

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OC-D-ARTESIA

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

RECEIVED

JUL - 6 2006

MUNICIPAL

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
NADEL AND GUSSMAN PERMIAN, LLC

3a. Address
601 N. MARIENFELD MIDLAND, TX 70701 Suite 508

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

4. Location of Well (Footage, Sec., T, R, M., or Survey Description)
Surface: UL I Sec. 26 T20S R23E 1,969.4' FSL and 670.6' FEL

5. Lease Serial No.
NM 98795 & NM 96814

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Callahan Federal #1-Y

9. API Well No.
30-015-3451-35049

10. Field and Pool, or Exploratory Area
Chester

11. County or Parish, State
Eddy County, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" 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 type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other CMT Inter CSG
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

3. 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 recompleat 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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

06/16/06 Circulate hole clean. Short trip 13 stds DP. TOH & LD 8" DCs. Run 45 jts 9 5/8" 36# K55 LTC Csg. FC @ 1940'. Pump 400 Bbbs FW w/ rig pump - Circulated. RU Schlumberger - Pump 20 Bbbs FW Gel Cem-Net. 1st Lead: 100 sks [28 Bbbs] RFC 1-A w/ 3 pps D24, 0.25 pps D29 @ 14.2 ppg 1.6 cuft/sk yield. 2nd Lead: 756 sks [346 Bbbs] 50/50 POZ w/ 10% D20, 2% S1, 5 pps D24, 0.125 pps D130, 0.2% D46 @ 11.8 ppg 2.57 cuft/sk yield. TAIL: 390 sks [93 Bbbs] Class C w/ 2% S1, 0.125 pps D130 @ 14.8 ppg 1.34 cuft/sk yield. Displace w/ 149 Bbbs FW. Bumped plug w/ 1076 psi - Float held. Circulated 400 sks [166 Bbbs] cmt to surface. WOC.

06/17/06 WOC 18 hrs. Cut 20" / 13 3/8" & make rough cut on 9 5/8" csg. Make final cuts & install 11" 3M SOW Csg Head w/ base plate. Test 1250 PSI. NU BOP. Test BOP 3000 psi high/ 250 psi [blinds, pipe rams, manifold, valves] Annular 1500 psi high / 250 psi low. PU BHA.

06/18/06 PU 11 - 6" DCs, cut drlg line, TIH. Tag cmt @ 1917', Drilled cmt / plug f/ 1917' - 2030' - tested csg @ 1944' [250 psi low / 1500 psi high]. Circulate / RU Gyrodata @ 2100'. Run gyro 100' stations.

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

JOSH FERNAU

Title STAFF ENGINEER

Signature

J. Fernau

Date 06/19/06

ACCEPTED FOR RECORD

JUN 30 2006

GARY GOURLEY
PETROLEUM ENGINEER

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature)

Name
(Printed/Typed)

Title

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.

Office

Date

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.

(Continued on next page)