating same.
- Caliche Pad – Caliche drilling pad will remain intact until well is abandoned.
- Road – The road will remain intact as long as there is production on the lease.
- Timetable – This well is expected to produce for several years.
- Plans for Restoration of Surface – Plugged and Abandoned Well:

Surface will be restored in accordance with all regulations in effect at the time of abandonment.

11. Other Information –

- Topography – Tributaries of Box Canyon which is major drainage in the area.
- Soil Characteristics – Classified as Ector-Reagon association with silty loams.
- Flora – Little-leaf sumac, and dense grasses (drainages) algerita, cholla cactus, creosote bush, tarbush, sotel, yucca, cat claw, lechiguilla, prickly pear cactus and sparse grasses (slope).
- Fauna – rabbits, mice, rats, birds, deer and snakes.
- Other Surface Use Activities – Ranching.
- Surface Ownership – Federal.
- Water Wells – No windmills within 1000' of the location.
- Lakes, Streams, Ponds – There is a body east 1,320' of this location (Man Made body of water stock pond). There are several draws (**Exhibit #5**).

- Dwellings – There are no inhabited structure within 1,000' of the location.
- Archeological Summary – Drilling location and lease roads are covered under sent BLM report completed by Don Clifton. The report was negative and the cultural resource use permit holder recommends clearance for this operation. Drilling and production will be conducted in a manner so as not to disturb the surrounding environment.

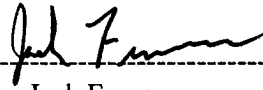
12. Operator's Representative -

Josh Fernau	Office Phone	(432) 682-4429
	Home Phone	(806) 978-1523
	Mobile Phone	(432) 238-2874

Teddy Rowland	Office Phone	(505) 746-1428
	Home Phone	(505) 746-4970
	Mobile Phone	(505) 513-1499

Joel Martin	Office Phone	(432) 682-4429
	Home Phone	(432) 694-2569
	Mobile Phone	(432) 238-9969

13. Certification - I hereby certify that I, or persons under my direct supervision, have inspected the proposed drilling site and access route; that I am familiar with the condition which presently exists; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Diamond Back Disposal Company or their contractors and sub-contractors in conformity with this plan.



Josh Fernau
Staff Engineer
Date: 11/01/05

13 Point Drilling Plan:

1. Location: (SHL) 660' FSL & 2,280' FWL, (BHL) 660' FSL & 1,980' FWL, UL N Sec. 30, T-20-S, R-23-E, Eddy County, New Mexico (**Form C-102**).
2. Elevation: 4,390' GL.
3. Geological Name of Surface Formation: Quaternary Rock.
4. Type of Drilling Tools to be utilized: Rotary Tools.
5. Proposed Drilling Depth: 9,300' TVD.
6. Tops of Important Geological Markers: TVD

Glorieta	1,578'	Wolfcamp	4,692'	Atoka	7,596'
Yeso	1,748'	Cisco	5,880'	Morrow	8,087'
Abo	3,598'	Strawn	6,838'	Chester	8,328'

7. Estimated Depth of Anticipated Water, Oil or Gas: TVD

Oil and Gas	-Wolfcamp	4,692'
Gas	-Strawn	6,838'
Gas	-Atoka	7,596'
Gas	-Morrow	8,328'

8. Casing Program:

- 9 5/8" 40# N-80 @ 2,000' 2000 sx, circulated to surface
- 5 1/2" 17# P-110 @ 9,300' TOC to be determined

WITNESS

The 9 5/8" casing strings will be cemented to the surface. The TOC on the 5 1/2" casing will be determined after running open hole logs.

9. Specifications for Pressure Control Equipment: (**Exhibit #6**)

This rig will have a 13 5/8" 5M BOP Shaffer with pipe rams and blind rams, kill line, 10,000 psi choke manifold, Camron hydraulic controls, and accumulator with remote controls. When setting up, will test casing, BOP and choke to 1,500psi with 3rd party tester, will operate BOP once a day or as directed by the company representative. The surface and intermediate will be witnessed by a BLM representative.

