

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-015-35569
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) 1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	7. Lease Name or Unit Agreement Name Cronos Fee
	8. Well Number 1

2. Name of Operator Nadel and Gussman Permian, LLC	JUL 25 2007	9. OGRID Number 155615
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3. Address of Operator 601 N. Marienfeld, Suite 508 Midland, TX 797001	OCD-ARTESIA	10. Pool name or Wildcat Loving Morrow
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4. Well Location Unit Letter <u>E</u> : <u>1950</u> feet from the <u>North</u> line and <u>660</u> feet from the <u>West</u> line Section <u>20</u> Township <u>23S</u> Range <u>28E</u> NMPM County <u>Eddy</u>
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11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3,059' GR

Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>
Pit type <u>Reserve</u> Depth to Groundwater <u>100'</u> + Distance from nearest fresh water well <u>>1000'</u> Distance from nearest surface water <u><200'</u>
Pit Liner Thickness: <u>20</u> mil Below-Grade Tank: Volume <u> </u> bbls; Construction Material <u> </u>

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> OTHER: <input type="checkbox"/>	SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input checked="" type="checkbox"/> OTHER: <input type="checkbox"/>
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13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

07/20/07 Drilled to 12,650'. Survey at 12,621' = 0.75 degrees. Circulate & condition hole. TOH & run logs. TIH & circulate and condition mud.

07/21/07 POH and laid down drill string. Started running 292 joints of 5-1/2" / 17 # / HCP-110 / LTC.

07/22/07 Finished running casing to 12,650'. Drilling Consultant called NMOCD and left notification message 4 hours prior to cementing. Circulated and conditioned mud. Pumped 20 bbl chem. wash and 10 bbl fresh water spacer, 459 sx 35/65 Poz Class H lead (12.7 ppg, 1.94 CuFt/sk) and 572 sxs TXI Lightweight tail (13.0 ppg, 1.41 CuFt/sk). Displaced with 292 bbls fresh water and circulated cement to calculated top at 8800'. Full returns through out job, good lift pressure. Bumped plug w/ 2605 psi, floats held. Waited on cement for 4 hrs. ND BOPs. Set slips, cut off casing and install tubing head. Tested to 2500 psi.

07/23/07 Jetted pits and released rig.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any 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 ☐.

SIGNATURE Terry West TITLE Drilling Operations Engineer DATE 7/23/07

Type or print name Terry West E-mail address: terryw@naguss.com Telephone No. (432) 682-4429

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APPROVED BY: Accepted for record - NMOCD TITLE DATE 7/25/07
Conditions of Approval (if any):