10. Mud Program:

Spud and drill with **fresh water or air** to a depth of approx 2,000'. Control lost circulation with paper and LCM pills and maintain a Ph of 10. Drill from 2,000' to 9,200' with cut brine at approximately 9.2 to 10 PPG. Use starch and XCD polymer for filtrate control and mix pre-hydrated freshwater gel slurry to clean and condition hole prior to running electric logs.

11. Testing, Logging & Coring Program:


- a. Testing: No DST's are expected.
- b. Coring: no coring is planned.
- c. Logging: open hole logs will be run prior to running production casing. The standard suite will be a Dual Lateral/ ML and GR/Density/Neutron combination.
- d. Depending on the sand quality, a FMI and/or formation tester may be run.
- e. Open hole logs will not be run through the surface hole section.

12. Potential Hazards:

No significant hazards are expected. Lost circulation may occur, no H₂S expected, but the operator will utilize a 3rd party H₂S monitoring package from 2,000' to TD.

13. Anticipated starting date & duration:

Plans are to begin drilling operations about December 14, 2005; approximately 30 days will be required to drill the well and 10 days will be needed for the completion.



Josh Fernau
Staff Engineer
Date: 11/01/05

Hydrogen Sulfide Drilling Operations Plan

1. Company and Contract personnel admitted on location should be trained by a qualified H₂S safety instructor to the following:
 - A. Characteristics of H₂S.
 - B. Physical Effects and Hazards.
 - C. Proper Use of Safety Equipment and Life Support Systems.
 - D. Principle and Operation of H₂S Detectors, Warning System and Briefing.
 - E. Evacuation Procedure, Routes and First Aid.
 - F. Proper Use of 30 minute Pressure Demand Air Pack.
2. H₂S Detection and Alarm Systems
 - A. H₂S 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 H₂S Present in Dangerous Concentration
Only Emergency Personnel Admitted to Location.
5. Well Control Equipment
 - A. See Exhibit #6.
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 H₂S has on tubular goods and other mechanical equipment.
9. If H₂S Encountered, Mud system will be Altered if Necessary to Maintain Control of Formation. A Mud Gas Separator will be Brought into Service Along with H₂S Scavengers if Necessary.

Nadel and Gussman Permian

WELL Josey Federal #3	FIELD Eddy County, NM	STRUCTURE Josey Federal #3
Magnetic Parameters Model: IGRF 2005 Dip: 80.404° Mag Dec: 48.722°	Surface Location Lat: N32 32 19.800 Lon: W104 43 53.800 Northing: 559949.05 BUS Easting: 177283.97 BUS NAD27 New Mexico State Plane, Eastern Zone, US Feet Grid Conv: -0.2142427° Scale Fact: 0.9999263431	Miscellaneous Slot: Josey Federal #1 Plan: Josey Federal #1-1 TVD Ref: RKB (0.00 ft above) Srvy Date: Tue 12-08-04 November 01, 2005

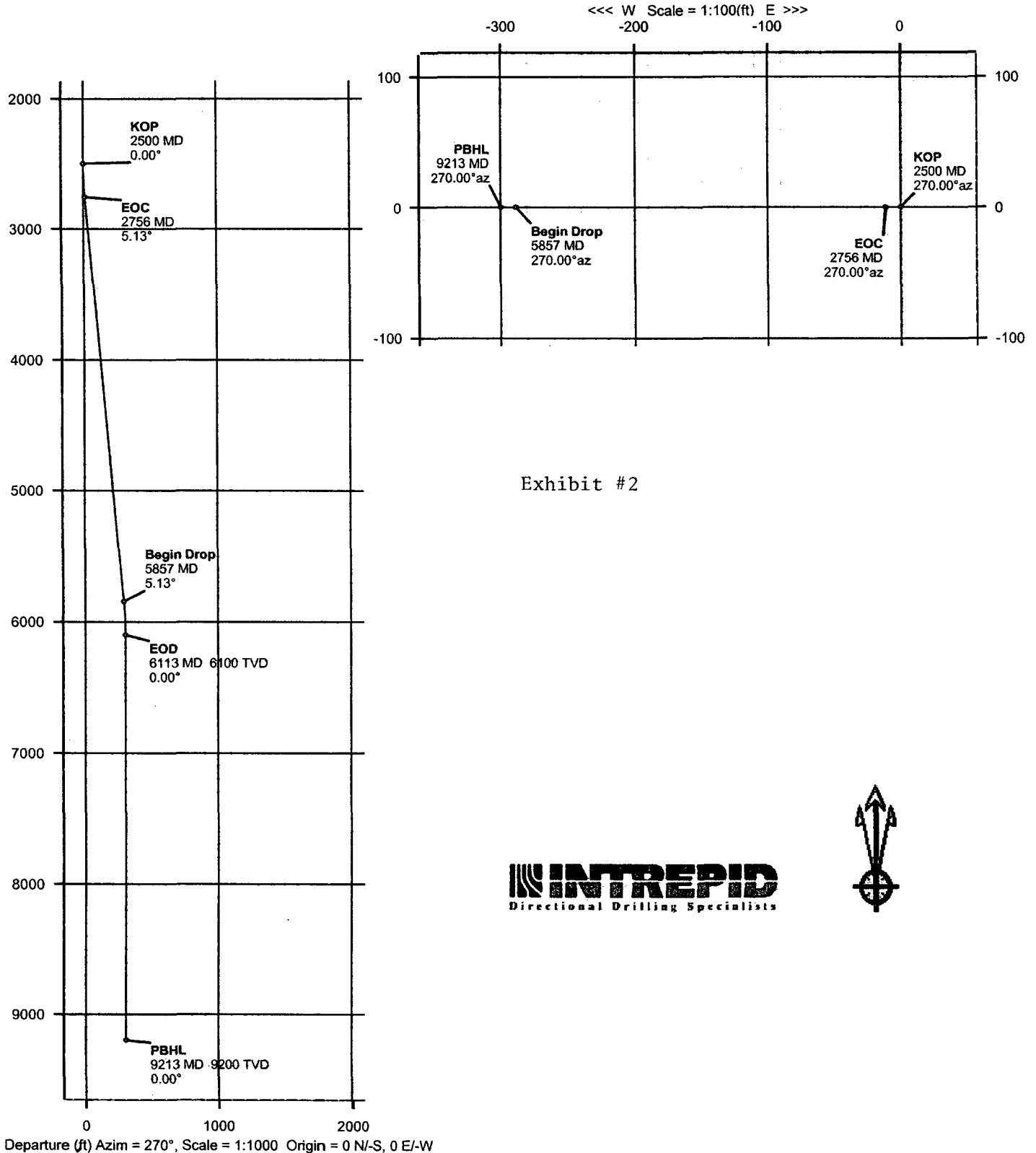


Exhibit #2

INTREPID
Directional Drilling Specialists

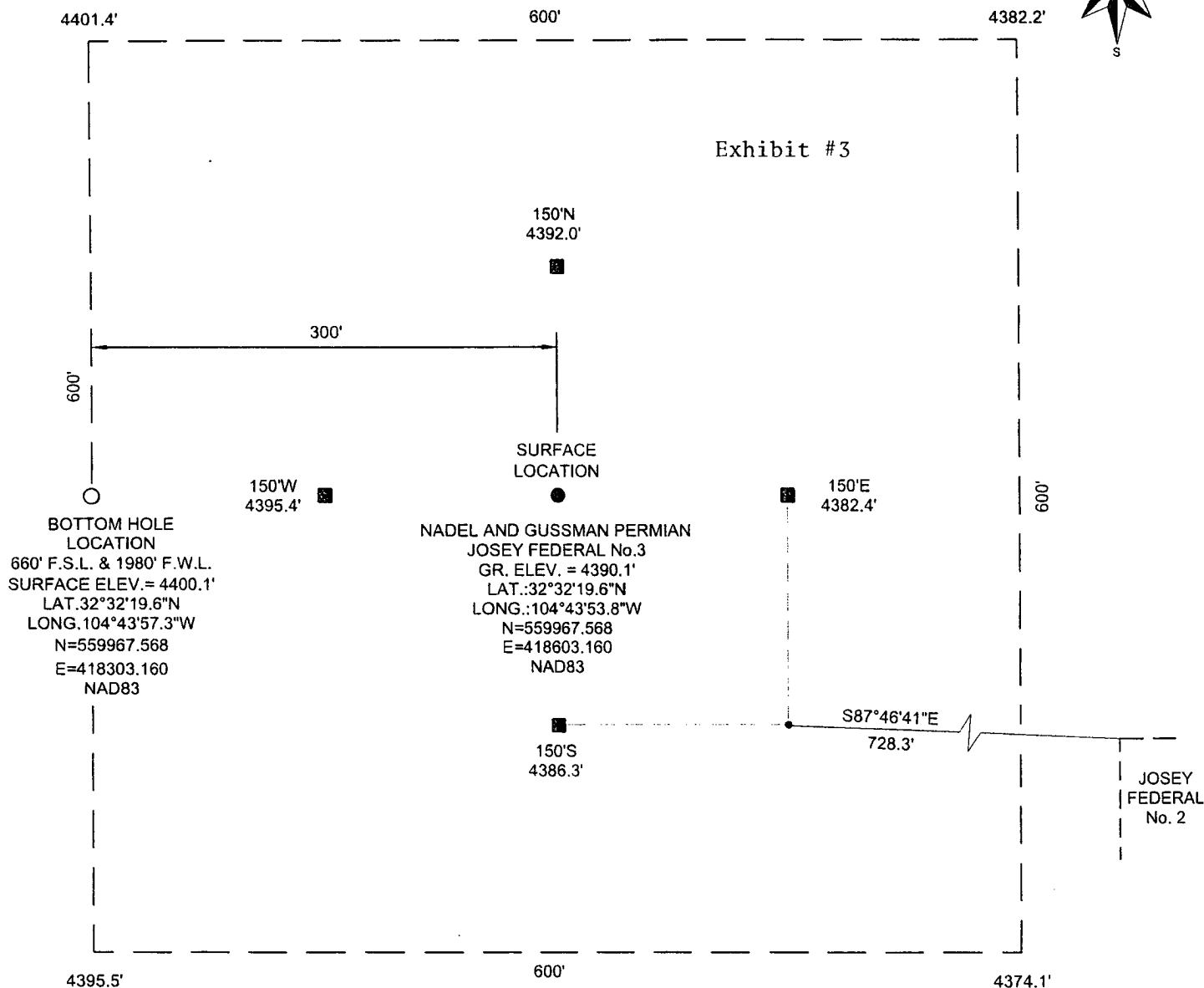
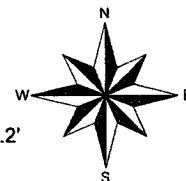


Proposal

Report Date: November 1, 2005 Client: Nadel and Gussman Permian Field: Eddy County, NM Structure / Slot: Josey Federal #3 / Josey Federal #3 Well: Josey Federal #3 Borehole: Josey Federal #3 UWI/API#: Survey Name / Date: Josey Federal #3_r1 / November 1, 2005 Tort / AHD / DDI / ERD ratio: 10.255° / 300.00 ft / 3.489 / 0.033 Grid Coordinate System: NAD27 New Mexico State Planes, Eastern Zone, US Feet Location Lat/Long: N 32 32 19.600, W 104 43 53.800 Location Grid N/E Y/X: N 559949.047 ftUS, E 377262.968 ftUS Grid Convergence Angle: -0.21422427° Grid Scale Factor: 0.99992634	Survey / DLS Computation Method: Minimum Curvature / Lubinski Vertical Section Azimuth: 270.000° Vertical Section Origin: N 0.000 ft, E 0.000 ft TVD Reference Datum: RKB TVD Reference Elevation: 0.0 ft relative to Sea Bed / Ground Level Elevation: 0.000 ft relative to Magnetic Declination: 8.786° Total Field Strength: 49269.736 nT Magnetic Dip: 60.404° Declination Date: November 01, 2005 Magnetic Declination Model: IGRF 2005 North Reference: Grid North Total Corr Mag North -> Grid North: +9.000° Local Coordinates Referenced To: Well Head
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Comments	Measured Depth (ft)	Inclination (deg)	Azimuth (deg)	TVD (ft)	Vertical Section (ft)	NS (ft)	EW (ft)	Closure (ft)	Closure Azimuth (deg)	DLS (deg/100 ft)	Tool Face (deg)
Tie-In	0.00	0.00	270.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-90.00M
KOP	2500.00	0.00	270.00	2500.00	0.00	0.00	0.00	0.00	0.00	0.00	-90.00M
	2600.00	2.00	270.00	2599.98	1.75	-0.00	-1.75	1.75	270.00	2.00	-90.00M
	2700.00	4.00	270.00	2699.84	6.98	-0.00	-6.98	6.98	270.00	2.00	-90.00M
EOC	2756.36	5.13	270.00	2756.02	11.46	-0.00	-11.46	11.46	270.00	2.00	0.00G
Begin Drop	5856.73	5.13	270.00	5843.98	288.54	-0.00	-288.54	288.54	270.00	0.00	180.00G
	5900.00	4.26	270.00	5887.11	292.08	-0.00	-292.08	292.08	270.00	2.00	-90.00M
	6000.00	2.26	270.00	5986.94	297.77	-0.00	-297.77	297.77	270.00	2.00	-90.00M
	6100.00	0.26	270.00	6086.91	299.97	-0.00	-299.97	299.97	270.00	2.00	-90.00M
EOD	6113.09	0.00	270.00	6100.00	300.00	-0.00	-300.00	300.00	270.00	2.00	-90.00M
PBHL	9213.09	0.00	270.00	9200.00	300.00	-0.00	-300.00	300.00	270.00	0.00	0.00M

SECTION 30, TOWNSHIP 20 SOUTH, RANGE 23 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION:

FROM THE INTERSECTION OF HIGHWAY 285 AND COUNTY ROAD 23,
GO WEST ON COUNTY ROAD 23 18.5 MILES TO THE INTERSECTION
OF COUNTY ROADS 23 AND 12. GO SOUTH ON COUNTY ROAD 12
FOR 3.1 MILES TO LEASE ROAD INTERSECTION. THEN EAST ON
LEASE ROAD 0.5 MILES, THEN SOUTH ON LEASE ROAD 1.4 MILES
TO PROPOSED ROAD WEST TO THE JOSEY #2 LOCATION, AND
PROPOSED ROAD WEST TO THE JOSEY #3 LOCATION

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

W.O. Number: 5685 Drawn By: S.STANFIELD

Date: 08-15-2005 Disk: C:\DRAWINGS\NADEL\NAD5685-1

NADEL AND GUSSMAN PERMIAN

JOSEY FEDERAL #3

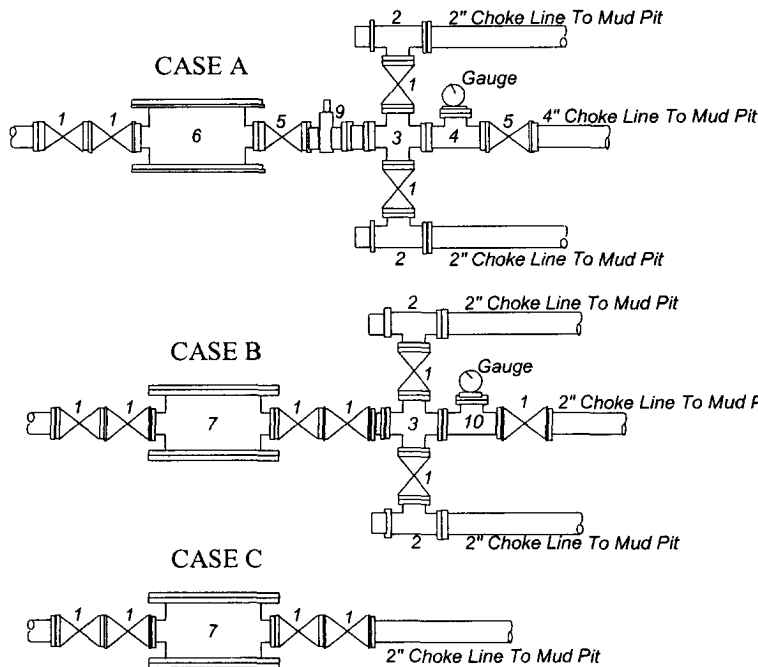
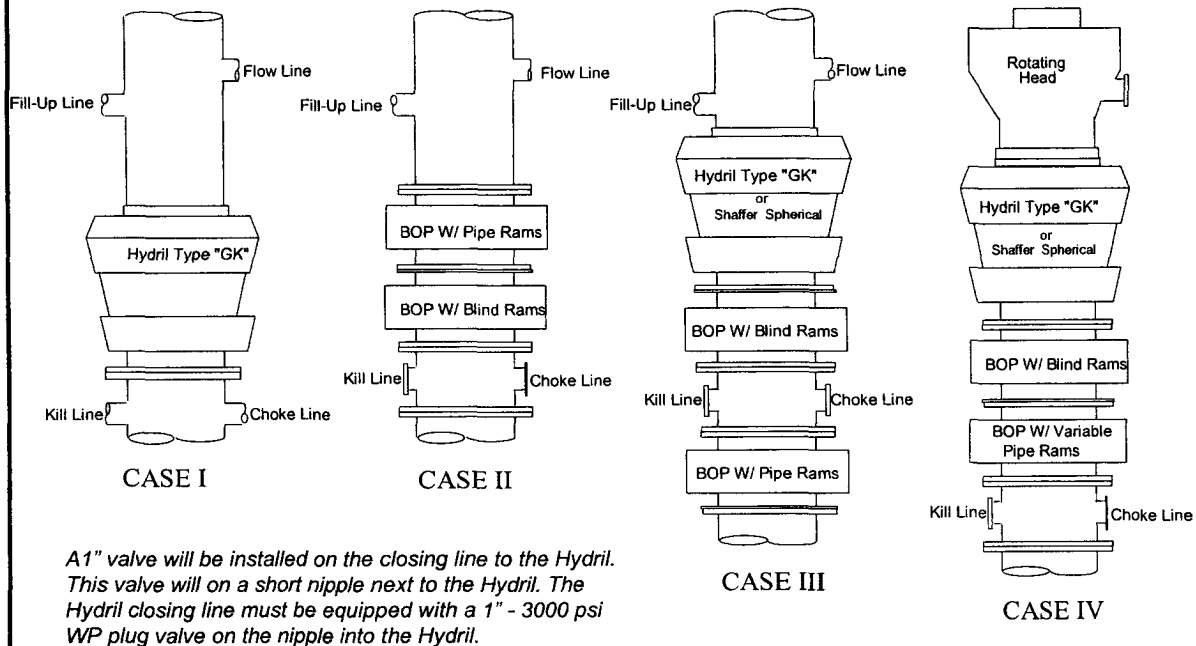
JOSEY FEDERAL #3
LOCATED 660' F.S.L. & 2280' F.W.L., SECTION 30
TOWNSHIP 20 SOUTH, RANGE 23 EAST, N.M.P.M.
EDDY COUNTY, NEW MEXICO

Survey Date: 08-02-2005 Sheet 1 of 1 Sheets

Nadel and Gussman Permian

MINIMUM BLOWOUT PREVENTER REQUIREMENTS

Exhibit #6



BOP SIZE	BOP CASE	WORKING PRESSURE	CHOKE CASE
13 5/8"	IV	5,000 #	A

***Rotating head required**

Bradenhead : _____
Mfr: _____
Size: _____ Type: _____

Legend

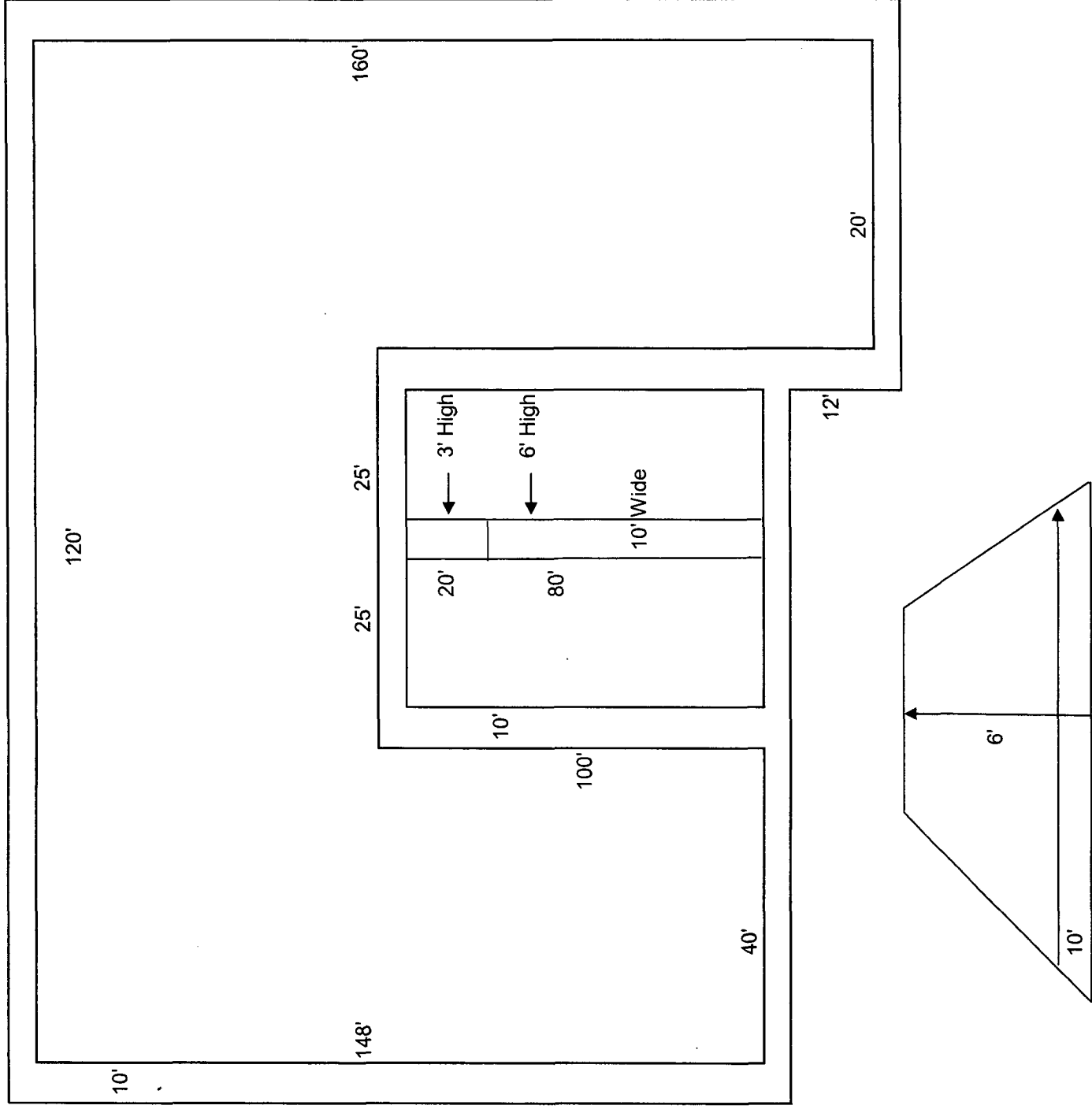
1. 2" flanged all steel valve must be either Cameron "F", Halliburton Low Torque or Shaffer Flo-Seal.
2. 2" flanged adjustable chokes, min. 1" full opening & equipped with hard trim.
3. 4" x 2" flanged steel cross.
4. 4" flanged steel tee.
5. 4" flanged all steel valve (Type as in no. 1).
6. Drilling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

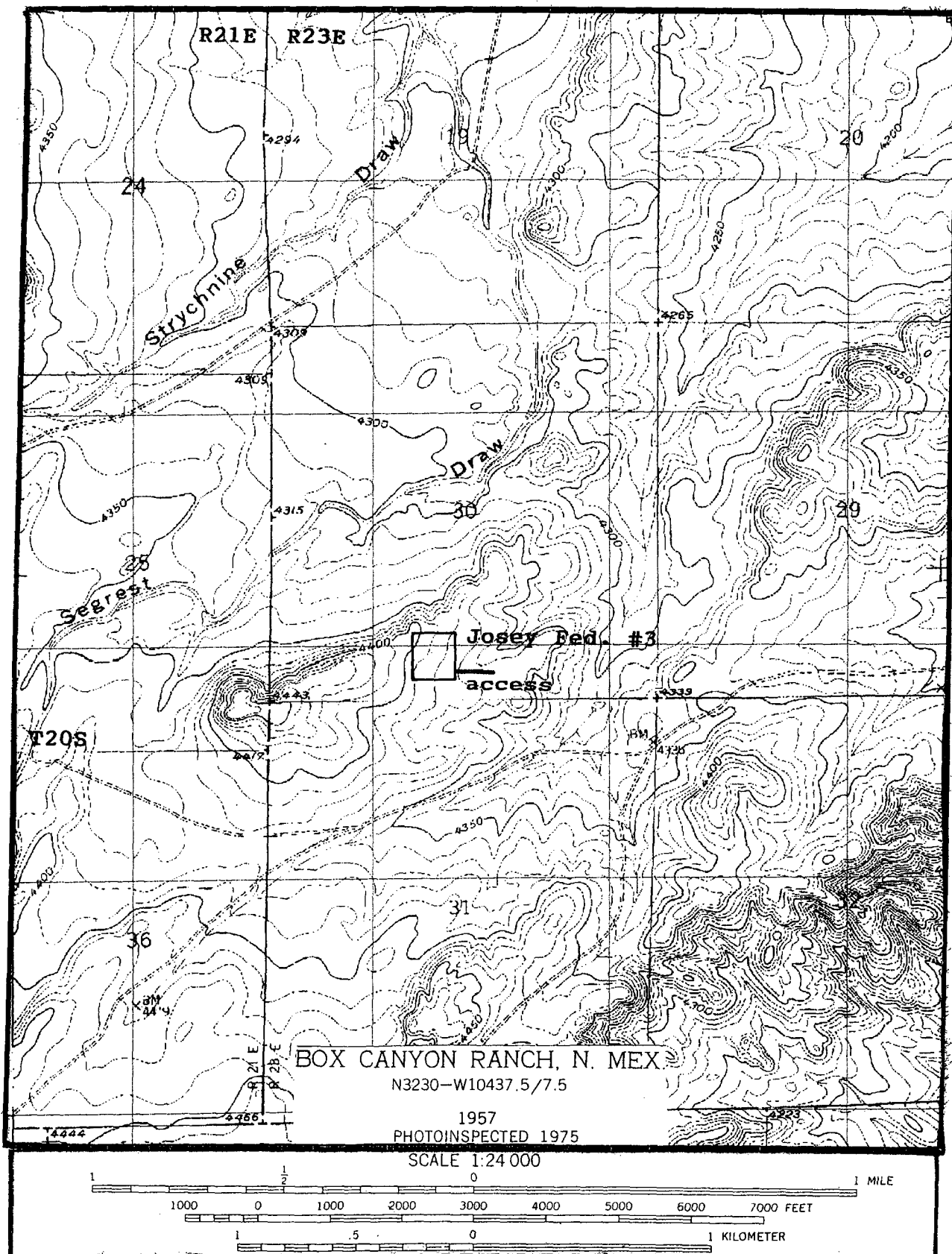
Notes

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

Exhibit #9
Not to Scale





CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Nadel and Gussman Permian, L.L.C.
Well Name & No. Josey Federal #3
Surface Location: 660' FSL, 2280' FWL, Section 30, T. 20 S., R. 23 E., Eddy County, New Mexico
Bottom Location: 660' FSL, 1980' FWL, Section 30, T. 20 S., R. 23 E., Eddy County, New Mexico
Lease: NM-93460

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County in sufficient time for a representative to witness:

A. Well spud

B. Cementing casing: 9-5/8 inch 5-1/2 inch

C. BOP tests

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15-day time frame.

4. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

II. CASING:

1. The 9-5/8 inch surface casing shall be set at approximately 2000 feet and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 5-1/2 inch production casing is to reach at least 500 feet above the top of the uppermost hydrocarbon productive interval.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 9-5/8 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 3000 psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- The tests shall be done by an independent service company.
- The results of the test shall be reported to the appropriate BLM office.
- Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- Testing must be done in a safe workman-like manner. Hard line connections shall be required.

IV. DRILLING MUD:

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

- Recording pit level indicator to indicate volume gains and losses.
- Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
- Flow-sensor on the flow-line to warn of abnormal mud returns from the well.

11/14/05

acs